

PUBLIC MONEY.

REPORT

FROM THE

SECRETARY OF THE TREASURY,

On the present system of keeping and disbursing the Public Money.

DECEMBER 15, 1834.

Referred to the Committee of Ways and Means.

TREASURY DEPARTMENT,

December 12, 1834.

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

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

Considering the unusual excitement that has attended the measures and discussions of the past year, connected with the above subjects, it would, probably, be deemed a neglect or an evasion of proper responsibility, if the undersigned did not submit full information concerning the places where our revenue is now deposited and kept; the principles on which the selection of them by this department is justified; the mode in which the existing system for the preservation and disbursement of the public money has been found to operate; and the advantages, or disadvantages, which are likely to result from a return to any former one, or from the adoption of any proposed improvements in the existing system. He will, therefore, proceed to the performance of this delicate and difficult task with an unfeigned distrust of his competency to treat those subjects in a manner becoming their great importance, but at the same time with a firm resolution to endeavor to discharge the duty, so far as in his power, with fearlessness, impartiality, and fidelity to the public.

[Gales & S. aton, print.]

In regard to the places for keeping the funds of the United States, it is believed that, under our first organization of a common treasury, no such places were ever designated by law, unless sometimes the loan offices, and unless, for such funds as were wanted in the field, the military chests accompanying the army may be so considered. The residue of the funds is supposed to have generally been deposited for safe keeping, as the Committee of Congress, when having charge of them, or the Treasury officers, when such had been created, were pleased to direct; and it is well known that by them banks were selected for this purpose as soon as any were incorporated in convenient places, under either State or Federal authority.

After the present constitution was adopted, the usage continued the same until 1809; no law having ever been previously passed, which required the deposits of public money to be made in the first United States or any State bank. But, from 1789 to 1791, it appears that the Bank of North America, in Pennsylvania, by which State as well as by Congress it had been incorporated, continued to be employed by the officers of the Treasury under the direction of the Secretary, and in the exercise of his supposed legal power over this subject.

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

After this change, the usage and law on this subject continued unaltered till 1816, when it was provided in the charter of the present Bank of the United States, "that the deposits of the money of the United States, in places in which the said Bank and branches thereof may be

established, shall be made in said Bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct; in which case the Secretary of the Treasury shall immediately lay before Congress, if in session, and, if not, immediately after the commencement of the next session, the reasons for such order or direction."

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

In the discussions of 1814, which led to that charter and the above reservation, it was distinctly averred to be necessary that such a reservation or power should be retained, in order to ensure to the Government some further control over the Bank in case of the adoption of the provision in the bill, giving to the former only five out of twenty-five directors. Because, in a case like that which has been witnessed during the past year, a distinguished advocate of the present charter, with the spirit almost of prophecy, declared, "twenty directors would always vote down the five proposed to be appointed by the Executive, if there should arise a contest between the Government and the Bank. But there was another means of protecting the Government against the Bank, more potent and certain than any such provisions: let the United States retain the power over its deposits, and over the receipt of bank notes in payment of duties and debts to the Government, and it would possess a sufficient control over the Bank."

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

For certain special objects, such as the payment of the debt and of pensioners, (the last not construed to include the persons provided for

by the acts of Congress of May, 1828, and of June, 1832,) the Bank and all its branches have yet been retained as depositories and agents, under an impression that it had, by previous acts of Congress, a right to perform these duties, until relinquished by its own consent, or until the acts were repealed.

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

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

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

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

But the power of removal being distinct from the reasons assigned for the *act* of removal, and, having been exercised subsequently, wherever the new banks before named have, in suitable places, and in fulfilment of the system then adopted, and for the reasons then stated, been selected, it has been considered proper to suggest the usage and laws under which this power of removal or selection has been exercised by the Secretary of the Treasury on the last occasions, and probably on all previous ones. The same usage and laws will doubtless be considered a sufficient justification for a continuance of the exercise of the same power by this department, under a due sense of its duties and responsibilities, until Congress, the body conferring the power, becomes convinced that it is liable to be used for reasons not satisfactory, and should therefore be withdrawn, and either confided elsewhere, as, in the case of disbursing officers, it is now confided to the President, or be reserved to be used only by Congress itself, whenever a case arises in which it deems the exercise of such a power proper. The laws passed by Congress, and the fiscal regulations made in conformity to them, now in truth govern the whole subject. The money itself is rather in the virtual control of those laws and of Congress, the body making them, than in the control of any one officer, or any number of officers. No executive officers of any kind have even the possession or custody of that money, except as mere ministerial agents, and then they have it in pursuance of those laws and regulations; and, when those are constitutional, are bound, and have a right to exercise it in the due and necessary administration of them.

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

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

Having described the places where our revenue is now deposited and kept, and the principles on which the selection of them, by this department, is justified, the undersigned will proceed to offer some considerations on the other topics proposed, as to the mode in which the existing system for the preservation and disbursement of the public money has been found to operate, and the advantages and disadvantages which are likely to result from a return to any former one, or from an adoption of any supposed improvements in the existing system. On this occasion, and in the present financial condition of the country, these are believed to be

not only legitimate subjects of inquiry, but such as require that all the information in the possession of this department, tending to elucidate them, should be promptly and unreservedly communicated to Congress. To discharge that duty with any degree of clearness or satisfaction, it will become indispensable, at the risk of being considered tedious, to enter into an analysis of the subject, and to submit such remarks as are deemed appropriate—

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

Their safety as depositories ;

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

Their commercial utility in respect to exchanges ;

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

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

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

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

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

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

A table illustrating this subject has been prepared from the latest returns and estimates accessible to the department, and is annexed. (A. A.)

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

But it is a memorable fact, connected with this inquiry, though often represented otherwise, that not a *single selected* State bank failed between the expiration of the old charter and the grant of the new one; and that none of our losses included in our unavailable funds happened until some time in 1817, after the United States Bank was in operation.

Then, whether "destroyed by an exertion of the power of the Bank" alone, or, as is more probable, by numerous causes combined, it appears, from a careful analysis of the unavailable funds which we have now, and formerly had on hand, that some of the selected State banks became embarrassed.

From the course of public collections and disbursements, and the balance of trade, having both been in favor of the East against the West, and from a desire to sustain the new operations of the United States Bank, a transfer of funds through its agency, and a consequent drain of specie from the Western deposit banks, then took place. Then the Government stocks, acquired by the patriotic loans of some of the State banks during the late war, were in some degree sacrificed in several instances, to enable them too early and suddenly to resume and support specie payments; and, by means of these and other causes united, seven out of about sixty selected banks proved unable to meet all the demands on them with promptitude. Had the change to specie payments been less sudden, and further time been given to transfer deposits which had long been accumulating in the paper of various banks, and which were large in amount, and very inconvenient and expensive at once to convert into specie and remove to a distance, it has been conceded by an officer of the United States Bank itself, that no failures of the selected banks, at that time, would probably have happened. As it was, the whole indebtedness of the seven, as deposit banks, when they failed, was only \$139,010; and they have since paid to the Government \$133,169, on that and bills of theirs held by the Government elsewhere. These payments, if all applied in the gross to discharge their whole deposit liabilities, would leave due, independent of some interest, only the small sum of about \$6,000; or, if applied to each bank respectively, only about \$17,000, as can be seen more fully in the tabular statement. Whether the Government, or the United States Bank, whichever had most agency in the course adopted, acted with indiscretion in pressing them so suddenly, severely, and in a manner so different from that pursued in England two years after, in the resumption of specie payments there, it is not now difficult to decide, especially when we find that, under all the calamities from that course, and other causes, those seven banks have since adjusted so nearly their whole liabilities as depositories, and that one of them has adjusted every liability of every kind. A statement annexed shows the sum, without interest, now due on any account, from each of these and all other embarrassed banks, and the year of both their failure and selection, and distinguishes those which were debtors, but not depositories, of this department. (B B.) Notwithstanding the continued operation of some of the former causes, the low prices of produce, the high rate of exchange against the West in favor of the East, in 1817, '18, and '19, and the widespread commercial distress in the latter year, bringing the United States Bank itself to the brink of stopping specie payments, if not of bankruptcy, it will be seen that only four more deposit banks suspended payment between 1817 and '21, and of these four within those three disastrous years, one only was in 1818, which has since paid all its debt; another in 1819, which owed only about \$17,000, as a deposit bank; and two in 1820, both of which have settled every thing originally due.

Thus the truth on this much misunderstood and misrepresented subject

appears to be, not only that one failure of a selected bank did not occur within the period while no United States Bank was in operation, but that of those which afterwards stopped payment within three or four years, chiefly from the causes before mentioned, and a part of which causes produced eight or ten-fold as many failures in England, under the full control and influence of a National Bank there as well as here, four of the number have since discharged all their liabilities; and the residue of the liabilities of all the others, as deposit banks, in the manner before estimated, is less than \$35,000. This is not the tithe of the sum which has frequently been lost to the Treasury by the failure of individual merchants to discharge only their obligations for imposts; not equal to the sum frequently lost by the failure of many single disbursing agents connected with the different departments of the Government, and under large bonds for security; not a sixtieth part of the three or four millions lost by the United States Bank in that period of severe trial, and a large portion of it on the seaboard, near the close supervision of its principal officers; nor, indeed, but a small fraction of the loss sustained by the Government through the United States Bank itself, during the same period, by the failure of the latter to pay to the former the same amount of dividends which otherwise would have accrued, or to pay dividends equal to the interest the Government was then paying the Bank on the seven millions of funded debt subscribed to its capital stock; or, by its failure during even the past summer, to pay over the recent dividends on that stock which actually accrued, and have been unfaithfully withheld from the United States, to an amount exceeding more than four times all the above losses by those State banks. Without reference to the indirect injury and embarrassment caused to our fiscal concerns, as well as to the community, at the time of the short suspension of specie payments by some of the State banks, it appears that our greatest losses by public depositories, and by unavailable funds of any kind, occurred among the State banks selected, not between 1811 and 1816, but before or afterwards, and in aid of the United States Bank. They occurred, likewise, not between 1811 and 1816, but in 1821, 1824, and 1825, some years after the latter Bank had been in full operation, and had exercised all the functions in its power and inclination, either to furnish a sound currency, or to regulate it, by improving the condition of the State banks.

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

If we include the whole present dues to the Government from discredited banks, at all times and of all kinds, whether as depositories or not, and embrace even counterfeit bills, and every other species of unavailable funds in the Treasury, they will not exceed what is due from two such firms. Of almost one hundred banks, not depositories, which, during all our wars and commercial embarrassments, have heretofore failed in any part of the Union, in debt to the Government on their bills or otherwise, it will be seen, by the above table, that the whole of them, except seventeen, have adjusted every thing which they owed, and that the balance due from those, without interest, is less than \$82,000. Justice to the State banking institutions, as a body, whose conduct in particular cases has certainly been objectionable, but whose injuries to the Government have been almost incredibly exaggerated, and whose great benefits to it, both during the existence of our two National Banks, and while neither of them existed, have been almost entirely overlooked, has led me to make this scrutiny, and submit its results, under a hope that it will, in some degree, not only vindicate them from much unmerited censure, but justify this department for the confidence it formerly, and, in the great improvement of their condition and of the financial affairs of the Government, has recently reposed in them. Under these circumstances, so very favorable, with the new security and examinations provided for, if our former small losses by them, in keeping and paying over the public revenue, under circumstances so very adverse, are compared with our large losses, either in collecting or disbursing that revenue, their present safety seems to be as great as is consistent with the usual operations of the paper system, or with the credit which must always be entrusted by Government, in some way or other, to agents of some kind in keeping the public money. In considering their safety, it should be constantly recollected that the owners and managers of banks, when properly regulated by legislative provisions in their charters, are, like other individuals, interested to transact business securely; are desirous of *making* and not losing money; and that these circumstances, with the preference in case of failure belonging to depositors and holders of their bills over the stockholders, united with the security, if not priority, given to the Government, render them, in point of safety, generally much superior to individual agents of the United States. It is to be further remembered that many of the former losses occurred indirectly and remotely from war and embarrassments, affecting deeply the whole community as well as banking institutions, and from the injurious influence of which calamities, banks, whether of State or United States origin, can never claim a full exemption; that the correct principles of banking were, at that time, less generally understood and practised than at the present time; that the selected banks, by the course of our expenditures and collections, were then exposed to more onerous duties and hazards; and that less full information of their true condition was then possessed by this department.

