

breach of public faith with the domestic creditors of the United States, and violate those solemn promises, so often repeated in appeals and proclamations to the people by the late government, and a promise or engagement which has been reiterated by the new constitution? In his opinion it required no profound skill, in politics or finance, to answer the question: it is only consulting the dictates of common faith and common honesty, which command nations as well as individuals to fulfil their engagements.

The United States have repeatedly pledged themselves, in terms plain as language can express, to pay to the bearer a specific sum: and to commit a violation of this promise appeared to him both unjust and impolitic. If the United States are able to perform it, they ought to do so. He believed and hoped that they had the ability; and even in the case of inability, he was of opinion, should bankruptcy itself ensue from the honorable attempt to do justice, this would be preferable to a stain cast upon these states, at the commencement of their political career, by a cool and deliberate act of public injustice to their creditors. America has established in the world a high military character: let her but perform her engagements, and she will also establish a national character of honor and fair dealing. This will be to her as a real and substantial treasure, which she will be able to transmit, like a fair inheritance, to her children. Should we, on the other hand, pollute her, by suffering her to commit a breach of honor, it will be such a public calamity as no money can compensate.

Mr. Burke then offered a few observations, in answer to those gentlemen who were so urgent in favor of the motion. They had advanced that the officers and soldiers have not been fully paid. The gentleman from Virginia [Mr. Madison] has said that, without the discrimination which he offers, we shall be raising monuments of gratitude, not to our officers and soldiers who fought for us, but to those who speculated on their securities. On this, Mr. Burke remarked, that it is to be lamented, when our army was disbanded, the derangement of our affairs put it out of our power to pay them in specie. The states, however, did every thing in their power to provide for their soldiers. The state of S. Carolina gave them bounties in lands, and the warrants, and grants for these lands were passed through different offices, without the usual fees. North-Carolina, Virginia, and other states, gave similar bounties, he believed, without mentioning the lands appropriated for them by the United States. He would not say that the soldiers have been rewarded, for what reward can be adequate to their great services? But he insisted that the people of America have not been unmindful of those services. If we, for a moment, consider the conduct of the people towards one part of the army (the officers) we shall find that America has signally displayed her gratitude towards them, from the commander in chief down to the ensign. The illustrious leader of her armies retiring from the field to private life, she again raised to the elevated station of a *sovereign prince*! Through what motives? From gratitude for his splendid services. View the high departments of the general government; look into the several offices; enter the several custom houses from the northern to the southern extremity of the continent: there we shall find conspicuous instances of gratitude.

Let us now see how the people regard the officers of the army in the different states. In S. Carolina, no other class of citizens stand any chance in competition with officers; they are promoted to the stations of governor, lieutenant-governor, privy counsellors; they are to be found presiding in the tribunals of justice, in the legislatures, and on the floor of Congress; and the gratitude of the people follows them in the private walks and ordinary occupations of life. They are justly held in love and veneration; and if the future historian of America records the truth and nothing but the truth, he must raise lasting monuments, both of the illustrious services of the officers of the army, and of the gratitude and love of the people for those services. This, Mr. Burke said, he mentioned in answer, or rather defence of the people, and to clear them from the charge of ingratitude.

It is urged, in favor of discrimination, that a few speculators will make princely fortunes. This, he said, was a circumstance which he sincerely regretted; as he did likewise regret the speculations now carrying on, from this city and other places, in the state of South-Carolina—the sending pilot-boats secretly from New York to Charleston, while the people there were asleep, as it were, and totally unacquainted with the councils or views of administration, with information on the one side only: this he thought a hard case. But the speculators availing themselves of this and a variety of other advantages, could not, he said, justify him in his own mind, in giving a vote that would give a stab to the good faith and credit of a nation in whose councils he had the honor of a suffrage.

He foresaw, however, a still greater misfortune, in this business, than that of a few specu-

tors aggrandizing themselves by our funding system: it is, that our public securities will go into the hands of foreigners. The present system, offered by the Secretary, is actually mortgaging these states to foreign speculators, for the amount of the debt: for the holders will sell, as they have already sold, immense sums to foreigners, to raise ready money. Few of our citizens possessing monied capitals, ready money will yield far greater emoluments, employed in commerce or agriculture, than when lodged in the funds. This is a calamity which he lamented from his soul: but, upon a most serious consideration upon the subject, he was not clear but a forfeiture of public faith, a loss of public credit, would be for America a far greater calamity. He entertained strong apprehensions, that parting with the fair inheritance of public faith and public honor, under any pretext, would be acting the part of him who sold his inheritance for a mess of pottage. Viewing the subject in this light, he said he could not, he dared not vote in favor of the motion.

He also mentioned another ground whereon he opposed it: the scheme of a discrimination appeared totally impracticable. Commissioners must be appointed, not only in different states, but in different places of the same state. If commissioners are appointed, for instance, in Charleston, the citizens must attend from the remotest part of the state, and be worried in travelling backwards and forwards to seek for witnesses, many of whom may be dead or removed into other countries—not to mention the length of time and enormous expence which so complicated a business must occasion.

Mr. Burke concluded by declaring it to be his opinion, that the proposition, if agreed to, would throw things into confusion and perplexity, which he could not see the extent of: he should therefore oppose it.

TUESDAY, FEB. 23.

In committee of the whole on the report of the Secretary of the Treasury—the following resolution under debate, viz.—“Resolved that permanent funds ought to be appropriated for the payment of interest on, and the gradual discharge of the domestic debt of the United States.”

