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FOR THE GAZETTE OF THE UNITED STATES.

MR. FENNO,

A FEW suggestions on the all important subject of funding the public debt, which are dictated by a regard to the future welfare and happiness of this country, will I hope meet with a liberal interpretation from a view of the motives which induce them. The late revolution in the government of these States considered in an abstract light was undoubtedly an event of great magnitude and consequence; yet upon the active operation of the powers vested by the new constitution in the great legislature of the union, will depend all those civil blessings which an enlightened and well informed people are capable of enjoying. To the defalcation of public promises in this country for many years past, and consequent want of private confidence, may be mostly attributed the evils we long suffered, even to the lowest ebb of national degradation; while the general sense entertained of the cause of those evils which was discoverable in the exertions made to procure their remedy by the new organization of our political system, seemed to evidence to a candid world, that the defection existed rather in the head than the heart, and that we wanted only to become acquainted with the means of relief to practice upon them; it is yet to be hoped that this just expectation will not fail to become realized in the determination of government relating to the funding system; and the more especially, when we reflect that a failure now, will be proportionably disadvantageous, as the steps hitherto taken have enhanced the public anticipation and confidence.—Having made these general observations, I come to take a view of that part of the Secretary's report that relates to the assumption of the State debts, and which appears to be a measure recommended by every motive of sound policy, evident expediency, and substantial justice. I have never been able to discern any real difference between the two kinds of debt, continental and State; I mean so far as either were contracted in the prosecution of the late war, and to answer the public exigencies; I believe on examination, the chief distinction will be found merely adventitious, and to exist only in form—nor even so far in form, as to impair the obligation which the united government is under to provide for their discharge, or equal place in the funding plan; they are both the price of our independence, and present national consequence, and must be both guaranteed by the sceptre of justice—that it is expedient they should be thrown into one general mass, will appear from the consideration, that the several States have relinquished to the government of the union the means by which they would be enabled to make a separate provision for their payment—for though they may possess a concurrent power of laying excise, &c. yet the confusion which would result from the exercise of that power to such a degree is sufficiently obvious, to illustrate the inexpediency of its adoption, to avoid the great injuries arising to the interest of individuals, as well as to the efficacy of public measures by such complex systems of finance, and diverse modes of taxation, may be viewed as one of the efficient causes of the late change in our government. The policy of establishing one uniform system of finance through the union, must obtrude itself on the mind as the natural dictate of common sense and observation; and warranted by the happy experience of many other nations; it will have a great tendency to lessen those speculations in the funds, which in discussing the subject of discrimination were so strongly urged as being of public detriment—for although negotiations in the public funds will be ever found to exist, yet the degree will be determined by the measures which government shall adopt for the support of public credit—this once well established, will be equally known by all, and private necessity, rather than a diffidence of public faith, will in future cause the alienation of public paper much below its nominal value; by the assumption of the State debts the finews of government will be placed in a situation best calculated for our future support and protection, and draw in that direction from which their greatest strength will result, while the danger of a division will be much diminished—but let me ask the question, should one class of public creditors be now deserted, upon what grounds can government place its expectations of future support from individuals, in cases of need? And that such cases will exist cannot be doubted.—The discussion of the subject treated of in this paper naturally draws forth the most latent feelings of the human breast—has to combat with deep rooted prejudices, State politics, personal envy, ambition and avarice—while it involves in its consequences and dependencies, objects of as much importance as perhaps may ever arrest the attention of government.—It is therefore not to be wondered, that in an assembly of freemen, it should be a long time debated, thoroughly investigated, and fully examined in every shape and complexion it is capable of assuming; nor is it to be doubted that the result will be conformable to those principles of genuine patriotism and liberal policy, which have so often marked the American public transactions, and on which depends the future credit of these United States, the respectability of our national government, and perhaps our political existence.

AMERICANUS.

CONGRESS.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, FEB. 24, 1790.

IN committee of the whole, on the report of the Secretary of the Treasury.—Mr. BENSON in the chair.—The assumption of the State Debts under consideration.

Mr. STONE, after an introduction of some length, observed, that the measure of assuming the State Debts is contrary to the Constitution. It may be used as a mean to bribe a State into measures to answer particular purposes. He opposed it as tending to annihilate the State governments.