In the next place, the great increase in banking capital, from about fifty-three millions, in 1811, to seventy millions, in 1814, and eighty-five millions, in 1816, and the still greater increase in bank note circulation, from about twenty-eight millions at the first period, to seventy millions in the second, and one hundred and ten millions in the third

period, with the sudden and great reduction in that circulation in 1817 and 1818 to about sixty millions, produced a fluctuation sufficient, standing alone, to disturb or derange all the moneyed operations of society; and which, so far from being attributable in a great degree to the mismanagement of the State banks, though some of them unquestionably acted with indiscretion, arose, as before suggested, chiefly from the miseries and misfortunes incident to war; from the suspension of specie payments south of the Hudson in the autumn of 1814, beginning with the invasion of the enemy in this quarter of the country, and the consequent necessity of removing the specie into the interior for safety; from the over-issues of paper, which naturally followed that suspension, and from the large and sudden contractions produced by the general and hurried resumption of specie payments in 1817.

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

3. The next inquiry relates to the comparative ability of the State banks to transfer the public funds to the points where they may be needed, and to perform such other services as are usually required by the Government of a mere fiscal agent. Under the former system adopted with these banks in 1811, Mr. Gallatin, when reporting on its success in these particulars, remarked, "No difficulty has been experienced in the transmission of public moneys, and, with the exception of Norfolk and Savannah, the revenue has generally been as well collected as heretofore." Those exceptions soon ceased, and none now exist at any point of our widely extended country. The embarrassments which afterwards occurred were principally connected with the currency, rather than with the mere transfers of the revenue, and will, hereafter, be considered. These last continued to be regular and efficient, considering the belligerent state of the country, and the slowness of communication, and greater want of experience in such operations, which then existed, compared with the present period. It is conceded, however, that the use of the State banks as fiscal agents has always caused some more detail and complexity in the accounts kept by this department, and that more attention is requisite, than would be with a single bank and its branches to distribute the funds seasonably and promptly to the particular places where they will be needed for disbursements. But these are rather increased inconveniences and labor to the head of this department and its clerks, than serious obstructions to the due operations of the fiscal agent in actually making transfers and disbursements. On a careful examination, these operations are now, when compared with some former periods, ascertained to have become greatly simplified, easy, and economical, in consequence of the important and fortunate changes which have occurred of late years in the

places where our collections and expenditures happen to be principally made. From a tabular statement annexed, (C,) which has been prepared with much care, it will be seen, nearly, what has been, for the present year, the amount of expenditure and collection in each State and Territory. Though the ratio between them is not found to be in every State precisely the same, yet they approach each other more closely in more cases than is generally supposed, and, in the four great sections of the country, the East and the West, the Middle and the South, are so equal as to require only very small transfers, not over three millions in all, to be made to any considerable distance. Besides this consideration, all the surplus collections beyond the expenditures, it will be seen, are now in the Eastern and Middle, and not in the Southern or Western States. Hence the transfers, which may be required at a distance, are chiefly from the city of New York to the South and West, and in favor of which city the course of trade is so fully established that the transfers are now effected usually by a mere warrant without expense to the Government, and without the risk and cost to any person of transporting either paper money or specie. This warrant, in favor of any bank or creditor, in the West or South, on a selected bank in New York, is generally preferred to the best of bank notes, or to specie: and in all cases where money has been required to be transferred to either a great or small distance, and could not, from the course of trade, be transferred in a similar mode, the connexions in business of the principal selected banks, are now so extensive; the location of safe State banks at important points has become so general; their knowledge of banking principles, and the restrictions guarantying their security, have so much increased; roads, canals, and the facilities of intercourse by steam and stages, and the augmented speed and frequency of mails, have so greatly improved, that the selected banks have, in general, been enabled to transfer any surplus, seasonably and without expense to the Treasury, to any other State or quarter of the Union where this department has found the public convenience or public wants required it. This salutary change from the condition of our affairs in some former periods, when the debt to be paid on the seaboard and abroad was so very large, must in many particulars be permanent or increasing, and not temporary; and is very fortunate for the interests and harmony of our Union, as well as for the easy, prompt, and efficient operations of the Treasury. It removes any just ground of complaint or apprehension, however well founded once, that, under our present reduced tariff, and our present restricted expenditures, as to subjects of internal improvement, either the West or the South will be in danger of losing a due and useful portion of the public expenditure, or of being drained of the public money there first collected, whenever, and in whatever proportions the duties on foreign merchandise may, in the end, be actually paid.

As will be noticed more fully hereafter, the present state of things in relation to these transfers and our other fiscal operations is most strikingly different from what it was in 1791 or 1816, when the two National Banks were incorporated under the strongest representations of their being *necessary* to effect the very great, costly, and extensive transfers then required, and to aid in the prompt, but then much more difficult collection and disbursement of the revenue. Even at and after the last named

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

The benefits supposed to have been derived by this department from the United States Bank for performing that operation, were at one time considerable, but, for some years past, have been not only overrated, but, in truth, have been most of the time a source of profit to that institution, by its previous knowledge obtained from this department of the probable amounts required to be transferred to particular points, and by providing for them through the purchase of bills of exchange and the sale of drafts at and on the appropriate places.

4. This consideration leads us to the next inquiry, concerning the commercial benefits of the present system, in regard to exchanges, compared with the use of a National Bank in regulating and facilitating those exchanges. This, it will readily be perceived, though a point most strongly urged in favor of that, and against the present system, has little, if any, concern with the correct discharge of duty by any bank as a mere fiscal agent of the Government. The Bank of England seldom or never did any business of that kind till of late years, and now, through her new branches, to a very limited extent. This dealing in exchange here by the National Bank is also an incidental business, usually belonging to shippers and exporters, to brokers and private bankers, and connected with the commercial interest of the country, rather than with any financial object in the Treasury Department to justify the incorporation of a bank by Congress. But as a mere incident, and one somewhat valuable to the mercantile community, the aid of any fiscal system in favor of the domestic exchanges of the country is an argument more or less connected with its expediency; and in that point of view it is acknowledged

that the apparent usefulness of the National Bank has at times contrasted very favorably with the State banks. By means of its possession of the public funds, by the favorable course of many of the transfers of them, with its numerous branches and extensive correspondence, and with the high credit given to it by the confidence and great privileges the Government has bestowed, that institution certainly increased its business in domestic exchanges from about four and a half millions, which it never had exceeded at any one time previous to 1827, to more than an average of twenty-two millions at the several periods of its returns in 1832. Under these circumstances, this business was performed, doubtless, with some advantages to the public, and with great profit to the Bank. But the State banks, as well as individuals, perceived that this kind of business would yield them a fair profit at the same rates, although their facilities for it were in some respects less; and hence, though they had always been competitors for it to a certain extent, yet they did not prove highly successful in their efforts till since 1832. From that time, the number, enterprise, credit, and extensive connexions of some of the State banks in the West and Southwest, have enabled them to perform a large portion of this business in those sections of country, being the sections where this kind of business is greatest, and where, alone, it is usually difficult, expensive, or fluctuating. At the same time, they have performed it on terms equally moderate and satisfactory to the community, or they would not have been resorted to for its performance. A statement is annexed, (D,) which shows the amount of exchanges held by the Bank of the United States and its branches, running to maturity on the 1st September, 1832, 1833, and 1834. From this the remarkable fact appears, that this branch of its business, within a period of two years, has fallen from about nineteen millions to little more than twelve; and that, in the West and South, it fell from near fourteen millions to about six, or considerably more than one-half in only those two years. Nor is it supposed that the whole dealings in domestic exchanges, by all institutions and persons in those quarters, have in that period diminished. On the contrary, this department has evidence, in the returns on its files, that only three of the selected banks in the West and Southwest were performing a business in domestic exchanges, early in September last, of nearly a million more than all the seven branches of the United States Bank situated in that quarter of the country. (E.)

Whether the United States Bank has lost much of this employment by either caprice, unnecessary contraction, or the fair competition of others; whether this course, exaggerated by rumor or not, has shown, by the embarrassments and evils it caused, and which no detached State banks are able to produce, that the dealing in inland bills ought to have been limited in the charter to the small amount usual during the first years of the existence of the Bank, or placed under certain restrictions, causing this great and dangerous power to be used chiefly for public purposes, to equalize, or render uniform and low, the rate of exchange, and, as Mr. Crawford frankly informed the Bank, not "with a view to increase its profits," the undersigned will not pause here to investigate. Because, in any event, strong evidence is furnished that a National Bank is not now necessary, even for the performance of this incidental operation, since in the West and Southwest, and it is believed, if the inquiry was

made, in other quarters, the State banks have, by actual experiment, been recently found to be competent and willing for the satisfactory discharge of it. In reviewing the conduct of the Bank on this subject, and especially during the last year, it may be well to remember that its officers were distinctly admonished, as early as July 3, 1817, that it ought not to deal in internal exchanges "with a view to the pecuniary emoluments of the Bank;" and, whether the rate was one-fourth, one-half, or one, or even ten per cent., the *principle of profit* on this subject was not the true one for this public institution, and did not comport with the intentions of Congress, in this respect, in chartering it. On this subject of profit from the domestic exchanges, said Mr. Crawford, "it is the establishment of the principle, and not the amount of the exaction, which will exhibit the power of the Bank to lay contributions on the commerce of the nation *ad libitum*." The high merit claimed for the United States Bank, in a commercial point of view, is sometimes extended to the foreign as well as domestic exchanges.

It has been asserted that the Bank, by engaging in the purchase of foreign bills at the South, and in the sale of them at the North, has raised the price obtained for them by the planters and merchants at the South, and lowered the price given by the buyers and importers at the North. This, if correct, would assuredly be a fortunate result to the planters and importers. But, on a careful examination of the prices for many years, given in the southern quarter of the country, and demanded and received in the northern one, it appears that the purchases by the Bank at the former have generally been much below the premium which it has exacted, and for which it has sold at the latter: consequently, either too little has been given at the former place, or too much asked at the latter; and the Bank, by these operations, instead of acting disinterestedly, or on public principles, is supposed to have made large profits, at the expense of both sellers and buyers—equal, it is believed, if not superior, to any made in the like business by others, either before or since its incorporation. Nor is it perceived that the Bank, independent of the exclusive privileges derived from the Government by the universal receipt of its notes for public dues, possesses any advantages for this species of business over city banks or bankers, unless in a correspondence perhaps more extensive, or larger funds abroad, which, so far as used in connexion with the exchanges, are, for aught which appears to the contrary, oftener employed, if the Bank is selling, to increase the premium, and to draw upon when the premium is highest, than to lower it; or, if the Bank is buying, to depress the premium still lower which is given to shippers and exporters. The business, in this description of exchanges, therefore, it is presumed, will be carried on with as great, if not greater, benefits to the community, under the new system of fiscal agency growing out of the increased competition of those engaged and engaging in it, unless the National Bank, as would seem to be claimed, but which it is somewhat difficult to believe, has performed it more from kindness and liberality, or public spirit, than for pecuniary profit. At the same time, under a system of only detached and independent State banks, the community will be relieved from the dangers and injuries to which it is exposed under a great, combined, and consolidated power of a single institution, with numerous branches extended into every section of the country, seeking often to

control and monopolize, it is feared, solely for its own enhanced emoluments, the whole business of exchanges, both foreign and domestic.

