





Had it began to make preparation to pay half of the three per cents in July, it would have been obliged to issue another circular similar to that of October, calling upon all the branches for funds, not to loan government debtors, but to pay the government creditors at New York and Philadelphia.

I was satisfied from an investigation of the affairs of the bank, that it could not promptly redeem the three per cents, and stated that opinion three months ago. Had another circular been issued at this time, after an active demand for money for six months, and in the present condition of the bank, it would have produced a pressure upon the offices at Philadelphia and New York, which would have extended to every part of the Union. This could never have happened, if the bank had not injudiciously enlarged its concerns, or if the plan of its circulation was sound. So long as the branch at New York is compelled to receive millions of the notes of distant branches, there must be, periodically, a pressure upon that branch, and the trade of that city, which must be sensibly felt throughout the Union.

Mr. McDUFFIE rose in reply. He said that this was a subject with regard to which political economists held very different opinions, and he knew that the gentleman from New York (Mr. Cambreleng,) had a peculiar theory of his own on the subject of banking, and he was further aware, that when gentlemen were governed by any particular theory, they were very apt to be dissatisfied, when, upon examination, facts were found not to correspond with it. The gentleman, it seems, had predicted, three months before, that the Bank of the United States would not be able to pay off the 3 per cent. and the gentleman seemed to feel gratified as a theorist in the persuasion that his prophecy had been fulfilled. But Mr. McD. would very briefly explain what had been the operation accomplished by the Bank in the city of New York, and by which it had prevented incalculable distress. The President of the Bank, in a very lucid paper, which Mr. McD. had never seen until that morning, had presented a view of the character of that operation. The member from New York was greatly mistaken, if he thought that he was shewing to the House the true state of things, when he got up his tabular statement, to show that the discounts did not amount to quite so large a sum as they had done at a previous period, and the mistake of the gentleman lay in this; that he blended together the discounts of the bank, with its operations in exchange. Mr. McD. regarded them as very different from each other, and when that distinction was justly made, it would appear that between the 31st October and the present time, the accommodations granted by the bank to the commercial community in New York, instead of being curtailed, had been increased. The salutary inaction of the bank, in abstaining from the curtailing of its discounts under a crisis of such extreme pressure, constituted in itself one of the greatest benefits it could confer on the commercial community. The accommodations it afforded were equal in importance to the same amount of bank discounts.—The mother Bank had issued orders to all its branches in the West, to assist the branch which was established in New York; and it had further instructed them to give to the merchants of the Western States checks in anticipation on the basis of their produce, the result of which operation went to relieve the New York merchant as much as actual discounts to the same amount. The accommodations granted by the Bank to Government debtors, were very different matters from commercial accommodations, and a great amount of the former had been granted in New York to those who were unable to pay their custom-house bonds. Mr. McD. observed, in conclusion, that various topics had been introduced by the gentleman from Georgia, (Mr. Clayton,) to which he should at this time abstain from making any reply.

[To be concluded.]