

to expect a liquidation of the demands of the States, and without the latter, he should despair of a continuance of the national union.

Mr. Sedgwick observed that there was another very important light in which the subject might be viewed, viz. the probable consequence which would flow from the mode or modes which might be adopted, for the discharge of the state debts. If said he, they are left on the shoulders of the state legislatures, the citizens will be very unequally burdened, to discharge demands which they will reasonably consider as unjust. This will create or continue invidious distinctions between states and their citizens. It will further promote a spirit of emigration among the states, which suffer the most, which will encrease the load, on those who shall remain behind, and finally, render it intolerable.

There was, he further observed, an evil yet unmentioned of a nature infinitely more malignant and dangerous—that principle of hostility, which from this state of things, would be unavoidable, between the national and state governments; for it was easy to foresee that the sources of revenue, over which the two kinds of government, had a concurrent contract, would be seized on by each, to the oppression of the people and the discouragement of industry. That hence would ensue a war of legislation, aided on each side, by partisans made active, by the powerful incentives of self interest; for there would exist an obvious opposition of interest, between the national and the State creditors. That in such a state of confusion, the interest of both would probably be injured, and the very being of the government brought into danger.

The States, for their own sakes, would put their debts on a footing as respectable as possible: To do this, they must have recourse to direct taxes, and to duties of excise. The former would be found inadequate to the purpose, and carried to any considerable degree, would be oppressive, unpopular, and might be dangerous. If excises were tried, the advantages of commerce would be rendered very unequal in different States: Hence would arise a motive for transferring mercantile capitals from one State to another. And he asked, whether in this way there was any reasonable foundation to hope that we should become or continue a nation?

Mr. Sedgwick further observed, that he supposed no one would imagine that by the adoption of a national government, any additional ability, in regard to the collection of taxes, was given to those of the States: That it would be unnecessary to remind gentlemen in how disgraceful a situation the securities of States now were—constantly fluctuating, and shrinking from the grasp of the public creditor, they afforded only a profit and employment, to an army of speculators, roaming from town to town and from village to village, purchasing of the needy holder, in the moment of dis-appointment, when the market was low and selling again when it rises.

On the other hand said Mr. Sedgwick "the advantages of the opposite policy are manifest and certain.—It will make this government the centre of the wishes and affections, of the property of the country.—and enable the government riches, to repay for these advantages, in the encouragement it will afford, to industry and to every useful improvement and occupation.—It will terminate in the suppression of direct taxes.—It will abolish invidious distinctions between States and their citizens.—It will fix the value of the State securities and bring them into operation as a circulating medium.—It will give opportunity to the States to attend to the improvement of their internal police, and will more than any other measure I have contemplated constitute us in fact a nation, a great, flourishing and happy people."

He concluded by observing, that should any number of the States fund their debts, which at this very time was attempting by some, the difficulties in the attainment of this desirable object would be greatly encreased.

THURSDAY, FEB. 25.

In committee of the whole. The assumption of the State Debts still under consideration.

Mr. WHITE said he felt himself rather in a disagreeable situation, when he rose to oppose a proposition which was countenanced by so many respectable patrons. He thought the original proposition on the table would however be less exceptionable by the adoption of the amendment proposed by his colleague (Mr. Madison) because it would remove some of the difficulties that otherwise would result from it.

In stating his objections, he remarked, that if he understood the meaning and force of the proposition, it would have this effect, that the States who have made exertions, and nearly paid the whole of the proportion of their federal debt, should, notwithstanding, contribute to the payment of the delinquencies of others; this appeared to him to be unjust. To have a right view of the matter, none of the States could properly be considered as creditors of the Union, unless they had contributed in a greater degree than was required of them, in proportion to their wealth and number of citizens. To illustrate this argument, he would suppose that the proportion of the expence for Massachusetts and Virginia should each be 10,000,000, then if Massachusetts shall advance 15,000,000 she would be a creditor for 5,000,000, whereas if Virginia should have advanced no more than the 10,000,000, than she would have paid no more than her just proportion, and could have no demand on the Union. Again, if she had advanced no more than 8,000,000 she would justly owe 2,000,000, which Congress could not assume to pay without injury to the other. He therefore thought it just, that whatever sum might appear on the liquidation of the account to have been advanced by a State beyond its equal proportion, that that should be assumed by the Union, and no other. He had also an objection to the amendment, by which a door was to be opened for all claims; this might induce the States to bring forward claims whereby the public debt might be unduly increased. For the States generally thinking themselves creditors, it would create a jealousy, and there would be a general searching for and admitting of claims, to the great injury of the Union. This inconvenience he thought would result.

