
REPORTS
OF THE
COMMITTEE OF INQUIRY,
Appointed March 14, 1832,
BY THE
HOUSE OF REPRESENTATIVES AT WASHINGTON,
CONCERNING THE
Bank of the United States.

TWENTY-SECOND CONGRESS,

FIRST SESSION.

HOUSE OF REPRESENTATIVES,

Monday, April 30, 1832.

Mr. Clayton asked leave to make a Report in relation to the Bank of the United States.

Mr. Hubbard objected—but afterwards withdrew his objection.

Mr. Clayton then presented his Report, and moved that it be referred to the Committee of the Whole on the state of the Union, and printed.

Mr. *M^cDuffie* said he felt bound to make one or two remarks in explanation of the doctrines of the Report, before the question was taken. In justification of this course, he would remark, that this investigation of the Committee extended over a great variety of topics, some of them highly important. The Report, said he, is voluminous, and the Committee did not finally agree upon the form in which it should be presented until this morning. The minority of the Committee has in consequence had no opportunity of presenting their views in relation to some interesting questions adverted to and discussed in this document. I shall be very brief, however, in the remarks I propose to make, and will barely state distinctly the opinions of the minority on the points in which it dissents from the majority. The attention of the Committee, it would be recollected, had been directed to a great many specifications of abuse, by the gentleman from Georgia, (Mr. Clayton) when he first proposed this inquiry. Many of these had turned out to be trivial, on examination, and had been permitted to pass away without notice. The Committee have selected in the Report those only, which, in the opinion of the majority, deserved the particular attention of Congress. As to the charges of taking usurious interest, and of issuing branch drafts, I have nothing to remark, since they have been fully discussed heretofore, and since no new disclosures have been obtained in relation to them. Some new questions in relation to the violation of the charter of the Bank are raised in the Report, which I feel bound to notice. Some general calls had been made for information from the Bank, which were not answered before I left Philadelphia. No explanations were asked from the President, and the facts were com-

municated without comment. These facts, thus unexplained, the majority of the Committee have made the subject of speculative conjecture, and have intimated doubts whether some of the practices disclosed are not against the spirit of the charter. In the absence of the explanations which would no doubt have been satisfactory, if it had been intimated that these practices were deemed irregular by the Committee, I present such views as now occur to me. The Report refers, among others, to the practice of buying and selling coin. In relation to this practice the President did give an explanation, so far as it regarded foreign coin. The Report seems to imply, that such dealing is not authorized by the charter. By the charter the Bank is expressly authorized to deal in bullion. The opinion of eminent counsel was obtained by the Bank on this question, and it was, that foreign coin was included under the term "bullion." That, indeed, is the usual form in which bullion is received in this country. Upon this mere legal question, somewhat technical in its character, I will make no further remark. A portion of the Committee seem to entertain the opinion that the Bank has been in the habit of dealing in American coin, without any authority from the charter. I believe they are mistaken in this matter in point of fact. The Bank was called upon to state what amount of coin it had purchased and sold, and in presenting the tabular statement, there is a column stating the amount of American gold bought and sold by the Bank, without stating where purchased or where sold. I have no doubt, though we obtained no explanation from the Bank, that this is an ordinary and unavoidable transaction, and that it can, with no propriety of language, be denominated a dealing in American coin. Under the tender laws of the United States, the legal value of gold and silver does not correspond with the intrinsic value. By these laws an ounce of gold is estimated to be worth only fifteen ounces of silver, whereas the real market value of gold is sixteen times as great as that of silver.

Now, no one will dispute the right of the Bank to receive its debts in American gold, and much less, its right, and indeed its obligation, to allow for this gold what it is really worth. In like manner, no one can dispute the right of the Bank to pay its debts in American gold, nor its consequent right of receiving for this gold what it is really worth. This cannot be denominated a dealing in coin, any further than unavoidably results from having pecuniary transactions, and using money. The very object for which the Bank was created, was to deal in money, and it is a strange idea, that no such power exists because it is not expressly given in the charter. The power to deal in bullion was given expressly, only because it was not implied in the very nature of the transactions of a money-dealing institution. Another topic has been, very unexpectedly to me, introduced into the Report. A doubt seems to be entertained by the majority of the Committee, as to the right of the Bank to sell the Government stock for which it subscribed, under the express authority of Congress. Nothing can be more self-evident, in my judgment, than the right of the

Bank to sell the stock which it holds by the authority of law. The act which authorized the Bank to subscribe for this stock necessarily conveyed the right to sell it; as much as the authority to hold land conveys the right to sell it. It is essentially involved in the elementary notion of property. One cannot be said to have a property in that which he cannot use as he pleases, in all modes not prohibited by law. To deny the right of the Bank to sell its stock, would be to deny it the right of making use of its property. The principal value of Government stock, as a bank investment, consists in its prompt convertibility into money; and in this view it is undoubtedly one of the most safe and beneficial investments a bank can make. It furnishes a resource to meet great emergencies in the money market, which no other investment can furnish.

The condition of the commercial community, and of the Bank, would have been utterly disastrous in 1825, if the Bank had not sold the Government stocks for which it had subscribed in 1824. Every one must remember the memorable panic of 1825, produced by probably one of the greatest revulsions in commerce the world has ever witnessed. It may now be adverted to as furnishing the most triumphant proof of the utility of the Bank of the United States, and of the admirable state of soundness and security to which it has brought the banking system of this country. At that period it is well known that most of the country banks in England failed, and that the Bank of England itself, an institution which had stood unmoved for more than a century, amidst political revolutions, and commercial revulsions, was on the very brink of failure. One of the most philosophical of the English writers on subjects of this sort, states that it was a providential circumstance alone that saved that Bank from stopping payment. There can be no higher eulogium pronounced on the management of the Bank of the United States, than to state the fact that during this period of general consternation and disaster in the commercial world, not a single bank in the United States failed that had been considered solvent. It was by the sale of these Government stocks, of which a portion of the Committee have thought proper to complain, and this alone, that the Bank of the United States was enabled to throw some ten or fifteen millions of capital into the active operations of the Bank, in the form of discounts, and thus save the banks from failure, and the commercial community from general bankruptcy and ruin.

And here I will advert to a circumstance which deserves to be recorded, as an illustration of the judicious administration of the Bank. The Chairman of the Select Committee asked the President to state the circumstances of a secret visit made by him to New York, in 1825, and whether it was not the object of that visit to obtain some aid for the Bank to save it from failure. This question has not yet been formally answered by the President. He stated that he visited New York on the occasion referred to, not for the purpose of obtaining aid, but of granting it. The distress of the country had reached a crisis, and the panic was so

great that a single indication of fear on the part of the Bank, would probably have produced a scene of general distress and bankruptcy. If the Bank had attempted to save itself from danger by a cold and selfish policy, and commenced curtailing its discounts, no one can calculate the consequences. But the President pursued the very opposite policy, and the result proved that, in periods of great danger, true moral courage is the best source of security. Instead of obeying the instinct of fear, and ordering a curtailment of discounts, the President acted upon the higher impulse, and directed the branch at New York to extend its discounts freely, and relieve the community. This was promptly done, and, as soon as it was ascertained, public confidence was restored, and the panic ceased. On such occasions as these, the smallest circumstance often produces the most important results; and I have not a doubt but that this bold and decisive, but judicious proceeding, on the part of Mr. Biddle, saved the country from the greatest disasters. If the Bank had pursued an opposite course—if regarding its own security merely, it had held on to its Government stocks, and curtailed its discounts, it would have deserved the universal execration of the country.

The Committee inquired concerning donations to road companies, and the opinion is expressed in the Report, that such donations were made without any authority in the charter. On the naked question of making gratuitous donations, I should not hesitate to say that the directors would commit a great breach upon the rights of the stockholders, if they made any such donations.

But it would have been monstrous. The Bank owned a large amount of real estate in Ohio, for the improvement of which two small appropriations of 1500 dollars each were made. These lands were in the vicinity of the Bank: and the Bank as proprietor had an interest at stake to ten times the amount. Nothing could be clearer than the right of the Bank to make such an appropriation; it was a wise and proper application of its funds. If he was one of the stockholders he should certainly think it wise to pay 3,000 dollars in aid of a work of improvement which added 9 or 10,000 dollars to the value of his property. Mr. M'D. had understood from various sources that the improvements were undertaken for the object he had stated. There was another topic referred to in the Report, in relation to which he would offer a single remark. The Committee adverted to the fact of the multiplication of its branches by the Bank within the last four or five years; and their language seemed to convey the idea that this policy was not a wise one, as respected either the commercial community or the Bank itself. Now he was so far from holding this opinion that he should vote against any National Bank if it could not extend its branches as the growth of the country should call for them. He should not regard any Bank as a National Bank at all, if it was to consist of one central institution without extending its branches through all parts of the Union, wherever they might be needed. He regarded it as the very excellence of the institution and its highest praise that it was extended into all

parts of the Union, possessing a sort of omnipresence throughout the commercial community. By this means it was that the Bank has restored the currency of the country to a sound condition, and had preserved it in a state of soundness; which it never could do without having numerous and wide-spread branches.

He would call the attention of the House to the system of exchanges as now conducted by the Bank. It had been one of the grounds of complaint when the subject was up before, and the fact had been adverted to in the present Report, with an expression of doubt as to its propriety, that the mother Bank drew large amounts of specie from the West and South, and substituted for it its own paper. For himself, as interested in the business of cotton planting—as a Southern man he should not hesitate to say that this was one of the most beneficial of all the operations of the Bank. He would not ask a better exposition of the true federal character of the institution than this very operation of buying and selling of exchange. On examining the accounts of the Bank, the House would, indeed, find a large amount of specie drawn from the West and South; but they would also find that almost all of it came from New Orleans. Now every body knew that New Orleans was the great specie market of the United States. The whole returns of the South American trade came to New Orleans in the form of specie. The Bank transported this specie at less than half the price it would cost the owner to transport it. A citizen of Louisiana, for example, wished to pay a debt in New York; he bought a bill of exchange on New York, and the bank transmitted the specie to meet it. The whole matter amounted to this: that the Bank, through its system of exchange, effected the object at a cheaper rate than any private individual could do. But it was not correct to affirm that the northern branches had drawn largely from the branches at the west, for they would find on the books of the Bank a credit to the western branches to two or three times the amount of specie drawn from them; the Bank had drawn 100,000 dollars in specie, yet it had also honoured drafts from those branches to three and four times that amount. This was the operation of those drafts and checks which had been so warmly censured.

Mr. M'Duffie said he would add a word or two upon another topic. The President of the Bank had adverted to the practice of the Bank in selling bills of exchange on London having twelve months to run, to answer the demands of American merchants engaged in the East India trade. This, he said, was one means of preventing the effects of the drain of specie formerly occasioned by this trade. A majority of the Committee had expressed an opinion that this operation was injurious to the country. Mr. M'D. said he would explain the true practical effect of this operation. According to the old usages of the East India trade, the merchant about to engage in a voyage, purchased specie, and exported it to make his purchases abroad. Owing to the length of the voyage, this specie was purchased several months before it could be used; so that the merchant lost the interest during that

period. The effect was, that the whole country suffered the loss of interest, on the whole capital employed in the East India trade during the whole length of the voyage. By substituting gold, this result was produced. When a merchant wished to embark in a voyage to Canton, the Bank sold him a bill on London at six months sight, (and which would not be paid till about twelve months after date.) The Bank charged him no interest for the first six months before the bills were presented. The consequence was, that the bills on the Bank of London were worth more than specie itself, for the merchant thus accomplished all he desired, and during six months had to pay no interest. The East India trade, thus managed, did not produce that perpetual draft of specie which had formerly attended it. A majority of the Committee said that no real difference was produced by this arrangement, since the specie was only sent to London, instead of being sent to China or Hindostan. It was very true that the bills on London had to be paid; but they were not paid in specie; they were paid in the products of the Southern States; and here a new market was opened to southern industry. The merchants purchased cotton goods in Liverpool, which, owing to the Tariff or some other cause, he could not sell in the United States, but which were well adapted to the East India market; so that, in fact, the bills were exchanged for cotton, not for specie. Thus much for the outcry about bills of exchange, an operation more really beneficial to the nation than almost any other that could be named.

He was sorry that his duty obliged him to add a few remarks on a topic introduced in the conclusion of the Report; remarks which could do no good, and which might do much mischief. He knew that the Committee had no such view or intention, nor did he think they were themselves fully aware of the impression there conveyed. The Committee went into a comparison of the resources of the Bank in 1819 and at the present time; and which might, if unexplained, produce the impression that the resources of the Bank were not such that it would be able to meet its engagements, or at least, not without producing a great and injurious pressure on the commercial community. Mr. M'D. said that he was content to risk his reputation, what little of it he might have, that there was not in the United States, or upon the face of the earth, a bank, (if the old Bank of Hamburg did not still exist,) that was more adequate to meet all its engagements, and that without any distressing call upon the community. The Committee had confined their view to the specie in the vaults of the Bank, and to the State bank bills it held. Now it was true that the amount of specie, added to the debts of the State banks to the institution, amounted only to ten and a half millions, while the bills of the Bank in circulation amounted to twenty-one millions and a small fraction. Now its circulation being twenty-one millions he would inquire what were the resources of the Bank to meet it? They consisted of seven millions of dollars in specie, two millions eight hundred thousand dollars in bills of State banks, and seven hun-

dred and fifty thousand dollars in what was denominated the Reserved Fund; making in all eleven millions five hundred and fifty thousand dollars in cash, in the vaults of the Bank, which could be paid at any moment. Its bills, then, amounted to twenty-one millions, and the cash in its vaults to eleven and a half millions, a larger portion than existed in any other bank in the country.

But the Bank possessed another resource, which the Committee entirely overlooked, but which was equivalent to so much specie. It consisted of the drafts, furnished as bills of exchange; these amounted to twenty-one millions. It was the business of the Bank to deal in exchange, and this formed no part of the discount system at all. The Bank bought the bills of merchants in New Orleans payable at New York, and which were based upon transactions in the produce of the South and the manufactures of the North. When a merchant in New Orleans sold the Bank a bill at ninety days, it was not considered as accommodation paper—because the drawee paid the bill when due: he did not expect any accommodation: whereas, accommodation paper was always (in whole or in part) renewed. The Bank, he added, could afford to do this business in exchange, without restraining its discounts. To be sure, if the Bank should not buy any other bills, the merchant in New Orleans would not be able to buy bills so cheap here as he could there.

The Bank, then, had twenty millions in drafts to meet its twenty-one millions in notes, besides the eleven and a half millions of cash in its vaults. If there should be a run on the Bank, intended to break the institution, Mr. M'D. fearlessly expressed his opinion that before the bills could get into the Bank, the Bank would not only be able to meet them, but could do it, and have ten millions over; and this without calling in any part of forty-four millions of discounts with which it aided the commercial community. Mr. M'D. hoped that no comparison instituted by the Committee in its Report, would induce the belief that the Bank was not abundantly competent to meet all its engagements.

The Committee had also adverted to the fact that the Bank of the United States had agreed with the Government to pay interest on the three per cents. for the next quarter, on condition that the Government would not pay off the stock in July. The imputation founded on this fact should, he said, be explained, as the subject had given rise to many very singular rumours. Every body knew that the President of the Bank, soon after the Committee arrived in Philadelphia, had visited this city. His journey had occasioned many curious rumours as well there as here. It had been stated, among other things, that the Bank Committee had discovered great frauds on the part of the President, in consequence of which he had absconded, and lay concealed in Washington.

Mr. M'D. would briefly explain the transaction which had occasioned all these surmises and suspicions. The acting Secretary of the Treasury had informed the President of the Bank, that the Government contemplated to pay off, in July next, six millions of the three per cent. stock, and had asked whether the Bank had

any objections to the measure. As the proposed payment would cause great pressure from the immediate exportation of so many millions of specie, the President of the Bank, and the Board of Directors, with that provident regard for the interests of the community which had ever marked their course, and which so justly entitled them to the gratitude and confidence of the community, looked at the effects which must follow: they saw and knew, that if the Government should go into such an operation immediately, it would produce a pressure upon the mercantile world that could not but issue in immense failures among the debtors of Government, as well as others. Nine millions of Government funds would fall due at New York before the close of the next quarter. It was therefore obvious, that the Government would, in all probability, lose more by failures of its debtors than it could save in the interest of the stock. The Bank, then, acting in that spirit of solicitude which it had always shown for the safety and prosperity of the commercial community, proposed to Government to defer the operation: and as the Bank would have the use of the money in the meanwhile, to pay the interest. The Bank had no selfish interests in this proposal. It possessed ample resources to meet the demand. The only effect of doing so would have been to call in some of its discounts.

Mr. M'D. would conclude his remarks on the subject of the stocks by a few explanations in reference to a question which had been proposed here, and which had produced in his mind a degree of excitement which some gentlemen supposed to be uncalled for. One of the charges of the gentleman from Georgia against the Directors of the Bank had been, that they were in the habit of dealing as stock-jobbers in the public stocks of the Government. Mr. M'D. had stated at the time, that if that charge was true, it fixed a stigma on the reputation of those gentlemen, which was not lightly to be removed. Well, and how did the fact turn out? The explanation would lead to the statement of another very extraordinary transaction. The Bank had been employed by the Secretary of the Treasury to buy up the three per cent. stock. Some secret informer, (and there were many such,) finding out, by prying into the affairs of the Bank, (as some persons did in a very improper manner,) that it was buying up the three per cent. stock, forthwith set afloat a rumour that the Bank was speculating in Government securities. That fact, among others, had been inquired into by the Committee, and the result had been a full, prompt, and most triumphant explanation. This, however, the Committee had not thought proper to spread upon their Report, and therefore he had given the explanation here.

Mr. M'D. concluded by observing, that he should reserve any further observations until the Report itself should appear.

REPORT OF THE MAJORITY.

House of Representatives, March 14, 1832.

Resolved, That a select committee be appointed to inspect the books, and to examine into the proceedings of the Bank of the United States, to report thereon, and to report whether the provisions of its charter have been violated or not; that the said committee have leave to meet in the city of Philadelphia, and shall make their final report on or before the twenty-first day of April next, that they shall have power to send for persons and papers, and to employ the requisite clerks, the expense of which shall be audited and allowed by the Committee of Accounts, and paid out of the contingent fund of the House.

In obedience to the foregoing resolution, the Committee appointed under the same, proceeded to the city of Philadelphia, and commenced the inspection of the books, and the examination of the proceedings of the Bank, on the 23d of March last; and, after the most attentive and laborious investigation which their limited time would allow, the majority have prepared the following Report, which they beg leave to submit to the House of Representatives.

They believed, that, as the House wished information more for the purpose of enlightening their minds, and assisting their judgments as to the expediency of again renewing its charter, than to abridge it of the small remnant of time left for its operation, a liberal construction of the resolution would not be deemed a departure from their trust; consequently they have directed their inquiries to two general objects.

1st. Whether the provisions of the charter had been violated.

2d. Whether there have been any circumstances of mismanagement, against which future legislation might guard, or which should destroy its claims to further confidence.

On the first point, following the example of a former committee, making a similar investigation, without expressing any opinion on such cases as have been subjects of imputation against the Bank.

These cases they conceive to be six in number, and are as follows:—

- 1st. In relation to usury.
- 2d. In relation to the issuing of branch orders, as a circulation.
- 3d. The selling coin, and particularly American coin.
- 4th. The sale of stock obtained from government under special acts of Congress.
- 5th. Making donations for roads and canals, and other objects.
- 6th. Building houses to rent or sell, and erecting other structures in aid of that object.

On the first ground, the president of the Bank refers us to a statement marked G, and says it will "explain the only cases to which this description might be considered applicable; two of them being cases in which the Board repaid the amount considered overcharged, and in regard to the third, no application has been made for any change in the form of the original loan." See said statement marked No. 1.

To a question asked the president, whether any cases of disguised loans, and domestic bills of exchange, had come to the knowledge of the parent Bank, in which the branches had received usurious interest? He replied he had never heard of any, but made a further statement, marked No. 2, in which he states that the usual custom is to charge upon domestic bills of exchange, the rate of interest and the rate of exchange, and if the sums united should exceed six per cent., it is not usury; and gives an explanation in said statement.

On the second ground, the Committee will submit document No. 3, and its inclosures, in which the cause and origin of branch drafts will be fully seen. The president states "the inability of the Bank to furnish the amount of circulating medium, which it was created to supply, became apparent at an early period. In a year after its organization, the directors presented a memorial to Congress, dated 9th January, 1818, requesting that an alteration might be made in the charter, so as to authorize the *presidents and cashiers of the several branches*, to sign the notes issued by those branches." See copy of the memorial marked 3 A, in which it is stated "that, inasmuch as the 'act to incorporate the subscribers to the Bank of the United States,' requires that the bills or notes which may be issued by order of the said corporation, shall be signed by the president, and countersigned by the principal cashier, it has been found impracticable to supply, in any reasonable degree, the required *circulation* from the Bank, and its numerous offices of discount and deposite," it is, therefore, asked of Congress to permit the presidents and cashiers of *branch banks* to sign and issue bills. The application was not granted. The

president states "the subject was resumed by another memorial, dated November 24th, 1820." See copy of the memorial marked 3, 6, in which it is stated, "under the charter it has been doubted whether the Bank has power to authorize the issuing of notes not signed by the president, and countersigned by the cashier. The labour and the time necessary to sign notes for the Bank and all its branches, are much greater than either of those officers can bestow upon that object; and hence the Bank has been unable to put in *circulation* a sufficient amount of notes of the smaller denominations, which the public most want, and which are best calculated to serve the interest of the Bank." It then requests that power be given to the parent Bank to appoint one or more persons to sign notes of the smaller denomination, which was not acted upon.

The president states, the "application was again renewed, and a select committee of the House of Representatives, reported in favour of allowing the appointment of signers, on the 27th of February, 1823; but there was no action of the House upon it." And he refers us to "pamphlet, vol. viii. No. 11."

On the first of December, 1826, the president was instructed to endeavour to procure the necessary change. He says, "he reported on the 27th February, 1827, that no action on the subject would take place at that session of Congress, and, accordingly, the matter was referred to the committee on the offices." See Doc. 3. c.

He adds, "the opinion of Mr. Binney, Mr. Webster, and Mr. Wirt, the Attorney General, was taken on the subject of issuing branch drafts." See Doc. 3. c.

On the 6th of April, 1827, the following communication was made to the board of directors:—"The committee on the offices, to whom was referred, on the 23d of February last, the report of the president of the Bank, stating the unsuccessful result of the application to Congress for an *alteration* of the *charter*, which would authorize the signature of notes by other persons than the president and cashier, report that, in various parts of the Union, but more especially in the southern and western sections, there is a constant and unceasing demand at the offices for the smaller denominations of notes, which it is impossible to supply." They therefore suggest that the "discount officers should be instructed to draw checks on the cashier of the Bank for smaller sums than they have hitherto been in the habit of furnishing. In order to save the labour of preparing such checks at the offices, as well as for the greater security of the Bank and the community, it has been deemed best to prepare the blank forms of a *uniform appearance*, and to distribute them from the parent Bank. Such forms have been accordingly devised, and are now submitted to the board with the recommendation of the committee, that the experiment be tried, and, if found useful to the community, be *permanently* adopted." See Doc. 3. c.

The document marked 4, d, is a correspondence between the

President of the Bank, and the Secretary of the Treasury, on the character of these Bank drafts, which has already been printed and submitted to Congress.

The paper marked 5, E, contains instructions to the branch Banks as to the issue of branch orders. On the 21st of April, 1827, the cashier of the parent Bank writes a circular to the respective branches, informing them, among other things, that the Directors have "deemed it best that blank forms of an *uniform* appearance should be prepared with *skill* and *care* at the parent Bank, and thence distributed to such of the southern and western offices as seem to stand most in need of them, or to be able best to employ them usefully. Enclosed I send you a specimen of the \$5 and \$10 blank drafts adopted. After being numbered, registered, and appropriated here to certain offices, a supply of them will be forwarded as soon as possible, with instructions to the Cashier of each office to have every four hundred drafts in succession, and as they may be wanted, filled in the order of some *one* officer of the branch, by whom they must be endorsed lengthwise, and about the middle of the draft, payable to bearer, before they be signed by the President and Cashier. When completed, they are to be furnished to the customers of the Bank, or other persons who may wish to procure them. The entries respecting them, both here and at the branches, are *intended for convenience sake*, to be analogous to those of *branch notes*. Their receipt under the denomination of branch drafts, is to be similarly acknowledged by the Cashier, and in duplicate through the respective Presidents. They are besides to be reported on the weekly state of the office, as branch draft paper received, used, and on hand. And whenever they may be transiter between the offices, must be so noticed at the foot of the statement like other packages."

On the 7th of January, 1831, a resolution passed the Board to issue drafts of the denomination of twenty dollars. These branch orders, when discharged by the parent Bank, are again reissued by that Bank when it has no small notes of its own. The paper marked 6 F, contains a statement of the amount of branch drafts issued, on hand, in circulation, and the offices from whence issued. By this table it will be perceived that \$10,781,635 have issued; \$3,371,544 are on hand; and \$7,410,090 are in circulation.

The foregoing is a succinct history of the issue of branch drafts. Whether it can be justified under the charter of the Bank, the Committee will leave to the better judgment of Congress.

The third case is the selling coin, and particularly American coin. The attention of the Committee was drawn to the subject by the fact that the general Government had, on one occasion, to pay the Bank two per cent. on ten thousand Spanish dollars, which it wanted for the benefit of the navy in South America. To an interrogatory put to the President on this subject, he replied, "The Bank is authorized to deal in bullion. It buys and sells bullion. All foreign coins are bullion. Their being a legal

tender does not make them the less bullion, and the Bank having bought them at a premium, sells them at a premium. The obligation of the Bank is, to pay the claims on it in coin, American coin, or legalized coin, and if the foreign coin is worth, intrinsically, or commercially, more than the American coin, the difference in value must be worth the difference in specie, and there seems no reason why the Bank should sell its bullion any more than its bills of exchange, at less than their value." He then refers the Committee to a correspondence, marked No. 4.

Although the Bank acted under legal advice, it may be well questioned whether foreign coin is bullion. The constitution gives to Congress the right to regulate its own and foreign coin; when, therefore, the latter has a value prefixed to it by law, and is suffered to be used with that regulated value, in like manner with our own coin, it would seem not to have lost the name and character of coin, and is made by force of law what it would be, if carried through the mint and subjected to the condition of our own coin; and, therefore, to deal in it as a commodity, is calculated to disturb its legal value, and render at least that portion of the metallic currency uncertain and fluctuating.

If, however, the Committee have taken a wrong view of this subject, so far as foreign coin is concerned, it seems by the statement of the President of the Bank, to be virtually admitted that our own coin is not bullion, and, therefore, does not come within the objects of trade allowed to the Bank by the 9th fundamental rule of the charter. By reference to the statement of specie sold by the Bank, marked No. 24, it will be found that the sum of \$84,734 44 of American gold coin has been parted with.

The 4th case is, selling stock obtained from Government under special acts of Congress. They have thought it their duty to present the subject to the consideration of Congress.

It is necessary here to observe, that the charter must have intended some meaning in prohibiting the Bank from dealing in stocks. There is, perhaps, no subject so fruitful in speculations as stocks, and none which is so fluctuating and liable to be influenced by the slightest causes, often producing ruin or immense fortunes in the most sudden manner. To prevent such a great moneyed institution then as the Bank, from dealing in this article, which its vast means could raise and depress at pleasure, seems to have been a wise provision in the charter. The right of the Bank to acquire or sell stocks, is a special one; it must be done by virtue of a law of Congress. The charter itself provided that a part of its capital might be paid in the stock of the Government, and such stock, particularly, might be disposed of. But the Committee suggests whether this will apply to other stocks obtained by virtue of a subsequent law of Congress, unless that law specially confers the power to dispose of it. In two important loans obtained from the Government since the charter was granted, the Bank has parted with a valuable stock, and these cases will illustrate the point now submitted to Congress. While

the Committee refer to the transactions of the Bank in the funded debt of the United States, for the purpose abovementioned, they also have in view the presentation of the subject, to show not only the manner of disposing of that stock, but whether it was not contrary to the express understanding with the Government at the time of obtaining the stocks. For the loan of \$4,000,000 of 5 per cents. made in 1821, and the \$5,000,000 of 4½ per cents. made in December, 1824, there was a strong individual competition, at a premium for a part or the whole, against the Bank; yet, the Bank had a preference over the individual offers, upon the principle that it would be more advantageous to give it to the Bank at a reduced rate, and participate as a partner, than to give it to individuals at a premium. This was confirmed at the Treasury. The President of the Bank, in a letter dated 15th December, 1824, which will be found among the documentary testimony, after saying that he had taken the whole of the \$5,000,000 loan at par, says, "and since we have taken the loan at par, on the distinct ground of our having the means of doing it, it would be advisable, in every point of view, not to sell any of the *Florida loan* in Boston."

By a statement of the amount of funded debt sold by the Bank, marked No. 6, it will be seen that, as early as June and July, 1825, the year after it was taken, the Bank began to sell this stock, and continued to do so, sometimes at a premium and sometimes at a loss, up to the 27th day of November, 1829, on which day they had disposed of all but \$93,925 92, and that too at a loss of \$4,443 34, notwithstanding offers were made by individuals for a large amount, at a premium, and rejected by the Government, upon the principle before stated. The same document shows that there was, between February, 1829, and October of the same year, sold of the \$5,000,000 Florida loan, \$1,742,261, at a loss of 17,661 dolls. 9 cts. For this loan, the Committee are not aware of there being any offers by individuals at a premium. The same document shows that, between February, 1826, and February, 1832, the whole of the \$4,000,000 loan of 5 per cents. of 1821, has been disposed of at a premium of \$136,789 25. The premium paid for which, at the time it was taken, was provided for in a semi-annual appropriation of \$60,000, in the report of the 1st July, 1821, before adverted to. By these operations, it will be obviously perceived that, if the Bank is allowed to sell stocks acquired by special agreements with the Government, it can secure, by speculations, all the advantage which the Government might possess, in putting up its loans to the highest bidder. It not only destroys competition, but takes the loan of the Government from other individuals, who would have given a premium for it, and which the Government refuses, because it expects to derive a greater profit in another way, but in which it may be defeated, by an immediate sale of the loan, and which, if the right to sell by the Bank is acknowledged, might have been made directly to those very individuals who had just offered a premium. In rela-

tion to the four million loan of 5 per cents. of 1821, Mr. Cheves, in his report on the 1st of October, 1822, says: "The four million loan of 5 per cents. are longer irredeemable than any other stock of the Government of the United States, and hence probably this stock is more valuable than any other stock of the United States." He also says, "the more the Bank can retain of this stock, the better for the institution." In the whole of which the Committee most fully concur; for, it may be mentioned with feelings of pride, that such is the high credit of the Government, its stock is better than specie, and would be to the Bank, in any emergency, precisely the same.

