

account; because public confidence is lost, and every holder of a
 note endeavours to convert it into coin. When this excessive is-
 sue becomes general, a suspension of specie payments is the neces-
 sary consequence. In producing this state of things in May last,
 which was hastened by other causes, the Baltimore banks erred
 in common with those of other cities, and to a less extent than
 many others; and it is not a matter of surprise that they should
 have participated in the spirit of overtrading which pervaded the
 whole Union. They committed an error also in making collec-
 tions for the eastern cities; and this perhaps was one of the effects
 of the new charters. The new banks, by increasing the amount of
 loans and discounts, encouraged the merchants to make large pur-
 chases in New York, and to give greater credits to their southern
 and western customers. The debts thus contracted in New York,
 and collected by the Baltimore banks, formed a new fund to dis-
 count upon; and by this means one extension led to another, until
 a large balance was produced in favour of the former city. This
 balance might have been increased by other causes. At the time
 of the greatest importation of foreign goods, New York was the
 principal debtor to England, and consequently became a greater
 creditor to the southern and western States. At the time of sus-
 pension, the balance in favour of the eastern cities was less than
 three hundred thousand dollars. It is now more than double that
 amount; and the increase may be partly ascribed to the suspension
 itself, which prevented the eastern banks from drawing for the
 sums collected in Baltimore. The banks attribute this balance en-
 tirely to the failure of the two last crops of wheat. The impor-
 tation of foreign grain had no doubt an unfavorable effect upon the
 balance of foreign trade; but it is not clearly perceived how it
 could materially change the relations between Baltimore and New
 York. It is evident from the statement made by the banks, that
 the failure of the crop in 1836, could not have produced such an
 effect. Their debt to Philadelphia and New York, in May 1836,
 was upwards of three hundred thousand dollars; while in May
 1837, it was less than that sum. In May 1835, when over-trading
 and over-banking had not been carried to a great extent, it was
 not more than twenty thousand dollars. The wheat crops in this
 State have been unproductive for many years; but the high prices
 of grain, especially of indian corn, for the last two years, together
 with the increased price and quantity of tobacco, have more than
 made up for the deficiency. But if the failure of the crops of
 wheat produced the heavy balance against the city of Baltimore,
 and now prevents the banks from paying specie, it follows of course
 that because the farmers fail in their crops they are to be subjected
 to the evils of a depreciated currency.

In the bank convention, held in New York, it was unanimously
 resolved, that this "convention strongly recommend to all the
 banks in the United States to continue by proper measures to pre-