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

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

While this has operated favorably to the security of the paper system in this country, by enlarging the specie basis on which it partly rests, the admission is freely made, that it has deprived travellers and merchants, to some extent, of the usual quantity of United States Bank bills, which, for purposes of travelling and transmission to a distance, have, by the privileges hereafter specified, acquired a general and high credit. Though these facilities to those classes of persons are here, and in other countries, chiefly obtained by the use of gold or bills of exchange, the

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

Take away the monopoly, the privileges, and the guaranty, which are conferred in exclusion and at the expense of the notes of State banks, and little reason is discoverable why the notes of the former should circulate wider, or with more credit than those of other banks of established reputation. But, in that event, it is conceded both kinds of notes would probably fail to perform so well very distant functions, as they are now sometimes performed by United States Bank bills, unless arrangements were made, to which either is competent, to have a portion of their bills redeemable at distant places as well as at their own counters. Such an arrangement has often been found successful in Europe, prevails now as to the five dollar notes issued by the United States Bank, and has already been commenced by some of the selected State banks. As the notes of the former must retire still more from circulation at the close of its charter, such an arrangement, though by no means necessary, could, without doubt, at the points where the course of travel and trade might indicate it to be convenient and useful, be beneficially for the banks, if not for the public, so extended, as to answer all the travelling and commercial wants properly noticeable under this branch of our inquiry. But gold coin and bills of exchange are, in the opinion of the undersigned, far preferable for those purposes. The new coinage of gold, at a nominal value slightly exceeding what it is worth in the market as bullion, has been a measure required for twelve years past, to secure its circulation in this country, and to prevent its being hoarded or exported; and, as shown and urged by my predecessor last winter, was highly necessary, and has very opportunely occurred to aid the present system, not only in other respects, which need not be discussed here, but as a safe and convenient

currency, instead of any kind of bank bills, for travellers at all distances beyond which bills of exchange would not be superior to either of them.

But whatever small gain, in a commercial view, is derived from the sanction to the goodness of notes of banks incorporated with exclusive privileges and guaranties, and watched over by the General Government rather than by the State Governments, it would hardly be contended that such a gain was ever deemed a justifiable ground for incorporating the present Bank with all its monopolies, or could be considered justifiable for incorporating any other similar to it, at the present, when all the advantages of a paper of high and general credit for travellers and merchants could, perhaps, be obtained, if deemed necessary and desirable by Congress, by merely authorizing the issue of Exchequer bills, or Treasury notes, in public payments, when requested by the public creditors, and by providing for their general credit and redemption, by specie on hand derived from the revenue, and by the receipt of them for all dues to the Government, as is the case now with the notes of the United States Bank. As they would not, in such case, be issued in the form of loans, but only in payments, no partiality or corruption could grow out of their employment, and every object, deemed valuable as to a paper currency for distant purposes, could be obtained as a revenue measure constitutionally. But the details of such a measure will not now be examined, as no occasion appears to exist at present for its adoption; and as the safety or security of the public, in respect to the specie on hand for their redemption, would at all times render it inexpedient unless found by Congress to be very necessary.

6. In connexion with the next inquiry as to the benefit of the present system, compared with a National Bank, in *regulating our currency*, either by supplying a portion of it of improved quality, or by controlling and aiding the State banks in their issues, this same question will incidentally be examined in one other view. It is not admitted that Congress, according to the views of any large class of politicians, can possess the constitutional power to incorporate a bank merely to regulate the currency, when there is no *such* express grant, and when it can hardly be deemed a legitimate auxiliary to any other express grant. "To coin money, and regulate the value thereof," the other express grant most frequently cited to support it, is a power evidently referring to specie, and not to paper, as the latter is not *coined*, nor its value *regulated* by law; and it is a power to be performed under the immediate control of Congress, and is not to be delegated to a corporation, to be called, as has been significantly said, "the paper money department." In relation to another power, sometimes supposed to apply to this point, viz. "to regulate commerce with foreign nations, and among the several States," no person, acquainted with the history of the age in which the constitution was adopted, when *commerce*, in its common acceptation of "trade," or "exchange in articles of produce and merchandise," so much required *regulation* as to be one chief cause for forming the constitution, and when only three or four banks existed in the whole United States, and those already appeared to be well *regulated*, can suppose for a moment that this clause was intended to be applied to a paper currency. Indeed, without deeming it necessary, in the present communication, to enter largely into the constitutional argument connected with any of the in-

quiries under consideration, it may be noticed as an historical fact, that in 1816, though specie payments were generally suspended, and paper money, in many parts of the country, was in a very depreciated condition, a number of the ablest advocates, then and now, of a National Bank, disclaimed any idea that one was then needed to regulate the currency. The currency, it was justly observed, was already regulated, and well regulated, "by the constitution," "to be gold and silver." A National Bank was not needed to reform it, nor had such a bank the power to remedy the evils under which the country then suffered. But the great panacea was a return to specie payments in such places as had yielded to their suspension. That return, it is well known, long since took place, and still continues; and is supposed to have been effected chiefly by a cessation of many of the embarrassments connected with the war; by the force of public sentiment, requiring that such a return, after a peace of two years, should at least be commenced; and by the passage of a joint resolution in Congress, in April, 1816, substantially declaring that the revenue ought soon to be collected as formerly, and, as the act of 1789 required, in specie alone, or, as the construction of that act had always permitted, in the notes of specie-paying banks. Though it is admitted that some negotiations for the early and general resumption of specie payments had not succeeded before the United States Bank commenced business, in January, 1817, yet there can exist little doubt that the above resolution, as it was not to take effect till February, 1817, might, and would, ere long, have gradually been enforced; and that the payments of specie, without the assistance of the Bank, would, generally, though more slowly, have been resumed. Fortunate, indeed, would it have proved for the country, and the State banks, had such a course, either in the terms of the resolution, been prescribed, or, in the practice under it, been pursued, resembling that adopted in England, under like circumstances, in a more careful preparation, and more moderate progress, in respect to the full resumption of specie payments, and thus producing there neither embarrassment nor losses, instead of the more sudden and general resumption effected here in January, 1817, for a few months, partly through the agency of the United States Bank—a resumption which, whether caused by the bad advice and errors of the Bank, or, as has been alleged by some of its officers, caused through the mistaken policy of the Treasury and the Government, soon terminated in stoppages of payment and consequent disasters among some of the State banks, which those officers themselves have conceded would, by a different policy, have probably been averted. From a conviction that the United States Bank was not needed to restore specie payments, nor likely to be useful in regulating the currency, a number of its most distinguished supporters, then and now on the stage of political life, insisted in Congress that it ought to be established, chiefly if not solely, for the purpose of acting as a fiscal agent to the Government; and hence, as there already existed banking capital enough for all commercial objects, they strenuously argued that the capital of the present Bank should not exceed twenty millions, the amount deemed sufficient for mere fiscal objects. As a further illustration on this subject, and on the striking differences in the condition of the country and of the Govern-

ment at that period and the present one, bearing on the necessity of a National Bank at this time for any purpose, the debates of that day are full of the supposed importance of having a fiscal agent, more general, able, and efficient to disburse the principal and interest of our then accumulated debt of more than one hundred and twenty millions of dollars—a debt which has now virtually ceased to exist. Of having an institution of enlarged means to be resorted to, in case of necessity, for new and sudden loans then deemed probable—loans for which a necessity neither exists now, nor is anticipated as likely soon to occur again; and for which, if not small or temporary, even a national institution has more limited means than is generally supposed. And of organizing a Bank, whose notes should at once be paid in specie, and should, among other favors and guaranties, have the privilege of being receivable as a tender for all public dues, and thus, by aid of these favors and guaranties, becoming, in the language of the committee, “the most certain means of restoring a specie circulation,” and thus, in the mean time, furnishing a paper medium more uniform for the payment of imposts, lands, and taxes, than the greatly depreciated currency which existed at that period in parts of the country where specie payments did not then prevail—a depreciation in the currency and a suspension of specie payments which do not now exist in any quarter, nor is either apprehended as likely soon to recur, so as to injure any portion of the currency in which the revenue is now collected, or essentially to diminish our present great quantity of about fifty-five millions of specie. Of this amount, exceeding about thirty-three millions what was in the country in 1816, nearly one-half has within fifteen months been obtained, independent, if not exclusive of any policy pursued by the United States Bank. Our first National Bank was also advocated, not only on some of these grounds, but, among others, on that of an institution wanted for loans to the Government, strongly urged under the example of the Bank of England, originally created to effect merely such loans, and whose whole increased capital of about seventy millions of dollars is at this day a loan, and perhaps thirty millions more of its securities are vested in public stocks or loans. The additional reasons were urged, and doubtless possessed great influence, that its operations would essentially aid the community in procuring means to pay the large taxes necessary to discharge our revolutionary debt of over seventy-five millions, and furnish facilities as a fiscal agent in collecting those taxes and paying out that debt which the only three State banks then existing, with only about three or four millions capital, were not deemed competent, either in number or means, to accomplish—a deficiency of State banks and capital, which can hardly be considered as existing at this time, when we have over five hundred and forty State banks situated, more or less, in almost every State in the Union, and possessing an aggregate capital equal to more than one hundred and seventy millions. Another argument urged at both periods, rather than the regulation of the currency, was the necessity of a National Bank to make large and difficult transfers of money in the collection and disbursement of the revenue, and which has operated strongly in favor of the continuance of the Bank of England, for receiving from distant points and aiding to transmit her vast revenue over the whole British empire. But this argument has previously been

FRASER have no foundation on which to rest here at this time.

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

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

Though these may be unexceptionable views, into one aspect of the constitution, yet they do not by any means meet the great force of other

constitutional objections, which need not here be examined ; nor do they touch the still more absorbing question of the inexpediency of any National Bank, on account of high political considerations connected with the relative and proper distribution of power between the States and the General Government. If all the deplorable facts which existed in 1816, in respect to our currency and other kindred subjects, should again occur, a National Bank could not then, in the opinion of the undersigned, be vindicated as constitutional by those relying on the hypothesis just quoted, except so far as its form, powers, and privileges were moulded and adapted to effect those objects alone of a public character, which might render its agency both necessary and proper to execute some clear and express grant in the constitution. But its unconstitutionality when exceeding these limits, as well as in various other respects, and its inexpediency even to that extent, would still be controverted questions, and to discuss which does not appear to be required or pertinent in the present condition of things ; because, if looking to this condition, as in some respects, has already been done, and will soon be done more particularly in respect to the currency, it has been found, as the undersigned believes, that a due liberality is not able to concede the existence of a case rendering a National Bank necessary, either to regulate the currency, or for any other legitimate object. Still less would such a case be found by looking to the future condition of things, as it is likely to prevail for many years. Grounds less favorable for any necessity of a National Bank, on any account, are likely to appear annually, as the State banks are so rapidly improving, and their specie basis is becoming so greatly extended. In the event that hereafter the calamity of war should unexpectedly befall us, and render immediate and large loans indispensable, the superior ability of such a bank, by the great and accumulated funds at its disposal, to make temporary loans, is conceded. But it is due to the occasion and the subject to remark that, unless by its charter, placed in this respect under the control of the Legislative or Executive Departments, it would possess also the power to refuse or delay to make loans ; and, adverting to the attitude in which some banks and many of their wealthy proprietors, foreign or domestic, have sometimes, during high party excitement and war, stood towards some branches of the Government, the public can easily decide whether, in certain exigencies rendering pecuniary relief necessary, they would be most likely, by prompt and large loans, to furnish voluntary aid to the operations of the Government, or, like the Bank of England in 1796 and 1797, to retard them by refusals or delays, till overcome, as there, by large premiums, and the very profitable indulgence of a suspension of specie payments almost a quarter of a century. The sagacity of Mr. Madison, in January, 1815, before the news of peace arrived, led him to put his veto on the National Bank bill, which had then passed both Houses of Congress, assigning, among other reasons for his veto, that "the full aid and co-operation of the institution was not secured to the Government during the war, and during the period of its fiscal embarrassments." On the contrary, in the severe contest and great wants of that war, when no capital was in this country concentrated in any National Bank, the political opinions influencing many individuals and State banks did not prevent them, in many parts of the Union, from coming forward by loans, with

patriotic promptitude and enlarged liberality, to assist in enforcing the measures of the Government. Without the aid of such an institution, for this or any other purpose, that perilous struggle was in this way, and through the bravery of our armies and navies, and the sustaining spirit and firmness of the great mass of the people, brought to a triumphant close, and with much less derangement to the currency of this country than happened to that of England in the same and other contests, though assisted by the immense capital and power of a National Bank, whose influence for good or evil, in all respects, had existed permanently for more than a century.

