

community, or the effect upon the circulating medium, which became depreciated, driving the precious metals from the country; and, until the reaction had operated to check them, led to extravagant speculations, which ended in ruin; and relief was not obtained until the circulation of the Bank of the United States had been reduced to about 4,000,000 of dollars. Before this was accomplished, the expedient was resorted to, of curtailing loans; and while they were doing that, they continued the issue of bank notes, thereby continuing the evil which they were striving to avert.

What is the state of the bank now?

On the 1st of March, (see monthly statement marked No. 35,) the bank had \$6,800,000 specie, \$2,840,000 notes of other banks, and of funded debt none!! making an aggregate of \$9,640,000, to meet its circulation of \$23,717,000, deposits \$17,050,000, and foreign debts owing \$1,876,000, making an aggregate of \$42,613,000; and this evil exists while a reaction or contraction is operating to a considerable extent.

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

#### CIRCULAR.

*Bank United States, Oct. 7, 1831.*

SIR: The unusually heavy reimbursements of six millions of funded debt, which was on the 1st inst. advertised by the Government to take place on the 1st and 2d days of January next, but which, according to a subsequent notice from the treasury Department, under yesterday's date, may, it appears, be demanded of the bank, by the public creditors, at any period of the present quarter, is calculated to press very inconveniently upon the parent bank and upon the office at New York; the more so, from our uncertainty as to the time when the necessary provision must be made, and from the prevailing active demand for money. Be pleased, therefore, so to shape your business, immediately, as that without denying reasonable accommodation to your own customers, or sacrificing the interest of your office, you may throw as early as possible, a large amount of available means into our hands in Philadelphia and New York, and at the same time abstain, as far as practicable, from drawing upon either of those points; checks and short drafts, on the local banks, and on individuals, will prove particularly acceptable for several months to come, and whenever direct claims of that kind, on those two places are not to be procured, you might materially aid us, by taking drafts upon the large cities nearest to them.

I am, respectfully, your ob't serv't,  
W. McILVAINE, Cashier.

Addressed to the CASHIERS of all the offices.

Since the 1st of September last the bank has diminished its means to meet the demands which may come upon it—First. The whole of the funded debt which it then held, \$3,497,681 06. Second. The difference between the specie it then held, (\$11,545, 116 51,) and the amount it possessed on the 1st April, \$5,799,753 63.

Making an aggregate diminution of its means to meet its momentary demands, since the 1st of September, of \$8,243,043 94, whilst during the same period, those demands have increased \$1,197,871 51, viz: the circulation, deposits, and foreign debt, the aggregate of which was, on the 1st September \$38,452,758 67, and on the 1st April \$42,650,630 18.

The measures and the effect appear to be similar to those preceding 1819. The extensive discounting of bills and drafts, payable at distant branches, the amount being on the first of April, per monthly statement, \$20,354,748 79. The orders for curtailing at the western branches, and the curtailing at the principal offices in the Atlantic cities, and at the Bank of the United States, the amount of which, at the Bank of the United States between the 5th day of January and the 29th day of March, is \$1,810,408 37; at the office of New York, between the 4th day of January and the 28th day of March, is \$259,305 43; at the office of Boston, between the 5th day of January and the 29th day of March, is \$167,860 85; (and that too, on a discount line of less than two and a half millions of dollars;) at the office of Baltimore, between the 16th of January and the 2d of April, \$123,741 63, and on a discount line of little more than two millions of dollars, as will be seen by the weekly statement of those offices, and the Bank of the United States, marked No. 36.

The most remarkable feature which presents itself to the view of the committee, connected with the present situation of the bank, and the course of operations upon it, since the 1st of September last, is the increase in the circulation of its notes which amounted on the 1st September to \$22,390,447 52, and on the 1st April to \$23,717,441 14, making the increase of \$1,317,993 62. During this period the bank undertook to check the exportation of specie by supplying bills at such a rate as left no inducement for individuals to ship it; to do which they exhausted all the funds which they could procure from every source. Over \$5,000,000 were remitted, as per statement marked No. 16, and still left them with a debt of more than \$1,700,000 in Europe at this period. The cause which led to this necessity still yet exists, with an increase to the extent of the increase of circulation, and but for a decline in the price of specie in Europe, it would still continue to be exported.

The committee would present another striking analogy between the situation of the bank in April, 1819, and its present condition. At the first mentioned period, Mr. Cheves informed the Secretary of the Treasury that the bank would not pay the Louisiana debt of three millions, without negotiating a loan, in Europe, and two millions were actually borrowed in Europe, the indulgence of the Government being obtained to that effect. The bank at this time

is precisely in the same situation; it has asked the government to postpone the redemption of the three per cents, from 1st of July to 1st of October and has assumed the payment of one quarter's interest on these stocks, being substantially equivalent to borrowing seven millions of the Government's money for three months.

