

large and much more than the balance of trade required.

In a letter of the President, dated June 27, 1817, he observes, "the Directors considering (among other things mentioned) the low state of the specie and individual deposits at your office, and the magnitude of your discounts and those at this Bank, as well for Baltimore as this place, and the very inadequate and disproportionate amount of discounts to which the office at New-York has been restricted in consequence of the daily and excessive drafts from your office and this Bank, which has become the subject of great animadversion," direct that the then amount of discounts should not be exceeded. The same language is held in other letters, XII, XIV, but it terminated in unavailing remonstrances, the Baltimore office continued its drafts and its discounts, and drained the specie from the Northern offices. And such was the want of firmness or of foresight in the parent Board, that after finding its repeated remonstrances disregarded, it never removed one of the offending directors, and took no effectual step to control them, until the adoption of the general resolutions of August 28th 1818, forbidding the offices to draw on each other. The effect of these excessive drafts on the Northern offices, was to compel the constant remittance of specie there, to cripple them in all their operations, to limit their discounts to a trifling amount, to cause the revenue paid there, and which would itself have been a capital for business, to be drawn Southward, thus compelling them to deny to the debtors of the government any indulgence or accommodation in their payments,—to bring those offices into debt with the State Banks to produce a general depression of credit, and a severe pressure for money. Those places were in fact made tributary to Baltimore, and all their means and energies were required to supply its extravagant issues.

A sudden reduction of the Baltimore debt to the Northern offices appears to have taken place in March and April last, and within a few months past those offices have been brought in debt to it. This is accounted for by the Cashier of that office, by saying that it arose principally from Treasury drafts, and by the sale of foreign Bills of Exchange. Drafts were given by the Treasury in some instances, and to considerable amounts directly to Baltimore, on the Northern offices, and in other instances such drafts went through the office in this city. It is not to be presumed that these drafts were given by the treasury with a knowledge of all the circumstances, or with a view to draw the revenue collected at the north, to Baltimore, merely to aid that office in paying its debts. Yet such was the effect, and although it enabled Baltimore to continue its large discounts, it impoverished the Northern offices, and the cities where they were established were made to feel the pressure. The Baltimore debt to the parent bank, will be found to have regularly increased with the reduction of its debts to the other offices, until it remitted \$1,007,000 dollars in bills of ex-

change on London; which remittance is connected, by the testimony of J. W. McCulloch, Esq. with the negotiation explained in the letter of the president XV. The loan which resulted from that negotiation was on pledge of stock that had been pledged at Baltimore, the Bank assumed it, and received the bills of exchange, & paid for them by giving a check on the New-York office for the amount, at the time the Baltimore office was indebted to the parent bank more than six millions of dollars.

It might have been supposed that the pressure of the Baltimore office upon those more north, was owing to its being pressed by the southern and western offices. The fact will however, appear from the table XI, that until September last it was indebted to the office at Lexington, that the debts of Cincinnati, Chillicothe and Louisville to it, were small in amount, and that the only office which has constantly owed it, is New-Orleans, and that office not to a large amount until lately.

From these facts it would seem to result that the embarrassments of the Bank of the U. S. in receiving the notes of all its offices, did not arise so much from the fair and ordinary balance of trade which might have been calculated and provided for, as from the excessive discounts granted at some of the offices, particularly Baltimore and Cincinnati, and the drafts consequent upon these discounts which were made upon the other offices. From the correspondence of the bank with its offices, it is obvious that this was the opinion of the directors and the officers; it is distinctly assigned as one of the grounds for refusing the notes of the offices in the report of the committee X, and it is more strongly urged in the letter of the Boston office submitted and adopted by the President IX, and is eloquently enforced in several of his letters.