Other inconveniences might proceed from this circumstance; in some of the States the creditors might refuse to accept the proposal: He thought this would be the case in Virginia, because in that State their debts were well funded at 6 per cent. and the interest regularly paid; supposing this event to take place, what would be the consequence? The State of Virginia would have to levy taxes to pay this interest, and at the same time contribute to pay that of other States; difficulties might arise on this ground, that to him appeared serious.

It appeared to be the intention of the House to fund all the debt, and to make no arrangement for the discharge thereof; this he could not approve of. Perpetuating a public debt, he did not conceive advantageous to any country.

Gentlemen seemed dazzled with the splendor of Great Britain, supposing her prosperity is owing to her debts; but the reverse is the case—it was her peculiar circumstances which enabled her to support her debts—that her wealth and power were owing to the spirit and industry of her inhabitants—to her natural advantages of soil, climate, and situation, and to the great security of property under a free constitution; that however, were he an Englishman, he would tremble for the event: Sure he was, that at a period not very remote, the nation must sink under the weight of the debt, or it must be wiped out with a sponge to the ruin of thousands.

The same consequence might follow the perpetuation of the debt in these States, though the period might be more remote. If the States were left to themselves they would pursue measures to extinguish the debts; this was an object desirable to accomplish.

The State of Virginia he knew had extinguished more than 2,000,000 of dollars of her public debt. But Virginia was not alone, there were other States he believed, that had also effected a considerable diminution of their debts.

It had been urged, he said, as an argument in favor of the measure, that unless these debts were assumed, that some of the States would be induced to lay excises, and thereby put it out of the

power of the government to raise money from that source; but the excise and the impost would not do; no adequate provision for the payment of the interest could be drawn from these sources. The Secretary had proposed to raise the duty on various articles; but his calculations did not reach a provision for the State debts; he had only contemplated those of the Union. How then was the State debts to be provided for? Would Congress levy a land tax? As to raising the impost, it was a measure he dreaded; as the duties now stood he believed there were no attempts to evade them by smuggling. But if they were raised, the revenue would take place; and if the people once became habituated to smuggling, it would be impossible at any future day to reform them, even by lowering of the duties. With respect to direct taxes, he wished the committee to consider how that would be relished throughout the Union: He thought it would be contrary to the general sense of the people. When they accepted the Constitution, it is true they knew it contained a power to levy taxes; but it was not expected that this power would be exercised in the present situation of the country. It would lessen the influence of the States: They would be reduced a degree lower than they should be, while at the same time the general government would be elevated on their ruin. This would be unjust and impolitic. The freedom and happiness of America depended essentially on the State governments as the general government—perhaps more so. It was an interference between a State and its citizens; and attaching them to the general government without the consent of the State.

It had been said by a gentleman from New-York that it was easier for one body to draw forth the resources of the community than for a distinct number of legislatures—this was true; but he asked if it would be administered on the principles of freedom and independence. Congress may be properly the supreme council, but not the supreme legislature of the United States. Their legislative powers were circumscribed and confined to particular objects. Because it might be more convenient, it did not follow that Congress should for that reason exercise such authority.

It had been urged as a reason for the assumption of these debts, that the continental securities had in general been purchased at low rates, and had centered principally in populous cities—and that the people would not be satisfied to pay taxes for them, and have their money continually drawn into these cities—unless the State debts were adopted, whereby the taxes would go back again into the remote parts of the country.

He said he was sensible that the people would very ill brook the payment of taxes when they saw the amount flow into the hands of a few individuals. That he had mentioned this in a former debate, and which would have been remedied had a mode which he thought equitable to render them diffusive been adopted. But the measure was over-ruled;—the present he thought unjust and therefore could not agree to it.

It had been said that the legislature of South-Carolina had declined making provision for her creditors, in expectation that Congress would assume her debts—he did not doubt the intelligence—but how the legislature of a State could conceive that Congress would assume to pay her debts was to him extraordinary—sure he was that Congress had never expressed such an idea, and he hoped that things had not yet taken that turn, that whatever was devised in the cabinet, should be agreed to in the legislature—No regard therefore ought to be paid to what South-Carolina had done.

But a gentleman from Massachusetts supposed that it would not lessen the influence of the State governments, that, on the contrary, it would be an advantage to them.—That it was an old doctrine, out of debt, out of danger.—But the measure did not place the States out of debt—they were still to pay it—the means of payment being only put into other hands.—Sir, said he, if I was indebted on an open account, and I remain in possession of my estate, and was able to pay it, would it be any advantage to me to give my creditors a mortgage on my land, and put him into immediate possession of the profits of my estate. Is the case not applicable—do we not propose to pay the debts of the States but with their property. Is this conferring any favor? Surely not.

