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### Thomas Gibbons to John Kean, October 12, 1792

Thomas Gibbons

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Office of Discount & Deposits  
New York Oct. 20. 1792

Dear Sir,

The constant demand for our Notes to carry to Philadelphia — the high price of Bills on London ( $3\frac{1}{2}$  % above par) and the disposition discovered by some of the Directors, at their last meeting induces me to address to you, some observations on the present state of the Office. I have been decidedly of opinion, for three or four Weeks past, that our discounts ought not to be increased, and particularly that all <sup>new</sup> applications for discounts upon deposits of Stocks ought to be rejected; you will, however, see by my statement of this day that we have about 50,000 Dollars out, more than we had four Weeks ago, and some Gentlemen, at the last meeting, observed that they should have had no objection to discounting 40 or 50,000 Dollars more, that day, if good notes had been offered. —

We have now on hand about 210,000 Dollars, and a demand on the Banks of New York for 90,000 — I do not know exactly the state of the New York Banks; but I have reason to believe that they will not have more than 200,000 Dollars in their vaults (and probably less) after paying us the 90,000. —

By —



By my statement it appears that we owe your Banks about 200,000 Dollars, and I conjecture that you must have between 60 and 80,000 Dollars of our Notes on hand. In addition to this I have received 90,000 Dollars for Bills on Amsterdam, and shall receive upwards of 100,000 more between this and Lang.

The money received at the Custom house in this City, is more than sufficient to pay the Interest on the Debt standing on the Books of the Loan Office in New York; I therefore conclude that the greatest part of the money arising from the Sale of Bills will be wanted, by the Secretary, in Philadelphia.

You mention, in a Letter to Mr. Livingston, that you had checked your discounts a little, this, while ours are increasing, will necessarily bring Stocks from Philadelphia to our market for Sale, and the money will be remitted in our Notes. It is impossible that you can stand this continual current without taking Specie from us, and I think it probable that considerable Sums in Specie will be shipped, unless Bills fall, which is not likely to happen - for the price of Wheat, at the European Markets, will not admit of the shipment of that article, and the exports from the Northern States will of course be confined to the Articles of Potash, Flax Seed & Lumber - which cannot pay  
for



for one half of the Goods imported. Now should you be obliged to call on us for the greatest part of the money we owe, and shipments of Specie, to a small amount only, should at the same time take place, it appears to me that both the Banks in this City would be obliged to curtail their discounts considerably, which would throw a quantity of Stocks upon the Market, when few were in a situation to buy, and would in a degree play over the game of April last.

This effect is the more likely to be produced by a check of the discounts suddenly, as more than half our discounts are on deposits of Stocks (a kind of security which our Directors appear to me to be too fond of) and I believe the New York Banks have nearly the same proportion out on the same kind of security. —

These Ideas are suggested with diffidence (I have had but little experience in the business of Banking) and I cannot consent that this Letter should be laid before the Board of Directors, but I have no objection to your shewing it to the President, if you think proper. — Perhaps he and you may be of opinion that it would be proper for you to write to the President of our

Office



an Official Letter, expressive of your sentiments on this subject.

This may not, however, be necessary - Mr Livingston is fully of opinion with me that our discounts ought not to be extended, and at the next meeting he will call the attention of the Board particularly to the state of the Banks, and the probable demands that will come upon us. —

You will see by the statement that we have but 35,000 Dollars in Notes remaining in the Office, and 16,000 of these are in small notes not yet indorsed by the President.

I am Dear Sir, with great respect,

Your most obed<sup>t</sup> servant

J. Burwell

Oct. 20: 92

J. Burwell

John Chean Esq.