This committee is not prepared to say that an uniformly equal currency could have been maintained under the most auspicious circumstances; they are inclined to the opinion that such an attempt would be hopeless, but they consider its abandonment at the time as having been produced by the causes before stated.—The efforts of the bank to meet the payment of its notes at all its offices north of Charleston, it was at the same time selling drafts between those two offices at a premium. A system of domestic exchange was adopted by the bank on the 18th of July 1817, marked XVIII. It contains some provisions which appear exceptionable; but as the plan never was acted upon, it is deemed not necessary to notice them. It has been impracticable for the committee to ascertain the amount, or the rates of the drafts, sold by and upon the offices. On examination of the books of the parent bank it appears that drafts were sold by it on Charleston, New-Orleans, and Savannah, within a few days of each other at very different rates; on one day at one per cent. and on another day at five per cent. on the same office. It would be in vain to attempt to account for these fluctuations.

From the testimony of the Cashier and Teller of the bank, the teller of the bank of North America, and of the cashier and teller of the office at Baltimore, it will appear very satisfactorily that the conduct of the bank and that office in adopting the new system of refusing the notes of the branches, was perfectly fair and equitable; that the bank and the Baltimore office promptly paid and received all the notes of the other offices which they had paid out previous to the change of the system whenever application was made for the purpose,

and that in no instance have they refused to do so. Injury probably was suffered by those who had received the depreciated notes in the usual course of business, but the committee cannot perceive how the bank could have changed its system in any manner less injurious to itself and less inconvenient to the public than that which was adopted.

From this change of system, which placed the notes of the offices on the same footing with those of the local banks in their vicinities resulted a greater difference in the exchange between the different parts of the Union. The offices at New-Orleans, Savannah and Charleston, had never been included in the plan of equalizing the currency. They had always been left to their own discretion in receiving or refusing the notes of the other offices. In May, 1817, the offices at Charleston and Savannah were authorized to draw on those at the north at a premium. In April, those at Lexington and Cincinnati were authorized to purchase bills on the eastern and northern cities. In December, 1817, the southern offices were authorized to draw at a premium on those at the north.

In October and November 1817, the western offices were authorized to draw at a premium on Philadelphia & the offices south of it, and it appears that the offices at Lexington and Cincinnati, before February 1818 were in the practice of drawing on the eastern cities. These facts show that the bank and most of its offices, sold drafts upon each other long before the adoption of the resolution of the 28th August 1818, refusing the notes of the offices; and establish that while the bank was attempting to equalize the currency, by the payment of its notes, at all its offices north of Charleston, it was

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However dangerous to the community may be the power of selling drafts, in the hands of an institution whose resources may be adequate to the control of domestic exchange, according to its interest or its caprice, yet the committee cannot entertain a doubt that the bank possesses the power. Excepting the fluctuations before noticed, the rate of premium has not hitherto been extortionate, in any instance which has come to the knowledge of the committee. The proceedings of the bank and its offices, and the reasons and views entertained by them, are ex-

hibited by the report XVIII, in the letter of the president XIX, and in the extracts from his correspondence XX.

Various opinions are entertained on the expediency of the bank's selling its drafts. While many suppose that it would consult its own dignity and interest, in refraining from the practice, and would receive an equivalent for the loss of premium, in the confidence and support of the commercial community, by delivering its drafts gratuitously, when it was convenient to draw at all; others contend that the system of gratuitous drafts, would open an avenue to favoritism, and, at all events, would expose the bank to the charge, in a greater degree, than if it sold its drafts.

Without expressing any opinion upon those subjects, upon which the community is much divided, and to which the attention of the committee has not been particularly directed, they content themselves with observing that if drafts are sold, they ought to be at fixed, known, and permanent prices, not exceeding the price of transportation of specie, on the fair *ratio* of business; the want of these fixed prices, in the bank and its offices appear to your committee censurable.

Connected with the subject of exchange, is that of dealing in the notes of the state banks. In a letter of the president, to the Charleston office, which received the sanction of the board of directors marked XXI, an opinion in favor of the legality and propriety of such purchases is expressed. No evidence, however has been obtained, that they have actually been made. The practice, in the opinion of the committee would be highly improper, and dangerous and contrary to the spirit, if not the words of the 9th fundamental article.