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

It may be useful to observe, further, from the table annexed, (F,) how very inefficient our National Bank has been in this respect, when compared with that of England, which supplies by its own notes more than

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

To duly appreciate the remarkable course of conduct on the part of that institution, whether as affecting the regulation of the currency, or any other subject, it must be remembered, that whatever may have been the unfavorable opinion it entertained of the conduct of this department, in changing the place of most of the deposits, under the power reserved to it by the charter, the Bank was still left in the enjoyment of some millions of deposits of the public money; was still the fiscal agent of

the Government for all purposes in a number of the States ; was in all of them its commissioner of loans as to the public debt, and the agent for paying all the pensions granted before 1832 ; still retained the exclusive privileges of having its notes, and, by indulgence, even its drafts or checks received every where in payment of all public dues ; was still a public corporation, under various public and charter duties to the Government and the country unimpaired ; and still held the monopoly of banking under the General Government in full force, and the benefit of that Government as a partner in its capital, to the extent of seven millions of dollars, with the dividends on that capital in its possession, as from time to time declared, exposed to be seized, and retained under any plea of satisfying any doubtful claim it might choose to present.

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

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

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

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

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

Whether this panic was at all necessary, whether it was right and patriotic to inflame and extend it by the extraordinary means adopted, and who ought to be held responsible to such unfortunate individuals, chiefly

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

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

palpable and well understood in political economy to require, on this occasion, any illustration.

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

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

If the demand for specie increased so as to press hard on its own vaults and those of the State banks, how often has it been known during such a crisis, under any limitations, to become more liberal in its discounts to a distressed community, and to fill up with more paper or specie the vacuum caused by the withdrawal abroad of the specie? On the contrary, has it not, though claimed to be a public regulator of the currency, almost constantly and dangerously aggravated the evil of specie being withdrawn by acting as a mere private commercial bank, and by refraining to put into circulation, during a drain, more specie or still more paper, and even by withdrawing two or three times as much paper as there was specie exported? Again, when little or no specie was exported or hoarded, and there was no vacuum to supply by paper, has it not then usually been more profuse in its discounts, and, instead of contracting or regulating steadily, has it not expanded injudiciously the whole amount of paper in circulation? It is admitted that a bank, conducted on mere private principles, is generally not only no aid to the

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

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

There has been a double mistake on this subject, first, in claiming for any National Bank under the usual organization of one so little differing

from a private and mere commercial establishment, a greater power and performance in this particular than that to which it ever was entirely competent. And, secondly, in its not exercising in some instances, for public purposes, a foresight, precaution, and forbearance, to which it was clearly competent by its great privileges and monopolies, and which a strong sense of public duty and public spirit required, and which would have proved eminently useful to the public in preserving more uniformity in the whole amount of the currency. It is freely acknowledged that this would have been effected occasionally at some sacrifice of private profit, and sometimes, perhaps, as now constituted, at a small risk of private safety; yet it was an imperative portion of its official duty towards the Government and the public to bestow due attention and expense on this vital subject. Mr. Dallas, in December, 1815, very properly observed, "the National Bank ought not to be regarded simply as a commercial bank. It will not operate on the funds of the stockholders alone, but much more upon the funds of the nation. Its conduct, good or bad, will not affect the corporate credit and resources alone, but much more the credit and resources of the Government. In fine, it is not an institution created for the purposes of commerce and profit alone, but much more for the purposes of national policy as an auxiliary in some of the highest powers of the Government." The chief extent of the beneficial influence which the United States Bank appears really to have exercised in regulating the whole amount of the currency, and the goodness or security of that issued by the State banks, has consisted in the check it sometimes, from rivalry and self-interest, has imposed on other banks, by watching over and returning their excessive issues, and in which influence it acts on the same principle, though, perhaps, with less public benefit than the same amount of banking capital divided, as in Scotland and New England, into many separate banking institutions. But this influence is limited principally to the larger cities and to their banks, as the United States Bank and most of its branches are there situated; and these pursue a practice generally of refusing to receive at par the notes of most country banks, and hence, by not returning those notes promptly for specie, or requiring deposits or security to meet them, cease to exercise over them but little of the salutary check against excessive issues usually wielded by one bank over another. It has probably gone no further than this for benefit or injury, except as 35 millions of capital concentrated can be more beneficial or injurious; as the power is exercised on liberal or mere selfish principles, than that amount of capital divided among numerous institutions; and as one bank with that capital, and with the monopolies and benefits derived from Congress to re-enforce it, could control more widely than it could control without them. Private interest being the source and measure of this kind of regulation over the currency, it becomes highly probable that a great corporation, less amenable to public opinion than smaller ones, less inclined to conform to it, as supposed to be more able to set it at defiance with impunity; more tempted, as possessing greater authority, "to feel power and forget right;" with fewer hands and hearts connected with its immediate management to be open to the promptings of patriotism, liberality, and public accommodation, than the same amount of capital among several smaller institutions, might push its control over the weak much further at

times than an enlightened and honorable self-interest could justify, and might occasionally exercise it from other and less legitimate motives than the salutary enforcement of correct banking principles. It has been admitted by one of its officers that "there are very few [State] banks which might not have been destroyed by an exertion of the power of the Bank," (of the United States.) Among small local or private institutions, as in Scotland, mutual vigilance over each other has always proved a most useful check on their issues, and a most excellent regulator of the safety and amount of the paper currency, without the help of a National Bank of any kind; and the same vigilance in New England, combined with a similar foresight and shrewdness in moneyed concerns among the mass of her population, has prevented the general suspension of specie payments there at all times, as well when no National Bank existed as when it did exist, and has reduced the failures of banks there, as in Scotland, to a very small number, compared with what have occurred at sundry times in other quarters of the Union. The small extent and benefits of this kind of influence by a National Bank do not depend upon mere speculative reasoning, but can, in some degree, be computed. A few recorded facts throw much light on the question whether it has been more beneficial than that of State or local banks left to their own intelligence, competition, and sagacity, under the restrictions imposed on them by self-interest, by usage, and the State Legislatures. Before the first National Bank was incorporated here, among the three or four State banks then in existence no failure whatever occurred; but under, and notwithstanding the influence of that Bank, though much better regulated as to its issues, and its management in general, than the present one, probably fifteen or twenty failures of State banks happened previous to the expiration of its charter in 1811. From that time to 1816, during which period no National Bank was in being here, the whole number of failures did not amount to more than five or six, though the whole number of the banks had increased from three or four in 1791, to eighty-four in 1811, and to two hundred and forty-two in 1816.

But since the incorporation of the present Bank in the last named year, the failures of the State banks, whatever salutary power the former has exercised, have much increased, and they have been estimated in part, and in part ascertained to have exceeded one hundred and fifty previous to 1830. In England, where the full benefits of a National Bank have been enjoyed, and have been improving, so far as there deemed practicable, more than a century and a quarter, its influence in preventing over-issues and failures among the local and private banks has proved to be very inconsiderable. During the same years, from 1816 to 1830, inclusive, the commissions of bankruptcy actually taken out against them there were two hundred and six; and the stoppages of payment in a portion of that time having been ascertained to be more than double the number of actual bankruptcies, it is probable that, during the above period, over four hundred and twenty occurred there of what would be considered here bank failures. While the whole number here in that period was only about one hundred and fifty, and judging from the account before given of our unavailable funds, nearly one hundred of those last have redeemed their bills, and many of them resumed business. Indeed, in only four particular years since 1813, two hundred and eighty-eight bank failures occur-

red there, computing, as before, all the stoppages at double the number of actual bankruptcies, and which two hundred and eighty-eight is probably one hundred beyond the number of all such failures in all the United States from the commencement of our banking system, in 1781, to the present moment. The undersigned is aware that formerly the number of private banks there was considerably larger than here, but it is now less than double the number of State banks in operation here. Again, from 1811 to 1816, inclusive, with a National Bank, there the failures were, on the above mode of computing, over two hundred and twenty, while here, without any such bank, they were only five or six; and in Scotland, without any such bank, they have not for a century exceeded three or four, and some of these three or four in the end paid twenty shillings in the pound.

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

These differences may in part be owing to the more severe and protracted wars in that country, and (in consequence of its vast debt, and a large portion of it being owned on the Continent, and its distant and extensive operations on land and ocean, requiring great funds and subsidies abroad) may, in part, be owing to a money market somewhat more sensitive and fluctuating than ours in the rate of exchange, and demand of specie for export. But another essential difference has existed between the condition of the private and local banks here and there. Ours have generally been subject to rigid regulations as joint stock companies, under many salutary legislative restrictions on their issues, and great publicity of late years in the condition of most of them. Theirs, till the last year, were left very much to the sole direction of the proprietors, and with no publicity of their condition; and with little check over them, except the competition of each other, and the small indirect influence of their national institution. It is not, therefore, believed to be arrogant or inconsiderate to suppose that the banking system in most of the United States has been quite as carefully, if not more judiciously, regulated by law than in England, and has in practice here, whether with or without a National Bank, been attended with fewer and less calamitous losses to the community, or injuries to the currency. In further proof of this, during the last year, public opinion gave rise there to some new legislative regulations, resembling some of ours, and especially as to greater publicity about the condition of the Bank of England. In fine, without this and certain other legislative regulations, united with some provisions incorpo-

rated into bank charters, which may be enumerated hereafter, it is in vain to expect that either National or State banks will ever be likely to perform much beyond what is merely incidental, and neither expensive nor troublesome, in regulating the currency of the country.

7. In respect to the only proposed inquiry which remains, and which relates to any increased security needed for the present paper system, and any desirable improvements in the present deposite system, the undersigned entertains an opinion that they can and ought to be obtained, not from the continuance of a National Bank, whose influence has been so trifling on the currency, and whose power, as a fiscal agent, is now so little needed, but by alterations in respect to the State banks by the States themselves, in various particulars heretofore and hereafter suggested, in connexion with such regulations and laws, bearing on the general currency of both coin and paper, as it is competent for the General Government to adopt. Or if, contrary to the expectations of the undersigned, in the present condition of the country, or any condition soon anticipated, these alterations should be found ineffectual for all necessary and proper purposes, confided to the General Government, the increased security must arise from a still further abandonment and restriction of paper, than is now contemplated by this department, rendering the currency, if possible, in still larger proportions metallic. Or, in the last resort, if that, and all other remedial measures, considered lawful, should prove unsuccessful, any further securities, improvements, or powers, then deemed indispensable, and not attainable, consistently with our present constitution, must of course be sought from what is not recommended, and what is not believed to be feasible or judicious—an amendment of the constitution in relation to banks.

But the mischief justly to be apprehended from a large and powerful moneyed corporation, connected in any way with the General Government, the strong operations of which are already, and always have been, proper subjects of constant vigilance and wholesome jealousy on the part of the people and the States, is so great, that it will be time enough, whenever the people and the States shall consent to such an amendment, and to the establishment of such an institution, to discuss the proper powers, and restrictions of powers, for it. It will then be time enough to discuss, also, whether it should be a bank of mere deposite, or one of deposite and discount, and of paper issues; whether a single and central institution, or divided into three or four separate establishments for the great sections of our common country, with branches to each; whether it be wholly public, and founded on public revenue and public credit, or be only in part public; whether, in fine, it be with some effective governmental control, and, if any, to what specific extent, and by what body, public commissioners, some department, or Congress itself; or that, within the limits of our free and happy institutions, there shall be erected one institution, of a public character, and of a moneyed dominion, independent of all others—the creature superior to the creator—and a servant, on public matters, entrusted with power to affect the value of all property, and the fulfilment of all contracts, and yet be placed in an attitude to set the whole public authorities at defiance. If a National Bank of any efficient character be tolerated, either before or after an amendment of the constitution, it must be obvious that one of two evils will

occur—either a great moneyed power will exist, independent, uncontrolled, and then in fact uncontrollable; or such a power will exist, with a due control by the Government, and thus enlarge greatly the present central influence of the latter, without any increase of the present restraints on it by the people and the States. Both are dangerous; and, after all these and similar considerations, too numerous for recital here, the question will still recur, whether so much is probably to be gained by such a National Bank, as will justify this indirect abolition of most of the State banks, and this condensation, to almost a single point, of all large pecuniary favors, indulgencies, and powers, and as will counterbalance the strong constitutional doubts which now exist against such an institution, and those other doubts, of enlightened and far-sighted expediency, which, in the present condition of our virtual exemption from all debt, our prosperous finances, flourishing commerce, improving currency, and easy fiscal operations, will always spring up on every side against a grant either to or by the General Government of any further great, exclusive, and concentrated power over “associated wealth.” The undersigned wishes to be distinctly understood as not favorable to a national banking institution, and this being his opinion, with or without an amendment of the constitution, he does not therefore recommend any such amendment.