The Committee proceed to mention the 5th case, which is making donations for roads, canals, and other objects, the amount of which is \$4,620 00, as will appear by document No. 7. Two of the largest of these items, amounting to three thousand dollars, are for turnpike roads, made, too, after the general Government had declined to make appropriations for similar objects.*

A question would naturally arise, whether the public funds in the Bank, for that institution is expressly founded upon the principle that it is necessary to, and constitutes a part of the Treasury of the United States, can be appropriated to objects indirectly, by the officers of that institution, when the Government directly refuses to expend its revenues on the very same objects. The Committee have looked in vain for any authority in the charter to give away the money of the stockholders. If the charter contains the powers by which the Bank is to act, and they are to be strictly pursued, there is then no grant to make gratuities for any object whatever.

The consequences of the exercise of such a right, might be fraught with very great injury to the stockholders; certainly of dangerous interference in the rival trade of different sections of the country, and of pernicious influence upon the operations of Government.

The Committee approach the last ground, which is the building houses to rent or sell, and erecting other structures in aid of that object. They will merely present the fact and the law, and leave the House to place their own construction upon the case.

By an extract from the minutes of the Board of Directors, communicated to the Senate on the 12th day of March last, the following facts appear, viz.

"The committee on the offices, to whom was, this day, referred a letter to the President, from George W. Jones, agent, dated May 23d, recommending to the Bank the construction of two canal basins, and the erection of warehouses around one of them, according to the plan submitted by him, recommend to the board the adoption of the following resolution:

"*Resolved*, That the board approve of the formation of two canal basins at Cincinnati, proposed by Mr. Jones, one of them to be

* The President furnished this statement without explaining the grounds of these donations, no explanation having been particularly required of him.

on square number fifty-five, (55,) and the other to be on the square of ground between Walnut and Vine streets, and Canal and St. Clair on Court streets; and that he be authorised to erect forthwith, *warehouses* on the margin of this last mentioned basin, not exceeding six in number, either in one block, or separately, as he may deem most expedient for the interests of the Bank."

These six warehouses were built. It is also understood, says the same extract, that several other houses have been built by the agent at Cincinnati; but as they were erected in part by contributions in labour and materials, by debtors to the Bank, who had no other means of payment, and, in part, by direct disbursement, no accurate statement of their number or cost is on file. The agent has been instructed to specify these details in order to complete this return.

In reference to the foregoing, the Committee believe it enough merely to quote the following provision of the charter, to wit: "The land, tenements, and hereditaments, which it shall be lawful for the said corporation to hold, shall be only such as shall be *requisite for its immediate accommodation*, in relation to the *convenient* transaction of its business, and such as shall have been *bona fide mortgaged* to it, by way of security, or conveyed to it in *satisfaction* of debts previously contracted in the course of its *dealings*, or purchased at sales upon *judgments* which shall have been obtained for *such debts*."

It is possible that the improvements were in the neighbourhood of the real estate of the Bank, and are made upon the ground that said donations would increase the value of that real estate.

This closes the view of the Committee on the subject of the violations of the charter.

In considering the second general head, as to any circumstances of mismanagement of the Bank, your Committee have fully appreciated the delicate character of some of the duties assigned them, and the high responsibility of the office of inspecting the books and examining into the proceedings of the Bank of the United States.

In discharging that trust, they have not felt themselves at liberty to inquire into the private concerns of any individuals, of any denomination, unless the public interest was involved in their transactions with the President and Directors of the Bank. The investigation was ordered by the House under peculiar circumstances, and in anticipation of a debate on a renewal of a charter of a national bank, whose annual operations amount to two or three hundred millions of money, whose influence extends to the remotest parts of the Union, and whose connexion with the federal government gives it a public character. Impressed with the importance of the great variety of interests involved, your Committee have executed the office assigned them, by inquiring generally, into the proceedings of the Bank, not only for the purpose of ascertaining whether its powers had been violated or abused, to the injury of the private or public interest of the country, but, with a view to obtain information for the use of the House, and to

suggest, should Congress determine to continue a national bank, such modifications as the proceedings of the existing institution would have rendered necessary.

Adhering to these rules, the Committee believed it entirely within their province to inquire whether the influence of the Bank, acknowledged by all to be of vast control, and, if improperly directed, of dangerous tendency, had insinuated itself either into the management of the press or the direction of the Government. This could only be done by an examination of the transactions of the Bank with editors and public functionaries. And here the Committee wish it to be distinctly understood, that they do not pretend to set up the absurd idea, that editors or officers are excluded from the right common to the rest of the citizens, of borrowing money when and where they please, from banks or individuals, without being answerable, in the slightest degree, to any person whatever. But while this admission is demanded by the clear rights of the parties to whom it relates, it will not be denied, that if they obtain more favours than the rest of their fellow citizens, it is, at least, a just cause of complaint against the Bank, and however they may be innocent of any improper or sinister connexion with that institution, it does not, by any means, disprove the fact, that some other influence may have been intended to operate upon their minds, wholly unsuspected by them at the time. If, therefore, it should appear that these individuals received larger loans than those who are its usual customers—that they received these loans without the security usually required under circumstances not known in any other case, it would seem to the Committee, that instead of a complaint from those whose transactions with the Bank have thus been investigated, the grievance is entirely on the other side.—Whether such cases do exist, the Committee will leave to the better judgment of the House, to decide upon the facts which they have collected, and now respectfully submit.

It had been repeatedly alleged that the Bank had employed its funds for the purpose of subsidizing the Press, and the charge was reiterated during the debate upon the resolution authorizing this inquiry. The attention of your Committee was particularly drawn to this subject, at an early period of their examination, by a communication from an editor of a New York paper, who had been accused to a member of the Committee, through the President of the Bank. The evidence relating to this case will be found in papers marked 8 and 9, and in which are presented the following facts:—On the 26th of March, 1831, a Mr. Silas E. Burrows applied to the President of the Bank, and informed him, to use the words of the President, “that he was desirous of befriending Mr. Noah, and assisting him in the purchase of a share in a newspaper; and he asked if the Bank would discount the notes of these parties; adding, that although as a merchant he did not wish to appear as a borrower, or to put his name on paper not mercantile, yet he would, at any time, do so, whenever it might be necessary to secure the Bank. I do not recollect (says the witness) whether he then mentioned the time which the notes would have to run. The

Committee being authorized to discount any paper, the security of which they might approve, agreed to do them. As Mr. Burrows was going out of town, I (the President and witness) gave him the money out of my own funds, and the notes were afterwards put into my possession. They remained with me a long time, as I had no occasion to use the funds, nor was it till the close of the year that my attention was called to them by the circumstance that a new board of directors and a new committee of exchange would be appointed; the same committee which made the loan should consummate it. I had seen also, in the public prints, many reproaches against the Bank for lending money to printers and editors, and I was unwilling that any loan made by the Bank should seem to be a private loan from one of its officers. Having no use for the money, it would have been perfectly convenient to let the loan remain as it was, but I thought it right that every thing done by the Bank should always be distinctly known and avowed, and, therefore, gave the notes to the chairman of the Committee, Mr. Thomas P. Cope, who entered them on the books."

This is the account given by the President himself of the transaction in its origin. The money, \$15,000, was advanced on the 26th of March, the notes bear date on the 1st of April thereafter, and were ten in number for fifteen hundred dollars each, with the interest added on as they respectively became due, which was on the 1st of April and October of the years 1832, '33, '34, '35, '36, and amounted with the interest thus added, to \$17,975. At the time they were entered on the books of the Bank, on the 2d Jan. last, the President received the money for them.—These notes were placed on the books of the Bank at this time, and it will be seen, on the 2d of March they were withdrawn, as will appear hereafter. On the 9th of August last, after the foregoing transaction had taken place, J. W. Webb and M. M. Noah made an application to the Bank for a loan of \$20,000, accompanied by a letter from a gentleman formerly a director of the Bank of the United States, to the President of the Bank, in the following words: "I cheerfully forward the enclosed, as requested. I see no reason against this application being treated as a fair business transaction." This was accompanied by sundry letters of Webb and Noah, and the depositions of persons in their service as to their solvency and ability to pay the loan requested, all of which will be found marked No. 9. This loan, at six months, was granted, with no other security but that which is just mentioned, the largest loan made on that day. On the 16th of December following, another application was made, by these same parties, for a loan of \$16,000, which was granted, for six months, by the exchange committee, without an additional security or recommendation. At this time, there was a considerable pressure in the money market, and many notes of the citizens of Philadelphia were rejected. It was one among the largest loans of the day. These loans, together with the loan made in March to Burrows, amounted to the sum of \$52,975, which consisted of notes drawn and endorsed by the editors only.

The Committee will now submit the facts in relation to the manner in which this loan has been disposed of, first premising that the resolution for inquiring into the affairs of the Bank was introduced into the House on or about the 17th of February. The loan of August was reduced 2,000 at its maturity, on the 10th of February last. On the 2d of March last, Mr. Silas E. Burrows obtained from the Exchange Committee, discounts to the amount of thirty-two thousand four hundred and forty-six dollars, being the largest sum loaned on that day, and while many notes of citizens of Philadelphia were rejected. That the notes for 17,975 dollars, payable in 1832, '33, '34, '35, and '36, were paid and withdrawn by him on the 2d March, without the knowledge of Webb and Noah, as they state. On the 14th of the said month, Burrows obtained another discount from the Bank, of 14,150 dollars, and on the 15th of the same month, the note of Webb and Noah for 15,000 dollars, loaned them on the 16th of December previously, and not due till June next, was paid off by two drafts from Webb, obtained at the United States Branch Bank at New York, accompanied with the following remarks, contained in a letter to the President of the Bank, dated New York, March 11th, 1832, and found in No. 9, viz: "Although the loans to us by the Bank of the U. States are purely of a business character, and made upon statements showing the necessity of the accommodation to our establishment, and of our ability to meet our payments, there can be no doubt but that the enemies of the Bank, as also our political opponents, will endeavour to give a false colouring to the whole transaction. The loan, though strictly defensible, is a large one, and the amount may give rise to the charge of indiscretion on the part of the Directors. This, it is not only our duty, but our desire to prevent, if possible; and, therefore, with some little inconvenience to ourselves, we have made arrangements to pay the note of 15,000 dollars in the course of a few days."

The evidence of the President of the Bank explains the character of these various loans, and the circumstances which induced him to be satisfied with the security, and to make these advances; which, together with all the testimony and correspondence on this subject, will be found in the papers marked No. 9.

In that evidence it is stated by the testimony of Webb and Noah, that they knew nothing of the first 15,000 dollar loan made by the President of the Bank to Burrows; that Burrows made them believe the \$15,000 were loaned to Noah by his father, and that he had his father present to carry on that transaction, and for which Noah allowed Burrows 2½ per cent., and did not receive it all for some months after giving his notes; that the notes were discounted by the Bank, in their name, without their knowledge, and paid off in the same way. It will appear by the testimony of Mr. Webb, that the paper of which he is the editor, made two publications in the latter part of 1829, favourable to the establishment of branches; that shortly thereafter it commenced its opposition to the Bank, and was, for sixteen months, warmly opposed

to it; and that, on or about the 8th of April, 1831, it changed its course in favour of the Bank. Connected with this fact, is an admission on the part of one of the editors, that before the first loan was negotiated he held a conversation with a gentleman, through whom the loan was then negotiating, (whom the Committee know to be Burrows,) in which he, Burrows, urged the editors, one of whom, Webb, had expressed himself in favour of a modified re-charter, to advocate an unconditional renewal, "but expressed great satisfaction at learning that [one] was in favour of a charter under *any* circumstances."

The Committee will state they were anxious to obtain the testimony of Burrows, but were unable to do it. A subpoena was issued for him and sent to New York, to which the marshal returned he was not to be found. It was then sent to Washington city, and the Sergeant-at-Arms made the same return. The marshal of Pennsylvania was directed by the chairman to make and continue a search for the witness in Philadelphia, having heard of his expected arrival in that place; that the marshal reported to the chairman that he ascertained that the witness had arrived in that place on Thursday, the 5th instant; but he was not able to serve the process because he could not be found.

To an inquiry whether there were any other instances of notes being discounted for the accommodation of any merchant and trader at 1, 2, 3, 4, and 5 year's credit, unless to secure a debt in jeopardy, there was presented to the Committee four other cases.

On the 3d of April the Committee, by resolution, called for the following statements to assist them in the elucidation of certain facts which had appeared in other documents, viz:

1. A tabular statement, showing the aggregate amount of notes discounted and still due the Bank, drawn and endorsed by non-residents of Philadelphia; which will be found marked A.

2. The aggregate amount of good notes offered for discount, and rejected by the Board; drawn and endorsed by residents of Philadelphia, on the following days respectively: 9th of August, 16th December, 1831; 2d January, 10th February, 2d and 14th of March, 1832; 24th September, and 14th October, 1830. That statement, marked B, will show the amount of notes discounted, but the officers of the Bank state their inability to discriminate between those that are good or otherwise.

3. The aggregate amount of notes discounted on personal security, and made payable more than six months after date, which appear to be only four in number, besides the case of J. W. Webb and M. M. Noah.

4. The aggregate of notes now due to the Bank, discounted for a firm or the partners of a firm, without the name of some person not belonging to the firm, as drawer or endorser, distinguishing in each of the above statements the amount loaned to members of Congress, editors of newspapers, or persons holding offices under the General Government. To this last resolution were added the following amendments, viz: "1st. A statement of the loans made by the Bank and its branches to members of Congress, editors of

newspapers, and officers of the General Government, and the terms of such loans." "2d. And the names and amounts of payments to members of Congress, in anticipation of their pay as members before the passage of the general Appropriation Bill." "3d. And the amount of money due the United States, and on deposit in the Bank, after deducting therefrom the sum thus advanced to those to whom the United States are indebted." "And lastly, a statement in detail of the amounts paid to those who are now, or have been, members of Congress or officers of Government since 1816, for services rendered to the Bank, stating the nature of the service." For the information sought by these inquiries, see papers marked C. Besides these, there were furnished the statements of loans made to five editors or publishers of newspapers; by which it will appear, that the accommodations to those five editors were upwards of \$110,000, previous to the institution of this inquiry.

The various reports which have, for a long period past, charged the Bank with too frequent intercourse with brokers, and also of undue favouritism to certain individuals, as well as the large transactions which exhibited themselves upon many documents called for by the Committee, induced them to examine particularly the accounts of the firms of which Mr. Thomas Biddle was and is the chief partner with the Bank as a broker.

Four subjects of investigation presented themselves in relation to their transactions with the Bank.

1st. The allowing and paying interest to them on deposits.

2d. Relates to certain loans upon the pledge of stock, and the discounting of notes made to T. Biddle by the President or others, without the knowledge of the Board, and on part of them, the pledge of stock, without interest.—The Committee would refer for the particulars of these two charges to the papers marked No. 13.

The third subject is the amount of discounts made T. Biddle, and the rate of interest. The document marked No. 14, will show the amount on the 15th of each month, from the 15th day of September, 1830, to the 15th of February, 1832. By this, it appears, that on the 15th of October, 1830, he had discounted upwards of 1,120,000 dolls. and has at no time since been less than 400,000 dolls. The Committee doubt the policy of such large accommodations to individuals or firms, at any time, as it deprives the Bank of the power of fulfilling one of the great objects of its institution, which is to facilitate trade by loans in time of pressure; and it may be proper to add, that these large loans, at a low rate of interest, in times when money is plenty, are usually followed by over-trading, which produces pecuniary embarrassment and general distress.

By a statement entitled "Remittances to Europe," marked No. 16, it appears that the foreign purchase of foreign bills were made of Thomas Biddle & Co. drawn by them, viz:

1831.	
Oct. 14, 1 bill 60 days sight, and at a premium of $10\frac{3}{4}$ per cent.	\$32,399 68
Oct. 14, 3 bills at 75 to — and 105 days, and at a premium of $10\frac{1}{4}$ per cent.	115,451 11
Oct. 22, 13 bills at 40 to 125 days, and at a premium of 11 per cent.	592,000 00
Dec. 10, 9 bills at 40 to 110 days, and at a premium of 10 per cent.	506,250 00
1832.	
Feb. 14, 14 bills at 40 to 105 days, and at a premium of $10\frac{1}{2}$ per cent.	400,000 00
Feb. 14, 3 bills at 50 to 70 days, and at a premium of 11 per cent.	148,000 00
	\$1,794,060 79

By the foregoing statement, it appears that the Bank purchased, between the 14th of October 1831, and the 14th of February, 1832, of Thomas Biddle & Co., foreign bills to the amount of \$1,794,060 79.

With regard to these large loans, the committee refer to the statement marked No. 19, by which it appears that, on the 9th of April, 1832, the total amount of discounts on bills and notes at the Bank in Philadelphia, was \$7,939,679 52. Of that sum more than two-thirds were loaned to ninety-nine persons, to wit:—\$5,434,111. More than 3,000,000 dollars were in the hands of twenty-seven individuals; and nearly one seventeenth part in the hands of one person. The Committee have already expressed their conviction that these large accommodations, to a few individuals, are injurious to trade generally, and they will add, that they ought always to be made by either the board of directors, or the committees empowered by them for that purpose. For an explanation of this subject, see papers numbered 13 and 18.

Properly connected with this subject is the accommodation extended by the Bank to individuals on the pledge of stock. In all the monthly statements of the condition of the Bank, prior to the 1st of March last, there was no column showing these loans. In that month, for the first time, so far as the committee can discover, a new column is exhibited, entitled "loans on other stocks," and which appeared at that time, to have been transferred from the line called "bills discounted on personal security." This change was made in consequence of a call for stock loans, by the House of Representatives. A statement of the same was called for, marked No. 20, which exhibits a list of stocks pledged, consisting of Theatre shares, Museum stock, Arcade stock, Rail-road and Canal stocks, Coal Company stock, real estate in Louisiana, &c. &c. amounting to the sum of 1,713,297 34 dollars.

The various transactions in specie, by the Bank, have been a subject of special notice by the Committee, and various statements called for, show the magnitude of them.

The first statement, marked No. 21, shows the amount of specie exported by the Bank of the United States during the year 1831:—

To London, in Mexican coin,	-	-	-	-	\$255,000 00
To Paris, in Mexican coin,	-	-	620,000		
To Paris, in gold,	-	-	247,000		
Do. in mixed bullion,	-	-	180,000		
					<u>1,047,000 00</u>
					\$1,302,000 00

2d. The amount of specie exported since 1819, will be found in the statement marked No. 22.

To England,	-	-	-	-	2,598,357 00
To France,	-	-	-	-	2,257,398 50
					<u>\$4,855,755 50</u>

Of this amount there was in gold,	-	-	-	2,387,927 50
In bullion,	-	-	-	596,717 00
In silver,	-	-	-	1,871,111 00
				<u>\$4,855,755 50</u>

3d. The amount purchased since 1824, marked No. 23, shows:

Of silver,	-	-	-	-	605,850 00
Of gold coin,	-	-	-	-	17,596 00
Of gold bullion,	-	-	-	-	438,000 00
					<u>\$1,061,446 00</u>

4th. The amount of specie sold since 1817, marked No. 24, shows it to be,

Of which there was, American gold,	84,834 44
British, French, and Spanish,	48,291 35
Silver,	5,051,784 50
	<u>\$5,184,910 29</u>

5th. The amount of specie drawn from each of the southern and western offices, since 1820, to the Bank of the United States and New York, marked No. 25, shows the total amount to be

\$22,523,387 94

Of which \$20,925,990 07 has been drawn to those places since the first of January, 1823,

20,925,990 07

6th. The amount of specie, (in the same statement,) sent to the southern and western branches, since 1819, is

896,472 10

The premium received on the specie sold, is	97,140 56
The premium paid on the specie purchased, is	19,171 85

\$77,968 71

What profits were made on the specie exported, the committee did not call for documents to enable them to ascertain; it must, however, from the great quantity sent away, have been considerable.

The committee called for a statement of all the specie imported by the Bank from abroad since 1819; but, as none was returned, they presume none was imported.

What proportion of the gold exported was American coin, the committee have not before them the means to determine; it was expected to have been given in the statements, but in looking into them the gold exported is without a designatory name; it is believed, however, the amount is considerable.

In examining this subject minutely, the committee find that large amounts of the specie have been drawn from the office at New Orleans. Of this there can be no complaint; it is the principal depot for returns of goods shipped to Mexico, which are almost exclusively paid for in specie, and it cannot be expected that it will remain there. But the committee suggest whether the withdrawal of the specie from most of the other ports of the country, and substituting paper in its stead, might not be highly injurious to those sections of the country subject to its operation.

The subject of the Bank furnishing bills of exchange for the trade of India, China, and South America, has been brought to the attention of the committee by document marked No. 26; and having been so strongly described as affording great advantages to the country, in the triennial report of September last, as "economising" the specie of the country, the committee have felt it a duty to examine and present the subject to the consideration of Congress and the commercial community, believing, as they do, that there is something delusive in the operation. The result of their examination has led them to the conviction that this new method of dealing in bills of exchange does not "economise" the specie of the country at all. It is a universal law of drawing, that funds must either go before or follow after the draft to honour it at maturity; and whether it goes directly or circuitously, the funds to discharge it must, sooner or later, arrive at the place of payment. These bills are to be paid in England; but they go round the Cape of Good Hope before they reach their place of destination. Instead, therefore, of sending the specie directly to India and China, as formerly, who does not perceive that it must now be sent to England, the country upon which these bills are drawn, there to meet them upon their arrival at the place where they are to be paid? The Bank consequently becomes the shipper of the specie, to pay its bills, in place of the merchant to purchase his merchandise in the East Indies. It is simply and purely nothing but a change of the destination of the specie, with only the advantage of its going to London.

The mode in which these bills are drawn and disposed of to the purchasers, having twelve months to run, as will be seen by a copy of the obligation taken by the Bank, marked No. 27, the

committee consider of doubtful utility to the country. The legitimate object of banks, the committee believe to be, the granting facilities, not loaning capital. The supplying of bills appears even much more objectionable than loaning capital, for it encourages an operation which commences and ends without the employment of any capital whatever, and is similar in their character to respondentia securities. The buyer is enabled, within the term of credit, to make the voyage, dispose of his goods, and obtain from the proceeds the funds to meet his obligation, and the Bank to transmit the same to the place upon which their bills are drawn, (which are at six months sight,) long before they become due. It would seem to produce a greater export of specie eventually, than would otherwise take place, if the operations were commenced with specie, and not with bills purchased in the manner described; for the merchant, relying upon his immediate resources, would not engage to such an extent in the business, and would combine in the operation much of the produce of the country; whereas, relying upon an extensive credit, he hazards every thing on the success of the enterprise. It is a species of speculation in trade leading to great risks, and certainly terminating in overtrading—the evils of which the country is now solely experiencing. By loans of a similar character by insurance companies providing funds for traders to China, Government has sustained more loss than in any other branches of trade.

The increase of the number of branches established since 1822, cannot be passed over in silence by the committee, and deserves, as a source of extended influence of the Bank, the most serious consideration.

In some few instances, where new branches have been established, perhaps they may have been called for by the community, and may have been useful to them and profitable to the Bank; but, in most of the cases, the committee doubt whether they were called for from public utility; and their establishment will, in the end, not only prove unprofitable to the Bank, but very injurious to the communities among which they are located. Mr. Cheves, in a letter of the 27th of May, 1819, to Mr. Crawford, then Secretary of the Treasury, says, "I am perfectly satisfied that, with the present organization of the Bank, it can never be managed well. We have too many branches, and the directors are frequently governed by individual and local interests and feelings. For a time we must bear with the branches, but I hope they will be reduced."

Again, in the same letter, he observes, "the real and original evil under which the country is suffering, is over-banking. This leads to excess in trading, manufacturing, building; and the history of the ill-judged enterprises which have been undertaken in these several concerns, would give a full history of all the distresses of this country, excepting a little agricultural distress growing out of the inordinate expectations which the others excited." These opinions fully accord with the views of the committee, and they consider them as peculiarly applicable to the

present time, as exhibiting similar causes now operating with extended force, from which similar effects must follow, augmented in proportion to the increase of its branches.

The stockholders, at the triennial meeting on the 1st of October, 1822, recommended a withdrawal of some of the branches then existing, in these words: "In taking into view the business of the Bank, as connected with its offices, the committee think it right to recommend to the continued attention of the president and directors the necessity of withdrawing those branches which are found to be unprofitable, and transferring their funds to the offices which shall seem to require additional capital." Since this period *two* have been discontinued, and *nine* others have been established, as per triennial report of 1831. These opinions of Mr. Cheves, in which the committee have concurred, were approved by the stockholders, as will appear by the following extract from the same report in 1822. They say, "they take great pleasure in unanimously declaring that the circumstances of the Bank fully realize their anticipations as expressed at their last meeting in regard to the president, (Mr. Cheves,) who, by his talents, disinterestedness, and assiduity, has placed its affairs in an attitude so safe and prosperous as that the burthen of duty devolving upon his successor will be comparatively light."

The committee cannot but think that, had the succeeding direction of the Bank been guided more by the opinions and wishes of the stockholders, as then expressed, and gone on gradually growing with the growth, and increasing with the natural wants of the country, great sufferings to the community would have been avoided.

In the year 1819, great abuses existed in the branches, of which Mr. Cheves speaks without reserve, in his last report to the stockholders, as well as in his correspondence with Mr. Crawford, and upon casting the eye over the monthly statements, it is remarkable to observe what losses have taken place at the branches compared with the mother Bank. For instance: on the 1st of January last, the loss of the mother Bank, on a capital of sixteen millions and a half was, in round numbers, 328,000 dollars; that of the Baltimore branch was 1,662,000, on a capital of one million and a half; so that it lost more than its capital. That of the Norfolk branch was 229,000 dollars, on a capital of 500,000 dollars, losing nearly one-half of its capital; and so with all the rest of the branches, their losses are out of all proportion to their capital, and ten times greater than the mother Bank, according to the amount of their respective capitals. These losses, however, were principally incurred prior to 1819. The proper inference to be drawn from these facts is, that the worst of mismanagement has existed in the branches.

The "Contingent Fund" has claimed the attention of the Committee. The object for which it was originally created, and the original amount provided, together with the additional appropriations which have been made to it, and the manner in which

the same have been applied at different periods, will all be explained in the following documents.

The report of the board of directors, in July, 1821, published in the gazettes at that time, marked No. 28; the report of the stockholders at the triennial meeting in October, 1822; the report of the dividend committee, on the 16th January, 1823, marked No. 29; a statement of the particulars of the debts, "considered lost," marked No. 30; a statement of the suspended debt and real estate, with the probable loss thereon, marked No. 31; the statement headed, "*Contingent Fund*," marked No. 32; the sales of the forfeited bank stock, marked No. 33; and the dividend reports for July, 1829, January and July, 1830, January and July, 1831, marked No. 34. To these the Committee refer for the particulars of the subjects to which they relate, in connexion with the "*Contingent Fund*."

The Committee feel it their duty now to give their views as to the causes of the present distress in the trading community, and which they fear may greatly increase. It is an acknowledged principle, that like causes, in all cases, produce like effects; and as in 1819, contraction followed the expansion of 1817 and 1818, so by the same rule must contraction follow the immense expansion of 1830 and 1831, and like effects and consequences succeed. To illustrate more clearly the position, and bring it home to the minds of every one, the following table of the state of the Bank during some of the months of 1818 and '19, and 1831 and '32, are here exhibited, embracing items from which direct calls upon the vaults proceed, and the immediate means which remain to meet them, viz: The first are the deposits, circulation and debts abroad, not on permanent loan. The second, the specie, the funded debt, and notes of other banks; the amount of each will be found under their proper heads at the various periods mentioned. [The Table will be given hereafter.]

The preceding table shows that, at no period in 1819, when the Bank was very near suspending payment, was it less able to extend relief to a suffering community as at the present month. In April of that year, the month in which its difficulties were the greatest, its means of specie, notes of other banks, and funded debt, (which could have been turned into specie or notes of other banks) amounted to upwards of ten millions of dollars; and the whole demands, which could come against it in the same month, of circulation, deposits, and debts owing abroad, amounted only to about fourteen millions. But the Committee feel bound, in candour, to state, that this was after a number of months of constant contraction, not only by the Bank of the United States, but also by most of the other banking institutions of the country, where a general exhaustion had been produced. It was on the 6th of April, 1819, that Mr. Crawford, then Secretary of the Treasury, writes to Mr. Cheves thus: "It is even doubtful whether it is practicable, with all the exertions which it is in your power to make, to continue specie payments throughout the year." Under the same date he says: "My impression is, that the safety of the Bank can only be effected by withdrawing nearly the whole of its paper in circula-

tion. If the Bank does this, all other solvent banks will be compelled to do the same. When this is effected, gold and silver will be introduced into the country, and make a substantial part of the circulation, and enable the banking institutions gradually to resume their accustomed operations. Whilst this is effecting, the community, in all its relations, will be greatly distressed. Considering the extent of the suffering, it is greatly to be desired that some good may result from it."

The Committee believe that the course of operations by the Bank, during the years 1830 and 1831, have been nearly of a similar character to those of the years 1817 and 1818. Drafts and notes, payable at distant offices, were then freely discounted at the Bank of the United States, and the different offices. Bank notes were issued by the Bank, without regard to the wants of the community, or the effect upon the circulating medium, which became depreciated, driving the precious metals from the country; and, until the reaction had operated to check them, led to extravagant speculations, which ended in ruin; and relief was not obtained until the circulation of the Bank of the United States had been reduced to about 4,000,000 of dollars. Before this was accomplished, the expedient was resorted to, of curtailing loans; and, while they were doing that, they continued the issue of Bank notes, thereby continuing the evil which they were striving to avert.

What is the state of the Bank now?

On the 1st of March, (see monthly statement marked No. 35) the Bank had \$6,800,000 specie, \$2,840,000 notes of other banks, and of funded debt none!! making an aggregate of \$9,640,000, to meet its circulation of \$23,717,000; deposits, \$17,050,000; and foreign debts owing, \$1,876,000, making an aggregate of \$42,643,000; and this evil exists while a reaction or contraction is operating to a considerable extent.

This contraction commenced on the 7th of October last, and is evidenced by the following circular, which indicates, beyond all doubt, that the Bank had overtraded.

CIRCULAR.

Bank United States, Oct. 7, 1831.

