

HOUSE OF REPRESENTATIVES.

MONDAY, FEB. 27, 1882.

BANK OF UNITED STATES.

The following resolution submitted on the 23d inst. by Mr. CLAYTON was taken up:

Resolved, That a select Committee be appointed to examine into the affairs of the Bank of the United States, with power to send for persons and papers, and to report the result of their enquiries to this House.

Mr. WATMOUGH moved that the question whether the House would consider the resolution be put.

Mr. POLK said, the resolution having been presented and acted on by being postponed till to-day—this question was out of season.

After some conversation on the point of order, as well upon the circumstances in which the resolution now came up, in which several members took part, the SPEAKER decided that the resolution having been presented by unanimous consent, and the consideration of it postponed till this day, as appeared by the journals, it was now in the possession of the House.

Mr. WILLIAMS moved to lay the resolution on the table.

Mr. FOSTER said, if the gentleman from North Carolina persisted in that motion he should feel compelled to do what he had never before done—to move a call of the House.

Mr. McDUFFIE said he hoped the gentleman would withdraw the motion to lay upon the table.

Mr. WILLIAMS then withdrew his motion to lay on the table, and moved to refer the resolution to the Committee of Ways and Means.

Mr. CLAYTON said he had flattered himself in presenting this resolution, to have found it acceptable to those who were favorable, and those who were unfavorable to the rechartering of the Bank. It was a subject in which the whole country was deeply concerned. If the management of the affairs of the Bank had been such as had been represented—no objection could be anticipated from its friends—any scrutiny to which it could be subjected, would, in their view, place its claims on stronger grounds. But if opportunity for investigation is declined, the inference—

The SPEAKER said it was not in order to go into the general merits under the present motion to refer.

Mr. WILLIAMS said he would withdraw his motion to refer, in order to give that opportunity.

Mr. CLAYTON said, that in appointing the Committee contemplated by the resolution, the House only exercised the power expressly given them by the Charter of the Bank. [Mr. C. read this provision in the Charter.] The respectable Committee of this House who reported the bill on your table have stated this power to be a wholesome and necessary one. [Mr. C. quoted from the report of the Committee of Ways and Means.] The minority of that Committee think it is necessary to exercise this power. [Mr. C. read from the report of the minority.] It was in consequence of their reports that he had been induced to present the resolution under consideration. The report of the majority of the Committee placed the claims of the Bank to the renewal of its charter on the broadest ground. If on a proper and careful investigation of facts, it is shewn to be of so much importance, will it not strengthen the claims? But, if on the other hand the friends of the Bank shrink from the enquiry, the inference will not be favorable. He was ready to state to the House the items he wished might be examined into, of which he had drawn up a list by way of a bill of indictment. Some of them charged not only a mere abuse of the charter, but an actual violation of it.

1. The illegal issue of seven millions of branch bank orders as currency.

2. Usurious contracts relative to depreciated bank notes at the West. [Mr. C. read a part of the reported case in the U. S. Supreme Court, Bank of the United States vs. Owings et al. which proved, he said, a distinct case of usury, and there were many other instances in Ohio and Kentucky, involving nearly a million dollars in each of those States.]

3. The practice of compelling borrowers to draw domestic bills at an usurious discount, in cases where simple loans of money were requested.

4. The non user of charter from 1819 to 1829, in not issuing notes from the branches of the south and west.

5. Building houses for rent. Mr. C. contended that purchases of plantations, or any speculations in real estate, were contrary to the charter.

6. Of the capital stock, there was not a due proportion of coin. He said the Government deposits were \$16,000,000—those of individuals, \$8,000,000. The circulation above \$20,000,000. To meet all these, they had not more than \$7,000,000.

7. Foreigners voting for Directors through trustees

Mr. C. then stated another list of abuses, though not violations of the charter. They were—refusing the cash for notes of the Mother Bank, or to take them in deposit at the Branches: affording facilities to Members of Congress denied to other citizens: proceedings between the Bank and Brokers, relative to Stocks: facilities to Printers, Editors, Lawyers, &c.: management upon local Banks to procure petitions in favor of re-chartering the Bank: the present state of the Bank: amount of coin and bullion drawn by the Bank from the South and West: the establishing agencies, consisting of a single person, for the purpose of trading in Exchange. After

stating the above points as requiring investigation, Mr. C. said, the Bank were the last party to refuse a scrutiny. Petitions had been poured upon the table, recommending the renewal of the charter.— They were got up with great facility. Several States had expressed themselves unfavorable to the powers now exercised by the Bank. He was aware that it was not deemed fashionable here to listen to the voice of the States. He thought the States were entitled to as much respect as any petty monied corporation whatever. The examination he had moved was required by the interest of the public. In his own State the Branch Bank had been conducted in the most intolerant manner. The leading officer of that institution has publicly threatened what he will do when the charter of the Bank is renewed. He hoped a full enquiry into the proceedings complained of, would be made. It was due to the importance of the subject. Upon a former occasion a Committee was raised by this House, and full investigation of the affairs of the Bank, was made, in order to satisfy the public of its standing. Such an examination the bank owed to itself at this time. It would enable it to prove to the world by other testimony than its own statement of its soundness and correctness of procedure. But if the Bank refuses to permit this step to be adopted, it gives up all claim to the confidence of any branch of this government.

Mr. WAYNE said he understood his colleague [Mr. Clayton] to say that an officer of the branch bank had threatened what he would do after the charter was renewed. He doubted whether he had used threats, but he had no doubt but that the Bank would act as had been suggested.