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

The character of those new legal provisions which might tend to improve the present system of selected State banks, and which come within the competency of the General Government, is next to be considered.

One of them relates to some essential changes connected with the circulation of small notes, and is, in the first place, to refuse to continue the use of any banks as public depositories, which after one year shall issue any notes of a smaller denomination than five dollars, or, after three or four years, of a smaller denomination than ten dollars, and subsequently to extend this restriction further or not, as experience may require. Another provision is, after those respective periods, not to receive in payment of any public dues the notes of any bank not conforming in its issues to the same regulations; and another is to prohibit the circulation or issue of all such small notes in the District of Columbia.

Some have supposed it would become necessary to impose a general tax or stamp, as suggested by Mr. Gallatin, on the issues of small notes in any part of the United States, and which tax would be of a size effectually to prevent the injurious effects of such issues. But this last measure is not recommended by the undersigned, for various reasons, that need not here be detailed, nor is it believed that such a measure will ever become necessary, should it be deemed lawful, as it must be manifest, on a little inquiry and reflection, that the banks themselves, in regard to their own safety, credit, and consequent emoluments, will in the end find no less benefit than the community will, in the disuse of small notes. The salutary influence has before been alluded to, which, in respect to the improvement of the currency, was exercised by the old rather than the present Bank, in the issue of no notes smaller than ten dollars, and which last denomination is lower than any bank notes now in circulation in England, France, or Germany, and, it is believed, in any part of the Continent of Europe. This disuse in any country where the paper system prevails, is well ascertained to be the only easy mode of retaining a full supply of specie, so that it may come to the relief and security of the community during severe wars and great commercial embarrassments, and may help to sustain promptly banks themselves when hard pressed by a demand for specie, to hoard during a panic, or to export during an unfavorable rate of exchange.

A consciousness of the dangers attending the paper system in England, with a specie circulation not sufficiently enlarged, induced their National Bank, when the resumption of specie payments was contemplated, at once to acquiesce in the proposition of Parliament to call in the small notes then abroad, though the least denomination was almost five dollars, or one pound sterling, and after four years to issue none less than five pounds, or nearly twenty-five dollars. The same limitation was subsequently attached to the private and country banks, to take effect in 1829, and as to one and two pound notes, except in Scotland and Ireland, after 1825. In these last countries, however, it is understood the smallest denomination of paper usually circulated at any time has not been less than one pound; and the currency of Scotland, without further restriction in this respect, could never probably, with so little specie, have continued so safe, and its banks in such high repute, had it not been that her great distance from London, the centre for exporting specie, and of favorable exchange against the interior, rendered it preferable to the holders of bills on Scotch banks, in times of pressure or a panic, to receive what they always make previous arrangements to give—a draft on a respectable bank or banker in London. Situated like most of

the banks in the interior of New England and New York as to Boston and New York city, such a draft, instead of specie, has generally been preferred to be received from the Scotch banks, as it would be of more value in the exchange market, and would not expose the holder to the expense and inconvenience of transporting the specie three or four hundred miles to London. But the paper system has not only been greatly strengthened for all purposes, and the foundations of specie, on which confidence in it generally and chiefly rests, have been much enlarged wherever the withdrawal of small notes has occurred, but a most dangerous weapon has been taken from the hands of that class of the community most easily excited in a mere political panic, to embarrass a bank, whose credit with the commercial world may at the same moment be entirely sound, and with whom, by means of the large bills, or large amounts of them in their possession, no run would at first be attempted. A run on banks in all countries, when arising from political considerations alone, has uniformly commenced with small bank notes, and by persons who, from their education, pursuits, and pecuniary condition, are most readily influenced by the designing, and most likely to be misled on any sudden and exciting occasion. Not so frequent illustrations on this subject have occurred in this country, where the great mass of the community are believed to be more intelligent; but we have not been wholly free from them, and, when occurring here, their operation has always been similar, and to be much deprecated. Thus, during the last winter and spring, had the *political* panic extended to the great mass of society, so as to have rendered them hostile and distrustful, instead of being generally friendly towards the State banks, it must be obvious to all, that a scene of infinitely greater embarrassment and ruin would, probably, have occurred with so many small notes, so widely distributed in some States among all classes, and without a broader basis of specie in the community or in the banks to sustain a severe run. Wherever there was added to this, or occurred, instead of it, any commercial panic or discredit about any particular banks, it would, in most of those cases; inevitably lead to a stoppage of specie payments, unless some immediate relief was interposed to meet it, like additional security for the ultimate solvency of such banks, furnished or tendered in some form or other by individual stockholders and directors, or by a State, or by the General Government. Such relief and security were then offered in some parts of Virginia in the first mode, in New York in the second mode, and to all the deposit banks in the third mode, through the confidence reposed in them, by their selection, and the large funds entrusted by the Treasury to their custody for safe keeping. It was only by the last of these modes that the United States Bank itself was probably relieved from the stoppage of specie payment early in 1819, when its specie on hand at the close of the previous year, in the mother bank and all its branches, was only about two and a half millions of dollars, to redeem a circulation of about seven and one-third millions, and to meet a liability for more than nine millions of deposits. The confidence given directly and indirectly to the Bank of England, by the Government, in similar ways, contributed much to save it from commercial discredit, and to keep its bills nearly at par, in the opinion of some writers, for more than ten years after it actually stopped specie payment in 1797,

and at a moment when its specie had become reduced to only £1,086,170, with a circulation to be redeemed of £9,674,780. The same confidence, probably, prevented another stoppage in 1825-'6, when its specie had fallen to £1,260,000, with a circulation of over £25,000,000 to be redeemed. But the withdrawal of small notes required by Parliament, to prevent in some degree the recurrence of such dangers, and to take the possession of these means from those most likely to use them unnecessarily, in a political panic, for purposes of embarrassment, has since had the beneficial effect of strengthening, in a pressure, the banks themselves, by increasing the specie circulation of that country, on which the paper in some degree rests, to an amount more than equalling its whole paper circulation; while here, the last year, and before this change was strongly recommended by this department, the specie circulation was computed to be only about one-seventh the amount of the whole paper, and all the specie in the country was only about half the amount of the paper in actual circulation.

This withdrawal has there, also, not only in a great measure disarmed the worst enemies of the banking system in the period of a political panic, as before explained, but it has rescued the poorer classes of persons from almost the whole inconveniences to which they chiefly were exposed by the discredit of bank notes, and from most of the losses they suffered by counterfeits. Thus, if no notes circulate of such small denominations as are usually required in money to effect the purchases and payments by those classes, but they are furnished with silver and gold to effect such objects, it must be manifest that they at once become relieved from any considerable apprehension about the business and credit of banks, and the apprehension is properly devolved on the wealthier and more commercial classes, for whose benefit chiefly banking institutions are incorporated. If losses, then, occur by the failure of banks, or the depreciation of their notes, those losses reach, in only a small degree, persons who seldom own the stock, or keep in their possession large notes, but fall, as they should, on the more opulent, who not only own most of the stock in banks, but reap the chief profit and accommodation connected with their establishment. In respect to counterfeits, these were so much confined to the small notes in England, as to furnish an additional reason there for prohibiting the issue of such notes; and they are in this country probably in a ratio of ten to one among the smaller notes. The reason will, on a little reflection, be obvious, as the less informed and less affluent, to whom the small bills are most frequently passed, are less qualified to detect impositions, while they are less able to bear the losses from them, than the more wealthy, who rarely are deceived by counterfeit bills.

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

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

The new coinage, and increased rapidity in manufacturing it, constitute an invaluable part of the present and proposed system for gradually withdrawing small notes, and substituting gold and silver. This will increase the quantity of silver in circulation, as well as introduce with it gold coin that shall be of convenient denominations for general use, and that shall possess a nominal value, so clearly equal, if not superior, to its market value for bullion, for ornamental manufactures, and for exportation to foreign markets, as to be likely to preserve it in common employment as an essential and large portion of the circulating medium. The existence of no small notes, and a similar mint and tender system in France to what prevails here has introduced and preserved in their circulation near 170 millions of dollars in gold coin; while in England, with a mint system less favorable, and a tender system more favorable to gold, it there constitutes quite four-fifths of the specie part of their currency, and has increased from less than 20 millions of dollars in 1818, to more than 200 millions in 1829. It constitutes very large portions of the currency of many other European Governments, under various regulations, often less encouraging than ours to its circulation; and in a number of the Spanish American Republics, as well as Brazil, it has a strong tendency to come into more general use, under a change of taste, a conviction of its

benefits for larger and more distant payments, and under the increased production of it from the mines, compared with that of silver, both there and in this country. Here, the production of gold has, in ten years, augmented from about \$2,000 yearly, to one and a half millions, or one-fifth of all the annual produce in gold of Europe and America. The ratio of increase in the production of gold has been, in all America, more than treble, since 1819, what it was the ten previous years, when it had been quite one-fifth beyond its former amount; while silver has decreased in about the same ratio since 1819 as since 1809, and which ratio was nearly one-half.

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

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

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

Our whole probable losses, as yet appearing by all of them, in all ways, though likely to be hereafter somewhat further reduced, exceed one-third of a million, or a sum equal to one-fourth of the whole amount of all our unavailable funds. These results, under the former legislation by Congress, incorporating banks, are certainly not very flattering, though the mode of doing business in this District, and the peculiar position of it and its banks, may have increased greatly and necessarily their

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

The present system of State banks for deposit, with the changes and regulations as to them and the currency, which the undersigned has had the honor to suggest in this report, is respectfully recommended to Congress for adoption, by a specific act of legislation. He cherishes great confidence, that the system of fiscal agency now recommended for the Treasury, so far as regards the safe preservation and convenient disbursement of public money, will continue to prove successful; and if not, in every respect, equally so with the system preceding it, or with any other that could be substituted in the form of a National Bank, yet that in some material respects it is superior, and in others so little inferior, as not to justify an abandonment of it for any other beset with such grave questions of general expediency and constitutional power. Public confidence in the correctness of this conclusion may justly be strengthened by our experience during the past year, when the newly selected State banks, though in the infancy of the trial, with many novel difficulties to encounter, and assailed by a panic unexampled in this country, surrounded by extraordinary distress, real or imaginary, without the aid of the powerful means of the Bank of the United States, if not with those means in some places, and with its general course of policy in all places, in direct hostility, have yet passed through the fiery ordeal in perfect safety, without the failure of one of them, and without the loss of a single dollar to the Government. Besides this, the operations of the Treasury, chiefly con-

ducted through the agency of these banks, have proceeded, generally, with ease, promptitude, and fidelity, even in the remotest sections of the Union; and the general currency of the country has, in the mean time, greatly improved, instead of deteriorated. Over twenty millions of dollars have probably been added to the specie portion of it. The entries at the custom-house, from the 1st of October, 1833, which have been received, to 4th December, 1834, exhibit an excess of importations over the exports of coin and bullion, amounting to \$17,736,901, and the amount arrived but not there entered, in the same period, has probably exceeded two and a half millions. It is gratifying to see by the statement annexed, (I,) that, of those importations, gold has constituted about four millions, and that they have thus greatly, and very opportunely, aided the efforts of Congress to enlarge that portion of our currency, by giving a new nominal value to our gold coins, calculated to retain and increase them as a permanent and very useful part of our general circulation. In the continuance of the measures now in operation, with the changes proposed, it is anticipated that the metallic basis of our paper currency will be still further, though slowly, extended, by importations and the rich produce of our mines, until it rests on nearly as broad and solid a basis as in many countries of Europe; and that this will happen in due season, without abandoning the use of banks, and of paper for their appropriate duties. The withdrawal of notes under five dollars would diminish the paper circulation, where they exist, about one-fifth or one-fourth, and of notes of five dollars about one-fourth more, leaving gradually a vacuum to be filled by the additional specie, amounting to near twenty-five millions, or equal to about one-third of our whole paper circulation in 1833. The State banks would still find useful employment for much of their present capital and present amount of circulation, and the requisite quantity of specie in the place of their small notes could be easily introduced if the thirty-five millions capital of the United States Bank, after the charter expires, be diverted into other employment; because its circulation of about fifteen millions in paper would, in that event, be withdrawn; and by the notes of the State banks, and by a substitution of its own specie, aided by the large importations of specie lately made, the vacuum thus created, and the increased wants of our increasing population, would both be well supplied. If, as the present and past prosperity of our fortunate country seems to justify, a calculation be formed that an addition of at least 400,000 persons is yearly made to its whole population, it will, by computing eight dollars per head as the average amount of our circulation, require an annual addition to it, in specie and paper, of between three and four millions. The amount of bank capital now in the States, and of specie now in and about entering the whole country, may be amply sufficient at the present for all these objects and changes. Nor is it perceived that any strong probability exists of their soon becoming deficient. The rate of exchange, which, when very unfavorable, is almost the only cause that can lead to any considerable export or withdrawal of our specie, has been, during most of the past year, much below real par, which is near seven per cent. nominal advance.