Sir,—The unusually heavy reimbursements of six millions of funded debt, which was, on the 1st inst., advertised by the Government to take place on the 1st and 2d days of January next, but which, according to subsequent notice from the Treasury Department, under yesterday's date, may, it appears, be demanded of the Bank, by the public creditors, at *any* period of the present quarter, is calculated to press very inconveniently upon the parent Bank, and upon the office at New York; the more so, from our uncertainty as to the time when the necessary provision must be made, and from the prevailing active demand for money. Be pleased, therefore, so to shape your business immediately, as that without denying reasonable accommodation to your own custom-

ers, or sacrificing the interest of your office, you may throw, as early as possible, a large amount of available means into our hands in Philadelphia and New York, and at the same time abstain, as far as practicable, from drawing upon either of those points; checks and short drafts on the local banks, and on individuals, will prove particularly acceptable for several months to come; and whenever direct claims of that kind, on those two places, are not to be procured, you might materially aid us, by taking drafts upon the large cities nearest to them.

I am, respectfully, your obedient servant,
W. MILVAINE, *Cashier*.

Addressed to the cashiers of all the offices.

Since the 1st of September last, the Bank has diminished its means to meet the demands which may come upon it—

1st. The whole of the funded debt which it then held	-	-	-	-	-	-	\$3,497,681 06
2d. The difference between the specie it then held	-	-	-	-	-	-	11,545,116 51
And the amount it possessed on the 1st April							5,799,753 63
							<u>\$5,745,362 88</u>

Making an aggregate diminution of its means to meet its momentary demands, since the 1st of September, of \$8,243,043 94, whilst, during the same period those demands have increased \$4,197,871 51 viz. the circulation, deposits, and foreign debt, the aggregate of which was, on the 1st September, \$38,452,758 67, and on the 1st April, \$42,650,630 18. The measures and the effect appear to be similar to those preceding 1819. The extensive discounting of domestic bills and drafts, payable at distant branches, the amount being on the 1st of April, per monthly statement, \$20,354,748 79. The orders for curtailing at the western branches, and the curtailing at the principal offices in the Atlantic cities, and at the Bank of the United States, the amount of which, at the Bank of the United States, between the 5th day of January and the 29th day of March, is \$1,810,408 37; at the office of New York, between the 4th day of January and the 28th day of March, is \$259,305 43; at the office of Boston, between the 5th day of January and the 29th day of March, is \$167,860 85; (and that too, on a discount line of less than two and a half millions of dollars;) at the office of Baltimore, between the 16th of January and the 2d day of April, \$123,741 63, and on a discount line of more than two millions of dollars, as will be seen by the weekly statement of those offices and the Bank of the United States, marked No. 36.

The most remarkable feature which presents itself to the view of the Committee, connected with the present situation of the Bank, and the course of operations upon it since the 1st of September last, is the increase in the circulation of its notes, which amounted on the 1st September to \$22,399,447 52, and on the 1st April to \$23,717,441 14, making the increase of \$1,317,993 62.

During this period the Bank undertook to check the exportation of specie, by supplying bills at such a rate as left no inducement for individuals to ship it; to do which they exhausted all the funds which they could procure from every source. Over \$5,000,000 were remitted, as per statement marked No. 16, and still left them with a debt of more than \$1,700,000 in Europe at this period. The cause which led to this necessity still yet exists, with an increase to the extent of the increase of circulation, and but for a decline in the price of specie in Europe, it would still continue to be exported.

The Committee would present another striking analogy between the situation of the Bank in April, 1819, and its present condition. At the first mentioned period, Mr. Cheves informed the Secretary of the Treasury that the Bank would not pay the Louisiana debt of three millions, without negotiating a loan in Europe, and two millions were actually borrowed in Europe, the indulgence of the Government being obtained to that effect. The Bank at this time is precisely in the same situation; it has asked the Government to postpone the redemption of the 3 per cents. from 1st of July to 1st of October, and has assumed the payment of one quarter's interest on these stocks, being substantially equivalent to borrowing seven millions of the Government's money for three months.

The supplying of exchange by the Bank, as has been done for the last five months, and the curtailing of discounts, are but mere *palliatives*, as the Committee fully believe; and they are persuaded that no measure can be *invented* to restore a sound currency, and a regular state of things generally, and give a solid and permanent value to property, but the withdrawal of a large portion of notes now in circulation, by the Bank, which will compel other banks to do the same.

The Committee will here introduce a quotation from Mr. Rush, in his Treasury Report in 1828, which fully accords with their sentiments. "It is the preservation of a good currency which can alone impart stability to property, and prevent those fluctuations in its value, hurtful alike to individual and national wealth." Again, he says, "This advantage the Bank has secured to the community, by confining within prudent limits its issues of paper, whereby a restraint has been imposed upon excessive importations, which are thus kept more within the true wants and capacities of the country." According to the triennial report of the directors to the stockholders on the 1st of August, 1828, the amount of circulation then was \$13,044,768 71; and on the 1st of April last, as before stated, it was \$23,717,441 14; presenting the astonishing difference of \$10,671,780 43, in less than four years. Can this be considered, according to the sound doctrine of Mr. Rush, confining its issues of paper within prudent limits, whereby a restraint has been imposed upon excessive importations? That great contractions are injurious, the Committee consider they have adduced an authority that cannot well be doubted, and that a great one is now in operation there are too many general evi-

dences in confirmation of the fact, to be refuted. A particular one will suffice, which is taken from the documents called for by the Senate, and presented to that body by the Secretary of the Treasury, on the 12th of March last; in which will be found a communication from the President of the Bank, stating that the amount of the branch notes redeemed by the Bank of the United States at Philadelphia, during the month of February last, only to be \$726,000; and the amount redeemed in 1831, during the same month, was only \$368,910.

In a letter under date of the 26th of March last, to the Chairman of the Committee, the President of the Bank says "that the amount of branch notes redeemed at the New York office during the year 1831, was \$13,219,635, and at Philadelphia \$5,398,800, making a total of \$18,618,435; with an increase of circulation between the 2d of February, 1831, and the 2d of January, 1832, of more than six millions of dollars, as per monthly statements, and decrease of its means, between the 2d of February, 1831, and 1st of April, 1832, to meet immediate demands of more than twelve millions of dollars, viz.—

In specie, funded debt, and notes of other banks,				
which at first named date, amounted, as per				
monthly statements, to	-	-	-	\$21,756,668 10
And the last to	-	-	-	9,640,000 00
				<hr/>
				\$12,115,668 10

Making, as just stated, a diminution in the active means immediately applied to the extinguishment of its debts, of considerably more than half of its former capacity, to effect the same object.

With such an increase of issues, and the influence of a most powerful reaction now operating upon the fiscal energies of the country, as is exhibited by the difference of the redemption of branch notes at the periods and places abovementioned, together with such a reduction of its means, to meet its engagements, must, we fear, compel them still further to curtail their accommodations.

It is evident, from the circulars addressed to the branches, and correspondence with them since October last, that the chief object of the Bank has been to sustain itself—the statements accompanying this Report, clearly proving that the Bank has not increased its facilities to the trading community, in any part of the Union.

The Bank of the United States, among other conditions of its charter, is bound to make collections of the public revenue, to transfer the same, or any part thereof, from one point to another, that may be required; and to make any and all payments for the account of the Government, whether for principal, interest, civil list, army, navy, pensions, or for any other purpose whatever, free of all and any charges for such services.

For performing this duty, the Bank has claimed, and has received, from the Treasury Department, and the country gene-

rally, for some years past, merit to an extent that could not have been surpassed, even if all those services it performs were gratuitous. This and other circumstances have led the Committee to an investigation of the subject, as far as the limited time would allow, before closing their labours, to see how far the Bank is entitled to the credit bestowed upon it, and to what extent the Bank has aided the Government in its fiscal operations beyond the obligation imposed in obedience to its charter.

The Government, in its collections through the Bank of the United States, receives nothing but specie, or notes of the United States Bank, and makes its payments in nothing else. If the notes of State banks are received by the Bank in place of its own, it is a private matter between such banks and the Bank of the United States, and one with which the Government does not concern itself, and it is to be presumed that the Bank of the United States is too watchful and vigilant in the protection of its own interests, not to see that it obtains from the State banks, for the notes thus taken, specie or its equivalent, or its own notes, in exchange, and thereby be provided with a fund from the collection of the revenue, equal in value to that in which they are required to pay.

The largest portion of the revenue, particularly from imports, as is universally known, is collected in the Atlantic cities north of the Potomac. Those cities being the great marts of supply to nearly the whole of the United States, and places to which remittances centre from almost every part of the country, create a demand for funds upon them from nearly every quarter, constantly and generally at a premium. Therefore, so far as the Bank is called upon to transfer funds from those cities to other places, it becomes a matter of profit and not of expense to it, and the greater the distance the greater the premium; and the larger the amount thus required to be transferred by the Government and the greater the distance, the greater the profit and advantage to the Bank.

That the Bank has aided the Government thus far, the Committee are unable to discover, or that they are under any obligations to the Bank for those services, they are at a loss to imagine. How far the Bank has aided the Government in its fiscal operations, as it claims to have done, will be seen by a communication from the President of the Bank to this Committee, hereafter adverted to in another part of this Report; and also in a report of the committee of the stockholders, at the triennial meeting on the 1st of September, 1831, in the following words: "That the Bank, through the whole course of its operations, has effectually assisted the Treasury in the collection and distribution of the public revenue, and that, of late years, it has been signally efficient in preventing the discharge of the public debt from disturbing the operations of commerce or the value of pecuniary investments."

Now, the Committee are not able to discover upon what principles the foregoing declaration is made. By referring to the correspondence, in 1819; between the then President of the Bank and the then Secretary of the Treasury, the Committee discover that

the Bank was then applying to the Treasury Department, to aid it in its operations, and was receiving all that it could promise.

On the 20th of March, 1819, the President of the Bank closes a communication to the then Secretary, Mr. Crawford, thus: "I have ventured to trouble you with those views with the hope that you will pardon the liberty, and with the conviction that if you can serve this institution in any of them which you shall deem consistent with the public good, you will feel a pleasure in doing so." The Secretary of the Treasury, in closing his answer, under date of the 27th of March, 1819, says, "every facility which it is in the power of this Department to afford the Bank, in its efforts to support specie payments, and restore the currency to a natural state, may be confidently relied upon."

By a reference to a statement of the public deposits in the Bank of the United States each month, from March, 1818, to March, 1832, inclusive, marked No. 37, it will be seen that from the 1st of January, 1823, up to the month of March, 1832, there has been only one period, (November, 1825,) when the public deposits did not exceed four millions of dollars in the hands of the Bank, and they frequently amounted to eight, nine, ten, and eleven, and on one occasion, to twelve millions of dollars.

By reference to document marked No. 38, it will be found that since the month of March, 1824, at all the different periods immediately following the redemption by the Government of portions of its funded debt, there is no one time when the Bank was not left with more than one million and a half of dollars of public deposits, and in many instances with four and five millions, which sums were, immediately after, increasing, by the constant accumulated collection of the public revenue.

The Bank, as it collects the revenue, knows, or ought to know, that it will be called upon by the Government to reimburse it, and in all cases of redemption of the funded debt, three months notice is given by the Treasury of such intention. With such notice, and with proper management on the part of the Bank, the Committee cannot see that either the Government requires any aid, or that the community can be affected by the course of the operation.

The Bank has its legitimate banking capital with which to do its regular business and accommodate the community. As it collects the public revenue, it is enabled both to avail itself of the advantage of employing it to its own benefit, and the accommodation of the community who principally contribute to its payment, by commencing the discounting of business paper, payable within or about the time they know they will be called upon to make the payments on account of the Government; and, as they gradually approach that period, they must also shorten the period which the business paper has to run, until they arrive at the time the call from Government is made upon them, when the business paper will have been paid off; the Bank then pays the Government, and the Government immediately again circulates it among the community.

The operation, as thus described, appears to the Committee too

plain and simple to require any further illustration; and if the principle is sound, and has been acted upon by the Bank, they cannot discover in what manner the operations of commerce could have been disturbed, or the value of pecuniary movements have been affected by the payment of the public debt by the Government.

But if the Bank has, as the public revenue has accumulated to the credit of the Treasury Department, gone on discounting upon it, or loaning it out, disregarding the period when they would be called upon to reimburse it, the Committee can readily perceive that, when that order arrived, they would be found not only deficient in preparation, but in a state of surprise, and that the payments would first embarrass the Bank, and then lead it to press and embarrass the commercial community.

From the observations made, and the examination of documents during the course of this investigation, the Committee have strong reasons to apprehend that the course pursued by the Bank has been upon this latter principle. If so, the Bank has incurred a high responsibility.

The Committee believing the subject of the late postponement of a portion of the three per cent. stocks, intended, as they understood, to have been paid on the 1st of July by the Government, to be within the province of their inquiries; and believing, also, that it had a strong connexion with the present state and situation of the affairs of the Bank, and for the purpose of enabling them to form a correct and true opinion upon that subject, they made a call upon the President of the Bank for the correspondence in relation to the postponement of that payment, in the following words: "Will you please give a copy of the correspondence connected with your application in March last, requesting a suspension by the Government of the payment of a portion of its debt intended to have been made on the 1st of July next, or a statement of the arrangement made in relation to that subject." Which correspondence was communicated by the President of the Bank, with the following remarks:

"I have made no application to the Government, nor have I requested any suspension of the payment of any portion of the public debt."

"The inquiry, I suppose, relates to this circumstance; 'I received a letter from the acting Secretary of the Treasury, dated the 24th March, 1832, informing me that Government was about to issue a notice on the 1st of April, of their intention to pay, on the 1st of July next, one-half of the three per cent. stock, and to do it by paying to each stockholder one-half of the amount of his certificate.'" He added,

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

"Thus invited by the Government to a communication marked 'confidential,' to give my opinions on a measure contemplated by the Government, I felt it my duty to express my views of its probable operation: in my reply, therefore, dated 29th of March, I stated '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 payments.' I then proceeded to observe, that in the present situation of the commercial community, and with a very large amount of revenue, (amounting to nine millions,) to be paid before the 1st of July, the debtors of the Government would require all the forbearance and all the aid that could be given them; and that the payment proposed, by creating a demand for the remittance of several millions of dollars to European stockholders, would tend to diminish the usual facilities afforded to the debtors of the Government, and might endanger the punctual payment. For this reason I thought it for the interest of the Government, to postpone the payment till the next quarter. I further stated, that the plan of paying to each stockholder only one-half of his loan, would not be so acceptable as if his whole loan were repaid at once.

"Having thus performed my duty in giving the opinion asked, I left it, of course, to the Government to decide. On the part of the Bank, I sought nothing, I requested nothing. After weighing the circumstances, the Government were desirous of adopting the measure, but the difficulty I understood to be this, that the sinking fund would lose the quarter's interest, from July to October, of the sum intended to be paid in July; and that the Government did not feel itself justified in making the postponement unless that interest could be saved, but that it would be made, provided the Bank would make the sinking fund whole on the 1st October. To this I said, that as the Bank would have the use of the fund, during the three months, it would consent to save the sinking fund harmless, by paying the three months interest itself; as the matter stands.

"Now, it will be seen, that the Bank, in all this, has had not the least agency, except to offer its opinion, when it was asked, in regard to a measure proposed by the Government; and then to offer its aid in carrying that measure into operation."

The Committee cannot discover any ability which the Bank possesses or will possess, to give increased aid to public debtors in the payment of nine millions of dollars falling due (as is said) in the quarter ending with the 1st of July; but, on the contrary, they believe that such is the situation of the Bank now, and such will be the demands which it will be called upon to meet, that it will require the aid of all the accumulated collections for the Government, to sustain itself.

The Committee are fully of opinion, that though the Bank neither "sought" for, nor "requested" a postponement of the payment by the Government, as stated in the declaration of the President, yet if such postponement had not been made, the Bank would not, on the 1st of July, have possessed the ability to have met the demand, without causing a scene of great distress in the commercial community.

The Committee are unable to discover in what manner the Bank could afford aid to the Government, in carrying into effect the measure they proposed, which the President of the Bank, in

his remarks, speaks of having proffered to them. All that the Government could ask of the Bank on the 1st of July, or at any other time, would be, to pay over to them the amount it had collected for their account when they wished it—the same as a principal would call upon its agent to pay to him' moneys which he had collected for his benefit.

By document marked No. 30, it would appear, that, on the 13th day of March last, the Bank was aware of the intention of the Government to pay off during the year, a great portion of the 3 per cent. stock; and the subject of making an arrangement with the holders, was, on that day, referred by a resolution of the Board, as follows:—

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 3 per cent. stock of the United States may, in their opinion, best promote the convenience of the public, and the interest of this institution.

This proceeding on the part of the board, nearly two weeks before they were officially informed of the intention by the Government to make the proposed payment on the 1st of July, demonstrates fully, to the minds of the Committee, an acknowledgment on the part of the administration of the Bank, of its inability to meet the demands which the contemplated payments of the Government 3 per cents. would bring upon it, without producing the distress before alluded to.

In a letter to the Secretary of the Treasury, from the President of the Bank, dated the 29th March, 1832, marked No. 40, is the following:

“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 very great efforts to comply with their engagements to the Government. That pressure still continues, and 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 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 would 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 payment of the public revenue, the Government would be benefitted by postponing the proposed payment of the public debt to another quarter, by which time the country will sustain less inconvenience from demands on foreign account.”

The Committee are obliged to dissent from the views expressed by the President in the foregoing extract. The Committee cannot believe that the pressure which has, and which continues to exist since October last, is attributable mainly "*to the great amount of duties payable for the last few months.*" The Committee believe the operations of the Bank of the United States in Philadelphia, and the offices in Baltimore, New York, and Boston, (the four principal places where bonds are payable,) during the last quarter, furnish evidence to the contrary. By a reference to the weekly statements of the Bank of the United States, the offices at Baltimore, New York, and Boston, from July, 1831, to April, 1832, marked No. 36, it will be seen that the amount of reductions on discounts and loans at those four largest commercial cities, during the last quarter, taking the maximum amount in January last, and ending on the 1st of April, is \$2,498,489 76, or in round numbers, two millions and a half of dollars; this reduction by the Bank and its branches, has probably compelled a similar reduction on the part of the state institutions, in proportion to the amount of their loans in each of those places. In this, and in this alone, the Committee are fully persuaded is to be found the true secret of the pressure which has existed, and does still exist, operating upon the commercial community.

That this pressure will continue for some time to come, the Committee fear; for the expansion has been so great, that the contraction which is now in operation cannot, in the opinion of the Committee, be effectually checked or controlled, without a necessary curtailment of discounts.

If the Bank possessed the ability to sustain itself without curtailing its discounts, the revenue falling due the present quarter, might be collected, and facilities granted during the time, upon the principle before pointed out, to the commercial community, and disbursed again by the Government, without any inconvenience being caused by the operation. But such ability, the Committee are well satisfied the Bank does not possess, nor can it at present command. Besides the diminished means of the Bank previously alluded to, through the loss of five millions of its specie, its foreign exchange and other resources, one of the great difficulties under which it now labours, in paying the public debt, is its being compelled to receive the public revenue, in the Atlantic ports, in a currency, to wit, branch notes and drafts of the western offices, not promptly convertible, and to pay the public debt in current money.

Without a large abridgment of the usual accommodations, which will, of course, greatly distress the community, the Committee are under the strongest conviction that it will be little better able to meet the pressure the Government payments will cause, on the 1st of October, than they would have been on the 1st of July. The words of Mr. Crawford, in a letter dated 6th of April, 1819, to the President of the Bank, the Committee consider peculiarly appropriate here to introduce. "Palliations may prolong the existing embarrassments, and by exciting the hopes and

fears of the community, aggravate the existing evils, but cannot influence the final result."

In another letter, dated the 9th of April, 1819, to the same gentleman, he says, "Banks, in order to secure specie payments, must approximate their circulation and individual deposits, to a sum justly proportioned to the amount of specie in their vaults. Any thing short of this, will keep them in a precarious state, and postpone the period when banking operations can be safely prosecuted upon ordinary principles."

When an institution, with investments amounting to seventy-five millions, commanding the foreign and domestic exchange of the country, monopolizing the Government deposits, cannot, at the moment when we are exporting our annual crop of cotton, amounting, by the admission of the President of the Bank, to twenty millions of dollars, (but really near thirty,) transfer a few millions of its funds abroad, to pay the Government debt without embarrassing its operations, and seriously distressing traders, is there not reason to believe that its business has been too much and too rapidly extended?

In the late letter of the President of the Bank to the Secretary of the Treasury, of the 29th March last, there is the following postscript: "As an illustration of the effect of the measures I have suggested, 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 be very large."

Upon a reference to the weekly statement of the office at New York, from July, 1831, to April, 1832, before alluded to, the Committee find no aggregate increase of loans; but, on the contrary, they find that there has been a reduction in the amount, viz: the amount on the 29th February, being less than on the 2d and the 8th days of the same month, and \$140,000 less on the 28th day of March, than on the 29th of February previous.

By examining the statement No. 36, it will be seen that the total amount of discounts at the New York branch, between the 4th of October, 1831, and the 28th of March, 1832, were actually diminished \$468,447 17, while during the same time, the bonds paid at that port, amounted to between nine and ten millions of dollars.

The Committee, in order to ascertain the precise manner in which the annual election of directors has been conducted, called at an early period of the investigation, for the following document, viz.: "A statement of the number of votes given at each annual election of directors since that of 1823, the whole number of votes given, the number given in person, and the number given by proxy, and in the latter case, by whom," which statement was not furnished the Committee, but the statement, marked No. 41, was furnished. This shows the whole number of proxies to be

4,533, of which the President holds, exclusively, 1,436, and as a trustee, in conjunction with others, 1,684, which gives him, without intending to impugn the exercise of the power, decidedly a preponderating control in the election of directors, a power which was never contemplated by the charter; so far from it, that instrument, as well as subsequent laws passed by Congress, have studiously endeavoured to prevent the very mischief which this accumulation of proxies in the hands of one person is most obviously calculated to produce. The charter has limited the votes of the largest stockholder, no matter what may be the number of shares, to the number of thirty, clearly with a view to prevent the whole affairs of the Bank from falling into the hands of a few individuals. It is too powerful an engine to be controlled by one man alone, and this must be apparent to the good sense of every one; yet, notwithstanding this restriction, by the use of proxies, individuals, with little or no immediate interest, can perform what those possessing a direct and deep interest are prohibited from doing. Connected with this subject, there is one which ought not to go unnoticed. The charter positively requires twenty-five directors; for some years past, as appears by the list of directors, marked No. 42, there have been but twenty-four. The President of the Bank holding the appointment from the Government and the stockholders at the same time.

The Committee cannot pass over mentioning the subject of the sums paid for printing. By reference to a statement furnished the Senate in March last, it will be seen that, from the period of the establishment of the Bank, after the year 1817, up to the year 1829, the sum paid for printing, in any one year, has not exceeded \$867 19; and in some years, it has been reduced as low as \$124 and \$165 50. But in 1830, the amount is swelled to the sum of \$6,762 54; and in 1831, to \$9,187 94. In the year 1817, the year in which the Bank was established and went into operation, and consequently a greater expense was incurred, the expense of printing was \$3,226 15.

What circumstances occurred or existed during the years 1830 and 31, to require such an unusual increase in this branch of expense over the preceding years, in the ordinary course of its business, the Committee have been unable to discover, though they called for the accounts under this head of expenditure, but have not yet received them. In the same document is contained the sums paid to "attorneys," annually, since the establishment of the Bank. This subject, owing to their limited time, the Committee were unable to investigate. Sufficient, however, came to their knowledge, to justify the belief that the sums returned as having been paid to "attorneys," embrace only what was paid to them in that *distinct* character; that the sums paid to *solicitors* and *counsellors* for the Bank are not in the amount given.

The Committee addressed the following inquiry to the President of the Bank, believing that it involved a fact which will be useful to Congress in its future legislation on the subject of its charter:—

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"Did Mr. Ellsworth, or any one else of the State of Connecticut, as assessors of taxes of that State, write to request you to give him a list of stockholders belonging to that State, for the purpose of taxing them according to a law thereof?"

The President replied: "In December, 1829, Henry L. Ellsworth, of Hartford, in Connecticut, addressed a letter to me, requesting to be furnished with a list of the stockholders of the Bank residing in Connecticut, for the purpose of taxing the stock. The request was declined, for reasons which will appear in the correspondence hereunto annexed," to which the Committee refer, marked No. 43.

The Committee, in calling for various statements, have collected a number of useful documents, not referable to any particular head, but as containing a mass of useful information, they present them to the House, subject to their future order, and, if found necessary, to be appended to this Report, when it, together with the papers to which it refers, shall be published.

The majority of the Committee feel authorized to state that they have not been able to give even the present Bank that investigation which its extensive operations deserve, much less the branches—in some of which there have been subjects of complaint, but which they have been compelled to abandon for the want of time.

The Committee that investigated the affairs of the Bank in 1819, when it had been but two years in operation, with its business much less extended than at present, were engaged, as it would seem from the records of that day, from the 30th of November to the 16th of January, before they reported, and then they had not made as thorough an examination as the transactions of the institution seemed to require. At the present time, with a greatly enlarged business of sixteen years' accumulation, and twenty-five branches, whose operations have been charged with signal instances of irregularity, the Bank requires a much more minute examination than the Committee have been able to give it.

There have been many statements called for which the business of the Bank, and the shortness of the time allowed for the investigation, would not admit to be furnished. The Committee were particularly desirous of ascertaining how far the payment of the public debt, and throughout the whole term of the existence of the Bank, affected its operations, and called for all the resolutions and correspondence relating to that subject since 1817, but have only received such as related to the three per cent. loan, and the circular of the 7th of October last.

On the subject of specie payments, domestic and foreign exchange, investments in public debt, by the Bank, in 1824 and 1825, and its ability to make loans to the Government—the influence of the operations of the Bank upon trade—on the increase of the paper circulation of the Bank—its agency in diminishing or enlarging the circulation of local banks, and the means of permanently regulating our general circulation, so as to prevent its injurious effects upon the trade and currency of the country; all

matters of vital importance in the reorganization of the Bank; concerning which, the Committee submitted a number of inquiries to the president of the Bank, who has not been able, from the press of other indispensable duties, to answer; and which queries are appended to this Report. The investigations, however, which have been made, imperfect as they were, fully justify the Committee in saying, that the Bank ought not, at present, to be re-chartered.

It is obvious, from the statements submitted, and the correspondence with the Treasury concerning the public debt, and the fluctuations of the revenue of Government, that these have hitherto essentially affected the general circulation and operations of the Bank of the United States. It would, therefore, seem to your Committee to be most judicious not to act upon the question of rechartering that institution, or of chartering any other national bank, until the public debt shall have been paid off, and the public revenue shall have been adjusted to the measure of our federal expenditures.

MR. M'DUFFIE'S REPORT.

HOUSE OF REPRESENTATIVES,

Friday, May 11, 1832.

Mr. M'DUFFIE, from the Select Committee appointed to examine the books and proceedings of the Bank of the United States, submitted the following, as the views of the minority of the said Committee.

The minority of the Committee appointed to examine the books and proceedings of the Bank of the United States, dissenting from the Report of the majority, beg leave to present the grounds of their dissent, for the consideration of the House.

The majority of the Committee have submitted, without expressing any decided opinion on them, six cases which they allege to have become subjects of imputation against the Bank, touching the violation of its charter.

The first of these cases relates to usurious loans, and occurred as far back as 1822, during the presidency of Mr. Cheves. The branch bank at Lexington had received a large amount of the notes of the bank of Kentucky, a portion of them as Government deposits. These notes were considerably depreciated. The branch having declined issuing any of its own notes, in obedience to orders of the mother Bank, an individual applied for a loan of these depreciated bank notes, alleging that he wanted them to pay a debt, and that they would answer his purpose as well as any other bills. The loan was granted. The bank of Kentucky was, at the time, regularly paying to the branch interest on these notes, and finally redeemed all that remained, a few months after the loan in question. It thus appears that these bills were as good as cash to the Bank, and the borrower alleged that they were of equal value to him. It is difficult to conceive any solid ground for considering this a case of usury. It would be as reasonable to say that it would have been usury for the bank of Kentucky itself, to make a loan of its own depreciated notes. The utmost fairness was exhibited by the branch bank, in this transaction; the loan was made with reluctance, after repeated applications, and yet the directors of the mother Bank, many years afterwards, and since Mr. Biddle has been at the head of the institution, refunded to the borrower of the Kentucky notes, the full amount of the difference between their nominal and their real value at the time of the loan, with interest. This has been also done in another similar case; so that, in the only two cases which have been brought to the view of the directors at Philadelphia, for the purpose of having the amount of the depreciation refunded, the application has been

granted with a promptness and liberality highly creditable to the institution.

The minority of the Committee will barely remark, upon these transactions, that being free from all imputation of intentional usury, and never having been sanctioned by the directors of the mother Bank, but, on the contrary, corrected, they cannot furnish the slightest ground for alleging that the charter has been violated.

The second ground of imputation noticed by the majority of the Committee is, "the issuing of branch orders as circulation."

On this point the minority deem it sufficient to remark, that a branch order is nothing more nor less than a draft or bill of exchange drawn by a branch upon the mother Bank; and that the charter expressly authorizes, as one of the primary operations of the Bank, the buying and selling of bills of exchange. If the Bank has a right to issue these drafts at all, it cannot, surely, be made a ground of just complaint against it, that they are used as circulation. That is exclusively the affair of the community. The Bank cannot be justly made responsible for the use which the public may choose to make of these drafts. It is the high credit of the Bank that gives the character of circulation to this paper; and it is the voluntary act of the community receiving it as such.

In fact, there is no part of the Bank circulation which has been so beneficial to the public. It has, in practice, furnished the Southern and Western States with the means of effecting their exchanges with the North, without any expense whatever.

It may be well doubted, however, whether an extensive and permanent issue of these drafts might not prove very inconvenient to the Bank itself, in a certain state of the domestic exchanges, and it would be, therefore, a judicious measure to supersede the necessity in which these drafts originated, by authorizing other officers than the President and Cashier of the mother Bank, to sign notes for circulation.

The third ground of imputation, as relates to the violation of the charter, is, "the selling of coin, particularly American coin."

The minority would respectfully suggest that the majority have entirely overlooked the nature and essential purposes of the Bank. It may be well defined to be "an institution established for the purpose of dealing in money." Now money is a current coin; yet, a Committee of Congress very gravely bring it forward as a charge, touching the violation of its charter, too, that it has been guilty of dealing in current coins, and particularly American coins, the very end for which it was created.

As relates to dealing in current coin, the right to do so is involved in the right of lending money and of receiving it back. The authority to deal in bullion is expressly granted in the charter, because bullion is not current coin, and, of course, the right to deal in it is not necessarily involved in the right of carrying on banking operations.

The fourth ground of imputation is "the sale of stock, obtained from government, under special acts of Congress."

