

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES,

TRANSMITTING.

In compliance with a resolution of the Senate, copies of correspondence between the Secretary of War and the Bank of the United States, in relation to the sale of the bonds of that institution.

JANUARY 11, 1839.

Read, and ordered to be printed.

WASHINGTON, January 11, 1839.

I transmit, herewith, a report of the Secretary of War, in reply to the resolution of the Senate of yesterday's date, calling for information respecting the agreement between him and the United States Bank of Pennsylvania, on the subject of the sale or payment of certain bonds of that institution held by the United States, and respecting the disposition made of the proceeds thereof.

M. VAN BUREN.

To the SENATE of the United States.

WAR DEPARTMENT, January 11, 1839.

SIR: In reply to the resolution of the Senate of the 10th instant, requesting you to communicate the terms of agreement, informal or otherwise, entered into between the Bank of the United States and myself, respecting the sale or payment of one or more of the bonds of that institution held by the United States, and asking copies of correspondence, &c., referred by you to this department, I have the honor to state, that some time in July last, in order to facilitate the speedy and successful termination of a negotiation at that time pending between the Secretary of the Treasury and Mr. Macalester, I acceded to the proposition of the latter that, in the event of the sale of the bond being perfected, the amount of the purchase money should be absorbed by the expenditure of this department, and the funds be placed by the bank at such points and in such amounts as they might be required, not to exceed \$500,000 a month from this source; and gave him an assurance that this arrangement should be carried into effect, provided no objection were made to it by the Secretary of the Treasury. Mr. Macalester was accordingly furnished with a statement, showing at what places and periods, and in what amounts, these funds would be wanted, a

copy of which is herewith furnished, marked A. This arrangement was, on proper explanation, subsequently concurred in by the Secretary of the Treasury, and its details have been carried into effect through his office; and I have reason to believe that it aided essentially to produce the favorable issue of the negotiation. It has been carried into effect in a manner perfectly satisfactory to this department; the public creditor having been paid in such funds as he preferred to receive. I think it proper to mention, that while Mr. Macalester was conducting his correspondence with the Secretary of the Treasury in April, he applied to me to know the probable requirements of this department for the residue of the year; and finding that in all probability they would be very heavy, he expressed a desire, which was subsequently reiterated by the bank, that the purchase of the bond should be negotiated by me, and the bond be transferred to the use of the War Department; to which I replied, as stated by Mr. Biddle in his published letter to the Secretary of the 13th August, that such an arrangement could not legally be made. That subsequently entered into by this department with Mr. Macalester, on which, in a great measure, depended the success of the negotiation for raising the necessary funds to carry on the operations of the Government, and which was afterwards sanctioned by the Secretary of the Treasury, being both legal and advantageous to the interests of the United States, I deem it unnecessary to say more than to repeat the opinion expressed by the Secretary of the Treasury in his report on this subject, that the agreement finally concluded with the bank was forced upon the Government by the conditions imposed upon the sale of the bonds, and was entered into upon the fullest conviction, which subsequent events have proved to be well grounded, that it was not only the most advantageous which could be made for the interests of the Government, but presented at that time, in connexion with the arrangement for the mode of paying the bond due in September, 1838, the only means by which a failure to meet the pecuniary engagements of the United States, or the alternative of another call of Congress by the President, could be avoided. Under these circumstances, and with these convictions, I regarded it to be my duty to use my best endeavors to assist in bringing the negotiation for the sale of the bond to the bank to a successful issue, especially as these funds were required to carry on the important operations of this department, on which, at that particular period, the peace and the character of the country so essentially depended.

"Copies of all circulars issued, or instructions given by any branch of the War Department, relative to the mode or medium in which money arising from the sale or payment of the said bonds, or any part thereof, was to be disbursed," have been furnished under a previous resolution of the Senate, of the 20th ultimo.

There is no evidence in this department of the amount which has been disbursed in the notes of the bank under these instructions, nor of the particular objects to which they have been applied. The officers to whom remittances have been made by drafts issued by the Treasury for war warrants on the proceeds of the sale of the bank bonds have rendered no such returns.

Copies of all the correspondence relating to this subject, on the files of the department, are herewith transmitted, marked B, C, D, E, F, G, and H.

Very respectfully, your most obedient servant,

J. R. POINSETT.

To the *PRESIDENT of the United States.*

A.

Statement showing the different points at the south and west at which funds will be required by the War Department during the third quarter of 1838, and the amount that will probably be wanted at each during each of the months of the quarter.