Mr. Livermore—This proposition is of a very extensive nature—of which the committee have at present no adequate idea—I do not learn that the creditors have applied to Congress to pay them; we do not know what the States are doing in the business; we have an arduous task to provide for the debt of the union—The State debts are unascertained, we do not know their merits or amount—there are commissioners appointed to settle accounts between the United States and individual States; we ought therefore to suspend all proceedings on the subject, for the present—and if it cannot be passed over, I hope the resolution will be rejected.

Mr. Lawrance in favor of the motion, observed that the assumption of the State debts, may be considered as a measure favorable to the States as the revenue collected through one medium will be more productive, and less liable to oppress the people than when collected through various and opposing channels—He adverted to the necessity of a uniformity in the excise; the States are repealing their excise laws—and the making provision for these debts must devolve upon the union; he replied to Mr. Livermore's objection from the amounts not being known, by saying that the Secretary has ascertained this amount with such precision that there is no probability of its being more than 25 millions dollars—it is likely to fall below that sum—the exact amount may be known in season—but from the returns actually received it is pretty evident that the estimate of those States not received, is rated full high—he entered into a consideration of the present state of those debts, the merit of the creditors, the necessity of a settlement of the debts of the respective States—and the improbability of this being done while matters remain in their present situation. He advocated the measure from motives of policy and justice, and as holding out the only prospect left to the State creditors; their acquiescence in the measure is to be expected, and the plan is calculated upon that idea; he hoped therefore that the committee would adopt the resolution, as at present he saw no objection of any weight to taking it up at this time—he should however hear with pleasure the observations of gentlemen upon the subject.

Mr. Ames wished that the harmony which has prevailed, may be preserved—he presumed for a variety of reasons that the consideration of the assumption of the State debts would not be postponed—for if it should, it would alter the whole face of the subject before the committee, and the report of the Secretary would be no longer before us, but we should be wondering from idea to idea without having any definite object. Except the State debts should be assumed, the revenue contemplated by the Secretary cannot be justly assumed, as it has special reference to this object.

Mr. Sherman was in favor of the assumption, after a proper discrimination was made between debts incurred for the general defence, and those

which had respect to the particular interest of particular States, and in which the union was not interested; he thought the committee might now adopt the general resolution, as provision, according to the Secretary's plan, is to be a future business.

Mr. Stone contended that the general government would acquire an undue influence, and the State governments would be annihilated by the measure—he objected to the mode of raising revenue by impost as operating very unjustly and unequally: he then adverted particularly to the subject of assumption, and said, that he very much doubted the right of the United States to adopt the debts of the individual States—he went on the supposition that these debts were not incurred on the account of the United States; and if the United States should proceed upon this principle there is no calculating the extent of taxation.—The debts of the several States are exceedingly various as to their merits and relative value—the paper of the several States is very variously and oppositely estimated.—He then pointed out the difficulties which would result from the measure from the different plans of policy adopted by the States, and the creditors themselves, by which the laws of Congress would not have a uniform operation—It would produce this evil, the States would be taxed by their own legislatures as high as they could go for the purpose of internal legislation—and at the same time, the general government would be extending taxation as far as they can carry it for the exigencies of the union. He observed the committee had gone on with a celerity of which he had not conceived—the business he had supposed would have taken up a longer time for discussion—the decisions of the committee are of the highest importance; I do not see the necessity of precipitating the present question.—If we move with caution in this great business we may give full satisfaction, and may receive the hearty concurrence of our constituents—but if we hastily adopt measures, which may be contrary to their feelings, we shall meet with opposition and difficulty in carrying our measures into effect.

Mr. Sherman replied particularly to Mr. Stone. He said that both the general and state governments were founded on the people—and there could be no danger in strengthening both governments, and vesting them with full powers to the limits of their Constitutions. The several States are free, sovereign, and independent, as to all the purposes of their domestic regulation—and there can be no doubt that the people will be pleased with every measure adopted by Congress, agreeable to the Constitution, from which they derive advantages. If they exceed the line of the constitution, the people will chuse others which shall propose such alterations as may be found necessary.

He could see no difficulty from clashing jurisdictions in the measure; on the other hand, he conceived it the most effectual way to prevent it. He doubted not that the state creditors would see their interest in acceding to the measure; he was opposed to a postponement; the plan is not to be immediately adopted, and as there will be sufficient time allowed for every arrangement, he hoped the committee would now decide the question.

Mr. Burke entered into a consideration of the rise and progress of the debt of South-Carolina, and from a series of particulars endeavored to shew that their debt was incurred on account of the general defence, and he thought it ought to be so considered, but still he had his doubts respecting the propriety of assuming those debts the present session—he thought it absurd to engage to pay debts when we do not know their amount, nor the abilities of the United States.

Mr. Gerry adverted to the constitution, to ascertain whether the assumption was compatible therewith; and found that it was perfectly consistent, as the debts were incurred for the general defence. The states were as agents on the part of the continent. The states and the general government are as one great machine, in which small wheels are as necessary as large, demolish one, and you destroy the whole. If the state debts should not be assumed, a clamor will be raised against the state governments for not doing justice, and the people will consider them as oppressive; they will diminish in the estimation of the particular citizens. If the general government should hereafter oppress the states, they will be in a better situation to defend themselves, being out of debt, than if in debt; for out of debt, out of danger. He expatiated on the policy of the measure, and the fruitful source of disunion and discord, which would result from opposing and clashing systems of revenue and excise. He was in favor of a full compliance with the contract to the State creditor; their claims are equally well founded with those of the creditors of the union—the object was the same—the services the same, and justice plead as urgently for them, as for the other.

Mr. Goodhue, Mr. Fitzsimons, and Mr. Smith, spoke in favor of the proposition.

Mr. Lawrance, moved that the committee should rise and report progress.

(To be continued.)