This charge is, if possible, more extraordinary than the last. If the acts of Congress, which expressly authorized the Bank to subscribe for Government stock, had any meaning at all, they certainly meant to authorize the Bank to acquire the right of property in the stock for which it was authorized to subscribe. The right to sell this stock at pleasure, is of the very essence of the right of property, and is as clearly conveyed to the corporation by the act authorizing a subscription, as the right to receive the interest.

The *right* to sell, therefore, is indisputable.

But the majority of the Committee seem to suppose that the policy which forbids the Bank to speculate in stocks, with its immense resources, by which the price might be "raised and depressed at pleasure," equally forbade the Bank to sell the stock for which it had subscribed by the express authority of the Government. Now it is apparent that the evil of dealing in stocks, by such an institution, can only exist in cases of *buying and selling stocks at the pleasure of the Bank*. To raise and depress prices, the Bank must have the right, both to buy and to sell alternately, as may suit its purposes of speculation. But it has never pretended to claim, much less to exercise the right of buying Government stocks, except under the express authority of Congress, and by an express stipulation with the Treasury Department. And after it has obtained a large amount of Government stocks in this mode, it is difficult to conceive how it could *raise* the price of these stocks by coming into the market as a *seller*, or how it could promote the purposes of a stock-jobbing speculation, by *depressing* the price, the only effect which could result from offering for sale. When these stocks were sold in 1825, there was an extraordinary pressure upon the money market of the whole commercial world. They constituted the very resource which the Bank most required in such an emergency; and it is now matter of history, that it was partly by the wise, judicious, and timely use of this resource, that the Bank of the United States averted from this country the calamity of a general failure of the banks, and a widely extended scene of commercial bankruptcy.

The majority of the Committee seem to regard it as a matter of complaint that the Government permitted the Bank to subscribe for these stocks; in preference to individuals. If this is indeed, a just cause of complaint, it should be made against the Government, and not against the Bank. When Congress expressly authorizes the Secretary of the Treasury to obtain a loan from the Bank, and the Secretary stipulates the terms of that loan, it is impossible to conceive how any blame can be imputed to the Bank, if it faithfully performs its engagements.

The fifth ground of imputation presented in the Report of the majority, is "making donations for roads, canals, and other objects."

In two instances, the directors subscribed small sums to certain internal improvements in the vicinity of the real estate of the Bank. This they did in the exercise of the proprietary right, and with a

view to the improvement of the value of their property. For this exercise of power, they are responsible to the stockholders alone; and the question is, whether they have, or have not, made a proper application of the funds of the corporation, with a view to the promotion of its interests? To what extent the value of the real estate of the Bank has been increased, by the internal improvements in question, has not been ascertained; but it may be well supposed that it exceeds the sum appropriated by the directors to aid in the construction of these improvements.

The other "donations" to which the Report refers, consist of small sums contributed to fire insurance companies, for the safety of the Bank property, and against which it is not pretended that any objection can be fairly raised.

The last ground of imputation, as touching the violation of the charter, is, "building houses to rent or sell, and erecting other structures in aid of that object."

The Bank is expressly authorized to purchase real estate, which has been mortgaged to secure debts previously contracted, and also such as may be sold under judgments and executions in its own favour. In the exercise of this right, the debtors of the Bank are as much interested as the Bank itself. For it must be apparent, that if the Bank were not permitted to bid at these sales, the property of its debtors would be frequently sacrificed, at a sum greatly below its value. It has been only for the purpose of saving itself from loss, and the property of its debtors from being thus sacrificed, that the Bank has ever purchased any real estate, except what has been necessary for its banking-houses. There is no description of property which a banking institution is so unwilling to own as real estate. Such an institution is entirely unsuited to the management of such property, as much so as a farmer would be to manage the discounts of a bank.

Owing to the extensive failures of the persons indebted to the Bank, in the western country, prior to 1819, the directors were unavoidably compelled to take a very large quantity of real estate, as the only means of avoiding still greater losses than they have actually sustained. They have disposed of this estate as rapidly as they could, consistently with the interests of the institution. On a portion of it they have erected improvements, to prepare it for sale, and by means of which they will save the stockholders from a great portion of the loss which would have otherwise occurred, and will recover a large amount of the debts which were some years ago set down as desperate. If, for this course of conduct, the directors are rendered obnoxious to censure, then will they be condemned for the very faithfulness of their stewardship. It is too obvious to require, or to justify the use of argument, that the right of the Bank to improve its real estate, is inseparably connected with the right to purchase—to hold, or to own it. On this subject, the House is referred to the exposition of the President, marked A.

The next subject to which the report of the majority adverts, is the loan to James Watson Webb and Company. It is proper to

remark, in the first place, that the only sums ever loaned to this copartnership, were the sums of twenty thousand, and of fifteen thousand dollars, the former in August, and the latter in December, 1831. It is also proper to remark, that the first sum was reduced to \$18,000, at the maturity of the note given for it; and that the latter sum was entirely paid off in March last, by Mr. Webb; and, as he expressly states on oath, without being requested by the Bank to do so. The whole amount of the accommodations ever obtained from the Bank by Messrs. Webb and Noah, was \$35,000; and the whole amount now due by them is \$18,000.

The grounds and securities upon which these accommodations were granted, will now be stated. Mr. Webb produced to the directors a full statement of the affairs of the copartnership, setting forth the value of their property, and the annual income derived from their paper. From this statement, which was authenticated by the oath of their book-keepers, it appeared that the nett annual income of the paper from advertisements and subscriptions, was \$25,750, after deducting ten per cent. for bad debts, and defraying all the expenses of the establishment. Upon the whole, it appeared that this was one of the most profitable, as it is certainly the largest commercial newspaper in the Union, with an immense advertising patronage, and a large and rapidly increasing subscription list.

With these exhibits, Mr. Webb produced the letter of Mr. Walter Bowne, Mayor of the City of New York, and formerly a director of the Bank of the United States, a man of wealth and high character, enclosing the application for the loan, and stating that "he did so with pleasure, and saw no reason against this being treated as a *fair business transaction*." Several of the directors, as well as the President of the Bank, were examined on oath in relation to this transaction, and as the clearest mode of exhibiting its true character to the House, extracts from these examinations will be given.

The following is the testimony of Mr. Biddle, relative to these loans.

Ques.—"Did you consider the loans made to James Watson Webb and Co. fair business transactions, such as you could not refuse without subjecting the Bank to the imputation of indulging political partiality? State fully the views and considerations on which you voted in favour of those loans."

Ans.—"I certainly considered them as fair business transactions, or I should not have consented to them. At the request of the Committee I will explain the reasons of that opinion.

"If in making loans every transaction was perfectly safe, and every borrower perfectly good, banking would be an easy office: but as men generally borrow to employ the funds in some profitable pursuit, subject, of course, to vicissitudes, all that can be expected in making loans is a fair and reasonable caution as to the situation and prospects of the borrower. Tried by these, the only tests, I think the loans in question are unexceptionable. The first was done by a board of directors, consisting, beside the presiding officer, of six gentlemen, Mr. Lippincott, Mr. Fisher, Mr. Bohlen,

Mr. Neff, Mr. Platt, and Mr. Willing, merchants and men of business, with no partialities towards the applicants, with whom none of them had the least acquaintance. The grounds of their judgment may be thus stated. In making ordinary loans, the board judge by the general standing of parties, without any examination of their affairs. But in this case the parties began by an exposition of their whole situation. This was forwarded by Walter Bowne, Esq. Mayor of the City of New York, where the applicants resided, who, in addition to his being personally known and respected by all the members, had been one of the oldest directors of the Bank of the United States, and for many years sat at the board around which the directors were then assembled. In this letter he says, "I cheerfully forward 'the papers' and I see no reason against this application being treated as a fair business transaction." He does not expressly say it ought to be granted, because he transmits at the same time some of the materials on which the directors were to form their own judgment, to which others were added by Mr. Webb. But when an old director of the Bank forwards 'cheerfully' an application to his ancient colleagues, which he says should be treated as 'a fair business transaction' it implies certainly no responsibility, but it may be well regarded as a declaration that were he still a member of the board, he would sanction it. Under these auspices the board proceeded to consider it.

"One of the parties had been appointed by the President and Senate of the United States to a confidential and lucrative post under the Government; the other had already invested \$33,000 in the paper, and his father-in-law, Mr. Stewart, whose letter accompanied the application, was known to be a wealthy man. Both were considered men of talents and peculiar aptitude for the business in which they were engaged. Then what was that business?"

"It was the conducting of the largest newspaper in the country, requiring, of course, considerable means, and giving employment to a great mass of active industry. Its situation was represented to be this:

Mr. Webb declared that there were then 3300 daily subscribers at \$10	-	-	-	\$33,000
2300 others at an average of \$4.50	-	-	-	10,350
275 yearly advertisers at \$30	-	-	-	8,250
310 days advertising at \$55 per day	-	-	-	17,050
				68,650
Making	-	-	-	
Deducting from this, 10 per cent. on the daily subscriptions and advertisements, (of which about one-sixth is paid in advance,) say	-	-	-	\$5,830
and 20 per cent. on the other subscribers, say	-	-	-	2,070
				7,900
There remains a gross income of	-	-	-	60,750
The annual expenses were stated at	-	-	-	35,000
				25,750
Leaving a nett annual income of	-	-	-	\$25,750

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This statement is confirmed by the affidavits of the book-keepers and pressmen of the establishment.

The total value of the paper was thus stated:—

James Watton Webb had invested in it \$33,000, for which \$40,000 had been offered, provided the other half could be had for \$25,000. This he declined, but it is mentioned to prove that the whole might have been sold for - - - \$65,000

Then it was an improving establishment.

It had owed a debt to the Banks of - - - 15,000
which it had paid off in April and May, 1831, out of the collections of the last six months, which had amounted to - - - 20,000

It had, in 1829, owed a total debt of - - - 29,000
which it had since paid off.

And at the present moment its outstanding claims were more than its debts by - - - 10,000
for its responsibilities and means stood thus—

Outstanding debts in the country more than - - - 25,000
of which could be collected on presentation of bills 10,000

Due in New York, more than four months' subscription, which, with the unpaid arrears of the last six months, may be safely estimated at - - - 20,000

And the property owned by the applicants amounted to 8,000

Making - - - - - 38,000
While the whole amount of debt was - - - 28,000

Leaving an excess of - - - - - \$10,000

That they had been deemed worthy of credit in New York, appeared from two facts.

1. That the banks of New York had lent them \$15,000, which they had repaid.

2. That the respectable mercantile house of J. L. and J. Joseph & Co., a firm well known to the directors, had lent them \$20,000, which had been repaid out of the profits of the establishment, as those gentlemen themselves certify in a document accompanying the papers.

Finally, they had no accommodation, direct or indirect, out of any bank.

The case then stood thus: Here are two persons of skill in their profession, engaged in an establishment of which the capital is - - - - - \$65,000

The gross income - - - - - 60,750

The expenditures - - - - - 35,000

And the nett income - - - - - 25,750

“In conducting such a business, where the receipts are semi-annual, the payments daily and weekly, they naturally require, like other men in business, some credit. They accordingly apply to borrow \$20,000. They wish to borrow it, not to pay previous debts, not to spend it on objects unconnected with their business,

but for the purpose of employing it all in a way to increase the profits of the concern itself, by procuring a new press, and enlarging their means of obtaining early commercial information, and thus make the paper more valuable.

"Now the statements may be presumed to present the most favourable aspect of the case, from the sanguine temper in which men are prone to estimate their own professions and prospects, and yet unless they were wholly fallacious, the board saw enough to warrant the loan. It was further justified by the event; for when the note fell due, \$2000 were paid off at a time when the demand for money induced many other debtors to ask for a renewal of their notes.

"So much for the loan of \$20,000.

"The other loan rested on the same principles as the first, with this addition. The parties stated, that owing to the part which they had taken in regard to the Bank, they had been deprived of their usual accommodations in their business. Whatever might be the reason, the fact of an abridgment of these facilities furnished a reason for extending the loan in addition to the belief of its safety—which was, that by so doing, any hazard to the original loan might be prevented; and the best evidence of its security is, that *the parties have since repaid the loan.*

"In regard to the other loans, which appear in their names, *they were given without any knowledge of their being discounted at the Bank.* They were done at the request of a person of undoubted solidity, which has been proved in the most decisive way—by the actual payment of the notes. That they were intended to aid Mr. Noah, the drawer of the notes, in purchasing a share in a newspaper, was stated at the time. But that formed no objection. He borrowed money as thousands borrow money every day, to employ it in his active business. If Mr. Noah himself applied to the Bank for a loan to buy a share in a newspaper, and the security was satisfactory, the purpose of the loan would have made no difference. Nine-tenths of the loans made of the Bank, probably are made to persons to buy something, or to pay for something already bought. Men borrow money to buy a share in a ship—a share in a cargo—a share in a bank—a share in a canal—why not a share in a newspaper? The Bank had no difficulty about the loan, because it was thought secure, nor about the object, because that was not the concern of the Bank. It does not inquire, and does not care, where its money goes—its only anxiety is, that it should come safely back; and whether, in the interval, it is employed by a merchant, or a farmer, or a lawyer, or an editor, is a matter of which it takes no cognizance.

"In respect to loans generally to editors of newspapers, the Bank proceeds on the principle of knowing no class of citizens, and proscribing none. Even with this rule, its situation in regard to such loans is a little peculiar. From the nature of their occupations, editors engaged in the discussion of matters of national concern, have generally expressed opinions in regard to the Bank: and their dealings with the Bank render it difficult to escape cen-

sure. When an editor friendly to the Bank applies for a loan, if it is granted, it is ascribed to favoritism; if it is refused, the party naturally thinks it ingratitude. When an editor opposed to the Bank applies for a loan, if it is granted, it is deemed an attempt to influence him, while, if it is refused, it is called a persecution on account of his free opinions. The Bank has endeavoured in these matters rather not to deserve reproach than to escape it. In reply to that part of the question which relates to politics, I believe that if, in granting the loans in question, there was insensibly blended with the mere business considerations any political feeling, it was probably this: that charged, as the Bank habitually is, with hostility to the present administration, it was due to the interest of the stockholders to correct so unfounded an impression, when a fair opportunity occurred of giving accommodation to those who were considered as the most strenuous and efficient supporters of that administration. The directors of the Bank understand too little of the subject to attempt to adjust the balance of accommodation to political parties, nor have I myself ever had even curiosity sufficient to notice it, until the inquiry of the Committee has suggested it. But, undoubtedly, as the Committee cannot fail to perceive, by far the greatest amount of loans to editors is to the friends of the present administration, and a large portion of that to the decided opponents of the Bank."

All the directors who were examined, testified that they granted these loans under the full belief that they were safe loans, and Mr. Cope, a gentleman of intelligence and high character, gave the following explanation of the views and motives by which he was governed in voting for the second loan of \$15,000.

"Documents," said he, "were exhibited to the committee, containing a statement of the names of the parties to the note, by which they appeared to be worth about \$30,000, with a prosperous business, and a large subscription list. The loan was made, as all other loans are made, without any regard to the politics or business of the parties, but solely because it was the business of the Bank to lend on adequate security.

"I was well aware, at the time, that they were partisan printers, and I knew that if we made the loan it might be ascribed to improper motives, and that if we rejected it, it might be said we persecuted the individuals on account of their politics."

Such are the grounds upon which the directors granted these loans to James Watson Webb & Co.

It will be readily perceived that the directors of the Bank were placed in very peculiar circumstances by this application. They had been accused in various quarters of having brought the power of the institution to bear upon the politics of the country, and particularly with having taken sides against the present administration. Having invariably pursued a course in their transactions which recognized no distinction of political parties, it was very natural that, while labouring under the imputation just stated, they should have been scrupulous to avoid giving any colour of foundation for it.

As the evidence and recommendation produced, satisfied all the directors of the safety of the loan, they could not but feel that, if they refused to grant it, they would give countenance to an imputation which they were laudably anxious to avoid.

It is proper to add, that James Watson Webb & Co., in their paper, the *Courier and Enquirer*, had declared themselves in favour of renewing the charter of the Bank some months before the application for their first loan; and that they stated to the Directors, on making application for the first loan, that the bank of New York had cut them off from their accustomed facilities, as they believed, in consequence of their espousing the cause of the Bank of the United States.

It is also proper to add, in this place, that the loan of \$17,975 which was made in March, 1831, was not a loan to Webb and Noah, or to either of them. The money was borrowed by Silas E. Burrows, a man of large fortune, upon his own responsibility, without the knowledge of either Webb or Noah. They both testify that they had never been apprised that Mr. Burrows had obtained this loan from the Bank, until a very short time previous to the visit of this Committee to Philadelphia. They had, until that time, been under the impression that the money was obtained for them of Mr. Silas E. Burrows, in Connecticut. The following extract from the testimony of Mr. Biddle will exhibit a clear view of this transaction.

"These notes were discounted by the exchange committee, under the resolutions just referred to. They were done at the request of Mr. Silas E. Burrows, of New York. Mr. Burrows had, some time before, brought me a particular letter of introduction from an old friend, Mr. Monroe, the Ex-President. Mr. Burrows had been very liberal to Mr. Monroe in his pecuniary misfortunes; and he had recently received from the President of the United States particular thanks and commendations for his generous conduct towards a Russian ship of war. I understood him to be a very rich merchant, of kind and benevolent disposition, and constantly engaged in doing acts of liberality. In one of his visits to Philadelphia, he said he was desirous of befriending Mr. Noah, and assisting him in the purchase of a share in a newspaper, and he asked if the Bank would discount the notes of these parties, adding that, although, as a merchant, he did not wish to appear as a borrower, or put his name on a paper not mercantile, yet he would at any time do so whenever it might be necessary to secure the Bank.

"The committee being authorised to discount any paper, the security for which they might approve, agreed to do them. As Mr. Burrows was going out of town, I gave him the money out of my own funds, and the notes were afterwards put in my possession. They remained with me for a long time, as I had no occasion to use the funds, nor was it till the close of the year that my attention was called to them by the circumstance that, as a new board of directors and a new committee of exchange would

soon be appointed, the same committee which made the loan should consummate it.

"I had seen, also, in the public prints, many reproaches against the Bank for lending money to printers and editors, and I was unwilling that any loan made by the Bank should seem to be a private loan from one of its officers. Having no use for the money, it would have been perfectly convenient to let the loan remain as it was, but I thought it right that every thing done by the Bank should always be distinctly known and avowed, and I therefore gave the notes to the chairman of the committee, Mr. Thomas P. Cope, who entered them on the books. On the 2d day of March, Mr. Burrows called at the Bank and paid the notes. I ought to add that the loan was made at the request of Mr. Burrows, and that neither I nor any of the committee had ever seen Mr. Noah or Mr. Webb, or had any communication with them, direct or indirect, about the loan. It was made on the credit of Mr. Burrows, who afterwards paid it."

It appears that Messrs. Webb and Noah avowed themselves in favour of a renewal of the charter of the Bank of the United States on the 8th of April, 1831. It is difficult, therefore, to conceive what possible influence could have been produced upon their cause by a *loan to Mr. Burrows*, of which they had no knowledge. It is equally difficult to perceive how the loans of August and December, 1831, could have had any possible agency in producing the change which it is alleged took place in the course of these editors, upwards of four months before.

Under all the circumstances of this case the minority of the Committee declare, without any reserve, that there is nothing in these transactions calculated to induce them to doubt the honour and integrity of the directors, and this, they feel authorized to say, is the opinion of a majority of the Committee, from the opinion already publicly expressed of one of its members.* They also deem it to be due to the occasion, and to their own sense of justice, that they should add, that they do not believe there exists in the United States a bank direction composed of more upright, independent, and honest men, than that which granted the loans in question.

Most, if not all of them are men of independent fortunes, having no connexion with politics, and being entirely independent of banks. They are generally men who are engaged in a safe and successful business, with fortunes, which they have made, not by adventurous speculations, but by steady industry and moderate but certain profits. This is, indeed, the general character of the merchants and capitalists of Philadelphia, a circumstance which renders the location of the Bank in that city peculiarly fortunate for the stockholders and for the country.

The next subject brought to the view of the House by the Report of the majority, which it is now deemed necessary to notice,

* Col. R. M. Johnson.

is that of the transactions of the Bank with Thomas Biddle & Co.

Mr. Thomas Biddle, the principal member of the firm, is a distant relation of the President of the Bank, and it was owing to this circumstance, probably, that his accounts underwent a most prying, not to say inquisitorial, examination.

The first thing that struck the attention of a part of the Committee, as worthy of scrutiny, was the fact, that this house had obtained from the Bank, in August, 1831, loans to the amount of upwards of a million of dollars, on a pledge of stocks,—a sum which had been gradually reduced, however, to about six hundred thousand dollars.

On examination it was found that this loan had been made at the special instance and urgent solicitation of the directors of the Bank; and that the Bank, and not Thomas Biddle & Co, was the party accommodated. The Government having then recently paid off several millions of its stock, which the Bank had owned, the consequence was, that a large portion of the money capital of the institution was rendered unproductive, and it became a matter of great importance to have it invested. In this state of things, the directors adopted a resolution, authorizing a loan of a large sum at less than the legal interest, upon the security of any good stocks. It is to be here remarked, that this was that portion of the capital of the Bank which had never been invested, and which it was not deemed expedient to invest, in the routine business of discounts. The loan to Thomas Biddle & Co., on the pledge of stocks, was analogous to a loan to the Government. The stocks could, on any emergency, be sold and converted into cash; so that this investment had, in some sort, the twofold attribute of money in the vaults of the Bank, to meet any pressing demands against it, and money, at the same time, drawing interest.

All the directors, who were examined on the subject, stated that they considered this transaction more for the benefit and accommodation of the Bank than for Thomas Biddle & Co.; and the President of the Bank of Pennsylvania stated, on oath, that the bank over which he was president, would have been very glad to have made large loans to Thomas Biddle & Co. at the same time, and upon the same terms—the board of directors of that bank having authorised such loans at $4\frac{1}{2}$ per cent.

There was one occurrence during the examination of the transactions of Thomas Biddle & Co. with the Bank, which merits particular notice.

An informer and witness, by the name of Whitney, who had formerly been a director of the Bank, was produced, who declared upon oath, that, in May, 1824, two of the cashiers of the Bank, and one of the discount clerks, had informed him that Thomas Biddle & Co. had been in the habit of drawing money out of the Bank, on a deposit of stock in the teller's drawer, *without paying interest*; and that the President of the Bank had discounted two notes, one for Thomas Biddle & Co. and one for Charles Biddle, without the authority of the directors. This witness stated, that he went with

these officers of the Bank, and examined the teller's drawer and the discount book, and found the facts which had been stated to him, verified by the examination. He also stated, to give additional certainty to his averments, that he made a memorandum at the time, with the dates of the transactions, which memorandum he produced to the Committee. Having thus unalterably fixed the date of the transaction, as if by some fatality, he went on to say, that he immediately proceeded into the room of Mr. Biddle, the President, and remonstrated with him against these irregular proceedings; and that Mr. Biddle promised him that they should not occur again.

Mr. Biddle was present during the examination of this witness. On that day, being on oath, he said that he was utterly astonished at the testimony of the witness, and could only oppose to it his solemn declaration, that there was not one word of truth in it from the beginning to the end. He added, that from the relation in which the witness stood to him, he would have sunk into the earth, sooner than he would have dared to come to him with such a remonstrance as he pretended to have made. The officers of the Bank, from whom the witness alleged that he derived this information, were examined, and all of them positively contradicted him. They testified and demonstrated from the books, that Thomas Biddle & Co. had never obtained money in any instance without paying interest, and that the two notes which Whitney asserted to have been discounted by the President alone, had been discounted regularly by the directors.

In the interval between the adjournment of the Committee that day, and its meeting the next, a member of the board of directors suggested to Mr. Biddle, that he was about the time of this alleged transaction, in the city of Washington. On examining the journals of the board and the letter book, it was found by entries and letters, that for several days previous to the alleged interview between the President and Whitney, and for several days afterwards, the President was absent on a visit to this city, on the business of the Bank, and General Cadwalader was acting as president in his place!

Thus was this artfully devised story, which was intended to blast the reputation of a high-minded and honourable man, through one of those extraordinary interpositions by which Providence sometimes confounds the contrivances of the wicked, made to recoil upon the head of its inventor, who must forever stand forth as a blasted monument of the speedy and retributive justice of heaven. It is important, here, to add, that the President was in this city, not only at the time of the alleged interview, but at the very time when the notes of Thomas Biddle & Co. and Charles Biddle, were discounted, which Whitney swore were discounted by the President alone.

The minority of the Committee will avail themselves of this occasion to say, that they have the most conclusive evidence, that in all the transactions of the Bank with Thomas Biddle & Co. and Charles Biddle, the President has been not only free from the

slightest imputation of partiality or favouritism, but that his conduct has been invariably governed by a nice and scrupulous sense of delicacy and propriety. And this they feel authorized to say, is the opinion of a majority of the Committee. The following resolution was unanimously adopted by the Committee:

Resolved, That the charge brought against the President, of lending money to Thomas Biddle & Co. without interest, and of discounting notes for that house, and for Charles Biddle, without the sanction of the directors, are without foundation; and that there does not exist any ground for charging the President with having shown, or manifested a disposition to show, any partiality to these individuals, in their transactions with the Bank.

The Report of the majority, advertng to the withdrawal of specie from the southern and western branches, and the substitution of paper in its stead, suggests a doubt whether their operation may not be highly injurious to the southern and western States. So far from concurring in this doubt, the minority are of the opinion, that there are no portions of the Union so much benefitted by the general operations of the Bank as the south-western and western States, and that the change produced by the Bank in this system, and in the rates of domestic exchange, has been particularly beneficial to the whole of the southern and western States. Connected with the exchange operations of the Bank, the transmission of specie from New Orleans to the northern Atlantic cities, is nothing more than a natural operation of trade, carrying the specie imported at New Orleans to its appropriate markets. This operation is carried on by the Bank instead of being left to individuals, to the undoubted advantage of the community.

With a view to connect itself more completely with the commercial operations of the country, the Bank has also deemed it expedient to deal freely in foreign exchange. It is obvious that this branch of its business is as important to the foreign commerce of the country, as dealing in domestic exchange is to our internal commerce.

Having heretofore had large funds in Europe, and having still extensive credits there, it has been, and still is, the policy of the Bank to afford to the mercantile community every facility for carrying on foreign commerce. At the south, where the staples of exportation are produced, it is constantly in the market as a purchaser of bills on Europe, to the great benefit of the planter; and at the north, where foreign merchandise is imported, it is as constantly in the market as a seller, to the like benefit of the importing merchant. In this way the price of foreign bills is kept uniform and steady, and those injurious fluctuations are prevented, which would otherwise operate as heavy taxes upon the business classes of the community for the benefit only of private dealers in exchange.

The majority of the Committee have selected for commentary a particular branch of the foreign exchange business of the Bank—that which is connected with the trade of India and South America. This subject has been already explained in another form, and

it will be sufficient to remark here, that it has almost entirely arrested the direct exportation of specie from this country to China, and that it saves to this branch of our trade the whole of the interest upon the entire amount of every commercial adventure, for at least six months out of twelve. On the subject of the general facilities which the Bank has afforded to the country; in the operations of foreign commerce, the minority of the Committee will refer the House to the perspicuous exposition furnished by the President, of the general operations of the institution, which is herewith submitted, and marked A.

It will be seen from this document that during the recent pressure upon the commercial community, produced by the excessive importations of the last two years, the Bank furnished, since September last, "from its own accumulations and credits in Europe, the means of remittances in its own bills, to the amount of \$5,295,746, and parted with its surplus specie to the amount of five millions, making an aggregate contribution to our commerce of \$10,295,746."

The extent to which these operations of the Bank must have relieved the country, are too obvious to require comment. Without this temporary relief—and it was only temporary relief that the community required—the greatest commercial distress would have probably ensued. The crisis is now nearly passed. The pressure on the money market has, in a great measure, ceased; commerce has had time to correct its own excesses; importations have been diminished, the unfavourable state of the foreign exchanges no longer exists; specie has ceased to flow from the country, and has begun to flow into it. Since March last, the specie in the Bank has increased more than a million of dollars, and every thing is rapidly assuming a sound and healthy condition.

The majority, in the concluding part of their Report, intimate the opinion that the Bank, by its imprudent and excessive issues, has had a considerable agency in producing the overtrading and excessive importations of the last year.

Whatever show of plausibility there may be in this opinion, facts demonstrate that it is entirely erroneous. It will be seen from the statements herewith exhibited, that the domestic discounts of the Bank had not increased perceptibly, from March, 1829, to March, 1831; but that they maintained an almost uniform level during the whole of the intervening period. The excessive importations, however, commenced in March and April, 1831, and must have had their origin in causes some months anterior. It is apparent, therefore, that these excessive importations were not produced by the excessive issues of the Bank, and must have originated in other causes connected with the state of Europe. The more correct view of the subject is, to consider the excessive importations as producing a state of things which rendered it necessary for the Bank to extend its discounts, with a view to relieve the community from the temporary pressure to which it was thus exposed.

It so happened, that at the very time the country stood most in need of bank accommodations, the Bank had increased means and inducements to extend those accommodations. The Government having paid off, within the last eighteen months, ten millions of its stock, which was held by the Bank, the directors found that if they did not increase their discounts considerably, some millions of their capital must be idle and unproductive. It thus happened that the wants of the community, the means of the Bank, and, it may be added, the obligation of the directors to the stockholders and to the community, all co-operated to call for that extension of bank accommodations, which, so far from having produced over-trading and excessive importations, has been the means of correcting and mitigating the temporary evils and embarrassments which these irregularities of trade would otherwise have unavoidably produced.

The minority of the Committee deem it to be their indispensable duty to notice that part of the Report of the majority, which institutes a comparison between the resources of the Bank and the condition of the country in 1819, and at the present time. They cannot but regard the comparison thus presented by the Report, as unfair and partial, and calculated to produce impressions on the public mind as absolutely erroneous as they would be positively pernicious.

If it had been the design of the majority to produce a scene of general embarrassment and distress in the commercial community, in the absence of any natural causes for such a state of things, they could not have adopted a more effectual means of accomplishing such an object than they have done in this part of their Report.

Fortunately, however, for the country, the commercial community of the United States have too much intelligence to be thrown into a panic by the loose, disjointed, and garbled statements, the crude speculations, and the random conjectures, in which a part of the community have thought it expedient to indulge. If a general alarm has not ensued, producing a run upon the banks, or curtailment of discounts, and a general scene of failure and distress, particularly among the Government debtors in our principal importing cities, it is because the community understand the subject better than a portion of the Committee, and have placed a proper estimate on their statements and speculations.

There are no two periods of our commercial history so utterly dissimilar as those which have been selected for the comparison instituted by a part of the Committee. In 1819 the Bank was engaged in the painful but necessary office of correcting a redundant and depreciated currency, produced by political causes, and having scarcely any connexion with the state of trade.