POINTS WHERE WANTED.	Amount required in each of the months of			Aggregate.
	July.	August.	September.	
Pittsburgh, Pa. - - - - -	\$13,780	\$38,235	\$22,790	\$74,805
Fort Monroe, Va. - - - - -	4,000	5,000	5,500	14,500
Harper's Ferry, Va. - - - - -	15,000	15,000	15,000	45,000
Richmond, Va. - - - - -	6,449	48,319	4,734	59,492
Wheeling, Va. - - - - -	808	6,872	404	8,084
Norfolk, Va. - - - - -	1,500	5,000	24,000	30,500
Fayetteville, N. C. - - - - -	7,985	30,376	6,492	44,853
Wilmington, N. C. - - - - -	-	3,000	6,000	9,000
Newbern, N. C. - - - - -	3,000	1,000	3,000	7,000
Washington, N. C. - - - - -	-	-	3,000	3,000
State of South Carolina - - - - -	-	3,500	-	3,500
Charleston, S. C. - - - - -	56,084	72,714	59,542	188,340
State of Georgia - - - - -	-	5,000	-	5,000
Savannah, Geo. - - - - -	52,645	44,984	32,322	129,951
Augusta, Geo. - - - - -	5,300	5,300	5,400	16,000
Newport, Ky. - - - - -	150	200	200	550
Louisville, Ky. - - - - -	150	200	10,200	10,550
Lexington, Ky. - - - - -	5,923	50,346	2,961	59,230
Fort Cass, Tenn. - - - - -	40,000	60,000	60,000	160,000
Memphis, Tenn. - - - - -	1,000	2,000	2,000	5,000
Nashville, Tenn. - - - - -	2,098	19,834	11,049	32,981
Pulaski, Tenn. - - - - -	258	2,193	129	2,580
Jackson, Tenn. - - - - -	493	4,194	246	4,933
Knoxville, Tenn. - - - - -	1,629	13,850	814	16,293
Jonesboro, Tenn. - - - - -	416	3,541	208	4,165
Cincinnati, Ohio - - - - -	4,869	50,891	22,434	78,190
Baton Rouge, La. - - - - -	2,800	2,800	2,900	8,500
Fort Jesup, La. - - - - -	-	-	5,000	5,000
New Orleans, La. - - - - -	35,362	44,089	46,181	125,633
State of Louisiana - - - - -	-	30,500	10,000	40,500
Indianapolis, Ind. - - - - -	1,994	16,953	12,997	31,944
Richmond, Ind. - - - - -	-	12,000	-	12,000
Terre Haute, Ind. - - - - -	-	-	20,000	20,000
Natchez, Miss. - - - - -	170	1,449	85	1,704
Carmi, Ill. - - - - -	779	6,629	389	7,797
Vandalia, Ill. - - - - -	-	8,000	4,000	12,000
Marshall, Ill. - - - - -	-	-	10,000	10,000
Mount Vernon, Ala. - - - - -	1,000	1,000	1,000	3,000
Huntsville, Ala. - - - - -	508	4,321	204	5,033
Mobile, Ala. - - - - -	978	8,318	20,489	29,785
Fort Leavenworth, Mo. - - - - -	10,000	10,000	10,000	30,000
State of Missouri - - - - -	-	28,070	8,000	36,000
St. Louis, Mo. - - - - -	356,543	135,543	36,196	528,282
Liberty, Mo. - - - - -	1,000	2,000	2,000	5,000
State of Arkansas - - - - -	-	20,000	15,000	35,000
Fort Gibson, Ark. - - - - -	5,000	15,000	15,000	35,000
West of Arkansas - - - - -	130,000	50,000	100,000	280,000
Little Rock, Ark. - - - - -	4,171	5,460	5,585	15,216
Florida - - - - -	1,000	11,000	41,500	53,500
St. Augustine, Flor. - - - - -	79	30,673	30,039	60,791

A—Continued.

POINTS WHERE WANTED.	Amount required in each of the months of			Aggregate.
	July.	August.	September.	
Garey's Ferry, Flor. - - -	\$30,000	\$30,000	\$30,000	\$90,000
Tampa Bay, Flor. - - -	-	20,000	20,000	40,000
Appalachicola, Flor. - - -	3,000	12,900	4,000	19,900
Tallahassee, Flor. - - -	79	673	39	791
Pensacola, Flor. - - -	-	16,500	5,000	21,500
Cherokee country - - -	15,000	50,000	45,000	110,000
Total -	823,001	1,065,357	799,019	2,687,377

B.

From N. Biddle, Esq., president U. S. Bank of Pennsylvania, to the Secretary of War.

BANK OF THE UNITED STATES, August 1, 1838.