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

The committee will here introduce a quotation from Mr. Rush, in his Treasury Report, in 1828; which fully accords with their sentiments. "It is the preservation of a good currency which can alone impart stability to property, and prevent those fluctuations in its value, hurtful alike to individual and national wealth." Again, he says, "This advantage the bank has secured to the community, by confining within prudent limits its issues of paper, whereby a restraint has been imposed upon excessive importations, which are thus kept more within the true wants and capacities of the country." According to the triennial report of the directors to the stockholders of the 1st of August, 1828, the amount of circulation then was \$13,041,760 71; and on the first of April last, as before stated, it was \$23,717,441 14; presenting the astonishing difference of \$10,671,780 43, in less than four years.—Can this be considered, according to the sound doctrine of Mr. Rush, confining its issues of paper within prudent limits, whereby a restraint has been imposed upon excessive importations? That great contractions are injurious, the committee consider they have adduced an authority that cannot well be doubted, and that a great one is now in operation there are too many general evidences in confirmation of the fact to be refuted. A particular one will suffice, which is taken from the documents called for by the Senate, and presented to that body by the Secretary of the Treasury, on the 12th of March last; in which will be found a communication from the president of the bank, stating that the amount of branch notes redeemed by the Bank of the United States at Philadelphia, during the month of February last, only to be \$726,000; and the amount redeemed, in 1831, during the same month, was only \$368,910.

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

In specie, funded debt, and notes of other banks, which, at first named date, amounted, as per monthly state-

ments, to \$21,756,668 10  
And the last to 9,640,000 00

$\$12,116,668 10$

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

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

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

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

For performing this duty, the bank has claimed, and has received from the treasury department, and the country generally, for some years past, merit to an extent that could not have been surpassed, even if all those services it performs were gratuitous. This and other circumstances have led the committee to an investigation of the subject, as far as the limited time would allow, before closing their labors, to see how far the bank is entitled to the credit bestowed upon it, and to what extent the bank has aided the government in the fiscal operations beyond the obligation imposed in obedience to its charter.

The Government, in its collections through the bank of the United States, receives nothing but specie, or notes of the Bank of the United States, and makes its payments in nothing else. If the notes of State Banks are received by the bank in place of its own, it is a private matter between such Banks and the Bank of the United States, and one with which the government does not concern itself; and it is to be

presumed that the Bank of the United States is too watchful and vigilant in the protection of its own interests, not to see that it obtains from the State Banks, for the notes thus taken, specie or its equivalent, or its own notes, in exchange and thereby be provided with a fund from the collection of the revenue equal, in value, to that in which they are required to pay.

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

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

Now the committee are not able to discover upon what principles the foregoing declaration is made. By referring to the correspondence, in 1819, between the then president of the bank and the then Secretary of the Treasury, on the 12th of March last; in which will be found a communication from the president of the bank, stating that the amount of branch notes redeemed by the Bank of the United States at Philadelphia, during the month of February last, only to be \$726,000; and the amount redeemed, in 1831, during the same month, was only \$368,910.

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

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

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

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

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

The operation, as thus described, appears to the committee too plain and simple to require any further illustration; and if the principle is sound, and has been acted upon by the bank, they cannot discover in what manner the operations of commerce could have been disturbed, or the value of pecuniary investments have been affected by the payment of the public debt by the Government.

But if the bank has, as the public revenue

is loaning it out, disregarding the period when they would be called upon to reimburse it, the committee can readily perceive that, when that order arrived, they would be found not only deficient in preparation, but in a state of surprise, and that the payments would first embarrass the bank, and then lead it to press and embarrass the commercial community.

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

#### Congressional Analysis.

[From the *Globe*.]

MAY 7. The Senate did not sit on Saturday.

In the *House of Representatives*, on motion of Mr. CARR, the bill from the Senate, authorizing the Secretary of the Treasury to settle the accounts between the United States and the Farmers' and Mechanics' Bank of Indiana, was referred to the Committee on the Judiciary.

#### COLLECTOR OF WISCASSET.

After some preliminary discussion between Mr. IRVING and Mr. SLADE, who was entitled to the floor on this subject, upon a motion of Mr. S. to postpone the further discussion till Tuesday, which was eventually withdrawn. Mr. S. commenced his speech against the report of the Judiciary Committee, which he continued until the expiration of the hour allotted to morning business.