At this moment, whatever may be said to the contrary, our currency is in as sound a state as that of any country in the world; and this is conclusively proved by the state of our foreign exchanges, and the relative value of bank paper and coin in our own markets. The foreign exchange is an infallible barometer to in-

dicade the soundness or unsoundness of our currency. A reference to the state of the exchange between this country and Great Britain at this time, will furnish a conclusive reply to the charge brought against the Bank, of having encouraged over-trading by excessive issues, and a depreciated currency. In fact, specie is now flowing into the country, by the natural course of trade, a phenomenon which is utterly inconsistent with the alleged depreciation of our currency.

After making a partial and imperfect statement of the relative resources and responsibility of the Bank in 1819, and at the present time, the Report expresses the opinion that "at no period in 1819, when the Bank was very near suspending payment, was it less able to extend relief to a suffering community, as [than?] at the present moment.

Now, the very complaint urged by a part of the Committee against the Bank is, that it has been too liberal in its discounts, or, in other words, that it has granted too much relief to a suffering community already; and yet it is here set down, as a subject of lamentation, that the Bank is not able to *extend* this relief still further! The country has just been labouring under a considerable, but temporary pressure upon the money market, during which the Bank, with as much liberality as judgment, has put forth all its resources to sustain and relieve the commercial community. The crisis of this pressure has already passed by, and the necessities of the merchant for bank accommodations are gradually diminishing; and it is precisely at this point that a part of the Committee, having complained that the Bank went too far in its accommodations when they were necessary, complain, also, that it cannot go still further, now that the emergency is passing away.

The actual resources of the Bank will now be stated, with a view to show its perfect ability to meet all its engagements. The specie in its vaults on the first of the present month, was \$7,890,347, being upwards of a million more than it was in March last.

There was due, then, from the State banks, \$726,196. The domestic bills of exchange held by the Bank on the 1st of May, amounted to \$23,052,972, ten millions of which will be paid in the course of a month, and none of which have a longer period to run than ninety days. These sums united make \$31,669,515, a fund, the greater part of which may be considered as available for any probable emergency of the Bank, as so much specie in its vaults. These domestic bills of exchange are founded upon the actual operations of our internal trade, and are in fact drawn in anticipation of the southern and southwestern crops, which regularly arrive in the northern and eastern cities in time to pay them. They are uniformly and promptly paid at their maturity, without any expectation of a renewed accommodation from the Bank, as, in the case of discounted notes. In addition to the sum already stated, the Bank has good notes discounted on payment, and other security, amounting to \$47,375,078, and real estate and foreign bills, amounting to \$3,012,825.

The whole of the available resources of the Bank will be thus seen to amount to \$82,057,438, at least one half of which could, on any emergency, be converted into cash, in the course of a few months. On the other hand, the whole amount of the responsibilities of the Bank, including the circulation, foreign debt, and public and private deposits, amount to only \$43,685,603.

So that, instead of being reduced to the frightful predicament of having only "an aggregate of \$9,640,000 to meet an aggregate responsibility of \$42,643,000," which the author of the Report might well set down with two notes of admiration, the Bank has undoubted resources amounting to \$82,057,438, to meet a responsibility of \$43,685,603.

In the actual state of the country it is visionary in the extreme to imagine the Bank is in the slightest danger of being reduced to the necessity of "suspending payment." The whole amount of its circulation is now only \$22,000,000, and this is the only portion of its responsibility which can be properly taken into the estimate, in the view now under consideration. The deposits, except in periods when all commercial confidence is lost, so far from being properly regarded as a debt for which the Bank should make provision, as for its circulation, are universally considered by all banks, as a fund upon the faith of which they may safely issue their paper to an equal amount. Whatever may be the amount of the deposits, at any given time, it is a fair calculation, founded on actual experience, that it will be equally as great at any future time.

If this were not the case, the Government deposits, about which so much has been said, would be of no value to the Bank, but on the contrary, a very great incumbrance.

Upon the whole, then, the Bank is not only fully able to meet all its engagements, but is in a state of the highest prosperity. And it is but bare justice here to remark, that its general operations have been conducted with singular judgment and ability, in those very particulars which a part of the Committee have selected as topics of disapprobation and censure.

The minority of the Committee will barely advert to some of the other topics introduced into the Report.

It is alleged that the Bank has given an undue extension to its branches, and by some process of reasoning, difficult to comprehend, it seems to be inferred, that the alleged excess of the circulating medium is owing, in part, to that cause. It is sufficient to remark, on this point, that the greatest improvement which has been made in the administration of the Bank, and that which gives it its true federal character, has been effected by the establishment of branches wherever the commerce of the country required them; and by the system of exchange operations, which these branches have enabled the Bank to carry into effect.

The whole business of dealing in domestic bills of exchange, so essential to the internal commerce of the country, has been almost entirely brought about within the last eight years. In June, 1819, the Bank did not own a single dollar of domestic bills; and in De-

ember, 1824, it owned only to the amount of \$2,378,980; whereas it now owns to the amount of \$23,052,972.

The opinion of Mr. Cheves, in 1819, is adverted to in the report, to prove the impolicy of increasing the number of branches; and the fact is stated, that a large proportion of the losses sustained by the Bank has been owing to the mismanagement of the branches.

The opinion of Mr. Cheves was founded on the peculiar state of things which existed at the time. He felt the difficulty of controlling these branches, of which, as he stated, "the directors were frequently governed by individual and local interests and feelings;" and he came into the administration at a time when immense losses had been suffered by their mal-administration. But it is very important, to remark—what the Report does not bring to view—that almost all the disproportionate losses incurred by the branches were previous to 1819; and that, since the extension of the branches, of which the Report complains, they have not sustained greater losses, in proportion, than the mother Bank; while nine-tenths of the commercial facilities afforded to the country, and nine-tenths of the profits secured for the stockholders, have resulted from the operations of these branches.

The Report makes reference to the obligation of the Bank to transfer the funds of the Government, to any point where they may be wanted for disbursement, and seems to have made the extraordinary discovery, that this operation is no burden at all, but an actual benefit to the Bank! For the satisfaction of those who might be sceptical, the words of the Report will be given:

"The largest portion of the revenue, particularly from imports, as is universally known, is collected in the Atlantic cities north of the Potomac. These cities being the great marts of supply to nearly the whole of the United States, and places to which remittances centre from almost every part of the country, creates a demand for funds upon them from nearly every quarter, constantly, and generally at a premium. Therefore, so far as the Bank is called upon to transfer funds from those cities to other places, it becomes a matter of profit and not of expense to it; and the greater the distance, the greater the premium; and the larger the amount they required to be transferred by the Government, and the greater the distance, the greater the profit and advantage to the Bank."

If these views of the Report be correct, the Bank is certainly an invaluable institution. It has not only annihilated time and space, but it has done something more. It has produced such a state of the exchanges, that it is much easier for a man in New York to pay a thousand dollars in St. Louis than to pay it in Wall Street; and in which, consequently, the New York debtor actually makes a profit by being required to pay his debt a thousand miles off, instead of paying it at his own door! If this be a correct view of the subject, it is undoubtedly one of the greatest of the modern discoveries in finance and commerce.

But the minority are still incredulous. They cannot understand how it is possible for the Bank to make a profit by transferring

funds, when it is expressly stipulated that they shall transfer them for nothing. Nor can they well conceive how the loss which the Bank sustains by the operation of transferring funds for the Government, can be less than the difference between the "nothing" which it receives from the Government, and the profit which it would derive from the same operation, if performed for individuals.

If the Government collected its revenues in specie at New York, and had occasion to expend it at St. Louis, it would certainly cost it something to transport the specie from the one place to the other. If, in the absence of a federal bank, it collected its revenues in the bills of state banks, as it would be obliged to do, the operation of transferring these funds to distant places would involve a still greater expense. But under the existing system, the Bank is responsible for the safe custody of the Government funds, and for placing them wherever they may be required, without any expense whatever to the Government.

If then, the Bank has not "aided the fiscal operations of the Government," as the Report seems to intimate, a uniform currency and a revenue safely kept, and universally transferred at the risk of the Bank and without expense to the Government, affords no aid to its financial operations.

The Report, adverting to a letter from the President of the Bank, of the 29th March last, in which he informs the Secretary of the Treasury, that the collector of New York had requested the "Bank to authorize an extension of loans in that city, in order to assist the debtors of the Government," and that this had been promptly done, gives a view of the discounts of the office at that place, calculated to make the impression that no extension of loans had taken place. This is an error. It proceeds from confounding notes discounted with bills of exchange purchased by the Bank. It will be seen by the weekly statement of the New York board, that the amount of notes discounted on the 1st of September, 1831, was \$4,103,134, and that on the 21st of March, 1832, a few days before the date of the President's letter, the amount was \$4,834,917, exhibiting an increase of \$731,782, in a little more than six months.

If the amount of domestic bills falling due at a distance, during the same period, was larger than the amount purchased by the Bank—this fact has nothing to do with the extent of the accommodation afforded by the Bank to the merchants of New York. The true measure of that accommodation is the amount of domestic notes discounted, and not the amount of these notes united to that of the domestic bills purchased.

That the Bank has relieved the commercial community of New York, during the recent pressure, is a fact well understood and practically felt by the merchants there; and it will be difficult to reason them out of the convictions of their own experience by artificial statements and conjectural inferences. Upon a review of the whole ground occupied in the examination they have made, the minority are of the opinion that the affairs of the Bank have

been administered by the President and Directors with very great ability, and with perfect fidelity to all their obligations to the stockholders, to the government, and to the country. They regard the Bank as an institution indispensable to the preservation of a sound currency, and to the financial operations of the Government, and should consider the refusal of Congress to renew the charter as a great national calamity.

They will add, in conclusion, that they are equally decided in the opinion that Congress is called upon by the most weighty and urgent considerations to decide this important question during the present session. The uncertainty which prevails on this subject, is calculated to exert a very pernicious influence over the industry, enterprise, and trade of the country. If the charter of the Bank is not to be renewed; if the tremendous operation of withdrawing from the community fifty millions of Bank accommodations, and twenty-two millions of its circulating medium, must take place, it is full time that it should be distinctly known, that the shock of this operation may be mitigated by timely arrangements on the part of the Bank; and that the community may have time to provide the necessary substitutes. Considering the immense extent of the operations of this institution, the time which its charter has yet to run will be scarcely sufficient for winding up its affairs.

To the Report of the majority is appended a great number of questions, proposed to the President of the Bank by a member of the Committee on the general subjects of banking and currency. As the questions alone throw very little light on these matters, the answers are herewith submitted for the information of the House.

GEO. M'DUFFIE,
J. Q. ADAMS,
J. G. WATMOUGH.

MR. ADAMS'S REPORT.

HOUSE OF REPRESENTATIVES.

Monday, May 14th, 1832.

MR. ADAMS, of the Committee appointed on the 15th of March, 1832, to examine and report on the books and proceedings of the Bank of the United States, submitted the following

REPORT :

The subscriber, one of the members of the Committee appointed on the 15th of March last to proceed to Philadelphia to inspect the books, and to examine the proceedings of the President and Directors of the Bank of the United States, and report thereon—and particularly to report whether the charter of the Bank has been violated or not, dissenting from the report agreed upon by the majority of the Committee, deems it his duty to submit to the House the considerations upon which his own conduct in the proceedings of the Committee has been governed, and the conclusion to which they have brought his mind in relation to this subject.

It will be recollected by the House that the appointment of the Committee was made upon a resolution offered by the subscriber as an amendment to a resolution previously offered by the Chairman of the Committee. The amended resolution adopted by the House, was predicated on the principle avowed by the proposer of the amendment, that the original resolution presented objects of inquiry, not authorized by the charter of the Bank, nor within the legitimate powers of the House—particularly that it looked to investigations which must necessarily implicate not only the President and Directors of the Bank and their proceedings, but the rights, the interests, the fortunes, and the reputation of *individuals* not responsible for those proceedings, and whom neither the Committee nor the House had the power to try, or even to accuse before any other tribunal. In the examination of the books and proceedings of the Bank, the pecuniary transactions of multitudes of individuals with it, must necessarily be disclosed to the Committee, and the proceedings of the President and Directors of the Bank, in relation thereto, formed just and proper subject of inquiry—not, however, in the opinion of the subscriber to any extent, which would authorize them to criminate any individual other than the President, Directors, and Officers of the Bank or its branches—nor them, otherwise than as forming part of their official proceedings. The subscriber believed that the authority

of the Committee, and of the House itself, did not extend, under colour of examining into the books and proceedings of the Bank, to scrutinize, for animadversion or censure, the religious or political opinions even of the President and Directors of the Bank—nor their domestic or family concerns—nor their private lives or characters—nor their moral or political, or pecuniary standing in society—still less could he believe the Committee invested with a power to embrace in their sphere of investigation, researches so invidious and inquisitorial over multitudes of individuals having no connexion with the Bank other than that of dealing with them in their appropriate business of discounts, deposits, and exchange.

In these views he felt himself the more confirmed, because he perceived no other course of inquiry that could be pursued, without invading the sanctuary of private life, and committing outrage upon the most precious of social rights. The transactions of the Bank with their customers, are in the ordinary course of their business, highly confidential; an examination into them by strangers, so far as it implicates the individuals with whom the Bank has dealings, bears all the exceptionable and odious properties of general warrants and domiciliary visits. The principle of this protection to individual rights is recognized in the charter of the Bank itself, and in its by-laws. By the fifteenth fundamental article of the charter, a limited power is given to the officer at the head of the Treasury Department to inspect the general accounts and books of the Bank, with an express exception of the account of any individual, and in the by-laws of the Bank, there is a provision that no stockholder shall be permitted to inspect any account of any person with the Bank, other than his own. The same restriction is not indeed applied to the authority given in the 23d section of the charter to the Committees of either House of Congress, appointed to inspect the books, and examine the proceedings of the corporation; but that section neither gave nor could give powers of judicial authority to be exercised over any individual for purposes of crimination or of trial. The Committees are to inspect the books and examine the proceedings of the corporation, and to report *thereon*. But they are not authorized to examine or report upon the accounts or proceedings of individuals. The examinations by Committees authorized by the charter, are from the context of the sections, evidently given as preliminary means, for bringing the corporation, in the event of malpractice, on their part, real or suspected, before a judicial tribunal for trial—Whenever a Committee so appointed reports that the charter has been violated, the final action of Congress in the case is limited to the discretionary power of directing that a *scire facias* should be sued out from the Circuit Court of the United States, for the district of Pennsylvania, requiring the corporation to show cause why their charter should not be declared forfeited. But so justly and so wisely tender was the Congress which constituted the corporation to reserve to the President and Directors of the Bank the enjoyment of their civil rights, that the same section which gives to Congress this control over them, expressly pro-

vides that for the trial of the *facts* at issue between them and the United States, upon the return of the scire facias, they shall be entitled to the benefit of a *jury*. The corporation therefore cannot ultimately suffer by deprivation of their rights upon the unfavourable report of any Committee of Congress, nor even by the order of Congress itself that a scire facias should be sued out. The protective shield of the constitution, *trial by jury*, is extended over them; the sacred trust of their franchises is expressly placed under the guardianship of that power conservative of all individual rights—the verdict of their peers.

In the present case, the resolution originally offered by the Chairman of this Committee, was avowedly presented for another purpose—not with a view that the final action of the House upon the result of the examination should be the direction that a scire facias should be sued out to give the corporation the benefit provided for them by the law itself, of a fair trial by jury, but that by ransacking all the books and proceedings of the corporation from its first organization to the present day, some latent fraud, looseness, or irregularity, might be detected in the proceedings of the President and Directors, present or past of the Company, which might be elaborated and wrought up into an argument against the renewal of the charter of the Institution. This was the avowed purpose of a member claiming the right of being considered as a perfectly fair, cool, and impartial investigator of those proceedings, and, at the same time, that if the result of them should be to exonerate from all blame the responsible officers of the Company, the inquisitor should still be at liberty to vote and speak against the renewal of the charter upon the ground of constitutional scruples.

It was only by virtue of the 23d section of the act of incorporation of the Bank, that the House possessed the power of appointing a Committee with authority to examine the books and proceedings of the corporation; and that section distinctly indicates the purposes for which this power was reserved. It was to furnish the means in the event of the commission of gross abuses on the part of the President and Directors, *to put them upon trial*. The right of trying them is not reserved to the House itself—nor can it by the House be conferred upon any Committee. It belongs exclusively to the Judicial Courts. It is a familiar argument to many expounders of the Constitution of the United States, that no power granted to Congress can be exercised for any other purpose than that for which it was granted. The importance of this principle may be seen in the consideration that it is the only foundation of the argument against the constitutionality of a protective tariff. It is contended that a grant of power to levy taxes, duties, and imposts, to pay the debts and provide for the common defence and general welfare, cannot justly be construed into a power to levy the same duties, taxes, imposts, and excises, for the protection of manufactures. If there be any soundness in this principle, apply it to this reservation of power in either House of Congress to appoint investigating and examining Committees on the books and proceedings of the Bank. The

power is reserved for the purpose of enabling either House of Congress to put the President and Directors upon trial for delinquency—upon trial by the judges of the land—upon trial by a jury of the vicinage. It is not reserved for the purpose of enabling a Committee of the House to ruin the President and Directors in fortune or reputation, by a partial, prejudiced, electioneering report; condemning them as victims of political rancour, without law or justice—without judge or jury—nor is it reserved even to enable the House to determine the expediency of renewing the charter of the Bank. The power is not reserved for that purpose; nor, if there be any soundness in the argument against the constitutionality of the protective tariff, can it be exercised for that purpose. In this view of the subject, the House would not even have possessed the lawful power of appointing the Committee. The Committee was appointed not for the purpose of putting the President and Directors of the Bank upon trial; nor was it intended by the mover of the resolution that they should have the benefit of a trial by jury.

It is not the intention of the subscriber to press this course of reasoning; to which, in its application to the tariff, he does not yield his assent. To those who hold the doctrine that the purpose for which a power is granted forms an indispensable condition for the lawfulness of its exercise, he leaves the argument to bear with its proper weight. But if under a power to appoint investigating Committees, to ascertain by the verdict of a jury whether the charter has been violated or not, a constructive power is given to sport with the feelings, and fortunes, and reputation of honest and honourable men, because they happen to hold the offices of President and Directors of the Bank of the United States, there is surely no authority given in the Bank charter, to pry into the accounts and pecuniary transactions, and to scrutinize the fortunes and characters of thousands of individual citizens of the Union, merely because they have an account in Bank, which in the examination of the books and proceedings of the corporation, must incidentally be disclosed. The subscriber is under a deep and indelible impression that no such power is given to Congress by the charter of the Bank, nor does he believe that such a power can be exercised, without a flagrant violation of the principles upon which the freedom of this people has been founded.

It was under this impression that he moved the amendment, which received the sanction of the House, to the resolution originally offered for the appointment of an investigating Committee. That amendment was carried by a considerable majority of votes in the House. The course of investigation pursued by the majority of the Committee has, however, been not conformable to the principles of the resolution adopted by the House, but to those of the original resolution, which the House did not accept; a consequence which was naturally to be expected, from the circumstance that a *majority* of the Committee was appointed from the *minority* of the House—that is, from those who had voted against the amendment *adopted* by the House.

The question of the principles upon which the examination

was to be conducted, occurred immediately after the arrival of the Committee at Philadelphia, and it was determined conformably to the views of a majority of the Committee, representing, so far as the views of the House had been manifested, a minority of the House.

There was accordingly no restriction to the latitude of investigation, as it had been proposed in the original motion of the Chairman of the Committee. No objection was made on the part of the President and Directors of the Bank, excepting that the President did remind the Committee of the confidential nature of the transactions between the Bank and its customers, with the assurance of his reliance that it would be considered and respected. All their books, and all the accounts of individuals with the Bank, called for by any member of the Committee, were exhibited to them. Had there been a member of the Committee thirsting for the ruin of a personal enemy, or a political adversary, and who, by this inquisition into the accounts of all who had dealt with the Bank, could have been put in possession of facts, the disclosure of which might have destroyed his peace, his fortune, or his fame, the opportunity afforded him by this course of proceeding, would have been too inviting to have been resisted. That there was such a member upon the Committee, the subscriber does not affirm. The eagerness with which private accounts were sought for, and in an especial manner, those of editors of newspapers, members of Congress, officers of Government, and all indeed possessing political influence themselves, or likely to suffer in public estimation by exposure of their private and pecuniary concerns, flowed, it is to be presumed, altogether from patriotic principles, and a stern abhorrence of corruption. The natural and irresistible tendency of all investigations conducted on such principles, must be to substitute passion in the place of justice, and political rancour in the place of impartiality. In all times of party excitement, the members of the Legislative Assembly are placed in attitudes of keen and ardent opposition to each other. We have constant experience of the personal animosities into which all debates on questions of deep public interest are continually running. An individual member of this House, who presents himself in the attitude of an accuser, not only calls for the investment in himself of an extraordinary power, but if he prosecute himself, the accusation claims the exercise of powers which in no general system for the administration of equal justice can ever be united. The spirit of the prosecutor, is not the spirit of the judge. Whoever voluntarily assumes the former capacity, disqualifies himself for the unimpeachable performance of the latter.

During the present session of Congress two instances have occurred of inquiries instituted into the conduct of Executive Officers of this Government—one bearing upon the second Auditor of the Treasury, and the other upon the Commissioner of the General Land Office. In each of those cases the member instituting the inquiry, moved its reference to a committee of which he was not himself a member. There was no law, nor even any rule of the House which imperatively required this; but the members them-

selves felt the delicacy of their situations, and of their own accord divested themselves of that invidious combination of character which unites the prosecutor and the judge. The prosecution of the Bank has been the only exception to this course of proceeding. The Chairman of the Committee commenced his career as a prosecutor, by exhibiting an indictment, so called by himself, of twenty-two charges against *the Bank*. The Bank is a Corporation consisting of a President, Directors, and Company of Stockholders. The bill of indictment, therefore, being ostensibly against *the Bank*, seemed to be divested of personal animosity, and this, perhaps, may have induced the Chairman to lose the consciousness of incongruity in the exercise at once of prosecuting and of judicial powers. These observations are deemed indispensably necessary to elucidate the spirit in which the examination was conducted—partaking throughout of this unusual union of the prosecuting and of the judicial character. Among the charges exhibited by the indictment, not ostensibly against any individual, but against *the Bank*, was one of *subsidizing the press*, by special favours and accommodations to editors of newspapers—another for special favours and accommodations to members of Congress. In all this the Chairman of the Committee appears to have entertained the opinion that because the charges were in form against *the Bank*, they were not at all to be considered as affecting the integrity of the *persons* upon whom they might chance to fall. He frequently disclaimed all intention of putting upon trial the *character* of the President of the Bank, and he appears to have been quite unaware upon *whom* his denunciations might eventually be found to descend. The subscriber believed that there was a great want of precision in the definitions by the Chairman of the Committee in his original motion, of the crimes which he denounced. Take, for example, the charge of *subsidizing the press*. If a violation of law be an essential ingredient in the composition of crime, there was no law which prohibited the Bank from subsidizing the press—nor was there any law which prohibited the President and Directors of the Bank from affording facilities and accommodations to editors of newspapers. On the other hand, there is, perhaps, no class of citizens in the community, who, by the nature of their profession may more frequently need the aid of bank facilities, or to whom they may be more signally useful, and in proportion to the extensiveness of a printing establishment, will, of course, be the amount of the accommodations which they may require. Why then should *the Bank* be laid under an interdict for subsidizing the press? Why should the President and Directors of the Bank be chargeable with gross and palpable corruption, because large accommodations and facilities, in the regular course of banking operations, have been afforded to editors of newspapers? There appears to the subscriber to be included in the principle of this charge, a very dangerous assault upon the freedom of the press. A principle proscriptive in its nature, and the application of which, if once assumed by the authority of the Legislature, could be successful only in reducing the press to servile subserviency to whatever party might command a momentary majority in the two Houses of Con-

gress. The editors of newspapers are not responsible to Congress for the political principles which they may advocate or oppose. Nor can the Legislature take cognizance either of their consistency or of their political purity. They are responsible for their opinions to their subscribers and to the public opinion of their country. To hold them to this responsibility, their rivals, and competitors, and political adversaries, are sufficiently watchful and sufficiently armed. The opinions and interests of majorities in Congress will never lack for presses to sustain themselves. But if in addition to that common interest of the majority and of their favourite presses in the competition for public favour, they are to assume a censorial power to punish or to stigmatize the editors who support the opinions or interests of the minority, in what does this differ from an *imprimatur* in the hands of the governing power—an engine for the suppression of all freedom of the press, as well as for the oppression of every editor, whom it may suit the purposes of the predominant party to discredit or destroy.

Entertaining these opinions, and believing that the principle on which they were founded had been sanctioned by the House itself, in the resolution, as adopted, for the appointment of the Committee, the subscriber did earnestly, though ineffectually, resist and oppose the call by the Committee for the accounts with the Bank of *editors of newspapers*. To all persons of that highly respectable and important profession, their accounts in Bank were, as well as to other members of the community, their private and domestic concerns, which no power to examine the books and proceedings of the Bank could authorize a committee of this House to expose to public gaze. To single out the editors of newspapers for this invidious exposure was, in the opinion of the subscriber, to disfranchise them of their rights as citizens and as men, and was to assail them in their reputation, their interest, and their credit. Not for the purpose of bringing them to trial by jury, where they might defend themselves, their fortunes, and their characters, in presence of their peers, but to hold them up as accomplices in corruption with *the Bank*. To accomplish two objects by one operation—to defame the Bank by colourable charges of corruption, which it would never have an opportunity to repel by a fair trial, according to the laws of the land—and to defame any editor of a newspaper having an account in Bank, whose politics might be obnoxious to a majority of the Committee, instigated by the rivalry and hatred of antagonist editors of other newspapers, in the same city or neighbourhood.

The majority of the Committee did, the subscriber doubts not, with pure intentions, otherwise decide, and the accounts of editors of newspapers with the Bank were called for. In reviewing this decision, and the proceedings of the Committee subsequent upon it, he deems it his duty to declare, that none of his objections to it have, in his judgment, been removed. He views it as a precedent of portentous evil; as an unjustifiable encroachment of arbitrary authority upon the freedom of the press; as an odious persecution of individual citizens, to prostrate the influence of personal or political adversaries by the hand of power.

Of this class of accounts thus produced, those of one newspaper establishment only underwent the investigation of the Committee. Those of James Watson Webb and Mordecai M. Noah, editors of the New York Courier and Enquirer, one of the most distinguished and extensively circulated journals of the Union. Mr. Webb was examined upon oath by the Committee, at his own request. Mr. Noah transmitted to the Committee his own affidavit, made before a magistrate of the city of New York. Mr. Silas E. Burrows, a private citizen, not an editor of a newspaper, but connected with the responsibilities of Messrs. Webb and Noah in the Bank, was subpoenaed to appear before the Committee, but as the subscriber believes, with a just estimate of his own rights, did not give his attendance. No proposal was made in the Committee to issue a compulsory process against him. As editors of a public journal, and in that character as guardians and protectors of the freedom of the press, the subscriber is of opinion that neither Mr. Webb nor Mr. Noah ought to have appeared in person or by affidavit before the Committee. If in their transactions with the Bank they had committed any violation of law, they could not be examined as witnesses to criminate themselves: if they had committed no violation of law, the inquisitorial powers of the Committee did not extend to them. Their transactions with the Bank, unforbidden by the law of the land, were no more within the lawful scrutiny of the Committee, than the dwelling-house, the fire-side, or the bedchamber of any one of them. These, even in the darkness of heathen antiquity, were the altars of the household gods. To touch them with the hand of power is profanation. Assailed, however, in reputation, as they already were, and had been, on account of these transactions, by their political enemies and the enemies of the Bank, from false and exaggerated rumours concerning them, which had crept into public notice, it was certainly not unnatural, and perhaps not improper in them, to state in full candour and sincerity what their transactions with the Bank had been.

From these it appeared that in August, 1831, James Watson Webb obtained at the Bank of the United States a loan of twenty thousand dollars upon his own note endorsed by Mordecai M. Noah. The application for this loan, made in person by Mr. Webb, was sustained by a letter from Mr. Noah, and sundry statements relating to the pecuniary condition and credit of the New York Courier and Enquirer. The letter from Mr. Noah was enclosed to the President of the Bank by Walter Bowne, Mayor of the city of New York, who had been one of the earliest directors of the Bank, with a recommendation of the application itself, to be considered as a *business transaction*. It was so considered by the board of directors, who acceded to the loan desired. But the editors of the Courier and Enquirer had long been, as they still are, ardent and active political partisans, and their newspaper has been and continues deeply immersed in that portion of political affairs immediately connected with elections. The peculiar character sustained by the paper and its editors, at the time when this application for a loan was made, was that of devoted friends to the present admi-

nistration, and particularly to the eminent citizen at its head. This character they and their paper still retain. They have, of course, numerous adversaries of the opposing party, and numerous rivals in their own. Some time before this application for a loan from the Bank of the United States, there had been between them and some of their competitors for party and public favour, a newspaper war with regard to the conduct of their journal, and the opinions of its editors with reference to the Bank of the United States. In all this the interests of rival printing offices, and rival banks, may without breach of charity, be presumed to have been very willing auxiliaries to editorial virtue and the unsullied purity of the public press. The politics of the paper had been, or were thought to have been, successively hostile and friendly to the Bank of the United States. In this state of things, it is stated by Messrs. Webb and Noah, that two or three of the banks in the city of New York denied them the accommodation of loans which they had previously yielded, and refused to discount for them paper of unquestionable credit. They affirm that these city banks, in punishment for their friendliness to the Bank of the United States, withdrew from them facilities previously extended to them, and required the repayment of a large accommodation loan for which they were indebted. To discredit these imputations, re-affirmed by Messrs. Webb and Noah in their testimony upon oath before the Committee, a majority of the Committee deemed themselves authorized to send a commission and request the Presidents of the two city banks in New York to make affidavits before a magistrate, giving notice thereof to Messrs. Webb and Noah, and to transmit those affidavits to the Chairman of the Committee at Washington. The depositions of Isaac Wright, President of the City Bank, and of Albert Gallatin, President of the National Bank, at New York, were accordingly taken and transmitted to the Chairman of the Committee. They did not in the slightest degree impair the testimony of either Mr. Webb or Mr. Noah. On the contrary, they confirmed, so far as they could confirm, that part of their evidence which it had been the purpose, in requiring the affidavits from the two New York banks, to invalidate. They proved that at both of those banks, in July, 1831, notes offered for discount by James Watson Webb, with an endorser of unquestionable credit, were rejected. The *reasons* of those rejections, both the Presidents of the Banks, with great propriety, declined to give. They state that at one of the banks, no note is discounted, if objected to by any one member of the board of directors. At the other bank, any note is rejected to which two of the directors concur in objecting, and that no director is required to assign any reason for his objecting to any discount. In these answers of the two Presidents, the subscriber cannot forbear to remark a demonstration of the impropriety of the call by the Committee upon those gentlemen for their testimony in this case. The object of the call was to impeach the truth of testimony given by the two witnesses, Webb and Noah, upon oath before the Committee—witnesses whose veracity stood as fair before the Committee as that of any

other citizen of the community, and who, in the opinion of the subscriber, could consider the call itself on the Presidents of the New York banks to contradict them, in no other light than that of a gratuitous and wanton insult upon themselves. Of the *fact* that notes offered by Webb had been rejected at the New York banks, no doubt was or could be entertained. The reasons of the rejection were avowedly inferences of Mr. Webb and Mr. Noah, which might even have been incorrectly drawn by them, without impeachment of their veracity. The Committee could not, in the opinion of the subscriber, possess the *right* of calling upon the Presidents of the New York banks for the reasons of their refusing discounts to James Watson Webb, or to any other man. The call itself was a violation of individual right, and the refusal to answer it, though in terms entirely respectful and dispassionate, carries with itself a censure upon usurped authority, not undeserved.