During that year it has never been, nor is it likely soon to be, so much above real par as to render the export of specie profitable, and which, it is understood, must be from two to two and a half per cent. real, or somewhere between nine and ten per cent. nominal advance. As the rate

of exchange depends chiefly on the balance of our foreign trade and debts, and on the remittances which are obliged to be made for meeting them, it will be seen, that while foreign goods undergo no considerable nominal increase in price, or in the quantity wanted for consumption, (and it is to be hoped domestic manufactures, by their present protection, by improved experience and skill, and the indefatigable enterprise and industry of our people, are augmenting nearly in the ratio of our population,) the sum to be paid abroad cannot much increase, unless our debt to be paid there, or the foreign capital invested here, has become larger, or the latter has become more likely to be withdrawn. But, so far from our public debt, owned abroad, being greater, and thus continuing on our resources a drain of either specie or domestic produce, to pay the interest and principal, as it has injuriously done during the last forty years, we can justly rejoice over its entire extinguishment. It is also believed that the investments of foreign capital here in private stocks of various kinds have not altered in any considerable ratio. They were about the same amount in the two United States Banks, though, from the difference in the size of their capitals, seven-tenths of the former were owned in Europe, and probably about one-fourth of the latter. From the rate of interest here and abroad, and the estimated stability and security of our institutions and Governments, compared with their own, it is not apprehended that any great withdrawal of foreign capital is likely to take place from any private investment here, so as to increase essentially the amount obliged to be paid there. On the contrary, the means to meet the reduced foreign demands are believed to be much enlarged, by a rapidly extending cultivation of our new and fertile soils, and a consequent production of a greater surplus for exportation, at fair, if not high prices; and by the other great conservative circumstances which exist in the present state of our country, such as an augmenting population, an entire freedom from national debt, a large reduction in the public taxes, and a condition, as to education, skill, industry, and sound morals, judicious enterprise, and almost every element of national prosperity, advancing yearly, it is hoped, higher and onward. It is not, then, presumptuous to anticipate that the balance of trade, or rate of exchange, is not likely again, very soon, to become so unfavorable as to cause any great export of specie. Another large drain of it from this country to India, during the last fifteen years, and which, from the nature of our trade there, seemed inevitable and permanent, has been chiefly stopped, in its direct course, by exports of domestic manufactures in its place, and by bills of exchange; but which last, it is conceded, must still be met in Europe, though, after a useful delay and in consequence of the sale there of part of the return cargoes, and of our increased surplus abroad from exported produce, they will be met by a diminished withdrawal of specie from this country. As flattering a prospect is therefore opened to the condition of our currency hereafter, as could exist under the present form of our constitution, construed, as it is, to render the propriety of a charter to any kind of a bank without the limits of this District very doubtful, and not to prohibit the incorporation of banks by the States, unless organized in such a form as to be tantamount to a mere emission of bills of credit, founded (as was doubtless contemplated in the prohibition in the constitution, that "no State shall emit bills of credit") on mere credit, and *that* the credit of the State

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

kind, the State banks, or banks of any description, can be placed entirely beyond the possibility of embarrassment and failure. Besides revolutions in trade and prices, springing from ordinary causes, or extraordinary discoveries and improvements in the numerous arts and labors of life, and which, while civilization and liberty shall last, must frequently create changes in values of all kinds, and especially in the worth of the precious metals, all banks, like individuals, either directly or indirectly, by various accidents to themselves or their customers, such as robbery, fire, tempests, and wars, are exposed to occasional and severe losses. In fine, the mere *credit* involved so deeply in the whole paper system as a system, is a circumstance, from the evils of which, granting its benefits in other respects, it is not in the power of human ingenuity wholly to escape.

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

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

All which is respectfully submitted.

LEVI WOODBURY,
Secretary of the Treasury.

The Hon. the SPEAKER
of the House of Representatives.

SCHEDULE of Documents accompanying the supplemental report of the Secretary of the Treasury.

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

A.

LIST of selected State Banks.

Names of banks.	Dates of selection prior to 26th September, 1833.	On usual terms.	For deposit and payment only.
1. Merchants' Bank of Salem, -	Prior to 1819		“
Bank of New London, - -	“ 1820		“
Bank of Newport, - - -	“ 1819		“
Bank of Bristol, - - -	“ 1819		“
Farmers' and Mechanics' Bank of Albany, - - -	“ 1829		“
Bank of Harrisburg, - - -	“ 1819		“
Branch of Farmers' Bank of Delaware, New Castle, - - -	“ 1820		“
Bank of Virginia, branch at Petersburg, - - -	“ 1829		“
Bank of Virginia, branch at Fredericksburg, - - -	“ 1829		“
Bank of Virginia, branch at Lynchburg, - - -	“ 1831		“
Bank of Michigan, - - -	“ 1824		“
Bank of Middletown, - - -	April 21, 1824		“
Mechanics' Bank, New Haven,	Feb. 26, 1830		“
SELECTED.			
2. Merchants' Bank, Boston, -	Sept. 26, 1833		“
Commonwealth Bank, Boston, -	“ “		“
Manhattan Company, New York, -	“ “		“
Bank of America, New York, -	“ “		“
Mechanics' Bank, New York, -	“ “		“
Girard Bank, Philadelphia, -	“ “		“
	and again August 18, 1834		“
Union Bank of Maryland, -	Sept. 26, 1833		“

LIST—Continued.

Names of banks.	Dates of selection between 1st of Oct. and 31st Dec. 1833.	On usual terms.	For depo- site and pay- ment only.
Maine Bank, Portland, - - -	Oct. 9, 1833	"	
Commercial Bank, Portsmouth, -	" "	"	
Bank of Burlington, - - -	28, "	"	
Farmers' and Mechanics' Bank, Hartford, - - -	Nov. 4, "	"	
Arcade Bank, Providence, -	" "	"	
Bank of the Metropolis, - - -	Oct. 9, "	"	
Planters' Bank, Savannah, -	" "	"	
Branch Bank of Alabama, Mobile,	" "	"	
Union Bank of Louisiana, New Orleans, - - -	Nov. 4, "	"	
Commercial Bank, New Orleans,	" "	"	
Franklin Bank, Cincinnati, -	Oct. 9, "	"	
Union Bank, Tennessee, Nashville,	" "	"	
Planters' Bank of Mississippi, Nat- chez, - - -	" "	"	
	Subsequent to 1st January, 1834.		
Moyamensing Bank, Philadelphia,	July 22, 1834	"	
Louisville Savings Institution, -	Aug. 13, "	"	
Branch Bank of Mississippi, Co- lumbus, - - -	Feb. 12, "	"	
Farmers' and Mechanics' Bank of Michigan, - - -	July 7, "	"	
Commercial Bank, Cincinnati, -	Aug. 18, "	"	
Merchants' & Manufacturers' Bank, Pittsburg - - -	Oct. 6, "	"	
	SELECTED.		
3. Bank of Virginia, Richmond,	Oct. 9, 1833, and July 15, 1834		"
Branch Bank of Virginia, Norfolk,	July 9, 1833		"
Bank of Augusta, Georgia, -	Aug. 20, 1834		"

A A:
CONDITION, in certain respects, of selected Deposit Banks.

	1st January, 1834.		1st April, 1834.		1st July, 1834.		1st October, 1834.	
Notes in circulation, -	\$7,797,714	-	\$8,183,373	-	\$5,847,554	-	\$8,073,944	
Public deposits, -	9,363,162	-	12,586,506	-	12,261,580	-	12,000,245	
Other deposits, -	7,826,112	-	7,655,050	-	6,380,466	-	7,513,548	
Due to banks, -	3,969,647	-	4,232,351	-	4,336,000	-	1,960,635	
Due from banks, -	-	\$3,114,471	-	\$4,721,891	-	\$3,413,769	-	\$5,058,773
Notes of other banks, -	-	3,880,254	-	4,251,240	-	3,840,626	-	3,297,346
Specie, -	-	2,921,361	-	3,627,777	-	4,572,753	-	5,820,023
	\$28,956,635	\$9,916,086	\$32,657,280	\$12,600,908	\$28,825,600	\$11,827,148	\$31,548,372	\$14,176,142

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

<i>All State Banks about the beginning of 1834, being the last return and estimate obtained.</i>	<i>Bank of the United States, January 1, 1834.</i>	<i>Bank of England, near January 1, 1834.</i>
Circulation, - \$77,738,782	Circulation, - \$19,208,379	Circulation, - \$98,199,600
Public and private deposits, - 66,365,027	Public deposits, - 4,230,508	Average deposits, public and private, 67,592,800
Due to other banks, 25,888,395	Private deposits, - 6,734,866	Specie, - - \$41,779,200*
Due from banks, - \$24,887,420	Due to other banks, 1,535,709	
Notes of other banks, - 30,829,907	Due from other banks, - \$3,058,870	
Specie, - 17,081,704	Notes of other banks, - 1,982,640	
	Specie, - 10,031,237	
\$169,992,205	\$31,709,462	\$155,792,400
72,799,031	15,072,747	41,779,200

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

B.

WARRANT.

TREASURY.

No. 105.

APPROPRIATION.

"For compensation
of district attorneys
and marshals."

TREASURY DEPARTMENT.

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

Pay to A. B., marshal of the district of _____, or
order, out of the appropriation named in the margin,
fifty dollars, on account of his salary for the quarter
ending the 30th of September, 1834. Agreeably to
a certificate of the Comptroller of the Treasury, No.
2,012, dated 1st October, 1834, recorded by the Re-
gister. For so doing this shall be your warrant.

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

L. S.
Treasury De-
partment.

LEVI WOODBURY,
Secretary of the Treasury.

JOS. ANDERSON,
Comptroller.

\$50.

Countersigned,

Recorded,

T. L. SMITH, *Register.*

The cashier of the Bank of C. D. will pay the above warrant agree-
ably to its tenor.

JOHN CAMPBELL,
Treasurer of the United States.

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

A. B.
Marshal of District of _____.

B B.