The assumption of the State debts was not contemplated in the Constitution, the powers of the Constitution are defined; but the assumption of the Debts of the States will be an accumulation of power in the hands of the general government—powers not supposed to be vested in it.

He observed, that this business would probably terminate in the abolition of the State governments, as being altogether superfluous.

The amount of the present aggregate of the State Debts being unknown, may operate unequally and very unjustly—especially when it is considered that many of the charges are for unauthorized services, the amount of which is involved in total uncertainty, so that it is a perfect hazard whether justice is done or not. He adverted to the exertions of Maryland and Virginia during the war; and observed, that he thought with a gentleman from Virginia, that when the precise exertions, services, and sacrifices of the several States are fully known, the present apparent disparity in their merits and expences will be found to be much less than it has been supposed.

He replied to the observation that the State creditors would be sacrificed if they were not provided for by Congress. He observed, that they might do them strict justice, if the funds which the

States have had to pay their interest from, is left to them, and they will not be wanted for the Continent except on the idea of funding these debts. He urged the advantages which would result to the States, and to the creditors from the particular States raising the revenue themselves, and this he asserted would be done with great ease and certainty.

Mr. BURKE was in favor of the assumption. He adverted to the state of the debt of South Carolina, and observed, that since the Impost was assumed by the Continent, it will be utterly impossible for her to pay the interest of 5000000 of dollars, her State debt. With respect to the weakening or annihilating the State governments, if this was likely to be the case, it is too late to object as the Constitution is already established, and it is our duty to plant it in the soil as firmly and as favorably to the liberties of the people as possible. He observed that on honest and just principles he must vote for the proposition.

Mr. SEDGWICK said he rose with great diffidence and considerable reluctance, to express his opinion, on this important subject, a subject on the just determination of which depended, in his opinion, the future happiness and welfare of this country.—That his reluctance was founded in a consciousness that many gentlemen, considered Massachusetts, as having, a very particular interest in the decision. But as other gentlemen had witnessed the sentiments, circumstances and interests, of the States they represented, he should presume to follow their example; and the rather, because by pursuing this course, there would be exhibited to the view and contemplation of the committee, a pretty just picture of the state, as related to the present subject of deliberation.

Mr. Sedgwick declared that he had been long and intimately acquainted with the people of Massachusetts, that he believed that in no age or country, had ever existed a people, more disposed to submit to good government, nor more confirmed in virtuous and industrious habits. That he had suffered the inexpressible pain, of seeing this people, in arms against their own government. A government administered by men annually chosen by themselves. That the cause of this infurrection was the oppression under which the citizens groaned, from the imposition of taxes, to satisfy the public creditors of a debt incurred merely for national purposes. That this debt was created with the utmost economy. That the government in the imposition of taxes, was influenced by the most virtuous motives of making compensation, to that meritorious class of citizens, on whose exertions and services, the liberties of this country had depended, in an hour of danger. That from our circumstances, and the nature of our government, the State legislatures, by whom these debts were contracted, were in fact, and ought now to be considered, as the national agents, that therefore the creditors of the States, had a claim on the honor and justice of Congress, which would be violated, if their demands should remain unprovided for.

That it had been objected to the assumption, that it would tend to produce a consolidation of the powers of government, by a destruction of the popularity and energy of the State governments. In answer to this, it was observed, that no member of the committee, would entertain the anti-national idea, of the continuance of the present, inequality of burdens in the several States.—That all men of intelligence contemplated an adjustment of the claims of the individual States, as a thing indispensable to the preservation of our national union. That whenever that desirable object was obtained, the State debts, which were the claims of the individual States, must be annihilated, that therefore the evil contemplated, if it was such, must eventually take place.

Mr. Sedgwick observed, however, that he had never been a profelyte to the doctrine, that the State debts were a necessary engine to the existence of the energy or popularity of the State governments. That in his mind it was a strange and unfounded assertion, that the possession of the affectionate regard of the people, by a government, depended on the necessity of imposing grievous burdens. That it was true, that the State governments were in the possession and exercise of almost all those powers by which government was endeared to man. They afforded protection and gave security to life, liberty and property; punished offences injurious to society; and gave to individuals a redress for the injuries they suffered. They operated, therefore, only in acts of beneficence, except in the imposition of taxes, which had very absurdly been considered, as the foundation of their importance and popularity.