To this call upon the Presidents of the New York banks, the subscriber had another objection. The Chairman of the Committee had, by an act of Congress, authority to administer oaths to witnesses, and the Committee had received from the House authority to send for persons and papers. But the subscriber did not consider the Committee as possessing the power of delegating to other men authority to take depositions from persons, whom the Committee were authorized to call before themselves, and to hear in person. No member even of the Committee, other than the Chairman, was authorized to administer an oath. To administer oaths to witnesses was in the competency of the Chairman specially authorized by statute. To send for the persons and papers existing, was in the competency of the Committee, authorized by the House. But to direct to be taken, and to receive as testimony, depositions of persons whom the Committee might have summoned to appear and testify before themselves, was, as the subscriber believed, to transcend their lawful authority, and to set a precedent which would lead to most pernicious abuses. This encroachment of power could not be justified by the request of the Chairman of the Committee to the deponents, that James Watson Webb and Mordecai M. Noah, the persons whose testimony it was supposed these depositions would discredit, should have notice of the time and place, when and where they should be taken. To give notice of a deposition to be taken to impeach the testimony of another, is the duty of a party to a cause, and not of the deponent himself. The witness whose testimony is to be discredited cannot be bound to receive a notification from the witness called to discredit him. The volunteering of a committee to send forth mandates in search of contradictory evidence, to fasten imputations of perjury upon witnesses of veracity, before them unimpeached, has, in the view of the subscriber, an aspect too unjust and odious in itself, to be legitimated by any notice given to the witnesses thus outraged in their feelings and their rights. The whole procedure was in the opinion of the subscriber, unlawful and unjust. He recorded against it his vote upon the journal of the Committee; and he deems it his duty to repeat his protestation against it in this Report.

But whatever may have been the true state of the relations between Messrs. Webb and Noah, and the local banks of New York, it was with these statements and allegations that Mr. Webb, in August, 1831, applied to the President and Board of Directors of the Bank of the United States, for an accommodation loan of twenty thousand dollars. The President and Directors considered it as it had been viewed in the recommendation of the Mayor of New York—as a *business transaction*. Yet, it did not escape their attention that a political colouring might, and probably would, be given to it by the inveterate enemies of the Bank. They were aware that if the loan was granted, it would be liable to the charge of a favour dispensed, to purchase the aid and support of the newspaper, in behalf of the Bank; and if it should be denied, it would be charged as proof of hostility to the administration of the General Government and its Chief. Sure that they could in no event escape the censure of enemies predisposed to blame, they granted the loan, to which, afterwards, in December, an addition of fifteen thousand dollars was made. Notes of Mr. Webb, endorsed by Mr. Noah, and payable to Silas E. Burrows, had been previously discounted for Mr. Burrows, but without the knowledge of Webb or Noah, as they testify, to the amount of seventeen thousand dollars. Of these sums so much has been paid, that there now remains due from Messrs. Webb and Noah, to the Bank, a sum of about eighteen thousand dollars, payable in semi-annual instalments, and from the statements laid before the Committee, believed by the subscriber to be as safe as any other debt upon the books of the Bank.

The transactions of James Watson Webb and of Mordecai M. Noah, with the Bank of the United States, formed, in the opinion of the subscriber, no proper subject of examination by the Committee, or of investigation to the House, further than to ascertain, whether, in those transactions, there had been any violation of the law of the land. Within the pale of the law, if this be a Government of laws and not of men, Webb and Noah were not amenable for their conduct, or their opinions, to the House of Representatives of the United States, or to any Committee by them appointed.

In behalf of the United States, as large stockholders in the Bank, a general superintendence over the proceedings of the President and Directors of the Bank, is, no doubt, vested in the Congress. But the subscriber does not believe that the President, or any Directors of the Bank, is, or can be accountable, to a committee of either House of Congress, or to the House itself, for the motives or reasons upon which he acceded or objected to any one discount. The practice of all well regulated banks is, and must be, that declared by the testimony of the Presidents of the two banks in New York to be theirs. The *reasons* or *motives* for accepting or rejecting a note offered for discount, are not subjects of inquiry at the board itself. The reasons of each director are in his own breast. His own colleagues at the board have no right to inquire into them. They are in his own discretion.

It is indeed within the bounds of possibility that this discretion should be abused to the injury and damage of the stockholders.

But in the transactions of the Bank with Webb and Noah, no loss or damage has occurred to the stockholders, nor is any to be apprehended. In the original charges presented to the House by the Chairman of the Committee, there was one of *subsidizing the press*; and these accommodations to Messrs. Webb and Noah were understood to be among the most prominent exemplifications of that nameless crime which an investigation of the affairs of the Bank would disclose to the world. It would happily be a fruitless search to find in the criminal code of this Union, or of any one of its constituent States, such a crime as *subsidizing the press*. When the charge was first brought forward by the Chairman of the Committee, in the House, it was impossible to ascertain of what overt or covert acts this offence, thus novel and undefined, consisted; nor, except in the proceedings of a majority of the Committee can the subscriber yet comprehend what are the elements of this new and still undefined offence. The majority of the Committee, immediately after entering upon the discharge of their duties at Philadelphia, commenced a search into all the accounts with the Bank of *editors of newspapers*. In the returns to this demand it was found that Webb and Noah, far from being solitary culprits in this unheard of transgression, were in the very respectable company of the editors of the National Intelligencer, of the National Gazette, of the United States Telegraph, of the Globe, and of the Richmond Enquirer. This information was scarcely in the possession of the Committee before it found its way into the public journals, and thus all the editors of those well known prints stand, by an exhibition of their private accounts, charged before the public as conductors of presses *subsidized by the Bank*. The Committee did in no other instance than that of the New York Courier and Enquirer, go into an investigation of the reasons or motives for which the discounts or the loans had been granted. Political motives were unequivocally and explicitly disclaimed by the President and Directors, who assented to the loans; and while in this, as in all other banks, the practice is uniform of never assigning the reasons either for discounts or rejection, they are not and cannot be made subjects of testimony. Every member of the board has his own reasons, which may not be known to any other member. One member, therefore, is not responsible for the reasons of any other member, nor is the board responsible for the reasons of any one of its members. Motives can then be made a subject of scrutiny only upon suspicions—political suspicions, sharpened by the collisions of personal pecuniary interests.

The subscriber believes all inquiry into the motives of Bank facilities or accommodations to be not only pregnant with injustice to individuals, but utterly beneath the dignity of the Legislature. Their rights of inquiry are commensurate with the law. For actions within the bounds of law, to scrutinize motives, is tantamount to an inquisition of religious opinions—a species of moral and intellectual torture, fitted more to the age of Tiberius Cæsar at Rome, than to the liberal spirit of the present time. The discount of notes at a bank, whether to a large or a small amount, can in no case be considered as donations or gratuities. They are

contracts of mutual equivalents for the benefit of both parties, in which the bank is no more the benefactor of the customer than the customer of the bank.

As the period of time is approximating at which the present charter of the Bank of the United States is to expire, the question, with regard to the renewal of its charter, has become an object of great and increasing public interest. The duties of the President and Directors of the Bank to protect and promote the interests of the stockholders naturally make it an object of intense and earnest desire to *them*. Independent of all personal and individual interests of their own, these obligations to the company require of them to use all fair and lawful means to obtain a renewal of the charter. Were it even true that under these circumstances they should indulge a disposition to the utmost bounds of liberality consistent with justice and discretion to one or more eminent editors of public journals, but extending only to discounts of their papers at the regular remunerating interest at the rate of six per cent. interest by the year, is this to be construed into corruption or converted into a bribe? - In every State in the Union there is a large capital of its citizens invested in stocks of multiplied State banks. Most of these are rivals in business with the Bank of the United States, and they have all boards of directors, and most of them are collegued with newspapers, all eager for the destruction of the Bank of the United States. An institution doubly obnoxious to the system of safety fund banks in the State of New York; inasmuch as their discounts, at the rate of six per cent. a year, curtail one per cent. of the dividends which otherwise, by the laws of New York they would be enabled to levy upon the community. It is, therefore, not surprising, that in the City, and even in the State of New York, that animosity against the Bank of the United States of almost all the local banks should have been so great as even to spread its influence into the Legislature of the State. The same operation is active under feebler excitements in many other States. These are not bribes. But the concert of opposition from State banks in almost every quarter of the Union organized with harmonious energy, in concert with public journals perhaps as numerous, and constantly operating upon the public mind unfavourably by means of the press, made it indispensably necessary for those to whom the welfare of the Corporation was entrusted, to defend themselves occasionally, and from time to time, in the same manner.

If, while hundreds and thousands of the conductors of State banks, impelled by private and personal interests, are filling the popular public journals under *their* influence by means of discounts and facilities granted or withdrawn, with every charge that suspicion can conceive, or imagination can invent, to invoke popular resentment and indignation against the Bank of the United States, to prevent the renewal of their charter, the President and Directors of the Bank of the United States are forbidden all use of the public press, for the defence and vindication of their own institution, they stand indeed in fearful inequality of condition with their adversaries before the tribunal of public opinion. The

local banks of New York, for example, grant, with lavish hand, bank accommodations and facilities to the editor of a daily newspaper, who fills his columns with all the common places of vituperation against the Bank of the United States. They deny all facility and accommodation to another editor, who admits into his papers essays or communications favourable to that Bank. Does the editorial votary of State banks, and seven per cent. interest, slacken in his fervour? his discounts at the State banks are curtailed. Does he falter in his zeal? a pressure for money comes upon the State banks, and his notes are called in. Does he dare to admit into his paper a communication favourable to the mammoth bank? he loses all credit with his old bankers. Does he presume to hint, in an editorial article, that, after all, a bank bound to discount at the rate of six per cent. interest may be of some advantage to borrowers in a community where the established legal rate of interest is seven? he becomes at once, in the estimation of the local bank directors, insolvent, and blasted in credit; and, if he offers for discount a note of a hundred dollars, with the best endorser in the city, it is rejected by the silent vote of one or two directors, *because* the editor's newspaper did formerly oppose, and now ceases to oppose, the re-chartering of the Bank of the United States. And then if the editor, cramped and crippled in his business by the screw thus put upon his press, to save himself and his establishment from ruin, applies to the President and Directors of the Bank of the United States for an accommodation loan? No—they too must regard him as insolvent, and blasted in credit—they too must withhold all banking accommodation and facility from him, though recommended by the Chief Magistrate of the city of New York himself, or they will be guilty of the atrocious offence of *subsidizing the press*.

This statement of facts is here *hypothetically* put—it is not intended to charge the presidents and directors of the New York city banks with any such motives for granting or for withholding their discounts. The subscriber not only approves, but was gratified, at their refusal to assign their reasons for declining to discount the notes offered by Mr. Webb. Had the question been asked them *why* they *had* discounted the notes of the same person before, their answer must have been the same. The acceptance of an offered note is by unanimous and tacit assent, without assignment of reasons, and for which the reasons of one director are not necessarily the reasons of another. They are not proper subjects of inquiry, so long as the discount is in violation of no law. And this principle is equally applicable to the President and Directors of the Bank of the United States. They are amenable to authority only for conformity to the law. To the stockholders they are further accountable for the prudent and discreet employment of their funds. But, while the result of that management has been, for a series of years, to yield to the stockholders half-yearly dividends of three and a half per cent. upon their investments, while the stock of the Bank is at twenty-five per cent. advance upon its original cost in the market; and whilst the heaviest of all the complaints against the Bank is the extensive-

ness and universality of its credit, the subscriber believes that the stockholders, and the most vigilant guardians of their interest, may wait until an actual loss shall have happened upon any one loan or discount, before they shall be justified in imputing either thriftless improvidence or sordid corruption to the President and Directors of the Bank for having granted it.

The Constitution of the United States denies to Congress itself the power of passing any bill of attainder, ex post facto law, or law abridging the freedom of the press. But here is a new fangled offence created ex post facto, under the denomination of subsidizing the press to operate as a bill of attainder upon the Bank, and as a disfranchisement to every editor of a public journal who may happen to be obnoxious to a political party in power. The fact constituting this most extraordinary crime, is the mere existence of a loan, or discount of the proscribed editor at the Bank: a transaction entirely warranted by law, but in the consummation of which a Committee of one branch of the Legislature first assumes the right of scrutinizing, and then of passing sentence of condemnation upon the motives of both parties to the contract. As there is no law constituting the offence, the degree of its malignity has no rule of proportion but that of the temper by which it is prosecuted—it will be aggravated by every stimulant of private pique, of clashing interest, of political prejudice, or of morbid suspicion, which can be enlisted in the prosecution. A Committee man, being a large stockholder in a State bank, to be deeply benefitted by the extinguishment of the Bank of the United States; another, linked in connexion with a newspaper establishment in competition with the editor to be attainted; a profound political economist, wedded to a system of coin, currency, and credit, propitious to one banking interest, and unfavourable to another; a mere partizan, hanging upon the skirts of a political candidate, and following the camp to share in the spoils of the victory, might all club their inventive faculties to swell this imaginary trespass into a felony—and seldom would there lack as an ingredient in the composition, the corrosive sublimate of a malicious temper, with instinctive hatred of all honour and integrity, prone always to infer actual fraud and villany from the mere possibility of its existence, and even to insinuate corruption, without daring openly to affirm it. These are consequences which must and would follow from the sanction by Congress, or either of its Houses, of the principle that the accounts of editors of newspapers, as a separate class of men, with the Bank, are to be scrutinized by a committee of Congress as tests of the political opinions or doctrines of their editorial columns—or indications of the candidate for the Presidency to whose banners they adhere—or to defeat the re-chartering of the Bank by deducing from the same naked fact of existing loans, large or small, the dishonourable conclusion, that the *motives* of the President and Directors of the Bank, for granting these loans, were to purchase the support of the borrowers, by bribery and corruption.

But let it, for argument sake, be admitted, that the accommodation of a loan to the editor of a public newspaper, by the Pre-

sident and Directors of the Bank of the United States is, on their part, an act of corruption of which the Congress of the United States, without doing injustice, and without derogation from the dignity of their duties, can take cognizance; the subscriber believes that it cannot justly have any bearing whatever upon the question whether the Bank of the United States shall or shall not be rechartered.

Admit that, in a country where the freedom of the press is among the first elements of the liberty of the people, a Committee of one House of Congress has a right to constitute, *ex post facto*, a crime under the name of subsidizing the press, of that, which, in the eye of the law of the land, is, and always has been, *innocent*—admit that they have power to search into the hearts of the President and Directors of the Bank, for dishonest motives to lawful actions—admit that they have a right to interrogate them for reasons which no director of any bank is ever bound to give—admit, that after the president and directors have submitted to these insulting interrogatories, and assigned the reasons by which they were actuated, the Committee should still feel themselves justified in groping, day after day, for circumstantial evidence to falsify the frank and explicit declarations of men without a slur upon their fame—that piles of folio volumes, of Bank accounts, should be rummaged over; nights and days, for a variety in the colour of ink, in entries made by different clerks, with different ink-stands, for errors in the spelling of a name, for interlineations and erasures in a waste-book or a tickler, and all to substitute trifles light as air, of *suspicion*, in the place of fact, and to *impute* fraud, forgery; and perjury, where they cannot be proved—admit that the unsullied characters of men long known among their fellow citizens, for lives without fear and without reproach, may thus be breathed and whispered into disgrace—what has all this to do with the question whether the Bank of the United States shall receive a new charter or not? If the President and any number of the Directors have been guilty of *malversation* in their offices, the remedy for their offence is *removal* from office. They may be further responsible to the stockholders in their persons and property. The directors, appointed by the President and Senate, are, at all times, removeable by the President of the United States alone. The President of the Bank, is, every year, liable to removal, both as president, and as director, by failure of re-election as a director, by the stockholders, or as president by the directors. No other director can be re-elected more than three successive years in four. If the board of directors have been guilty of neglect or violation of their duties, the punishment of their delinquency is, to appoint another set of directors in their place; not to punish the innocent and injured stockholders by refusal to renew the charter. By the rotation prescribed in the charter itself, not one of the present board of directors can remain in office at the time of the expiration of the charter, nor can the present president of the board ever be president of the Bank under the renewed charter, but by the suffrages of the stockholders, according to their respective privileges of voting. If, therefore, any misconduct had

been discoverable in the official conduct of the President of the Bank, the proper punishment for it would have been his removal from office; and the same may be said of any other of the directors. But for *their* faults, to punish the stockholders who had no communion or privity with them—for *their* errors, to deprive the great mass of the community of the benefits and advantages secured to them, and enjoyed by them, through the instrumentality of this great institution over this whole Union, would proceed from a theory of crimes and punishments unrivalled by the political inquisition of Venice, or the religious inquisition of Spain: A theory by which the crime would be committed by one set of persons, and the punishment inflicted upon another—a theory by which the stockholders would be mulcted in their property, because the directors had been faithless to their trust, and the people bereft of public blessings because their confidence in the integrity of their agents had been betrayed.

At the close of the long commentary of the majority Report, upon the transactions between the editors of the New York Courier and Enquirer, it is observed, that among the documents exhibited to the Committee, and reported to the House, are four other cases of loans at long credit, made by the Bank. The report neither mentions the *names* of the individuals, parties to these contracts, nor the correspondence and testimony relating to them, which were laid before the Committee. The subscriber, approving the discretion of the majority in this particular, will not deviate from the example set in the Report. He will barely take occasion from it to remark, that the names of those individuals, and of their accounts and transactions with the Bank cannot be brought before the public by the Committee without gross injustice. Those transactions, he is bound to believe, were perfectly justifiable in all the parties to the contract; but he was under a full conviction that neither he nor the Committee had the right to inquire into them, whether for justification or for censure. The objection of the subscriber is to all inquisition into motives, for actions unforbidden by law. But in each of these four cases—in those of the accounts of every editor of a newspaper, of every member of Congress, and of every person connected with the Executive Government—if the fact of the individual account is exhibited to the public, it is, upon the plainest principle of justice, the right of the individual to have alike exhibited to the public, all the circumstances connected with the transactions which he may deem essential to his justification. But what is that justification? Is it justification limited by the boundaries of the law? No: that is not sufficient. The account in Bank must be coupled with the conduct and opinions of the individual, to point the finger at him and at the Bank as for dishonourable conduct and corrupt purposes. So it was in the case of James Watson Webb and of Mordeica M. Noah. Why was it not so in other cases? Why are the names of other printers, and the amount and the aspect of their debts to the Bank, as principals or as endorsers withheld? Why are other editors, having large accommodations in the Bank, the names of their endorsers, the cha-

racter of their settlements, the present state of their engagements, and a contemporaneous exposition of their editorial friendship or hostility to the Bank, not set forth in all the developments of the Bank debts and editorial speculations of James Watson Webb and Mordecai M. Noah? Why are not the day of an editorial discount and the day of an editorial puff of panegyric, or blast of abuse upon the Bank brought in juxta-position to each other, so that *suspicion* may yoke them together in the relation of cause and effect in any other case than theirs? The subscriber believed that there were other accounts of editors and printers with the Bank, exhibited to the Committee, which, compared with editorial lucubrations in the newspapers of the same editors, at the same times with the discounts, or at the present day, would suggest reflections quite as edifying to the spirit of reform, as the debts and dissertations of James Watson Webb and Mordecai M. Noah. The majority Report has buried them in oblivion. There let them remain. The subscriber will not disturb their repose. But he asks of the candour of the community and of the self-respect of the House, representing the feelings of the people, that no more legislative investigations may be instituted at the expense of the nation, under colour of an examination into the books and proceedings of the Bank of the United States; into the political purity and undeviating consistency of the conductors of the public press.

It is with great satisfaction that the subscriber declares his entire and undoubting conviction, as the result of all the examination which, under the resolution of the House, and the unbounded range of inquiry, sanctioned by the majority of the Committee, he was able to give the books and proceedings of the Bank, that no misconduct whatever is imputable to the President, or to any of the present Directors of the Bank. That, in the management of the affairs of this immense institution, now for a series of nearly ten years, occasional errors of judgment, and possibly of inadvertence have been committed, is doubtless true—in the vast multitude of relations of the Bank with the property of the whole community, the board of directors of the parent Bank, or of some of its branches, have sometimes mistaken the law, and sometimes have suffered by misplaced confidence. A spirit of predetermined hostility, uncontrolled by a liberal sense of justice, prying for flaws, and hunting for exceptions, may gratify itself, and swell with exultation at its own sagacity, in discovering an error or arguing a misconstruction of powers. In the conduct of the present President and Directors of the Bank of the United States, no intentional wrong and no important or voluntary error has been committed. He deems this declaration due from him to those worthy and respectable citizens, in the face of this House, and of this nation, willing as he is to abide upon it the deliberate judgment of after times. He deems it the more imperiously required of him as a signal vindication of the honour and integrity of injured and persecuted men. It has been impossible for him to observe, without deep concern, the spirit and temper with which this investigation has been prosecuted, particularly with regard to the President of the Bank. As one example of which, he would

call the attention of the House to the testimony of Reuben M. Whitney—to the manner in which it was produced, and to the catastrophe in which it terminated.

On the 2d of April, the Chairman of the Committee asked of them, authority to issue a subpoena to summon the attendance before them of Thomas Wilson, heretofore, in the year 1824, a cashier of the Bank, to testify as a witness. The subscriber inquired what it was expected Mr. Wilson would prove, which question the Chairman declined to answer. The subscriber objected therefore to the issuing of the subpoena, and the motion for it was for that day withdrawn.

The next day it was renewed, with a statement in writing by the Chairman of several allegations, as the subscriber conceived, amounting to charges against the President of the Bank, of embezzlement of the moneys of the institution. The subscriber inquired from whom these charges had been received, which the Chairman declined to state. The subscriber moved that a copy of the charges should be furnished to the President of the Bank. But the paper was withdrawn by the Chairman and a resolution was substituted in its place, which was entered upon the Journal of the Committee. The objection of the subscriber to this course of proceeding was, at his request, entered upon the Journal, and at the request of the Chairman an entry was also made of the grounds upon which he deemed his own course in this respect justifiable. The objection of the subscriber was, not that the Chairman had thought proper to listen privately to secret informers, but that he required the action of the Committee for a call of testimony deeply affecting the moral character of the President of the Bank, and yet withheld from the Committee the name of his informant. The subpoena to Mr. Thomas Wilson was, nevertheless, issued. The charges against the President of the Bank were, that Thomas Biddle, a distant relative of his, and one of the most eminent brokers of Philadelphia, had *been in the habit*, by permission of the President, of taking money out of the first teller's drawer, leaving in its place certificates of stock; of keeping the money an indefinite number of days, and then replacing the money, and taking back his certificate of stock, *without payment of interest* upon the moneys of which he had had the use. The quintessence of the charge was, the use by Mr. Thomas Biddle of the moneys of the Bank without interest. And there was another charge, that the President had also been in the habit of making large discounts upon notes of Thomas Biddle without consulting the directors, between the discount days, and that the notes were entered as of the previous discount day.

Mr. Wilson's testimony completely disproved, so far as his knowledge went, both these charges. He had never known a single instance in which Mr. Thomas Biddle, or any other person, had ever been permitted by the President of the Bank to use the moneys of the Bank, without payment of interest. He had never known a discount of a note of Thomas Biddle by order of the President of the Bank, without consulting the board of directors or the committee duly authorized to discount. Mr. Wilson had

been removed in a manner as inoffensive to his feelings as possible, from his office of cashier of the parent Bank in 1824, by being first transferred to the branch at New Orleans, from which he was also afterwards removed. Previous to his removal from the Bank at Philadelphia, the personal intercourse between the President of the Bank and him had not been altogether harmonious. He had hinted to Mr. Reuben M. Whitney, a director then secretly unfriendly to the President, and to Mr. Paul Beck, a director particularly friendly to himself, that he thought the President had too much influence over the board of directors, and had spoken with disapprobation of the fact that Mr. Thomas Biddle had occasionally received discounts upon transferred stocks, with checks, which, at the end of an indefinite number of days, were taken up and the cash returned, with regular payment of interest, as upon discounted notes. The checks being entered in the books under the head of bills receivable. Several cases of this kind had occurred in the months of May and June, 1824. Mr. Wilson's testimony was very clear and explicit to the integrity of the President of the Bank, and it was totally contradictory to the statements which the Chairman had framed into charges from the private information which he had received, and the name of the informer of which he had declined giving to the Committee. But Mr. Wilson had named Mr. Paul Beck and Mr. Reuben M. Whitney, two of the directors of the Bank in 1824, and to whom he had incidentally communicated his slight discontents at the period immediately before his removal.

Mr. Beck and Mr. Whitney were summoned to appear and testify. The character and respectability of Mr. Beck are so universally known at Philadelphia, that all remark upon them would be superfluous. He had been a director of the Bank in the years 1824, '25, and '26, and again in the years 1828, '29, and '30, and of course, not only at the time alluded to by Mr. Wilson, but for five of the years which have elapsed since then, and till within less than two years past. Mr. Beck remembered the communications made to him by Mr. Wilson, shortly before his removal, and had thought them to proceed from irritation.

He had seen no cause to doubt the correctness of the official conduct of the President, and has retained his perfect confidence in it unimpaired to the present day.

The testimony of Mr. Whitney was of a different character. This person had been a director of the Bank in the years 1822-23 and 24, and a very active member of the board. He was a native American, but from the year 1808 to 1816, had been a resident in Montreal, in Canada—during the war, by permission of the British Government, on his taking an oath to obey the laws of the country, which he did not consider as an oath of allegiance—but he had not asked or received permission to remain in Canada from his own Government. About a year after the expiration of his service as a director of the Bank, he failed in business. Of his present standing in the community, no evidence was taken by the Committee.

The story that Mr. Whitney told on his first examination was,

that some time in 1824, Mr. Wilson and Mr. Andrews, then cashiers of the Bank, had mentioned to him certain transactions in the Bank, in which T. and J. G. Biddle were concerned, which they were not willing should exist without some member of the board being informed of them. Upon his inquiring what they were, they replied that T. & J. G. Biddle had been in the habit of coming to the Bank and getting money, and leaving certificates of stock, which represented it, in the first teller's drawer, *without paying interest*, and without being entered on the books. That they had also stated that the Messrs. Biddles had had notes discounted for them by the President, which were entered on the books of the preceding discount day; that upon Mr. Whitney's asking them what sums there were of the kind in existence at that time, they went with him to the first teller's drawer, and found one sum of 45,000 dollars, dated 25th May, and one for 24,000, dated 26th May; that they then went to the discount clerk's desk, and found one note at 15 days dated 13th May, for 20,000 dollars, of T. Biddle's, and one note of Charles Biddle's, dated 21st May, at sixteen days, for \$38,319; that the two former sums represented cash, and the two latter were notes which the two cashiers stated to him had been discounted by order of the President. Of all this, Mr. Whitney declared, a memorandum at the time had been taken by him. Such a memorandum he produced, and left with the Committee on a small slip of paper, worn out and torn, and it is among the papers reported by the Committee; and as it formed the main stay of Mr. Whitney's first testimony, a copy of the whole of it is here subjoined:

"May 25, 45,000.

" 26, 24,000.

May 13, 15 days \$20,000 collateral.

" 21, C. Biddle, 38,319, 16 days 5—8 June."

Of the two first notes, Mr. Whitney declared, in answer to a leading question from the Chairman, that no entry had been made upon the books; that he took his note of them from a memorandum in the teller's drawer, and that on *making the discovery*, he directed the officers of the Bank, one or both the cashiers, to enter this money upon the books; that it was done—that he did not see it done, but subsequently saw on the books the entry of "bills receivable," which he knew was the entry made by his order.

He further stated, that, immediately after making this discovery, and giving this order, he had gone into the President's room, where he found him alone; that he told him what he had discovered and done, and requested that no such transaction should be repeated while *he* was a director of the institution. That the President did not deny the facts as he had stated them—that he coloured up very much and promised that no such thing should happen again.

This testimony appeared to be in all respects so extraordinary, and so deeply to affect the moral character of the President of the Bank, in which the subscriber had been long accustomed to repose the most unbounded confidence, that he deemed it proper to

trace its introduction, so far as possible, to its origin. As the question of the Chairman of the Committee which drew forth this testimony, indicated that he had previously been made acquainted with it in detail, and as he had, on first stating his expectation to prove these charges, declined naming the witness by whom he expected to prove them, the subscriber resorted, by interrogation of the witness, to ascertain that which the Chairman had declined communicating to the Committee. He inquired of Mr. Whitney whether he had had previous communication on the subject with any member of the Committee? What had been his motive for giving the testimony? Whether it had been voluntary or solicited? To these questions he answered that he had made previous communications to the Chairman at his apartment, in the presence of another member of the Committee; that he had no particular, but general motives for giving the testimony; that he did not recollect whether it had been voluntary or asked of him; but upon being pressed by a further question, he answered that Judge Clayton had been recommended to him by a letter from Mr. Benton. This disclosure was then confirmed by the Chairman.

The subscriber requested that his objections to the admission of this evidence, while anonymous, should be entered on the journals of the Committee, and an explanatory entry was also made, at the request of the Chairman.

Mr. Whitney appealed with great confidence to his memorandum, and to the books of the Bank corresponding with it, to confirm his story; but there was nothing in the memorandum to show that it had not been taken from the books of the Bank. There was internal evidence in the memorandum that it could not have been taken before the 26th of May; and there was evidence on the books of the Bank that it was probably taken from them on the 27th of May—that was the only day on which one of the books of the Bank corresponded with the memorandum of Mr. Whitney.