Deposit banks, stopping payments.	When stopped specie payments.	Amount to credit of the Treasurer, as deposit bank when it stopped.	Amount paid before and since February 27, 1823, on all accounts.	Amount now due as depositories, deducting whole payments.	Amount now due from them, not as depositories, but on their notes.	Amount due 10th November, 1834, on all accounts.	When selected.	In whose hands for settlement.
Virginia Saline Bank, - - -	1817	4,050 00	-	4,050 00	6,071 00	10,021 00	Before 1817	Solicitor.
Juniatta Bank, Pennsylvania, - - -	1817	13,815 00	10,615 32	3,200 00	-	3,200 00	" 1815	Do.
Bank of Washington, Pennsylvania, - - -	1817	4,500 00	5,023 77	-	2,484 57	2,484 57	" 1815	Do.
Cumberland Bank, Alleghany, - - -	1817	6,440 00	5,263 39	1,176 61	-	1,176 61	" 1815	Ag't Bk Columbia.
Somerset Bank, - - -	1817	3,060 00	13,804 46	-	55,273 41	55,273 41	" 1816	Solicitor.
Miami Imp. and Ex. Company, - - -	1817	106,213 76	97,522 76	8,791 00	-	8,791 00	" 1815	Do.
Bank of Wilmington and Brandywine, - - -	1817	940 00	940 00	-	-	-	" 1817	Paid.
			A					
		139,018 76	133,169 70	17,217 61	63,828 98	81,046 59		
			D					
Bank of Muskingum, - - -	1818	125,322 00	125,322 00	-	-	-	" 1815	Paid.
Farmers and Mechanics' B'k, Cincinnati, - - -	1819	17,182 43	-	17,182 43	19,783 58	36,966 01	After Jan. 1, 1818	Solicitor.
Bank of Kentucky and branches, - - -	1820	131,906 61	131,906 61	-	-	-	Before 1815	Paid.
Planters and Merchants' B'k, Huntsville, - - -	1820	63,893 51	63,960 36	-	-	B. Principal overpaid \$66 85	After Jan. 1, 1818	Paid, except an amount equal to interest.
		195,800 12	195,866 97					

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

FRASER arises from the amount of interest paid by the bank.

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

[Doc. No. 27.]

Deposit banks, stopping payments.	When stopped specie payments.	Amount to credit of the Treasurer, as deposit bank when it stopped.	Amount paid before and since February 27, 1823, on all accounts.	Amount now due as depositories, deducting whole payments.	Amount now due from them, not as depositories, but on their notes.	Amount due 10th November, 1834, on all accounts.	When selected.	In whose hands for settlement.
Bank of Vincennes, - - -	1821	219,313 00	50,984 73	168,328 27	-	168,328 27	After Jan. 1, 1818	Solicitor.
Bank of Missouri, - - -	1821	152,407 00	38,854 78	113,552 22	-	113,552 22	After Jan. 1, 1818	Solicitor & agent.
Bank of Edwardsville, - - -	1821	128,551 13	81,751 13	46,800 00	-	46,800 00	After Feb. 1, 1819	Solicitor.
		500,271 13	171,590 64	328,680 49	-	328,680 49		
German Bank of Wooster, - - -	1822	4,447 97	188 00	4,259 97	35,104 03	39,364 00	-	Solicitor.
Centre Bank of Pennsylvania, - - -	1823	3,231 00	2,082 01	1,148 99	7,780 49	8,928 48		Office Bank U. S. Washington.
Franklin Bank, Alexandria, - - -	1823	48,000 00	-	48,000 00	-	48,000 00	October, 1819	District attorney.
		51,231 00	2,082 01	49,148 99	7,780 49	56,929 48		
Bank of Columbia, - - -	1824	284,870 70	69,583 09	215,287 61	-	215,287 61	1800	- Agent U.S. Bank.
Bank of Illinois, Shawneetown, - - -	1825	28,367 85	-	28,367 85	-	28,367 85	After Jan. 1, 1818	McRoberts, D. A.
Farmers and Mechanics' Bank, Indiana, - - -	1825	39,432 14	20,266 30	19,165 84	4,159 76	23,325 60	After Jan. 1, 1818	Solicitor, (secured, probably.)
Bank of Steubenville, - - -	1825	170,000 00	35,913 62	134,086 38	-	134,086 38	Before 1815	Solicitor.
		237,799 99	56,179 92	181,620 07	4,159 76	185,779 83		

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Bank of Tombeckbee, - - -	1827	138,754 00	79,981 36	58,772 64	25,138 00	83,910 64	After Jan. 1818	Solicitor.
Bank of Nashville, - - -	1828	6,267 00	-	6,267 00	-	6,267 00	Before 1815	Solicitor.
Bath Bank of Maine, - - -	1831	35,769 65	15,146 60	20,623 05	-	20,623 05	Before 1815	Solicitor, (secured, probably.)
Bank of Alexandria, - - -	1834	27,500 30	6,300 00	21,200 30	-	21,200 30	Feb. 1799, and Oct. 1818.	District attorney, (secured, probably.)
Grand total dollars, -		^C 1,764,235 05	855,410 29	920,260 16	155,794 84	1,076,055 00		

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

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

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

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

[Doc. No. 27.]

Banks not depositories of public money, but their bills in possession in February, 1823.	When stopped payment.	Amount per statement Feb. 27, 1823, remaining unpaid.	Per statement of 8th March, 1830, unpaid.	Per statement of Dec. 14, 1832, unpaid.	Paid since Dec. 14, 1832, and not credited.	Due November 10, 1834.	In whose charge.	
Elkton Bank, Maryland, - - - -	These banks may be considered as having stopped, and the sums become special, in 1817.	19,865 00	9,865 00	9,865 00	-	9,865 00	Solicitor.	
Alexandria Society, Granville, - - - -		2,463 00	2,463 00	2,463 00	-	2,463 00	Solicitor.	
Owl Creek, - - - - -		64 00	64 00	-	64 00	-	Paid.	
Western Bank of Virginia, Parkersburg, - - - -		198 00	198 00	198 00	-	198 00	Solicitor.	
Farmer's Bank, New Salem, - - - - -		1,835 00	-	-	1,835 00	-	Paid.	
Farmers and Mechanics' Bank, Greencastle, - - - -		595 00	595 00	595 00	-	595 00	Solicitor.	
Commercial Bank, Lake Erie, - - - - -		10,900 00	10,900 00	-	10,900 00	-	Paid.	
Bank of Somerset and Wooster, - - - - -		1,375 00	-	-	-	-	Paid.	
Merchants' Bank of Alexandria, - - - - -		3,217 00	3,217 00	3,217 00	-	3,217 00	Solicitor.	
Huntingdon Bank, Pennsylvania, - - - - -		2,380 00	2,380 00	2,380 00	-	2,380 00	Solicitor.	
Lebanon and Miami Banking Company, - - - - -		9,575 00	9,575 00	9,575 00	-	9,575 00		
Farmers and Mechanics' Bank, Pittsburg, - - - - -		1,311 00	1,311 00	1,311 00	-	1,311 00		
Urbana Banking Company, - - - - -		2,839 00	2,839 00	2,839 00	-	2,839 00		
Bedford Bank, Pennsylvania, - - - - -		4,059 57	4,059 57	4,059 57	-	4,059 57	Dist. attorney.	
Kentucky Insurance Company, - - - - -		797 00	797 00	797 00	-	797 00		
Farmers' Bank, Canton, - - - - -		6,598 06	6,598 06	6,598 06	-	6,598 06	Paid to Bank of Steubenville, it is believed.	
Union Bank, Pennsylvania, - - - - -		9,758 00	9,758 00	9,758 00	1,858 00	7,900 00	Dist. attorney.	
Marietta and Susquehanna Trading Company, - - - - -		1,360 00	1,360 00	1,360 00	-	1,360 00		
Farmers and Manufacturers' Bank, Chillicothe, - - - - -		23,905 00	23,905 00	23,905 00	-	23,905 00		
Bank of Cincinnati, - - - - -		3,846 00	3,846 00	3,846 00	-	3,846 00		
Susquehanna Bridge and Banking Company, - - - - -		796 00	-	-	796 00	-	Paid.	
Sundry small notes and counterfeits, - - - - -		927 22	927 22	927 22	-	927 22		
	G	\$108,664 10	\$94,657 85	\$83,693 85	\$15,453 00	81,835 85		
		Add the sum now due from the old deposite banks, on all accounts,					-	1,076,055 00
		Unavailable funds of all kinds, without interest, November 10, 1834,					-	\$1,157,890 85

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

C.

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

Whole appropriations for 1834.*	Expenditures from them in 1834.	Collections in 1834.
VERMONT.		
Special, † \$20,000		
Pensions, 200,000		
Army, 2,000		
Miscellaneous, 10,000		
232,000		
Deduct 20 per ct. not expended this year. ‡ 46,400		
	Balance, \$185,600	Customs, - - \$179
MAINE.		
Special, 38,000		
Pensions, 180,000		
Army and fortifications, 60,000		
Miscellaneous, 30,000		
Public debt, 20,000		
348,000		
Deduct as above, 69,600		
	Balance, 278,400	Customs, - - 174,754
NEW HAMPSHIRE.		
Special, 42,000		
Pensions, 160,000		

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

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

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

TABLE—Continued.

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

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
NEW YORK.		
Special, \$662,000		
Pensions, 700,000		
Army, 500,000		
Miscellaneous, 100,000		
Navy, 500,000		
Public debt, 2,000,000		
Foreign inter- course, 100,000		
4,562,000		
Ded. 20 per ct. not expended this year, 912,400		
<u>Balance, \$3,649,600</u>		Customs, - - \$9,021,491
NEW JERSEY.		
Special, 6,000		
Pensions, 110,000		
Miscellaneous, 20,000		
136,000		
Deduct as above, 27,200		
<u>Balance, 108,000</u>		Customs, - - 8,653
PENNSYLVANIA.		
Special, 424,000		
Pensions, 250,000		
Miscellaneous, 60,000		
Army, 700,000		
Navy, 160,000		
Public debt, 1,800,000		
Foreign inter- course, 100,000		
3,494,000		
Ded. as above, 698,800		
<u>Balance, 2,795,200</u>		Customs, - - 2,058,641
DELAWARE.		
Special, 36,000		
Pensions, 5,000		
Army, 150,000		
Miscellaneous, 10,000		
201,000		
Deduct as above, 40,200		
<u>Balance, 160,800</u>		Customs, - - 13,261
MARYLAND.		
Special, 48,000		
Pensions, 40,000		

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
Army, \$1,300,000 Navy, 80,000 Miscellaneous, 50,000 Public debt, 200,000 <hr/> 1,718,000 Ded. 20 per ct. not expended this year, 343,600 <hr/>	 Balance, 1,374,400	 Customs, - - \$589,778
DISTRICT OF COLUMBIA.		
Spec. & civil, 2,013,000 Pensions, 11,000 Navy, 400,000 Army & Indians, 550,000 Debt, 250,000 Miscellaneous, 500,000 Foreign inter-course, 100,000 <hr/> 3,824,000 Ded. as above, 764,800 <hr/>	 Balance, 3,059,200 Middle, \$11,148,000	 Customs, \$33,473 Miscellaneous, 550,000 <hr/> 583,473 <hr/> \$12,275,297
VIRGINIA.		
Special, \$500,000 Pensions, 200,000 Miscellaneous, 50,000 Army, 1,075,000 Navy, 1,000,000 <hr/> 2,825,000 Ded. as above, 565,000 <hr/>	 Balance, \$2,260,000	 Customs, - - \$140,161
NORTH CAROLINA.		
Special, 37,000 Pensions, 100,000 Army, 20,000 Miscellaneous, 20,000 <hr/> 177,000 Deduct as above, 35,400 <hr/>	 Balance, 141,600	 Customs, - - 34,884
SOUTH CAROLINA.		
Special, 51,000 Pensions, 50,000		

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
Public debt, \$50,000		
Navy, 30,000		
Miscellaneous, 50,000		
Army, 200,000		
<u>431,000</u>		
Deduct 20 per ct. not expended this year, 86,200		
<u>344,800</u>	Balance, \$344,800	Customs, - \$303,835
GEORGIA.		
Special, 180,000		
Pensions, 40,000		
Army, 140,000		
Miscellaneous, 20,000		
Navy, 20,000		
Indians, 20,000		
<u>420,000</u>		
Deduct as above, 84,000		
<u>336,000</u>	Balance, 336,000	Customs, - 48,260
LOUISIANA.		
Special, 120,000		
Pensions, 6,000		
Army & Indians, 180,000		
Miscellaneous, 40,000		
<u>346,000</u>		
Deduct as above, 69,200		
<u>276,800</u>	Balance, 276,800	Customs, \$817,230
		Lands, 187,727
		<u>1,004,957</u>
MISSISSIPPI.		
Special, 12,000		
Pensions, 2,000		
Army & Indians, 292,000		
Miscellaneous, 10,000		
<u>316,000</u>		
Deduct as above, 63,200		
<u>252,800</u>	Balance, 252,800	Lands, - 1,021,785
ALABAMA.		
Special, 18,000		
Pensions, 20,000		
Army & Indians, 316,000		
Miscellaneous, 20,000		
<u>374,000</u>		
Deduct as above, 74,800		
<u>299,200</u>	Balance, 299,200	Lands, \$674,641
		Customs, 46,659
		<u>721,300</u>

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
FLORIDA.		
Special, \$205,000		
Navy, 150,000		
Army, 50,000		
405,000		
Deduct 20 per ct. not expended this year, 81,000		
<u>324,000</u>	Balance, \$324,000	Customs, \$1,800
	South and Southwest } 4,235,200	Lands, 1,000
		<u>\$2,800</u>
		\$3,277,982
TENNESSEE.		
Special, \$500		
Pensions, 110,000		
Army, 24,000		
Indians, 250,000		
384,500		
Deduct as above, 76,900		
<u>307,600</u>	Balance, \$307,600	
KENTUCKY.		
Special, 30,000		
Pensions, 180,000		
Army, 150,000		
Miscellaneous, 10,000		
370,000		
Deduct as above, 74,000		
<u>296,000</u>	Balance, 296,000	
OHIO.		
Special, 282,000		
Pensions, 125,000		
Miscellaneous, 40,000		
Army, 145,000		
Indians, 120,000		
712,000		
Deduct as above, 142,400		
<u>569,600</u>	Balance, 569,600	Customs, \$1,985
		Lands, 431,448
		<u>433,433</u>
INDIANA.		
Special, 163,000		
Pensions, 48,000		
Miscellaneous, 10,000		
221,000		
Deduct as above, 44,200		
<u>176,800</u>	Balance, 176,800	Lands, - - 667,167

TABLE—Continued.