SIR: There has this day been deposited in this bank, to the credit of the Treasurer of the United States, the sum of two million two hundred and fifty-four thousand eight hundred and seventy-one dollars and thirty-eight cents. This sum, it is understood, will be disbursed according to the arrangement between Mr. Macalester and yourself, by your department, in such amounts, and at such places, as the public service may require; not exceeding \$500,000 per month. The schedule of payments, prepared in your department for Mr. Macalester, includes the disbursements for the month of July last; but, as the proposal to purchase was not accepted until the 30th of that month, I presume that the schedule is somewhat obsolete. My present purpose, therefore, is to request you to give me a list of the places and times and amounts, of your disbursements for the next three months, in order that I may take immediate steps to furnish the funds at the points where they are wanted.

In the mean time, I remain, very respectfully, yours,

N. BIDDLE, *President.*

HON. J. R. POINSETT, *Secretary of War.*

C.

Letter from the acting Secretary of War to N. Biddle, Esq.

WAR DEPARTMENT, August 3, 1838.

SIR: In the absence of the Secretary of War, I have the honor to acknowledge the receipt of your letter of the 1st instant, requesting a statement of the points where the funds proposed to be furnished by the institution over which you preside, for expenditures during the next three months, by this department, will be wanted, and the amount that will be required at each point.

This estimate must be founded on the estimates of the disbursing bu-

reaus of the department, which it will take some days to make out; but it will be prepared and forwarded to you as early as it can be completed.

Be pleased to inform me whether, in the expression "next three months," in your letter, you included the present month, or mean the three succeeding it.

Very respectfully, your obedient servant,

S. COOPER,

Acting Secretary of War.

N. BIDDLE, Esq.,

President Bank of the U. S., of Pennsylvania, Philadelphia.

D.

Letter from N. Biddle, Esq., president of the United States Bank of Pennsylvania, to the acting Secretary of War.

BANK OF THE UNITED STATES, August 6, 1838.

SIR: On my return from New York this afternoon, I had the pleasure of receiving your favor of the 3d instant, and hasten to say, that the arrangement for the disbursements of the War Department can include or exclude those of the present month, at your option. Whatever is most convenient to you will, on that account, be most acceptable to the bank, as well as to

Yours, very respectfully,

N. BIDDLE, *President.*

S. COOPER, Esq.,

Acting Secretary of War, Washington, D. C.

E.

From the acting Secretary of War to N. Biddle, Esq.

WAR DEPARTMENT, August 17, 1838.

SIR: In your letter of the 1st instant, you ask for a statement of the points at the south and west, at which money will be wanted by this department during the "next three months," and the amount required at each, in each month, and in your subsequent letter, of the 6th, you leave it at the option of the department to include the present month as one of the three, or to exclude it. In consequence of a conversation with Mr. Dunlop, when he was here, a short time since, I have determined to include it. For it, and the month of September, the statement furnished Mr. Macalester, and which you have, will be correct, with the following modifications:

1st. To the sum estimated in the statement as wanted in September, in Tennessee, add \$650,000, which will be required in that part of the Cherokee country lying within that State.

2d. From the sum estimated as wanted at Mobile, Alabama, in September, deduct \$20,000, which will reduce the sum required at that point, in that month, to \$489.

Thus modified, that statement, and the one for October, herewith transmitted, will furnish the required information.

I proposed to furnish a list of the disbursing officers, to whom the drafts on account of the department are to be sent; but I have found that it will

be impracticable to do so, in consequence of the changes that will become necessary in the positions of the disbursing officers, and of the probable substitution of other individuals for those now employed in that capacity.

The aggregate required for each month greatly exceeds the amount to be furnished monthly by the bank, in accordance with the understanding with this department. It would, therefore, seem necessary that a discrimination should be made of the points embraced in the statement, where the bank should place the monthly supply of \$500,000, together with a schedule of the distribution of this sum amongst those points. But as I understand that this matter is to be arranged between the bank and the Treasury Department, I have not given my attention to it.

Very respectfully, your obedient servant,

S. COOPER,

Acting Secretary of War.

N. BIDDLE, Esq.,

President of U. S. Bank of Pennsylvania, Philadelphia.

Statement showing the points in the south and west at which funds will probably be wanted for disbursement during the month of October, and of the amount that will probably be required at each point.