But Mr. Whitney testified that no entries had been made of the certificates of stock in the teller's drawer, of the two sums of 45,000 and 24,000 dollars, minuted on his memorandum, on the books, until after he had ordered the entries to be made; while the books of the Bank proved that entries of both those sums had been regularly made on those respective days, the 25th and 26th of May; Mr. Whitney's own testimony showed that he had *seen* the books after the entries were made, and there was nothing except his own declaration, to show that he had not taken his memorandum from them.

Mr. Andrews and Mr. Wilson, the two Cashiers from whom Mr. Whitney alleged that he had received the first information of this embezzlement of the moneys of the Bank, denied, in the most explicit and unqualified terms that any such transaction had ever taken place—denied not only that they had ever given to Mr. Whitney such information as he had affirmed to have received from them, but the existence, at any time, of any facts which would have justified them in giving such information.

Mr. Burtis, the first teller, and Mr. Patterson, the discount clerk, at whose drawers Mr. Whitney's narrative represented

him as having made his discoveries, and given his orders for making the entries, with equally earnest asseveration, denied that any such transaction had ever taken place, so far as they were concerned.

The President of the Bank, confronted with Whitney, declared, upon oath, that there was not one word of truth in his statement of his interview with him. And Mr. Whitney was left with his ragged memorandum, and his oath, falsified by the concurring oaths of the five individuals who, with certainty of knowledge, could contradict him.

Nor was this all. Mr. Whitney's statement was confined, by the purport of his memorandum, and the context of the books of the Bank, to a date of time of no wider range than the 26th or 27th of May, 1824. The President of the Bank, on a subsequent day, proved, by the correspondence of the Bank, that from the 22d to the last day of that month, he was not at Philadelphia, but on a visit to the City of Washington, on the business of the Bank. For these discrepancies from the testimony of Mr. Whitney, as upon his examination he termed them, he did not attempt to account. He withdrew, however, the statement that he had *ordered* the entries of the two sums of 45,000 and 24,000 dollars to be made upon the books, and placed the affirmance in an alternative position to meet the evidence as it appeared in fact upon the books. He now said he had ordered the entries to be made, or had found them already made, and confirmed them. But he never attempted to show to the Committee whence or how he, as a single director, had derived the authority of *ordering* the keepers of the respective books to make any entry upon the books whatever; an authority which all the keepers of the books denied to belong to a director.

The question was put to Mr. Whitney, whether, upon his making his discoveries, he had considered himself as having fully discharged his own duty, as a director, by a mere private exposition with the President, without making known the transaction to the board of directors at all: to which he answered that he had not considered the subject in that point of view.

Mr. Whitney, to sustain his character, produced evidence that he *had* been very extensively engaged in business; had paid large sums for duties on imported articles to the Government of the United States; that, while a director of the Bank, he had been a very active and industrious member of the board, and that he had been employed by the board in confidential trusts, which he had faithfully executed. As a last resort to sustain his charge of embezzlement against the President of the Bank, although he admitted he had never mentioned it to the board of directors, he insisted that he had, soon after it happened, spoken freely of it to others, and particularly to Mr. Wilson Hunt, who, he requested, might be called, and who accordingly was called, as a witness, before the Committee.

Had there remained a fragment of doubt upon the mind of the subscriber with regard to the character of the testimony of Mr. Whitney before the examination of Mr. Hunt, it would have va

nished upon hearing what he testified. It was, that Mr. Whitney, some years since, at the time when he was a director of the Bank, had confidentially shown him a memorandum of some loans on stocks, which *he said* had been made to Mr. Thomas Biddle, by the President without the knowledge of the directors. Mr. Hunt thought that Mr. Whitney had further averred that these loans had not been entered on the books of the Bank, but he did not recollect that he had told him that *he* had ordered them to be entered on the books, and he was very sure he never had told him that the loans were without payment of interest. Mr. Hunt had been impressed with the idea, derived from Mr. Whitney's communications to him, that he was not friendly to the President of the Bank; and he said he had thought *them* serious enough. But Mr. Hunt manifested astonishment at the very question, whether Whitney had told him that the loans were made *without payment of interest*. He not only denied that fact, but with a very natural asseveration, that if it had been so stated to him it was impossible he should have forgotten it.

The subscriber, in charity to the infirmities of human nature, would willingly believe that the testimony of Mr. Whitney, upon his first examination, was the result of self-delusions, produced by long cherished and pampered suspicions of trivial error, till imagination, supplying the place of memory, had swoln them into imputations of embezzlement and fraud. Mr. Whitney had been *stimulated* to bear testimony against the Bank from abroad. The more aggravated the charges which he could bring to bear on public opinion against the President of the Bank, the fairer would be the prospect of success in defeating the renewal of the charter, and the more acceptable to the spirit of party would be the service he might render by the testimony he should give. The defaced and tattered memorandum, taken in years long past from the books, would give a sort of mysterious pre-emption right of credibility to any colourable detail of circumstantial narrative to be connected with it. The instinct of calumny is inventive of details, precisely because details make their way most easily to the credit of the hearer, and it has long been remarked by keen observers of human action, that he who accustoms himself to make a truant of his memory is often times the first to credit his own lie. Whether it was so with Mr. Whitney, the subscriber cannot undertake to say with certainty; but certain it is, that an affirmation most material, and most confidently made, in the first examination of Mr. Whitney, that the notes which he had discovered in the teller's drawer had not been entered on the books when he discovered them, and that they were so entered by his direction, was retracted by himself after it had been blasted by the production of the entries upon the face of the books themselves. Yet the retractation itself was not frank and candid. It was by assuming an alternative, which, while it abandoned all pretence of sustaining the fact, was yet unwilling to abandon the offensive imputation. When the impossibility of his pretended interview with the President, of rebuke on the part of Whitney, and of tacit confession and blushing promise of future amendment on the part of Mr. Biddle, was

demonstrated by the President's absence from Philadelphia at the time, Mr. Whitney was not prepared with any substituted invention of details to supply its place. He admitted that there was a discrepancy between this demonstration and his previous asseverance, but he neither attempted to reconcile them, nor to fortify his own statement by explanation or commutation of its terms. His dishonoured memorandum found no endorsement for the honour of the drawer.

Other charges of partiality by the President of the Bank, in behalf of his distant relatives, Thos. Biddle & Co. had also been scattered abroad upon no better foundation than the fact that T. Biddle & Co. are, and have for years, been among the brokers of the first eminence and most extensive business at Philadelphia, or in the Union. That their transactions of business have been, and are every year, to the amount of many millions. That their deposits in Bank have been to similar amount, and that they have occasionally been responsible to the Bank for more than a million of dollars at once. Brokers of this description are, to all essential purposes, bankers themselves, as a bank, in the plenitude of its power and operations, is but a broker upon a large scale. Among the transactions of Messrs. Thomas Biddle & Co. with the Bank, there was a deposit made by them to a considerable amount, upon which, by agreement, an allowance was once for a short time made to them for interest. It appeared upon explanation, that the money thus deposited was in the possession of Thomas Biddle & Co. as agents of a certain foreign government, and that the pressure on the money market was very great. That the use of the money for the time during which the interest was allowed, would have been of more value to them than that interest, and the Bank having urgent occasion for the use of the money, the interest upon it for a few weeks was allowed, as a consideration for its being left in Bank for employment there, instead of being withdrawn for the use of the depositors. It was substantially a loan for a time, the principal profit of which was on the side of the Bank, and in which the allowance of interest was not equivalent to the profit which Thomas Biddle & Co. would have realized from the same money by withdrawing it. As in the cases of moneys paid out to them from the teller's drawer, upon equivalent deposits of stocks, transferred, it was done for transactions in which the Biddles were purchasing bills for the Bank, acting, not for themselves, but as agents for the Bank. In such cases, the cash was wanted to pay for the bills purchased. The brokers not having the cash on hand, received it from the Bank itself, leaving United States' stocks of equal value in its place, for a few days, until the brokers, agents for the Bank, restored the cash, took back their certificates of stock, and paid interest for the cash they had received, for every day during which it had been withdrawn.

This complicated character of the pecuniary operations between the house of Thomas Biddle & Co. as brokers, and the Bank, must also be remembered in considering the very large amount of their notes discounted at the Bank. They might appear on the books

of the Bank indebted to it for the amount of a million, when their real debt might not amount to a thousand dollars—the money for which they appeared indebted being only the sums requisite to pay for the bills purchased for the Bank itself.

In reviewing the whole investigation by the Committee of the transactions between the Bank of the United States and the brokers, there is one consideration which most forcibly struck the mind of the subscriber, and which he thinks pre-eminently worthy of the consideration of Congress and of the nation. The charge of favouritism to certain *brokers*, of connivance with them, to speculate and prey upon the public interests for purposes of usury and extortion, formed a very prominent item in the original resolutions of the Chairman of the Committee upon which this investigation was instituted. It was one of those charges, which, in its essential nature, imported not simple inadvertence, indiscretion, error of judgment, or mismanagement, in the President and Directors of the Bank, but the sordid peculations of a swindler. It was impossible that those charges should be true, if the President of the Bank of the United States was a man of common honesty.

There was no sparing of commentary upon the scanty coincidence of facts which the proposer of the resolution was willing to consider as giving sufficient colour to the charge to entitle it to the honour of an inquiry. That there had been, and still were, large dealings between the brokers and the Bank, was sufficiently notorious. That the Bank and the brokers had competitors, rivals, and enemies, whose rancour was sharpened by all the stimulants of avarice and ambition, was not less apparent. These passions never fail to have watchful observers in their train. Whispers, it now appears, had been in circulation even from the year 1824, ripening for a term of seven years, into rumours of combined and concerted frauds and embezzlement of the funds of the Bank, to the private purposes of the President of the Bank, and the principal brokers of Philadelphia. What was their foundation? Extensive dealings between the Bank and the brokers—of course very large discounts to the brokers. Interest to the amount of a few hundred dollars once or twice allowed for the use of money by the Bank to the brokers. Cash taken out of the Bank by the brokers for a few days upon deposit of stock left in its place. Enormous loans to the brokers, sometimes even at a rate of interest less than six per cent. a year. Superadded to all which the name of the President of the Bank was Biddle. The name of the supposed accomplice broker was Biddle, and they were descended from one great grandfather. To the suspicions of awakened jealousy, here were abundant elements for the most nauseous compound of fraud and corruption. Secret communications are accordingly made to the proposer of the resolution for inquiry, and with a predisposition of hostility to the Bank, a plausible denunciation of guilt and dishonour on the part of the President of the Bank, assumes the formidable aspect of a public accusation, and invokes the sanction of a legislative investigation. Had the reflection once occurred, that to all these great operations between the brokers and the Bank, the Government itself was a party, though unseen, the mystery

would have been explained, without needing a resort to the injurious suspicion, that a man honoured annually by a series of re-elections to a station of high trust and confidence, was reducing himself to the level of a common counterfeiter of coins. The subscriber believes that suspicion, though a necessary auxiliary to the faithful discharge of a public trust, should itself be trusted with great reserve. A man conscious himself of integrity of purpose, should not readily admit into his mind the belief that others are reckless and unprincipled. Above all, does he believe that a man of honest and candid mind, who has been induced by false representations to admit and to countenance imputations upon the honour of another, owes him, when disabused by the evidence of unquestionable testimony, the signal reparation of a candid acknowledgment of error. He never for a single instant believed that those dishonourable imputations upon the President of the Bank were founded in truth; but when he found them embodied in the positive declarations of a witness upon oath, and fortified by a bold exhibition of a contemporaneous memorandum, and a confident appeal to the books of the Bank, he scarcely dared to indulge the expectation that this desperate lunge against a citizen of unsullied honour could have met so immediate and so total a discomfiture.

The exploration of the accounts of members of Congress and officers of the Government with the Bank, came, in the opinion of the subscriber, under the same category as those of editors of newspapers. The resolutions of the House of Representatives authorized the examination by the Committee of the books, only as evidences of the proceedings of the corporation.

The questions for the Committee were: Had they violated the charter? Had they violated any law of the land? To these inquiries they were limited, and upon these alone could they with propriety report.

As an exemplification of the odious nature of further inquiries, the subscriber will only mention the case of the members of Congress, who, during the present session, have received the compensation for their public service from the branch bank at Washington, in advance of the passage of the general appropriation act. This is one of the favours to members of Congress, equivalent to a loan without interest to each member, of the amount of money which he thus receives from the time of his receiving it until the appropriation act shall have become a law. Its aggregate amount from the commencement of the session to this day, in payments to members of Congress, and the executive officers, falls little short of four hundred thousand dollars. The amount of interest that would have accrued to the Bank, had interest been paid by each individual member, would have exceeded three thousand dollars. The subscriber himself is not without doubts of the propriety of this indulgence, and confidently avers that nothing which the investigation of the Committee has discovered in the proceedings of the President and Directors of the Bank is of a more questionable character. The member who receives his pay in advance of the appropriation, does not indeed receive it in advance of the service which entitles him to it. But where is the law authorizing

the Bank to make the payment. The member who receives the money is only accessory to the payment by the Bank, and there is many a member of this House, who, in voting for this investigation, little imagined that his own name would be returned among the members of Congress, receivers of special favours from the Bank. Many a member, who, perhaps, has received the favour without knowing it, yet is obnoxious in principle to the charge in the original resolution offered by the Chairman of the Committee; quite as obnoxious to the imputation of impure motives in the Bank, as the Bank can be made by all their transactions with editors of newspapers or printers, James Watson Webb and Mordecai M. Noah included.

One great and insurmountable objection to the right and justice of entering into a scrutiny of *motives* for proceedings not forbidden by any law, was, that the Committee could exercise no censorial power of that nature, over the President, Directors, and officers of the Bank, or, at all events, over individuals having dealings with that institution, which those individuals had not an equal right to exercise over the Committee and every one of its members in return. What motive, for example, could impel a member of the Committee to call in exercise all the power of Congress to suppress the publication of essays or speculations favourable to the Bank in newspapers? Would not the editor of a newspaper thus inculcated have the same right to inquire into the motives of the committee-man? If, peradventure, he should have been in the habit of making free use of the press to assail and discredit the Bank, would not this struggle to deprive the Bank of self-defence through the medium of the press, be attributed to the desire of having the monopoly of that powerful engine to himself? Would it not argue a consciousness of weakness in the appeals to public opinion against the Bank, if, to sustain the charges against it, there should be an attempt to suppress all the means of self-defence? The freedom of the press, in the language of party spirit, means the unlicensed use of that instrument for itself to assail, and a total interdiction of its use to the adversary for defence. And singular, indeed, would be the section of a charter to a bank which would leave it open to every shaft of slander, and deprive it of all possible means of repelling the assault.

Among the useless, and worse than useless inquiries into which the majority of the Committee thought themselves justified in descending, were imputations of political misconduct in certain officers of the branch bank at Norfolk, in Virginia. Articles of complaint as grievous and perhaps as numerous as those of the Chairman of this Committee against the President and Directors at Philadelphia, had been laid before that board against the President and Cashier at Norfolk, by a person who *had been* one of the directors of that branch. A long and patient investigation of those charges had been made by the board at Philadelphia, and one of their cashiers had been sent to make a thorough examination of all the facts of the case upon the spot itself. The charges had been found totally destitute of foundation, and there was among the archives of the Bank a voluminous correspondence, which was

all submitted to the examination of the Committee. To give the House a faint idea of the extent of *this* inquiry, it may be sufficient to say that the whole controversy respecting the accounts of a late Navy Agent at Norfolk, and the pamphleteering and newspaper war between that officer and one of the Auditors of the Treasury, were among the simplest of its elements. After plunging for a series of days into these mysteries, almost deep enough for every member of the Committee to take his side upon two or three by-gone contested elections at Norfolk; after plodding over manuscript volumes of acrimonious bitterness from the most pertinacious of complainants; after examining the long protracted correspondence both of that complainant and of the inculpatant officers of the Norfolk branch, with the board at Philadelphia, and the cashier who had made the investigation at Norfolk; after giving the complainant himself the trouble of repairing to Philadelphia to sustain his charges, and try over again criminations and recriminations, which a judicial tribunal, after summoning half the inhabitants of the borough of Norfolk, and subjecting them to an endless list of interrogatories and cross-examinations, would scarcely have been competent to solve—after the consumption of several days in these inquiries, the last result of which, must, under any possible termination of their investigation, have left them precisely where they began, the majority of the Committee concluded to desist from what the subscriber believed the Committee ought never to have undertaken, and what the Chairman reports “they have been compelled to abandon for want of time.”

The complaints made against the President of the Bank at Portsmouth, New Hampshire, in the summer of 1829, and the correspondence between the board at Philadelphia, and the late Secretaries of the Treasury and of War, form a portion of the documents relating to the books and proceedings of the Bank, called for by the Committee, and communicated to them. They are not noticed in the Report of the Chairman, but, in the opinion of the subscriber, are more deserving of the attention of Congress, and of the nation, than any other part of the papers commented upon in the Report. An effort, very thinly veiled, on the part of two of the executive departments of the General Government to exercise a control, political and pecuniary, over the proceedings of the Bank and its branches, a control highly exceptionable in principle, and even contrary to law, appears to him to be fully disclosed in those papers. He will not permit himself to inquire into the motives of the agents in those transactions. It is sufficient for the protection of the public interest that the projected encroachments of power were disconcerted and laid aside.

Among the objects of investigation authorized by the majority of the Committee, transcending, in the opinion of the subscriber, the powers delegated to them by the resolution of the House, and therefore unwarranted and improper, were six sets of interrogatories, amounting in all to one hundred and sixty-one questions, addressed by one member of the Committee to the President of the Bank, never submitted to the Committee for their consideration, but drawn up, a large portion of them, after the Committee

had closed their examinations at Philadelphia, and after the subscriber had returned to Washington, and resumed his seat in the House. They reminded him of certain popular works of instruction for children, in which universal or particular histories, or abstruse and profound sciences are taught by question and answer. The subscriber has found many of them, upon perusal, passing his powers of comprehension, but they appear to comprise a compendium of political economy, and the skeleton of a profound dissertation upon coins, currency, paper credit, circulation, and banking. The subscriber cannot withhold his admiration from the comprehensive views and profound knowledge of the subject discovered in those inquiries, and believes that satisfactory answers to them might form a very useful second, though somewhat larger volume, to the Legislative and Documentary History of the Bank of the United States, compiled by the indefatigable research and industry of the Clerk of the House of Representatives, and his associate. But a large portion of the questions might, with more propriety, be addressed in a circular to the presidents of all the banks in the four quarters of the globe, than to the President of the Bank of the United States. And it may be doubted whether of many of the inquiries, a convention of all the bankers in the world would not be reduced to the necessity of leaving them as they found them—to be solved only by the ingenuity or sagacity of their author. The subscriber objected to them as they were presented in clusters; not but that some of the questions might be within the compass of the powers and duties of the Committee, but that they were buried in such a mass of heterogeneous matter, that it would have occupied the Committee to the last moment of their happily limited time, to extract the pertinent matter from its incasement. The subscriber believed it quite unjustifiable; under the authority of the Committee, to make of this inquiry a general disputation upon banking.

Upon the mass of documents and tabular statements collected by the Committee, and reported to the House, the subscriber has so imperfect a knowledge that he can form no distinctive opinion. He has never had access to the greater part of them. They were called for by resolutions submitted by the Chairman and one or two other members of the Committee, without disclosing the objects which it was expected they would elucidate. Most of the time, while the Committee were at Philadelphia, was consumed in the compilation of them by the officers of the Bank. When collected, they remained in the possession of the Chairman of the Committee to enable him to prepare his Report, and the subscriber has not even seen a considerable portion of them. He will confine himself, therefore, to those which have been noticed in the Report of the Chairman and majority of the Committee.

1. The charge of usury, as having been taken some ten years since by the branch bank; at Lexington, as set forth in the case of the Corporation against Owens, and others, reported in the second volume of Peters' Reports of Cases argued and adjudged in the Supreme Court of the United States, was one of those upon which the Chairman of the Committee had largely expatiated in his speeches, at the time when he brought forward his resolution of

investigation. No information varying the state of the facts as they were then explained, was obtained by the Committee. It was then sufficiently shown, that in all the transactions of this case there had been neither usury, nor any thing resembling usury, on the part of the Bank. That it was a case in which the Bank had not done, but had suffered, grievous wrong. A transaction in which the subscriber has no hesitation in saying, that if the parties had been on both sides individuals, the plea upon which the defendants extricated themselves from the engagements which they had contracted, would have been in no wise creditable to them.

The Bank had discounted a promissory note of Owens for five thousand dollars, upon which the other defendants were joint signers with him.

For this note Owens received the sum of five thousand dollars in *notes of the Bank of Kentucky*, promising to pay the same sum *in specie* in three years from the date of the note. At that time, the notes of the Bank of Kentucky were depreciated, and purchasable in market, at a discount of 54 per cent. Owens received them at their nominal value, and promised payment for them in specie three years after date. The notes had been received by the Lexington branch at their nominal value, and partly for Government deposits. To them they were equivalent to specie. Within six months after the transaction, they recovered their nominal value. Had the Lexington branch retained them, they would have been repaid at their full value, with lawful interest, till the time of payment. They never received one dollar of usurious interest upon them—never one dollar more than was actually paid to the holder of them by the bank of Kentucky, from which they had issued. The money was equivalent to specie to Owens himself at the time when he received it, and he paid with it debts of his own at their nominal value.

But the branch at Lexington, in the case before the court, was as many a suitor besides has been, made the victim of a special plea and demurrer. The plea set up by the defendants to escape the payment of an honest debt, set forth, not that the notes of the Kentucky bank were of less value than specie, to the branch at Lexington, the loaner; not that they were of less value than specie to Owens, the borrower and receiver; not that at the time when the note was made payable, they were of less value than specie even in the open market, but, that *at the time when the note of Owens was discounted, the notes of the Kentucky Bank were GENERALLY DEPRECIATED*—so that 100 dollars thereof nominally were of the CURRENT VALUE of only 54 dollars. To this plea of *general depreciation*, and *current value*, there was, perhaps incautiously, what the lawyers call a *demurrer* on the part of the Bank; which demurrer, according to the practice of judicial courts, precludes the party from the benefit of any other facts than those specially set forth in the plea. Special pleading has long been known among the practitioners of the law, as the science of spreading snares for the unwary; and so odious has it become from the frequency with which it is thereby made to operate injustice, that in many States of this Union, legislative acts have abolished it

altogether by providing that in all cases whatever, a defendant shall be at liberty to take the general issue, and give all special matter in evidence under it. In this case, however, the general issue did not suit the purposes of the defendants. They could not aver that they had not made the promise to pay the money for which they were sued by the Bank. They could not deny that the Kentucky bank notes had been to the borrower and to the lenders equivalent to so much silver. They could not deny that long before the note became payable, the Kentucky bank notes had recovered their full value. Owens himself had not the face to join in the plea, but the joint signers of his note, finding it more convenient to charge the Bank with usury, than to fulfil their engagements, screened themselves from performance by this plea of *general depreciation*, and *current value*, and by averring in their special plea, contrary to the fact, that there had been a *corrupt* and *unlawful* agreement between the Bank and themselves, that the Bank should receive more than lawful interest upon the loan to Owens. It was no such thing. There had been no such corrupt agreement; but the Bank, by demurring to the plea, deprived itself of the means of disproving that allegation, and upon that state of things, the decision of the case, by a bare and doubting majority of the Judges of the Supreme Court, was against the Bank. With the utmost deference for the opinions of that Court, the subscriber believes they never gave a judgment of less authority than in this identical case. The Judges of the Circuit Court for the District of Kentucky had differed in opinion upon the case. The judgment of the Supreme Court was delivered by Judge Johnson, who declared himself to have entertained *very serious doubts* of the sufficiency of the averments in the plea. After stating those doubts, he adds, "I am content however to unite with the THREE of my brethren, who make up the MAJORITY on this point, in holding the averments to be sufficient, because in a considerable dearth of authorities on this subject, I find it decided in the case of *Bolton vs. Durham*, in *Croke's Reports*, *Cro. Eliz.* 642, that THE CONFESSION OF THE QUO ANIMO IMPLIED IN A DEMURRER will affect a case with usury, when A VERY SIMILAR CASE in the same book, in which the plaintiff had traversed the plea, was left to the jury with a favourable charge. *Benningfield vs. Ashley*, *Cro. Eliz.* 741. Here then Judge Johnson declares that after very serious doubts he was content to unite with his three brothers to make up a majority against the Bank, because he found in an old reporter of the time of Queen Elizabeth that the confession of the quo animo, (that is, of the alleged but fictitious *corrupt agreement*) implied in a demurrer, made that usury, which, by the authority of the very same book would not have been usury, if the plaintiff had *traversed the plea*, that is, had denied and tendered in issue the pretended corrupt agreement. If, then, the branch at Lexington, instead of demurring had traversed the plea of the defendants, that is, if they had denied the existence of the corrupt agreement, averred by the defendant, but which had never existed, the Supreme Court would have decided that there was no usury in the case, and the defendants would have been compelled to perform their

lawful engagement instead of evading it by stigmatizing themselves with corruption.

The subscriber will pursue no further this analysis of the decision of a majority of the Judges of the Supreme Court of the United States. In cases where that venerable tribunal is at liberty to harmonize in judgment with the award of moral sensibility, there is none to whose discernment and discrimination he would bow with more respectful deference. But in the review of judicial decisions upon contracts avoided by pleas of usury or statutes of limitation, there would be always found "a considerable dearth of authorities" in the English reporters, traced back even to the age of Elizabeth, in which the fiat of the law has been in unison with the dictate of justice.

In one of the precedents cited by Judge Johnson, the court is said to have observed "*there is nothing immoral in this transaction, but it is against a prohibitory statute.*" This remark was not wholly applicable to the case of the Bank of the United States against Owens and others. Of that transaction it could not be said there was nothing in it immoral. There was something in it profoundly immoral, though not on the part of the Bank. Even the violation of the prohibitory statute was an inference against the fact, from the confession *implied in a demurrer*. The Bank was first debarred from the recovery of a just debt, and then branded with usury upon the plea of *general depreciation and current value* of the notes of the bank of Kentucky, when in fact there was not a cent of usury taken or even reserved.

The subscriber, however, cannot suppress his surprise that *this* case should have been selected and should now be persisted in, as the head and front of the offences of the Bank of the United States. Not alone, because, upon a thorough examination of the facts, as they appear upon the face of the Report, it is the settled conviction of his mind that, throughout the whole of this transaction, the Bank was the innocent and deeply injured party—not alone, because he deems it would be the summit of injustice to hold the Bank of the United States responsible in its charter for an unlucky demurrer pleaded seven years ago, in a suit brought by the branch at Lexington, against delinquent debtors. But because, setting aside all those considerations, and supposing even the President and Directors of the parent Bank culpable of all the mistakes in pleading of the branch at Lexington, this transaction is of ten years standing. If usury there were, it was the usury not of Nicholas Biddle and the Directors of 1832, but of Langdon Cheves and the Directors of 1822. The contract was made in May of that year. From the endorsement upon the note then made by an illustrious citizen of Kentucky, and one of the most distinguished lawyers of the Union, (Mr. Clay,) it is clear that there was nothing in his opinion, in the transaction which could expose it to the charge of usury. The subscriber sees nothing in it of that nature now. It was undoubtedly considered in the same light by the then President of the Bank, Mr. Cheves, to whose opinions upon other points regarding the administra-

tion of the affairs of the Bank, so much deference is shown in the Report of the majority of the Committee, that the subscriber thinks he might well have been spared this imputation of being accessory to an usurious contract of the branch at Lexington, and of having permitted it to be consummated without censure or animadversion.

The next charge upon which the majority of the Committee have deemed it within their competency to report is that relating to the issuing of the branch drafts or notes. Upon this subject, there was nothing of any moment for the investigation of the Committee to discover. Their existence, the causes in which they originated, and the purposes which they were intended to answer, had all been disclosed upon returns already made by the President of the Bank to inquiries instituted by this, and the other House of Congress. They had been issued, not hastily, but after deliberate advisement with regard to their legality, sanctioned by the written opinions of three of the most eminent counsel, learned in the law, in the United States. All the facts leading to a just estimate of their expediency were well known. They were substituted for small notes, signed by the President and Cashier of the parent Bank, of which it was impossible for them to supply sufficient numbers for the necessary circulation of the country. The Report of the majority of the Committee states, much in detail, the repeated and earnest applications of the President and Directors of the Bank to Congress for an additional authority to the presidents and cashiers of the several branches, to sign the notes issued by those branches. It does not appear that this request was ever denied by Congress, after deliberation. In one instance, at least, there was a report of a select committee of the House of Representatives, in favour of the appointment of signers to the notes of the Bank; but the spirit which, in the halls of legislative power, so often defeats by procrastination that which it cannot reasonably reject, had always succeeded in arresting the action of Congress upon this proposal. But the power which was adequate to withhold the means of furnishing, in this form, uniform currency for circulation, could neither supply its place, nor suppress the constantly recurring want of it, in the intercourse of business between the different parts of the country. The solicited power was never denied, but it was never granted; and the omission to grant it had the effect of denial. The want of circulating currency, equivalent to specie, continued with increasing pressure upon the people, and especially at the locations of the southern and western branches of the Bank. An expedient was, at last resorted to, which, without transcending the limits of the charter, effected the same purposes which would have been accomplished by notes payable at the branches, under the signature of their presidents and cashiers. It was, that they should be authorized by the directors of the parent Bank to draw notes or drafts upon the Bank, payable only there. That this expedient was warranted by law, has been settled by solemn decision in the Circuit Court of the United States. It had previously received the sanction of the Secretary of the Treasury. An ob-

vious remark upon it is, that its success depended upon the extensiveness and universality of the credit of the Bank. The drafts, though payable only at the Bank in Philadelphia, circulated as specie in every part of the country. But for that credit they could not have circulated at all, or only as depreciated currency. They have answered an exceedingly useful purpose, and proved a great public convenience in the transaction of business, and the circulation of exchanges throughout the Union. Under management always prudent and cautious, no serious inconvenience would be anticipated from them. But it is not to be disguised, that they offer facilities and temptations for improvident and excessive issues. The bill reported by the Committee of Ways and Means, for re-chartering the Bank of the United States, proposes to prohibit the issuing of these branch drafts, but to authorize the presidents and cashiers of the branches to sign bills payable at their respective offices only. The want of a circulating currency will not be so effectually supplied by this process, as by that now in use; but it will be more invariably safe to the Bank itself: It is understood to be more acceptable to the President and Directors, and the subscriber is willing that it should be substituted for the practice now established, from which, however, he perceives not that any serious public injury has yet resulted. That it is justifiable under the charter, he has no doubt.