#### Internal Improvements for 1832.

Mr. SUTHERLAND moved to suspend the rule appropriating the day to private bills, for the purpose of taking up the bill making appropriations for certain Internal Improvements for 1832, which had been heretofore reported from the Committee of the Whole on the state of the Union, which was carried. Several of the amendments, made in Committee, having been concurred in, the clause appropriating \$5,860 for the purpose of paying for certain repairs made to the Cumberland Road, by L. W. STOCKTON, was taken up; and, after a short discussion in which Messrs. CRAWFORD, SUTHERLAND, MERCER, ARCHER, STEWART, and COULTER, took part, was carried. The appropriation for Ocracock inlet, was discussed by Messrs. HALL, and SPEIGHT, and was carried, ayes 110, noes 45. An amendment was moved by Mr. HALL, for the improvement of the harbor of Washington, North Carolina, which was lost. The clause appropriating fifty thousand dollars for the improvement of the navigation of the Ohio and Mississippi rivers, as amended in Committee, was taken up.—Mr. SEVIER moved to amend it by adding \$15,000 for the improvement of the navigation of the Arkansas river, which was adopted. Mr. ASHLEY moved to amend the clause by extending its provisions up the Missouri and Mississippi rivers above their confluence, which was carried. Mr. DENNY moved to increase and extend the appropriation up the Monongahela river to Brownsville, which, after a discussion between Messrs. DENNY, STEWART and BELL, was lost. Mr. WHITE, of Louisiana, then moved an amendment extending the provisions of the act of 1824, for the improvement of the Ohio and Mississippi rivers, to the mouth of the latter, with a view to remedy the bar, which he advocated at some length, and which was adopted. The amendment as amended, was then carried, ayes 68, noes 57. Several amendments proposed in Committee for the construction of roads were concurred in. Mr. SEVIER moved an amendment appropriating \$20,000 for the construction of certain roads in Arkansas Territory, which was agreed to. Mr. ASHLEY moved an amendment for the continuation of the Cumberland Road, which, after a discussion, in which Messrs. ASHLEY, VANCE, DUNCAN, McDUFFIE, MERCER, and IRVING took part, was lost, ayes 55, noes 69. Mr. VANCE then moved an amendment appropriating \$10,000 for the purchase of a Toll Bridge on the Cumberland Road, across the Sciota river at Columbus, which was lost. Mr. LETCHER moved an amendment appropriating \$50,000 for the improvement of Cumberland river, which, after a discussion, in which Messrs. LETCHER, INGERSOLL, BLAIR, of Tennessee; MERCER, and LYON took part, was lost, ayes 63, noes 80. Mr. MERCER then moved an amendment relative to the improvement of the navigation of Savannah river, on which, from the lateness of the hour, the question was not taken. Mr. C. C. JOHNSTON, moved the reconsideration of the vote on Friday, rejecting the bill authorizing a subscription on the part of the United States, to a portion of the Stock of the Alexandria Canal Company, which, on motion of Mr. J. S. BARBOUR, was postponed to Friday next. The House then adjourned.

MAY 10. In the *Senate*, yesterday, the resolution offered by Mr. FOOR, requesting the President to communicate to Congress, at the next session, a plan for the reorganization of the Treasury Department, with a view to a reduction in the number of officers employed, was considered and agreed to. Mr. DICKERSON moved that the bill to appropriate, for a limited time, the proceeds of the sale of the public lands among the several States, be now taken up, but he withdrew it upon the suggestion that the Senate was not full. The bill providing the means of recording patents for the public lands, was read a second time, and, after some discussion, it was laid on the table. Some private bills were forwarded.—The Post Office bill was taken up, and Mr. HOLMES resumed and concluded his speech in favor of the amendment abolishing postage on newspapers. Mr. GRUNDY followed in reply to Mr. HOLMES, and Mr. BIRK commended a speech in support of the amendment. In the *House of Representatives*, the whole sitting was spent in the discussion of the case of Gen. Houston.

MAY 10. In the *Senate*, yesterday, several private bills were acted upon. On motion of Mr. DICKERSON, the bill appropriating for a limited time the proceeds of the sale of the public lands, was taken up. The motion of Mr. KING to refer the bill to the Committee of Public Lands, was discussed and the question being taken, it was decided in the affirmative by the casting vote of the Vice President. The Post Office bill was taken up, and Mr. BIRK concluded his remarks in favor of the amendment abolishing the postage on newspapers. Mr. HILL spoke at considerable length, in opposition to the amendment. Mr. CLAYTON then took the floor and after speaking some time, gave way to a motion to adjourn.

In the *House of Representatives*, Mr. VERPLANCK, from the Committee of Ways and Means, reported a bill making appropriations in conformity to the stipulations of treaties with certain Indian tribes, which was read twice and committed. Mr. NEWTON, from the Committee of Commerce, reported a bill making appropriations for building light houses, light boats, beacons, monuments, and placing buoys, which was read twice and committed.

[The balance of the day was consumed in discussing the case of Gen. Houston, and the House adjourned without coming to a decision.]

MAY 11. In the *Senate*, yesterday, Mr. WAGGAMAN introduced a bill, on leave, for the relief of Elisha Winter and others.

Several private bills were acted on. The Post Office bill was taken up, the question still being on the amendment abolishing postage on newspapers. Mr. CLAYTON concluded his remarks in support of the amendment, and Mr. GRUNDY made some explanation in reply. Mr. HOLMES spoke in reply to the remarks made on Wednesday by Mr. HILL. The question being then taken on the amendment, it was decided in the negative, as follows:

YEAS—Messrs. BELL, BILLY, CLAY, CLAYTON, EWING, FOOT, FRELINGHUYSEN, HAYNE, HOLMES, JOHNSTON, KNIGHT, MILLER, MOORE, NAUDAIN, POINDEXTER, PRENTISS, ROBBINS, RUGGLES, SEYMOUR, SILSBEE, SPRAGUE, TOMPKINS, —22.

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