Among the resolutions of the directors are two on the subject of discounts, on a pledge of stock, marked XXII & XXIII, passed the 18th and 27th Dec. 1816. These resolutions obviously contemplate only discounts to the stockholders, and one avowed object was to facilitate the payment of the specie part of the second instalment, which was ten dollars on a share, and to be paid by the 23d January 1817. The loans were to be confined to the proportions of the coin part of the second instalment, on the shares which had been subscribed at the places where offices were then in operation, New-York, Boston and Baltimore. The total amount of these loans, to pay the specie part of the said instalment, on the 20th of Feb. 1817, Philadelphia, was \$199,921.37 dollars and at Baltimore, at that date was \$138,320.00 dollars.

The committee have not obtained information of the amount at New-York and Boston, but they are informed by the officers of the bank, that the discounts at those places were to a very trifling amount, if any. The committee can see no reason to justify these premature efforts, to aid the payment of the second instalment, before it fell due, and before the experiment was made to ascertain how much could be paid in specie. Those efforts do not appear to have been very successful, for \$39,085 dollars only, were paid

during the month of January 1817, while 1,078,319 was paid after that period, the greatest proportion in May and June, as will appear from an abstract prepared by the committee, and now submitted marked XXIV.

(To be continued.)

MADISON 3

FEBRUARY 13, 1819.

We understand that Mr. MARPLE, the cashier of the Muskingum bank, was overtaken at Louisville and has returned voluntarily to Zanesville, where he is now at large, and has given security for any deficiency that may be discovered in the funds of the bank. It was found that he had charged himself with large sums on the books of the bank, sufficient, it is supposed, to cover all deficiencies.—*Cin. Gaz.*

CONGRESS.

IN SENATE.

MONDAY, JANUARY 18.

The bill to provide for the more convenient organization of the courts of the United States, was read a third time; and, on the question of its passage, it was decided in the affirmative.

HOUSE OF REPRESENTATIVES.

TUESDAY, JAN. 19.

The bill from the senate to provide for the more convenient organization of the United States, and the appointment of Circuit judges, was twice read and committed.

BANK OF THE U. S. STATES.

Mr. Trimble offered for consideration the following resolution:

Resolved by the senate and house of representatives of the United States of America in congress assembled, That the attorney general of the United States, in conjunction with the District attorney of Pennsylvania, shall immediately cause a *scire facias* to be issued, according to the 23d section of the act "To incorporate the subscribers to the Bank of the United States," calling on the corporation created by the said act to shew cause wherefore the charter thereby granted shall not be declared forfeited; and that it shall be the duty of the said officers to cause such proceedings to be had in the premises as shall be necessary to obtain a final judgment thereon; for the expenses of which Congress will hereafter provide.

Mr. T. then said that he would briefly state the reasons which induced him to offer the resolution which he had submitted. He ought first, however, to make an apology to the committee who had made the able, and, he hoped, useful report upon this subject. From that report, he had inferred that the committee did not intend to offer any proposition leading to an enquiry into the question of forfeiture. It was possible that the committee might, from motives of delicacy, decline the submission of any measure involving the enquiry. That he might commit no mistake in that respect, he said he had thought it his duty to wait on the honorable chairman of that committee; by whom he was authorised to state, that the committee did not intend to report a proposition to that effect; and that any proposition of that tendency would come with equal propriety from any other member of the house.

It is manifest, said he, that public confidence in the Bank is shaken to its foundation, and that it has become the imperious duty of this House to act carefully and promptly on the subject: That when the bank was established, it was expected it would coerce the resumption of specie payments: That it would curtail the emanation of paper issuing from fugitive country banks, and, by every means in its power, assist in restoring the parity of exchange between the states: That the Treasury of the United States