Mr. Sedgwick then observed that the discussion of the proposition before the committee, necessarily involved two questions.

1st, Is Congress by the principles of the constitution, authorized to assume the State debts.

2d, Supposing the power to exist, does prudence, policy and justice dictate the proposed measure?

With regard to the first of these questions, he said, it should be observed; that Congress by the constitution is authorized, to levy money in all instances; where in their opinion, the expenditure shall be for the "general welfare;" an answer therefore, to the second of these questions, would determine on the first; for if prudence, policy and justice, dictated the assumption of the State debts, it must be for the general welfare that they should be assumed.

"Let it then be enquired" said Mr. Sedgwick for what purposes were these debts contracted? The true answer is known to all, to secure the peace, liberty and independence of the United States. Can it want demonstration, that an expence incurred for a joint benefit, should be a general charge on all, in proportion to their respective abilities? By the principles of our constitution, the inequality arising from our former situation, which is already so feverely felt, and from the continuance of which, such enormous mischiefs are to be apprehended, is strictly guarded against, and this alteration is justly considered as one of the most important improvements in our national system. If this equality of burden, in a common cause, and for the support of a joint interest, is equitable, and that it is to my mind is self evident; will it not unquestionably follow, that the proposition now under consideration should be adopted?

To this Mr. Sedgwick observed, it might be objected that by the settlement of the accounts, of the individuals States, with the United States; the purposes he wished would be obtained.

To this he answered, that the assumption of the State debts would facilitate the settlement of those accounts; and indeed remove almost all the obstacles, in the execution of that arduous business. For although a State, after the assumption takes place, may be in such circumstances as to have no particular benefit, resulting from an ultimate adjustment of the accounts, yet it can have no strong motive to oppose it. But that independent of the assumption, there are so many difficulties to be surmounted, as to render the event, if not wholly impracticable, at least highly improbable. He remarked, that as yet no ratio was provided for the apportionment of the expences of the war; to obtain this, one of two modes might be adopted, either 1st. an arbitrary determination by the legislature, or 2d. by a like determination by commissioners, who should be appointed, with plenary powers for that purpose.—He considered this determination arbitrary,

because there were no constitutional data, from which the ratio should be formed—that whether the one or the other mode should eventually be elected, it was against every calculation of probability, that it would afford universal satisfaction, 'here then had he' in the commencement of this business, will exist a cause of disaffection, whereas the tranquil accomplishment of it, will require the most cordial good will and confidence among all the parties concerned. But suppose the ratio provided, and suppose further, the debts and credits of the several States ascertained, the insurmountable obstacle then occurs, how shall those balances be adjusted? Here three modes of administering justice for the extraordinary exertions of particular States are to be considered, 1st. by an assumption in a manner similar to the one now proposed—2d. by some kind of compulsion to be administered to the delinquent States, and 3d. by a voluntary contribution to the States most in advance, either by the general government or by the individual States which were comparatively in arrear?

He observed that he conceived it must be obvious, from a contemplation of the subject that if the assumption was ever to take place now was the proper time. That he believed no gentleman would seriously contemplate the execution of justice on any visionary schemes of compulsion—if then, said he we are to abandon the proposition now before the committee for an assumption; if we cannot expect by compulsion to do what justice so loudly demands, it is of the utmost importance, deliberately and candidly to consider, whether we can reasonably expect the event we ought to wish from voluntary contribution.

From our own experience, and that of others, could we even guess what measures would be adopted by a government, under any given circumstances? In the successful struggle of the United Netherlands against the tyranny of the Spanish monarch the necessary supplies had been very unequally furnished by the several States; those States which made the most extraordinary exertions, had never been able to obtain any just compensation.