The next charge adopted by the majority of the Committee, from the bill of indictment of the chairman, is, that the President and Directors of the Bank have been guilty of the crime of receiving and paying Spanish dollars, and even our own gold coins at their intrinsic value, which is higher than that conferred upon them by statute. The objection is, that these are not technically called bullion; and there seems to be an argument in the Report, that to give or receive more for foreign coin, or for domestic coined gold, than their value, as established by law, is unlawful. This argument, the subscriber believes, has the merit of novelty—to him at least it is new. So long as the proportional value in the market of gold to silver, whether bullion or coin, shall be seven or eight per cent. higher than the relative value assigned to them by statute, while both shall be legal tenders—so long as Spanish or Mexican dollars shall contain more pure silver than the coinage of our own mint, so long will the coin of highest intrinsic value be bought and sold as commodities, in spite of all human legislation. Nothing is more clearly established by the universal experience of mankind, than the impotence of despotism itself, to control the value of the precious metals. Every attempt to exercise such authority bears upon its face the stamp of injustice. Charles XII. of Sweden, once transmitted a message to the Senate of the kingdom, that he would send to govern them one of his boots. The same monarch successively issued eight or ten copper counters, each of about the weight of half a cent, and decreed that they should pass for Swedish silver dollars. His own creditors were compelled to receive them; but to pass them off upon others, at the same rate, was beyond his power. With two metallic legal tenders of different intrinsic value, the Bank, like every other cor-

poration or individual, has the option, and always will make the option, to *pay* in the tender of lowest value. Their debtors having the same option, will, as universally, pay the corporation in the same tender of lowest value. To forbid the Bank from receiving foreign silver or domestic gold coins at an advance, would be to expel them, unless as special deposits, forever from their vaults. To forbid the Bank from paying them at an advance would be prohibition ever to issue them at all. They are commodities in the market which will be bought and sold, by all the brokers and State banks in the Union, whether bought and sold by the Bank of the United States or not: The participation of that Bank in the traffic, far from tending to disturb the legal value of the coin, and render that portion of the metallic currency uncertain and fluctuating, has a tendency directly the reverse. To prohibit the Bank from making an allowance of advance upon Spanish dollars, would be a prohibition to import specie, consisting of that coin, at all. Then, either it would be imported to the same extent by other institutions and individual traders, or there would be a deficiency in the supply of specie. In the former case the fluctuation in the value of that kind of specie would be neither more nor less than it is, and in the latter, it would be much greater.

The fourth charge reported by the majority of the Committee, is that of *selling* "stock obtained from government, under special acts of Congress."

In this, as in many other parts of the Report, the subscriber has had occasion to regret the want of precision in the statement of the charge. Here almost every word in which the charge is conveyed is remarkable for its looseness and indefiniteness of meaning. Who, for example, under denomination of "*stock obtained from government,*" would naturally understand the evidences of a loan made to the government by the Bank itself? In the contract of loan there must be a debtor and creditor, neither of whom can with propriety be said to *obtain* any thing from the other. In the use of ambiguous language, there is always danger of ambiguity of conception. In this case, if the Bank *obtained* stock from the Government, it was because the Government *obtained* money from the Bank. The loans could not have been made without special authority by act of Congress, and that authority was expressly given. The Bank is prohibited from *purchasing* any public debt whatsoever, but it is not prohibited from *selling* any certificate of public debt, which it may lawfully possess. With regard to the loans to which the Report of the majority of the Committee refers, the stock which represented the moneys borrowed, was made transferrable by the very acts of Congress which authorized the loans. The Bank received the certificates transferrable upon their face, and neither that act, nor the charter of the Bank, nor any other law of the land, prohibited the Bank from selling them. If the object of the argument of the majority Report upon this charge be, to urge that, in the new charter which may be granted to the Bank a clause should be introduced to prohibit the Bank from selling the certificates of the stock of authorized loans by the Bank

to the Government, it is obvious that such a clause would be precisely equivalent to a provision that the Bank should never loan to the Government at all, for it is clear that Congress could lay no other competitor with the Bank for the loan under the same restriction; nor could the Bank, under such a restriction, ever enter into competition with other proposers for the loan not so restricted. Among the great public benefits of a National Bank, with a capital proportioned to the extent of its operations, the subscriber considers this very facility furnished to the Government of contracting loans upon moderate terms, as the exigencies of the public interest may require, holds a conspicuous rank. He believes those very loans to which the majority Report refers, to be signal examples of the benefit of the Bank to the nation. He is well assured, that if at the time when those loans were contracted, there had been no National Bank, the loans must have been made upon terms much more burdensome to the borrowers, while the public Treasury would have lost all the profit of the participation in the loan to the nation as stockholders of one-fifth of the capital of the Bank.

The fifth and sixth subjects of charges, considered by the majority Report as amounting to violations of the charter, come within the purview of one and the same principle. They consist of expenditures made by authority of the President and Directors of the Bank for the purpose of improving and of adding value to the real estate, of which, in the course of their business, they have become lawfully possessed. There are two donations of 1,500 dollars each to turnpike road companies—some appropriations for canal basins—for building of six warehouses, and perhaps some other houses. There appears to be in the principle of these charges something of an instinctive aversion to internal improvements—a sentiment with which the subscriber must disclaim all sympathy whatever. The majority Report presents the donations to the two turnpike road companies as offences highly aggravated by the circumstance that the General Government had *declined* making appropriations for *similar objects*—which *declining* for *similar objects*, becomes, in the very next sentence of the Report, a direct *refusal* of the Government to expend its revenues on the *very same* objects.

But this assertion, in either of its forms, is liable to much controversy, and must be received with much qualification. It is admitted, in a note to the Report, to be *possible* that the improvements were in the neighbourhood of the real estate of the Bank, and upon the ground that such donations would increase the value of that real estate; and this possibility the majority would have found to be positive fact, if they had thought proper to ask for an explanation of it before passing censure upon the transaction.

The assertion is therefore altogether gratuitous, that the Government had declined to make appropriations for *similar* objects. The Government has made many and very large appropriations for the construction of roads, because they would give additional value to the public lands, through or near which the road was to pass. It was the main argument upon which the first very ex-

pensive work of internal improvement, the Cumberland road, was undertaken. It has silenced many a stubborn objection, satisfied many a timid scruple, subduing many a constitutional obstacle. So decisive has been its effect, that it would be difficult to name a single instance of the refusal of Congress to make an appropriation to assist in the construction of a road when it has been made apparent to Congress that it would raise the value of the public lands. If, therefore, the proceedings of the Bank were to be influenced by the example of the Government, they had the full sanction of their authority for their appropriations for these turnpike roads. Nor is it just to consider them in the light of donations or gratuities, wasteful of the property of the stockholders. For such expenditures, the board of directors at Philadelphia could have no imaginable motive other than that of promoting the interest of their stockholders, and making their funds more available. With regard to the building of houses, the majority Report quotes the restriction in the charter upon the holding of real estate by the Bank. The Corporation is permitted to hold lands, tenements, and hereditaments, bona fide mortgaged to it by way of security, or conveyed to it in satisfaction of debts previously contracted in the course of its dealings, or purchased at sales upon judgments obtained for such debts. It is not alleged that the Bank holds one acre more of land than is thus allowed by law. But the majority Report seems to consider the restriction as affecting not only the quantity of lands which they might hold, but the right of improving that which was their own—the common proprietary right. If there had been any manifestation of a desire on the part of the corporation to increase the quantity of their lands, tenements, and hereditaments, permanently held, the subscriber would have been among the first to censure their design, and the readiest to restrain them from the indulgence of such a desire by law. But almost all these lands were held in one place—Cincinnati in the State of Ohio. They had, according to the declaration of the President of the Bank, come into their possession strongly against their own inclinations. He stated, and it appears to be perfectly natural, that all the lands which came into their hands were considered by them as incumbrances; that their design was to dispose of them as speedily as they possibly could. That for this purpose they had erected a small number of houses, to make both the land on which they stood, and the adjoining lands, more easily and more freely saleable. The buildings were also erected, partly by contributions, in labour and materials, by debtors to the Bank, who had no other means of payment. The advantage of all this was principally to the stockholders of the Bank, and the subscriber believes that the solicitude for their interests, so warmly manifested in the majority Report, when denying the right of the President and Directors to spend their money in donations and gratuities, will find no responsive voice amongst the stockholders themselves. It was indeed the unfortunate condition of those to whom the management of the affairs of the corporation were entrusted, that, whatever they have done, must be made a subject of censure. If they increase their business and

their profits by branch drafts upon the Bank, it is a heinous offence, because Congress had neglected to give a power to sign the bank bills to any other officers than the President and Cashier. If they increase the value of their real estate by contributing to a turnpike road, it is wasting the property of the stockholders in gratuities and donations. If they enlarge their discounts and accommodations, they supply temptations to over-trading, and bring the Bank to the verge of ruin. If they contract their issues, they produce unheard-of distress in the trading community. Do they trade in foreign silver and domestic gold coins? They are accessory to the pernicious exportation of the precious metals. Do they substitute bills of exchange for silver dollars in the exportation to China? Who does not see that they must send to London the coin which formerly went round the Cape of Good Hope? And, besides, the transaction looks very like respondentia securities. The most perfect parallel to the majority Report known to the subscriber, is the lively lady in "Much Ado about Nothing:"

"who never yet saw man,
"How wise, how noble, young, how rarely featur'd,
"But she would *spell him backward*."

Thus, when the administration of Mr. Cheves can be exhibited in favourable contrast with that of the present President, it is presented with high and earnest commendation: but when a charge of usury can be brought to bear upon the Bank, upon the credit of a *confession implied in a demurrer*, the occasion to stigmatize the Bank cannot be passed over, though ten long years have slumbered over the sin, and though Langdon Cheves himself must be branded as the usurer.

The subscriber will no longer tax the time and patience of the House by pursuing into their microscopic details a series of inculpations and criminations, not one of which, in his deliberate opinion, has a shadow of reasonable foundation. How could he consider otherwise than a waste of time a prying scrutiny into the question—Who of the stockholders have usually voted at the election of the directors? Who were the voters present? And who held the proxies of the absent? When it is notorious that in this, as in all similar institutions, whose stockholders have confidence in their presiding officer, the great difficulty is to prevail upon the stockholders to attend and vote at the elections at all? How could he consider as a grievance to be probed to the quick, and reported upon to the House, that whereas the charter provides that there shall be twenty-five directors, there are at this very hour only twenty-four, because the stockholders at their annual meeting did elect Nicholas Biddle one of *their directors*, and the President of the United States did nominate, and, by and with the advice of the Senate, did appoint the same Nicholas Biddle one of the five directors on the part of the Government. Such has for several years been the fact, and the conclusion naturally and justly to be drawn from it is, that Mr. Biddle has enjoyed the unquestioning and entire confidence, both of the Government and of the individual stockholders. The reason of the double election has been this: the President of the Bank is elected by the directors on the first Monday in January, and none

but a director is eligible to the office of President. The nomination of Government directors sometimes lingers in the Senate until after the first Monday of January. The stockholders, therefore, elect Mr. Biddle as one of their directors, that he may with certainty be re-eligible as President. When the nomination of Mr. Biddle, as a Government director, has been completed in time to be known to the stockholders at their election, they have not chosen him; when it has not, he has been appointed and elected. And thus there are only twenty-four instead of twenty-five directors. In all former years, however, Mr. Biddle has declined accepting the appointment as a Government director, and his place has been supplied. So that, until the present year, the board of directors has been full. The effect of his not declining the appointment from Government the present year is, that he is removable from office at the pleasure of the President of the United States.

Ten years long has this confidence been enjoyed and justified by that distinguished citizen and honourable man. No question had ever been insidiously started, how many proxies he held? The more he held, the more extensive was the confidence of the stockholders in him. No scruple had ever crossed the mind of any President of the United States, to deter him from nominating him year after year as a Government director. Not a voice had ever been raised in the Senate to cause their hesitation to confirm his appointment, and so perfectly in harmony with this confidence has been that of the public, that not a rumour has ever been raised of a prospect or even of a project for the election of any other person as President in his place. After ten years of fair fame thus sustained without an adverse whisper being heard, it has been a source of deep mortification to the subscriber to see the character and feelings of such a citizen treated by a Committee of the House of Representatives as if he had been an inmate fresh issued from a penitentiary to preside over the Bank of the United States. As an exemplification of this fact, it might be sufficient to refer to the *tone* of the majority Report from beginning to end; to the consciousness of authoritative power which pervades all its pages, unmingled with that courtesy which arrays even authority itself in the ornaments of a meek and quiet spirit—to the continual contestation even of facts stated by the President of the Bank upon oath—to expressions so divested of all semblance of delicacy as these; that “the Bank as it collects the revenue, knows, *or ought to know*, that it will be called upon by the Government to reimburse it.” The subscriber forbears, for he finds it difficult to express his sensations without using terms obnoxious to the same criticism which he is compelled to apply to these.

A large portion of the same Report, and that with which it closes, consists of an elaborate argumentative parallel between the condition of the Bank in 1819, when it is stated to have been upon the verge of bankruptcy, and its present condition. Without entering into the particulars of this disquisition, the subscriber will close this his own Report, with a few general remarks concerning it.

And in the first place he observes, that the Bank cannot, with any propriety be said to have been upon the verge of *bankruptcy* in 1819. It did not suspend specie payments for an hour—it had met with heavy losses—its capital had not been punctually paid in, conformably to its charter. Imprudent and irregular, if not fraudulent speculations in its stock had been allowed and shared by one or more of its directors. It had failed in the indiscreet attempts to make all its bills payable at all its branches. Had a severe pressure come upon it, a short interval might have ensued during which it might have suspended cash payments, and that would greatly, perhaps permanently, have affected its credit. But the Bank was never near the verge of bankruptcy. The majority Report itself states, that in April, 1819, when its difficulties were the greatest, its means of specie, notes of other banks, and funded debt, amounted to upwards of ten millions of dollars, while the whole demands which could come against it in the same month, amounted to only about 14 millions. There is nothing like an approach to bankruptcy in this. But the pressure on the Bank in 1819 did not proceed from the errors or imprudencies of the corporation itself only. There is an ebbing and flowing of the tides of commerce almost, though irregularly, periodical throughout the world, and there is a sort of galvanic sympathy in the contractions and expansions of the great moneyed institutions in both hemispheres. The restoration of specie payments by the Bank of England in 1817 and 1818, undoubtedly produced an immense pressure upon the circulation, and of course, upon the commerce of the world. All paper circulation beyond the amount representing the precious metals, is fictitious capital, or rather, it is *credit*. The question whether the balance of moral influence upon the condition of men, arising from circulating credit and banking, be a blessing or a curse, is a speculation for the closet. Money has long, and upon divine authority, been pronounced the “root of all evil,” and paper money shares in its full proportion the character of its prototype. Power for good, is power for evil, even in the hands of Omnipotence. Had there been in 1819, no Bank of the United States, the pressure must have been incomparably greater, and the ruin far more widely spread than it was. The opinions exhibited in this portion of the majority Report are reproduced in the interrogatories of the member of the committee to the President of the Bank appended to it. The subscriber will barely refer to the answers by the President of the Bank, which render all further discussion of them superfluous.

But if it were true that the condition of the Bank in 1819, was upon the verge of bankruptcy; and if it were also true that the present condition of the Bank were of exact resemblance to its deplorable state at that time, the discretion, the patriotism, and the humanity of the Committee could scarcely have sanctioned the disclosure of so disastrous a secret to the world. The market price of the Bank stock at the time when this inquisition into the affairs of the Bank was instituted, was at an advance of at least 25 per cent. upon its nominal value. In spite of all the denuncia-

tion against it, in spite of all the learned arguments, all the arithmetical calculations, all the statistical theorems, corollaries, and demonstrations, with which it had been for years assailed in and out of Congress, the price current of bank stock, the thermometer of public confidence, was still at 25 per cent. advance upon the shares. If the majority of the Committee had really made the discovery that the affairs of this Bank were in such a desperate state, from the extraordinary pressure upon the money market and the depression of trade, considering the large stake which the nation holds in the stock of the Bank, it would have been but prudent forecast in the majority of the Committee, and would have manifested a tender regard for the public interest, to have reserved the exposure of this crisis of terror and dismay until it should have exploded or passed away. In such emergencies, the most formidable of all dangers to banking institutions, is the spreading of a panic among its creditors. The issues and circulation of the Bank paper are undoubtedly large, and there has been for some months a severe pressure, though not a universal one on the money market. The President and Directors of the Bank became aware of this pressure on its first approach, and took measures of precaution as early as October last, to prepare for meeting it, and breaking its force. On the 7th of that month a circular was issued to the cashiers of all the branches, noticing the pressure which was to be expected, particularly upon the offices at Philadelphia and New York; instructing them so to shape their business as to furnish them so far as might be practicable with the means which were likely to be required. At that time the Government had given notice of a payment of six millions of funded debt to be paid on the first of January then next. But it had gone further, and authorized the creditors thus to be paid off in January, to claim their payments even at any time of the preceding quarter, although the Government had in deposit scarcely half the sum required for that anticipated payment. The Bank made no complaint, but took this measure of precaution. The same vigilant and restrictive policy was pursued through the winter and spring, except when mollified by the dispensations of Providence in the overflowings of the Ohio at Cincinnati and at Louisville.

At these places the credits of the Bank had been very large; yet, immediately upon being informed of this visitation of calamity, every facility was again extended, by direction of the President and Directors at Philadelphia, to those who had suffered by the floods. Shortly after, the Secretary of the Treasury makes a confidential intimation of a wish to pay off six millions of three per cent. stocks on the first of July next. To ease the pressure upon the commerce of New York, and to save the Bank from the necessity of curtailing the discounts of the merchants—debts to Government for duties—the President proceeds to Washington, and, in a conference with the Secretary of the Treasury, suggests the expediency of postponing, until the first of October, the payment of the six millions of three per cent. stock. The Secretary accedes to the arrangement, the Bank stipulating to pay the quar-

ter's interest, in consideration of having, during the interval, the use of the money; and this adjustment, so advantageous to the Government, so provident of the interests of the stockholders, so beneficent to the debtors, both of the Government and of the Bank, and so facilitating to the collection of the revenue at a time of considerable commercial embarrassment, is seized upon in the majority Report, as if the dearth of *reasonable* cause of complaint had bred a famine, and harped upon, as if it had been the convulsive gasp of the Bank in the very agonies of bankruptcy.

Now all this had led the mind of the subscriber, reflecting upon it with all the anxious intensity of which it is capable, to a directly opposite conclusion. That there was over-trading to considerable extent in the course of the last two years, he has no doubt. That the issues of Bank credit and circulation unusually large, partly furnished the means to this over-energy of enterprise, he is not prepared to deny. That in the earnest and proper anxiety to re-invest in productive funds the mass of capital thrown back upon their hands by the payment of the seven millions of the Government's debt for the stock of the nation in the Bank, the President and Directors may have for a moment overstepped the line where that prudence, which includes all the attributes of the Divinity, might have stopped, is possible. The subscriber is far from affirming that they did. If they did, he is sure that it was from motives pure as rectitude itself, and from infirmities of judgment incident to all the labours of man.

The President of the Bank very forcibly stated to the Committee, the extremely delicate position in which the institution stands towards the commercial community in this respect. So long as the Bank keeps within the line of safe operations upon its own funds, it leaves those of commerce to regulate themselves. It neither seeks to increase nor diminish them. When, from whatever cause, there is among the merchants a tendency to over-trading, it is not the province of the Bank, directly, to interpose against it; for that would be to exercise an invidious and improper control over business with which it has but a remote concern. Its general duty is to grant facilities while it has disposable funds uninvested. The point at which it ought to stay its hand is a matter of difficulty to determine, and upon which the soundest discretion may come to different results in different men. From the first appearance of the impending pressure, the measures of the President and Directors of the Bank appear to the subscriber to have been marked with great judgment, and to have been continued and modified, according to the progress of events, with equal steadiness of purpose, and benevolence of intention.

But, whether the Corporation issues its circulation with liberality, or curtails it with provident caution, it equally meets the censure of the majority Report. After quoting two passages from a report of Mr. Rush, commending the Bank for its prudence in limiting the amount of its circulation, it gives two statements, showing that between August, 1828, and the first of April last, the circulation had been augmented to what it calls the astonishing increase of upwards of ten millions in less than four years. But it

omits all notice of two facts, which, if duly considered, would have taken off all the edge of astonishment. The first is, that during that same interval, that seven millions of stock held by the Government, were repaid. The second, that upwards of three millions of the public debt, held by the Bank, were paid off; so that the astonishing increase of circulation is a mere reinvestment of capital, which had been returned upon the hands of the Bank, and only the substitution of one species of productive property for another. And scarcely has this sentence of censure been expressed in the Report, but it turns and complains, and appeals to the circular addressed to the branches, and correspondence with them since October last, that the chief object of the Bank has been barely to sustain itself; and that, since that time, the Bank has not *increased* its facilities to the trading community, in any part of the Union.

The subscriber believes that nothing can be more delusive than the parallel drawn, in the majority Report, between the state and condition of the Bank in 1819 and in 1832, but that Report has subjected itself to one test which is already disclosing the true character of its reasoning. It has ventured upon the field of prophecy, and the failure of its predictions is already brightening into demonstration.

In the anticipation that there will be a curtailment of discounts for several months to come, the foresight of the majority Report is probably correct. This, of course, must occasionally happen in all banking establishments. It is incidental to all the unavoidable fluctuations of trade, and is believed to be at this time indispensable, not only to the Bank, but to the whole commercial community. This operation has, indeed, been quietly proceeding in the Bank of the United States ever since the circular of 7th October, 1831; which the majority Report turns to so large account for its purposes. It has been in progress, while, at the same time, the direction of the Bank has been reserving and husbanding and prudently applying the means to the commercial portion of our fellow citizens, of meeting and passing through this critical emergency, with as little detriment to the public and to individuals as possible. This would explain, one would think, very satisfactorily, the fact stated in the letter of the President of the Bank to the Secretary of the Treasury, of the 29th March last, that, in compliance with an intimation from the Collector at New York, an extension of loans had been promptly acceded to, in the preceding month of February, to assist the mercantile debtors of the Government, in the punctual payment of their bonds; without needing an argument, such as that of the majority Report against this plain and direct assertion of a very notorious and unquestionable fact. The author of the Report finds, by reference to the weekly statement of the office at New York, from July, 1831, to April, 1832, no aggregate increase of loans; but, on the contrary, a reduction of the amount. He finds that the total amount of discounts at the New York branch, between the 4th of October, 1831, and the 28th of March, 1832, was actually diminished \$468,447 17, while, during the same time, the bonds paid at that port amounted

to between nine and ten millions of dollars. Can it be imagined that he discovers in this statement, compared with that in the letter from the President of the Bank, to which he refers, not an unanswerable demonstration of the prudence, as well as of the liberality which the affairs of the Bank have, in this respect, been conducted, but an occasion of contesting, by unavoidable implication, the *veracity* of the President of the Bank?—and this in a Report which, upon an immediately preceding page, charges the Bank with “*the loss of five millions of its specie.*”

On the first perusal of the Report the subscriber was himself greatly at a loss to know what was meant by this “loss of five millions of its specie,” of which he was very sure that no evidence had been given to the Committee; and it was only after a repeated examination of the paragraph in comparison with another part of the Report, that he found this form of expression was only an ingenious mode of accusing the Bank of a *loss of five millions of specie* between the first of September and the first of April, because there was nearly that amount more of specie in the funds of the Bank at the former period than at the latter. This construction, by which payment of debts is converted into loss of specie, may serve as a consolation for the disappointment arising from the inability to convict the Bank of any other serious loss since 1819.

With regard to the increase of the number of the branches, to the precise manner in which the annual election of directors has been conducted, to the alarming magnitude of the sums recently paid for printing, to the sums paid to the *solicitors* and *counsellors*, distinct from those paid to *attorneys*, to the number of *useful* documents not referrible to any particular head, and to the *many statements* called for, which the business of the Bank and the shortness of the time allowed for the investigation would not admit to be furnished, the subscriber will pass over all these subjects as they are passed over by the majority of the Committee, with the expression of his satisfaction that the labours of the Committee upon them were abridged by the march of time, and of his hope that no Committee of Congress will ever again be called to an investigation upon a plan of such interminable outline. He is convinced, that to fill it up according to the comprehensiveness of its conception and the multifarious complication of its details, a Committee appointed at this time which should sit the year round, and he might safely add night and day, would at the expiration of the charter of the present Bank, be left, like the present Committee, with a multitude of subjects of complaint, which they would be “*compelled to abandon for the want of time.*”

With regard to the numerous matters of vital importance in the reorganization of the Bank, specie payments, domestic and foreign exchanges, investments in public debt by the Bank in 1824 and 1825, and its ability to make loans to the Government, the influence of the operations of the Bank upon trade, on the increase of the paper circulation of the Bank, its agency in diminishing or enlarging the circulation of local Banks, and the means of permanently regulating our general circulation so as to pre-

vent its injurious effects upon the trade and currency of the country, concerning which the Committee, or rather one of its members, submitted a number of inquiries to the President of the Bank: a copy of the answers of the President of the Bank to these inquiries, has already been submitted to the House. It is hoped they will be satisfactory to the House, and that they will contribute, with other considerations, to the conclusion, that the Bank of the United States ought, with such modifications as may be deemed expedient by the Legislature, to be immediately re-chartered.

The subscriber has long entertained the opinion, that the existence of a National Bank is indissolubly connected with the continuance of our national Union. The fiscal operations of the Government, in all its branches, he believes, cannot, without the aid of such an institution, be conducted, he will not say well, but at all. He does not say that the present Bank of the United States is indispensable, and his mind has sometimes hesitated upon the question, whether, at the expiration of the present charter of the Bank, the establishment of another, though similar institution, might not be more expedient than the renewal of the charter. Inclining rather to the latter of these measures before the institution of this inquiry, he has been very strongly confirmed in that opinion, by the result of the investigation in which he has shared.

The management of the affairs of the corporation during the administration of the present President, not exempt from human error and infirmity, has yet appeared to him marked with all the characters of sound judgment, of liberal spirit, of benevolent feeling, and of irreproachable integrity. A large proportion of its officers in subordinate trust are of the Society of Friends, a class of citizens peculiarly qualified for the performance of duties, and the exercise of qualities appropriate to the successful management of moneyed establishments—industry, punctuality, temperance, and a conscientious discharge of all moral obligations.

In considering the numerous and important public services, and the large contributions of the present Bank to the government and people of the United States, he thinks the least return which they are justly authorized to expect from the equity of the nation, is the renewal of their charter. The benefits and profits of the Bank have been enjoyed by the nation far beyond those shared by the individual stockholders. Besides the bonus of a million and a half of dollars paid to the public treasury for the charter—besides the saving of the expense of loan offices for the payment of the public debt, principal and interest—besides the obligation of transferring the Government funds to and from every part of the Union, as the public exigencies require—the nation has held one-fifth part of the stock from the commencement of the institution to this time, without payment of one dollar to its capital, until the last two years. It has received the dividends in common with the other stockholders; has exercised the exclusive right of appointing one-fifth of the directors; has been supplied with loans whenever the occasions of the Government have needed them, upon terms more advantageous to the public than could have been

secured from any other institution or company of individuals: while the Bank, by its salutary control, and its universally extended credit, has compelled the restoration of cash payments, and furnished a currency equivalent, in substantial value, to specie throughout the Union. These have been the advantages of the Bank to the nation, while the individual stockholders have realized, upon their invested capitals, scarcely more than a yearly interest of six per cent., even including the advance of the stock at this time in the market. This circumstance has afforded proof, nothing short of demonstration, of the rashness and folly of all those projects for the establishment of a new Bank, which have been presented to Congress, with a lure of enormous premiums for the grant of a charter. The subscriber has no doubt that the destruction of such an establishment would be speedy and inevitable, either by the absorption of all its profits to pay the premium, or, by forcing its direction into a wild and reckless extent of business, ruinous to the commerce of the country, not less than to the Bank itself.

In considering the expediency of renewing the charter, the subscriber discards all consideration of the interests or wishes—not only of the President and Directors of the Bank, but of all the individual stockholders of the corporation. In the question between chartering a new corporation, and rechartering the old one, if the interests of the individual adventurers are to be considered at all, like opposite quantities in algebra, they annul each other. It is the public interest alone that can determine the question, and in that view alone, the subscriber would prefer the renewal of this institution to the establishment of another. The present establishment has the advantage of long experience, and of a system matured by the acquired knowledge of many years, and by the correction of its own errors. That knowledge has been purchased at no inconsiderable cost, and a set of new undertakers would most probably have to pass through a similar novitiate. The result of his examination has been an entire conviction, that, with a view to the public interest alone, the charter of the Bank of the United States ought forthwith to be renewed.

In the free and unreserved animadversion upon the course of proceedings pursued in this investigation by the majority of the Committee, and upon the consequences to which they necessarily lead, which he has felt it his duty to indulge, he trusts it will not be understood as his intention to speak in censure of any individual member of the Committee. He imputes no injustice of intention to any one, even where he sees it most flagrant in the result of measures. If, in the examination of the books and proceedings of the Bank, a penetrating and severe scrutiny into the official conduct of the President and Directors of that institution was within the scope of the labours of the Committee, and he has no doubt it was, he was equally clear in the conviction that the resolution of the House gave them no right, and that the first principle of natural justice *denied* them the right, to bring before themselves for censure or vindication the persons or the concerns of any other individual. The majority of the Committee thought

otherwise. Editors of newspapers, printers, attorneys, counselors, solicitors, brokers, members of Congress, and officers of government, they thought game fairly to be hunted down, *if they had an account in Bank*, because the Committee were authorized to examine the books and the proceedings of the corporation. They thought this a *liberal* construction of their powers. Differing from them in their definition of liberality, he has seen no cause to question the liberality of disposition of any one of them, according to their sense of the term. He does all possible justice to their intentions, though often and essentially dissenting from their reasoning, and from their philology. Liberality, in his vocabulary, is a word of very different import, and as unintelligible to them, as in theirs it is to him. From this remark, he deems it a tribute of candour to except the member of the Committee who constituted the majority, and the generosity of whose nature licensed the Report made by the Chairman of the Committee to the House. That same generosity of his nature impelled him, when the Report was presented, to rise in his place, and declare, that, in the whole course of this investigation, he had seen in the conduct of the President and Directors of the Bank, nothing inconsistent with the purest honour and integrity. Had that same candid and explicit declaration, due, as the subscriber believes, to the most rigorous justice, been made by the other members who sanctioned the majority Report, many a painful remark in the paper now submitted, perhaps the whole paper itself, would have been suppressed. But to vindicate the honour of injured worth, is, in his opinion, among the first of moral obligations; and, in concluding these observations, he would say to every individual of the House, and to every fellow citizen of the nation, inquisitive of the cause of any over-anxious sensibility to imputations upon the good name of other men which they may here find—

“When truth or virtue an affront endures,

“The affront is mine, my friend, and should be yours.”

JOHN QUINCY ADAMS.

I concur fully in all the statements made, and principles developed, in the above Report.

J. G. WATMOUGH.

14th May, 1832.