

*Copy of Mr. McLane's Letter of 23d Dec. 1839.*

BALTIMORE, *December 23, 1839.*

To GEORGE MACKUBIN, Esq.,

*Treasurer of the Western Shore of Maryland :*

*Sir,*

I have already acquainted you with the general result of the agency with which I was charged by the Baltimore and Ohio Rail Road Company, in London, and of the disposition which I deemed it advisable to make of the state bonds committed, by that company, to my management. But as a part of that arrangement, finally made, may, at some future day, require the co-operation of the treasurer, and perhaps of the legislature, it may not be improper for me to place you more fully in possession of the facts.

I have the honor herewith to send you copies of my letter to Messrs. Barring, Brothers & Co., and of their answer, which contain the particulars of the arrangement; but as all such matters of business require as much privacy as the interest of the parties will permit, I have to request that no unnecessary publicity may be given to the correspondence.

On my arrival in London, I found the market for American securities of every description, excepting the stock of Massachusetts, of which the Messrs. Barring were the agents, remarkably depressed. Pennsylvania five, which, some years ago, were 109, could scarcely be disposed of at 80. New York five, formerly selling at 110, were quoted at 82, and Ohio sixes, which, a short time before, were selling at 116, might have been bought in large amounts at 86, and was offered even lower. Even these quotations were nominal only, there being few, if any, sales at any price. It was, indeed, universally acknowledged that there never had been a period within the last ten years, when the difficulty of disposing of American stocks, to any amount, had been greater.

Many causes conspired to produce this state of depression. The general depression in the money market of England, produced by the large importations of grain, and the consequent large exportations of gold, had a material effect. In order to raise the exchanges, and obtain the requisite amount of gold, the bank of England adopted all the means which they could safely use to make money scarce. Amongst others, they raised the rate of interest to six per cent. Under these circumstances, there being no demand for American stocks, the holders were unable either to sell or borrow upon them. I had reason to know that 10 per cent. interest had been offered for loans on American stocks, the holders being willing to borrow money at 12 per cent.

In addition to this cause, the increased demand for money, owing to the great extent of rail roads constructed in England, had a material influence; so that if the money market had been