Places.	Amount.	Places.	Amount.
Pittsburgh, Penn.	\$16,700	Louisiana - -	\$20,000
State of Virginia -		Indianapolis, Ind.	10,000
Fort Monroe, Va.	4,800	Richmond, do.	9,000
Harper's Ferry, do.	15,000	Terre Haute, do.	9,000
Richmond, do.	5,000	Chicago, Ill.	5,700
Norfolk, do.	14,200	Vandalia, do.	15,000
Fayetteville, N. C.	6,000	Marshall, do.	15,000
Wilmington, do.	6,500	Mount Vernon, Ala.	1,000
Newbern, do.	5,500	Fort Leavenworth, Mo.	10,000
Washington, do.	2,000	Missouri - -	16,000
South Carolina -		St. Louis, do.	41,915
Charleston, S. C.	51,666	Liberty, do.	1,666
Georgia - -		Arkansas - -	15,000
Savannah, Ga.	41,000	Fort Gibson, Ark.	10,000
Augusta, do.	5,300	Little Rock, do.	4,500
Newport, Ky.	200	Florida - -	150,000
Louisville, do.	43,467	St. Augustine, Flor.	36,500
Lexington, do.	2,000	Garey's Ferry, do.	30,000
Fort Cass, Tenn.	30,000	Tampa Bay, do.	20,000
Memphis, do.	1,666	Appalachicola, do.	3,300
Nashville, do.	5,000	Pensacola, do.	5,000
Cincinnati, Ohio	39,000	Cherokee country -	25,000
Baton Rouge, La.	2,833		
Fort Jesup, do.	5,000		
New Orleans, do.	65,200	Total - -	821,613

F.

From the acting Secretary of War to N. Biddle, Esq.

WAR DEPARTMENT, August 18, 1838.

SIR: In the statement of the amount of funds which this department would require for the month of October next, transmitted to you yesterday, it is estimated that \$500,000 would be wanted at Little Rock, and \$650,000 in the Cherokee country. It has since been discovered, that the first of the above sums should have been \$504,500, and the latter \$675,000.

Very respectfully, your obedient servant,

S. COOPER,

Acting Secretary of War.

N. BIDDLE, Esq.,

President Bank of the United States of Pennsylvania, Phila.

G.

Letter from the acting Secretary of War to the Hon. J. R. Poinsett.

WAR DEPARTMENT, August 11, 1838.

SIR: Mr. Dunlop, one of the assistant cashiers of the United States Bank of Pennsylvania, called upon me to ascertain if something could not be done to relieve the bank from the heavy drafts recently made upon it at Philadelphia, after it had arranged to make payments in the south and west agreeably to an understanding with the department.

There seems to have been a misunderstanding between the departments and the bank on this subject. The arrangement with the bank was completed on the 30th of July, I think, and Mr. Macalester was furnished by this department with a schedule of moneys which would be wanted at distant points in the south and west during the months of July, August, and September; whereupon the bank proceeded to make deposits at those points, presuming that that list furnished the best evidence of the wants of the department, and not doubting that the bank would be required, under its arrangement with the department, to pay at those points during the months of August, September, &c. A duplicate list was furnished to the Secretary of the Treasury, who, not being apprised of the views of this department or of the time the payments should commence, has already drawn on Philadelphia direct for \$130,000; and I understood from him, yesterday, that drafts on Philadelphia to the amount of about \$400,000 more, had been, or would be, sent to the south and west, and might be expected to return for payment in the course of from thirty to ninety days. You will perceive, therefore, that the notice of drawing direct upon Philadelphia could not have been anticipated by the bank, and that I must put it to some inconvenience. Mr. Dunlop has had an interview with Mr. Woodbury, who, I understand, will make arrangements for future payments according to the list furnished, so far as he can do so consistently with

the public interest. I do not, therefore, apprehend that any further misunderstanding or difficulty will occur.

Very respectfully, your obedient servant,

S. COOPER, *Acting Secretary of War.*

Hon. J. R. POINSETT,

Secretary of War, White Sulphur Springs, Virginia.

H.

Letter from Hon. J. R. Poinsett to the acting Secretary of War.

WHITE SULPHUR SPRINGS, August 17, 1838.

SIR: I am very sorry the bank should have experienced any inconvenience from the want of a proper understanding between the departments. I certainly acceded to the proposal made by Mr. Macalester on the part of that institution, that if the arrangement contemplated were made with the Treasury the purchase money of the bond should be absorbed by the expenditures of the War Department, and stated to him that the principal sums, if not all of them, would be required at points in the south and west, where the chief disbursements were to be made. He was, as you may recollect, furnished with a statement of the places where the several amounts would be required, and I cannot but think the bank would have reason to complain if any alteration be made in that plan, as this was done on my part to furnish inducements to the bank to make the purchase. I assured Mr. Macalester, likewise, that not more than \$500,000 a month would be drawn from that source. I explained the substance of this informal understanding with the bank to Mr. Woodbury, but he may not recollect it. You may remind him that he told me at the time that as the principal part of the revenue of the country was collected in the east, no part of this money would be required there. I would much regret that any circumstances should require him to make a different arrangement of these funds, for I cannot believe the public interests would suffer by payments being punctually made by the bank at the places where the money is wanted. You will endeavor so to regulate this matter in future as to comply with the assurances given, and which, at the time, I thought myself authorized to give, so far as may depend upon the action of the War Department.

I am, sir, your obedient servant,

J. R. POINSETT.

Major COOPER, *Acting Secretary of War, Washington.*