Mr. LAMAR said he had evidence in his possession of the correctness of the statement.

Mr. McDUFFIE said, where any substantial charges are submitted to the House under the authority of a respectable man, he felt bound to go into the investigation, cost what it might. It was obvious that the resolutions before the House imported an enquiry of a grave character. It was not to be lightly done. The gentleman from Georgia, [Mr. Clayton,] had drawn up his indictment—it contained some 15 or 20 counts. He would take the first as a specimen of the whole. It related to the Branch Bank orders. Upon a fair investigation, all the other counts would end as this would, on being understood. The charge is, that the Bank has violated its charter. How? For doing that which the charter expressly authorizes—in issuing bills of exchange? What objection is there to dealing in exchange? Will you denounce the very object of the charter? What, after all, is the great crime against their charter committed by the Bank? Why, they have been so atrocious as to color the paper on which their drafts are made, which gives to them a resemblance to Bank bills! This is the real offence. This breach of the charter is the idlest of all talk. It can bear no discussion. He would not have recommended bills of exchange so small in their amount. They were required by necessity. The officers of the Bank—the President and Cashier who were required to sign the ordinary notes of the Bank, were incapable of doing it sufficiently to meet the public wants. Has any body been injured by this course? Is not the Bank liable to pay them? The Bank is authorized by its charter to deal in exchange. It had given the Branches authority to draw. Will any body say the Bank is not liable? Oh! but the drafts are payable no where! In fact, they are payable every where. In this respect, they differ from the ordinary Bank notes, which were only payable where they are issued, while these drafts are paid at all the Branches.

2. The count upon the broken bank notes is subject, he thought, to demurrer. Mr. McD. went into a full explanation of the circumstances of the reported case which was not, he said, settled on facts formed by verdict, but on a case arising on demurrer.— Besides, the former difficulties ought not to be visited upon the present officers. As to the purchase of domestic bills of exchange, that was one of the ordinary transactions of the Bank. Was he to understand that dealing in exchange was a violation of the charter?

Mr. CLAYTON, said he alluded to transactions like this. A person has a note due. He goes to the Bank and wishes further time. This is refused but he is told that if he will draw a bill on his factor at 60 days, it will be received at 2 per cent. discount—which if not paid, comes back protested and loaded with damages. This was not dealing in exchange it was a mere subterfuge for usury.

Mr. McDUFFIE said no such charge could be made out. He could conceive a case where the Bank might want funds at a particular point and would grant an indulgence to a person who would place funds there, which it would not otherwise do. Its rate of exchange has been almost invariably less than that of the brokers. As to the non user of the charter by the branches at the South and West, by not issuing bills, any man could see that if the Bank never issued a bill, it would not by that means violate its charter. Its object is to grant discounts. It is not obliged to pay out its own notes; it may pay the notes of other banks or specie. By issuing its own bills and attempting to pay them at all points, the Bank was nearly ruined in 1818. The demand for loans in the West was enormous. The balance of trade carried all the bills issued there to New York and Philadelphia, where specie was demanded. No man would give even a quarter of one per cent. for exchange, when bank bills, which would command specie, might be sent equally well. Mr. McD. explained how the Bank, under the charter, might properly become owner of land, and being owners, he contended, had a right to improve it by building, cultivation, or any other lawful manner. He did understand the charge of deficiency of coin.

Mr. CLAYTON said, the clause from the charter provides that the Bank shall not owe a greater sum than its effects in hand.

Mr. McDUFFIE said, the Banks were not only able to pay their debts, but were too able for the interests of the share holders. They could not only pay all the debts and the capital, but a large surplus besides. As to the charge of voting by foreigners through trustees, he thought it would turn out without foundation.— There might be instances of stock standing in name of citizens which were beneficially owned by foreigners. What authority there was to prevent this, he knew not. With regard to the abuses which were not a violation of the charter, which Mr. CLAYTON had recapitulated, Mr. McD. discussed them, each item by itself, and

relative to stock jobbing, amounted, in fact, to eulogium. It seemed to have been expected of this Bank to do what no bank ever did, or ever expected to do. He begged the House to recollect the delicate and fragile nature of bank credit. There were other considerations worthy of attention. A large portion of the stock belongs to widows and orphans, whose interest the House was bound to protect. No reason had been given sufficient to justify the expense and delay which a Special Committee would occasion. He hoped such a direction would be given to the subject as might put an end to the discussion. He had no doubt from his knowledge of the gentleman from Georgia [Mr. Clayton] he regarded this great and beneficial institution as one of the heaviest of curses—and under the influence of this prepossession he had given credence to the statements he had made—he was convinced of his sincerity. But suppose the resolution be adopted The

ty. But suppose the resolution be adopted. The Committee are raised—go to Philadelphia for a full examination of the institution—the question could not be acted on the present session. The gentleman from Georgia had no intention in producing this effect; but such would be the consequence. He (Mr. McD.) would vote against this or any other enquiry which were not founded upon facts stated upon the responsibility of some member on this floor. If any abuse could be shown which would justify the expense of going to Philadelphia, let the consequences be what they might, he would vote in favor of it. But upon these charges, without a single substantial fact to support them; he hoped no delay would arise.

The foregoing sketch of the remarks of Messrs. Clayton and McDuffie is very bald and imperfect, and would not have been given but from a desire to furnish our readers with a prompt notice of the proceedings.

After Mr. McD. concluded, the House took a recess till seven o'clock, agreeably to vote of Friday.