Whole appropriations for 1834.	Expenditures from them in 1834.	Collections in 1834.
ILLINOIS.		
Special, \$140,000		
Pensions, 18,000		
Army, 10,000		
Miscellaneous, 10,000		
<u>178,000</u>		
Deduct 20 per ct. not expended this year, 35,600		
	Balance, \$142,400	Lands, - - \$248,374
MISSOURI.		
Special, 80,000		
Pensions, 18,000		
Army, 450,000		
Indians, 250,000		
Miscellaneous, 20,000		
<u>818,000</u>		
Ded. as above, 163,600		
	Balance, 654,400	Lands, - - 231,696
MICHIGAN.		
Special, 110,000		
Pensions, 8,000		
Army, 584,000		
Indians, 200,000		
Miscellaneous, 20,000		
<u>922,000</u>		
Ded. as above, 184,400		
	Balance, 737,600	Lands, \$469,188 Customs, 2,114 <u>471,302</u>
ARKANSAS.		
Special, 20,000		
Pensions, 2,000		
Army & Indians, 110,000		
<u>\$132,000</u>		
Deduct as above, 26,400		
	Balance, 105,600	Lands, - - 70,558
	Western, \$2,990,000	<u>\$2,122,530</u>
The whole expenditures of appropriations for 1834,	- - -	\$21,293,200
The whole collections in 1834,	- - -	<u>20,624,717</u>
Expenditures less than collections in Eastern States,	- - -	\$28,908
Expenditures less than collections in Middle States,	- - -	<u>1,127,297</u>
		<u>\$1,156,205</u>
Expenditures more than collections in South and Southwestern States,	- - -	\$957,218
Expenditures more than collections in Western States,	- - -	<u>867,470</u>
		<u>\$1,824,688</u>

D.

DISCOUNTS on domestic bills of exchange by United States Bank.

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

E.

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

Franklin Bank, Cincinnati, September 6, 1834,	-	\$529,664 49
Planters' Bank, Natchez, " 1, "	-	1,655,327 07
Union Bank, Nashville, " 16, "	-	1,155,552 63
		<u>\$3,340,544 19</u>

F—CIRCULATIONS.

Country.	CIRCULATIONS.						Total.	Population.	Active circulation per head.	Not circulating		All paper issued and in the country.	All specie in the country.	Whole circulating medium in the country, per head.	AUTHORITIES.	
	Dates. A. D.	Paper.		Specie.		Gold.				Silver.	Paper in other banks.					Specie in banks.
		Private and State bank notes.	National & U. States bank notes.	Gold.	Silver.											
United States,	1775	\$5 mil	[Bills of credit, 1 million]	Both.	4 to 9 1/2 m	\$11m	2 1/2 m	\$5	-	-	-	-	-	-	Anonymous.	
	1790	1m	2m	7 to 16m	16	16	4	4	-	3m	-	-	-	-	Blodget.	
	1792	2	5	12m	19	19	4 1/4	4 1/2	-	5	-	-	-	-	Estimate.	
	1804	8	5	17 1/2 m	30 1/2	30 1/2	6	5	-	12	-	-	-	-	Anonymous.	
	1808	18	4 1/2	14m	36 3/4	36 3/4	7	5 1/4	-	24	-	-	-	-	Estimate and report to Congress.	
	1811	22 1/2	5 1/2	15m	43	43	7 1/2	6	-	15	-	\$30m	-	-	Gallatin.	
	1813	52m	-	8m	60	60	7 3/4	7 1/2	10m	28	-	-	-	-	Crawford and estimates.	
	1814	46m	-	7m	53	53	8	6 3/4	5 1/2	10	-	-	-	-	Gallatin.	
	1815	44 1/2 m	-	-	-	-	-	-	-	17	-	-	-	-	Gallatin.	
	1816	67-110	-	-	7 1/2 m	95	95	8 1/4	11	15 to 19	-	-	-	-	Crawford, estimates, and Gallatin.	
	1819	52	10 1/2	-	8m	70 1/2	70 1/2	9	7 3/4	10	29	\$72m	37	\$12	Crawford.	
	1819	-	-	-	4 1/2 m	-	-	-	-	-	15 1/2 of this 3 in U.S.	-	-	-	Reports to Congress.	
	1820	39 1/2	4 1/2	-	-	-	-	-	-	-	19 1/2	-	-	-	Gallatin.	
	1829	40	12 1/4	-	1 1/2	7	70 1/4	12	6	16	22 3/4	75	31	9	Anonymous and estimates.	
	1830	54m	-	-	-	10	64	13	5	10	23	64	33	8	Gallatin.	
	1830	77m	-	-	-	8	85	-	6 1/2	-	15	77	23	8	Sandford.	
	1833	57 to 60	19 1/2	-	12m	89 1/2	89 1/2	13 1/2	6 3/4	20	30 3/4	80	42 3/4	9	Report to Congress.	
	1833	60	20	-	4m	84	84	-	6 1/2	-	25	-	-	-	Taney.	
1834	57 to 68	16	-	4	16	98	14	7	18 1/4	35	96	55	10	Estimate, December 1.		
England,	1700	-	-	-	-	62 1/2	5 1/2	11	-	-	-	-	-	-	Anonymous.	
	1750	-	-	-	-	91 1/4	6 1/2	14 1/2	-	-	-	-	-	-	Ditto.	
	1763	-	-	-	-	114	7	16	-	-	-	-	-	-	Chalmers and A. Smith.	
	1786	-	-	-	115m	-	-	-	-	-	-	-	-	-	Chalmers.	
	1796	-	-	-	101m	-	-	-	-	-	-	-	-	-	Tooke.	
	1799	115 1/4 m	-	-	96	-	211 1/4	9	23 1/4	-	36	-	-	-	Report to Congress, 1832.	
	1810	220 1/2 m	-	-	-	-	-	-	-	-	-	-	-	-	Gallatin.	

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F—CIRCULATIONS—Continued.

Country.	Dates. A. D.	CIRCULATIONS.					Total.	Population.	Active circulation per head.	Not circulating		All paper issued and in the country.	All specie in the country.	Whole circulating medium in the coun- try, per head.	AUTHORITIES.
		Paper.			Specie.					Paper in other banks.	Specie in banks.				
		Private and State bank notes.	National & U. States bank notes.		Gold.	Silver.									
England, continued,	1815	144m	129½m		14½m	287½m	13m	\$22½	-	26m	-	-	-	Hopkins and Martin.	
	1829	38½	93½		201½	343	14	24½	-	32½	-	-	-	Marshall.	
	1830	144	m		105½	38½	288	-	20½	-	43½	-	-	White's reports, Feb. 1831, and estimates.	
	1833	120 to	140		172	40	342	15	22½	-	-	-	-	Anonymous and returns.	
	1834	48	91		174	40	353	-	23½	-	-	-	-	Ditto.	
	1834	36	86½		125	33½	281	15½	18½	-	-	-	-	Marshall.	
	1834	36	86½		125	33½	281	15½	18½	-	-	-	-	Marshall.	
Scotland,	1832	16½m			2½m	19	2	9½	-	-	-	-	-	Marshall.	
Ireland,	1832	22 to	30½		7	-	35	7	5	-	-	-	-	Marshall.	
England and Scotland,	1811	220½	m		-	19½	240	13	19	-	-	-	-	Gallatin.	
England, Scotland, and Ireland,	1829	-	-		-	-	288	21	14	-	-	-	-	Gallatin.	
England, Wales, and Ireland,	1829	144	m		105½	38½	288	-	-	-	-	-	-	Gallatin.	
France,	1789	-	-		422 m		432	25	17	-	-	-	-	Necker.	
	1789	-	-		to 440 m		432	25	17	-	-	-	-	Necker.	
	1829	-	-		355 m		355	25	14½	-	-	-	-	Peuchet.	
	1829	-	50		450 m		500	-	13½-15	-	-	-	-	Gallatin.	
	1833	-	30		175	350	555	29	19	-	15	-	-	Estimate and Marshall.	
1834	-	30		527 m		557	29	19	-	-	-	-	Estimate and French papers.		

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F—CIRCULATIONS—Continued.

Country.	Dates. A. D.	CIRCULATIONS.					Total.	Population.	Active circulation per head.	Not circulating		All paper issued and in the country.	All specie in the country.	Whole circulating medium in the coun- try, per head.	AUTHORITIES.
		Paper.			Specie.					Paper in other banks.	Specie in banks.				
		Private and State bank notes.	National & U. States bank notes.	credit.	Gold.	Silver.									
Russia, - - -	1812	Bills of	113	Both.	-	19m	132m	35m	\$4	-	-	-	-	-	Gallatin. Storch.
	1815	-	-	-	35½	m	-	-	-	-	-	-	-	-	
Austria, - - -	1824	-	-	-	54	m	-	-	-	-	-	-	-	-	Sup. Encyclopedia Britt. McCulloch.
	1830	-	48m	-	48	m	96	21	4½	-	-	-	-	-	
Prussia, - - -	1805	-	-	-	43	m	-	5 to 7	6 to 8	-	-	-	-	-	Sup. Encyclopedia Britt. McCulloch.
	1830	-	9	-	-	-	-	10½	-	-	-	-	-	-	
Holland, - - -	1830	-	5	-	-	-	-	5½	-	-	-	-	-	-	McCulloch.
Spain, - - -	1782	-	-	-	86½	m	-	11	8	-	-	-	-	-	Sup. Encyclopedia Britt.
Europe, - - -	1824	-	-	-	1,111½	m	-	-	-	-	-	-	-	-	Do. do. do.
Europe and America, -	1829	-	575	m	1,725	m	-	2,300	-	-	-	-	-	-	Gallatin.

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

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G.

Circular to the Collectors of the Customs and all Receivers of Public Money.

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

H.—LIST of Banks incorporated by Congress.

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

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

I.

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

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

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STATEMENT I—Continued.

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

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STATEMENT I—Continued.

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

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STATEMENT I—Continued.

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

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

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

T. L. SMITH, *Register.*

[Doc. No. 27.]

STATEMENT I—Continued.

IMPORTS and Exports of Specie from the 30th September, 1834, as per returns received from Collectors of the Customs, to the 4th of December, 1834.

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

TREASURY DEPARTMENT, December 4, 1834.

[Doc. No. 27.]

RECAPITULATION.

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

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

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

TREASURY DEPARTMENT, December 4, 1834.

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

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

TREASURY DEPARTMENT, December 4, 1834.

[Doc. No. 27.]