Mr. Sedgwick observed, that the unfortunate transaction, which was denominated the Penobscot expedition, had been repeatedly mentioned. That therefore, he would take the liberty to declare, as his opinion, that from that circumstance alone, a strong argument was afforded, in favor of the proposition under consideration. He would not at present, be understood in expressing the sentiments of his constituents on this subject; to declare his own. Language to the following import was, however, the language of the well informed in the State he represented. *We have already experienced what just dependence may be placed, on national engagements, when a performance depends alone on a cool and inoperative sense of honor or duty. The citizens of Massachusetts have during the war, by an unparalleled exertion, and spirit of enterprise, created a navy, which was necessary, for the protection of her commerce, and her extended sea coast. This navy, in a single day was demolished, in an unsuccessful attempt, to repel an invasion of her territory, by the public enemy. Yet altho the payment of such expences, was expressly provided for, by the terms on which we were then united, every application for justice, hath been hitherto ineffectual.*

On the other hand, there were not wanting, perhaps in each of the States, respectable and influential men, who considered this claim of Massachusetts as not only an unfounded, but an audacious demand. That this demand would ultimately be either allowed or rejected; if the latter, it would operate in that State, as a cause against voluntary contribution: If the former, it would tend to produce the same effect, perhaps in every other State.

Mr. Sedgwick further observed that the extra expence of Massachusetts in raising men for the general defence, and what she and her citizens had lost by the old money; was equal to all the debt she now owes; that other States too had pretensions which appeared to them to be equally well-founded. Supposing, he said, "that in the ultimate settlement, justice shall be done to all, will not the prejudices, resulting from self-interest, and the expectations created by them, be disappointed? Have not the citizens of America been taught to believe, and do they not in fact suppose, that the States to which they belong, are in advance, greatly beyond their respective proportions? Can it be imagined, that perfect confidence will exist, and the public mind remain in a state of tranquility; when its ardent hopes and expectations shall be disappointed? Will not a general belief, unfavorable to the honor and integrity of the government prevail? And can it be believed that the energy of our government, or its existence, to any valuable purpose, can remain, under the operation of jealousy and distrust?"

Mr. Sedgwick declared that he did verily believe, that an honest, equitable settlement submitted to and discharged, would operate greatly in favor of Massachusetts, and he supposed other gentlemen had the same opinion of the States to which they belonged; but when it was remembered, that the accounts must be settled by men interested, as belonging to some of the States, he believed should their ultimate decision be certainly right—should it even be dictated by the spirit of inspiration, the energy of the same spirit, would be necessary to induce a submission, and acquiescence thro the United States.—Now then, he concluded, was the time, with that magnanimity and spirit of concession, which would be so honorable to ourselves, and beneficial to our country, forever to banish the causes of jealousy and distrust.

Mr. Sedgwick observed that on this occasion it would well become the committee, to reflect, on the causes which had produced a difference in the relative magnitude of the State debts; they were 1st. A difference of exertion.

2d. A difference resulting from the avails derived to particular States from confiscated property, and territorial acquisitions.

With regard to the first, it would not be urged as a reason against an assumption, because it was a strong, and an unanswerable argument in its favor, for no one would venture to assert, that the States which had exhibited, the highest evidence of patriotism should suffer beyond their neighbors, who had less patriotically struggled for freedom.

With regard to the other cause of difference, confiscated property, Mr. Sedgwick requested gentlemen to reflect upon the influence it would have on voluntary contribution, in instances where it might have produced considerable effects. On principles of justice said he, will gentlemen, whose States have derived a benefit from this source, permit me to enquire into the origin of their right? Against whom did the citizen of New-York offend? who adhered to the public enemy? Undoubtedly against united America. If by such conduct he justly forfeited his property, to whom should the benefit of that forfeiture accrue? To the general government which possessed the rights of treaty, of peace and of war; yet New-York who in the instance supposed, received the whole advantage, neither commenced, prosecuted nor concluded the war, nor had the power to do either.

Again with regard to territorial acquisitions, he asked "by whose exertions, were those acquisitions made? By those of the individual States? No, but by the national force, and under national direction." He added, that although the property thus acquired, being in pursuance of the existing compact, should be held sacred, yet he wished gentlemen seriously to reflect, whether it was in human nature, voluntarily to contribute, to perpetuate an inequality arising from those sources?—On the whole he concluded, that independent of the assumption, there was no reason