He would propose, in order to bring the matter to a point, that the assumption of the State debts should be confined to such parts only as appeared to be a surplusage, that any State shall have advanced beyond its just and equal proportion of the expences incurred in the defence of the common rights of America. This surplusage to be ascertained on a liquidation of the account.

Mr. Lawrence observed, that it appeared to him that the result of the plan proposed by the Secretary would be exactly what the gentleman had in view.—He stated a particular example to show that the operation would produce the same effect.

He therefore thought the last amendment unnecessary; but the amendment proposed yesterday he acquiesced in, he supposed it would meet the approbation of gentlemen in all parts of the union.—He answered the objection respecting the importance of the States retaining their debts, that the legislatures of them may meet and have something to do, in providing for the payment of those debts—he did not believe that it was considered by the people as necessary to the importance of the States, that their legislatures should meet merely for this purpose.—He answered other objections respecting the interference with the State governments—the funds he had no doubt would prove fully adequate to all the purposes for which the Secretary had designated them without any necessity for direct taxes, those he trusted would be left to the States for the support of their particular governments. He concluded by observing that the more he contemplated the measure, the more he was convinced of its propriety, its justice, and its economy—he doubted not that every part of the union would cheerfully acquiesce in every measure that appeared to be necessary to be adopted to promote the general interest.

Mr. Moore.—Mr. Chairman, said he, I cannot understand the proposition now on your table, in the same light in which the gentleman last up has stated it; nor can I think its effects will be the same with that which my colleague has now offered. If I understand the different propositions—by the first, every citizen in the United States may bring forward his certificate, and loan it to the United States; on which he is intitled to an interest; his claim is to be assumed and funded. The amendment proposes, that, after an adjustment of all the claims of the States, has been made, that Congress will assume the payment to each State, whatever she may appear to have paid, on a final settlement, more than her just share or proportion; but leave it to the States to pay their respective citizens, their claims, in whatever mode they please. In the one case, Congress only assume the balances due; in the other they assume the whole debt. Sir, I think we have not sufficiently ascertained the amount of the debt; this ought first to be done, before we assume the payment. The Secretary has stated to us the supposed amount; I make no doubt he has obtained every possible information on the subject. But even suppose him to be in possession of the amount of the settled claims in all the different States, it would not ascertain it with sufficient certainty. It is proposed that the acts limiting the settlement of claims, should be repealed; that further time should be given to claimants to come forward. Gentlemen appear impressed with the justice of this proposition. To what extent are they likely to be increased? If gentlemen will only consider the number of petitions that have been presented to Congress, by claimants whose claims appear to be just, they will be satisfied, that when the bar to settlements is removed, many new claims will be brought forward, and the debt will be increased far beyond the present statement. Sir, before we assume the payment, we ought to know that our resources are co-extensive with the demand, under every possible diminution that can in the nature of things take place. Should we now assume them, and our means be inadequate to the end, I know not of any procedure that could more effectually ruin the credit of the United States.—But my principal objection to the original proposition is, that we shall be obliged to lay a direct tax. What are the resources the Secretary intends proposing? They ought first to be brought to view. I remember well

when the impost bill was before us, we were told by gentlemen well informed on that subject, that if we increased the duties, it would defeat our purpose; that it would promote smuggling; that on so extensive a sea coast, where we have so many harbors, it would be impossible to prevent it, if we raised duties so high as to make it the interest of the merchant to smuggle. We were likewise told, that laying the duties too high would prevent the consumption, and tend to defeat the revenue. Gentlemen then brought forward every subject they could think of, as proper, on which to lay a duty. I conceive that if we assume the entire debt, no additional duty adequate to the payment of the interest of the whole debt, can now be laid; we must lay direct taxes.

A gentleman yesterday observed, that a revenue might be collected by Congress with more convenience than the States, at less expence, and more effectually. I think we cannot lay a direct tax in a manner so convenient to the citizens, at so small an expence; or that the collection will be so effectual. Sir, I am of opinion that the immediate representatives of the people in their States, can lay a tax which the people can more conveniently pay: They can accommodate not only the subjects of taxation, but the time of payment, more to the convenience of the citizens; they are better informed of their circumstances, and their representation is more equal, than in this body. Sir, I will not undertake to say it is unconstitutional; but I know it is contrary to the light in which the constitution was contemplated when it was adopted. The words of the Constitution are, That Congress shall have power to impose duties, excise, and direct taxes, to pay the debts of the United States. I believe Congress, from the first forming of the confederation, held up a distinction between debts of the United States, and State debts.

I have not had recourse to the journals of Congress so as to be certain that this distinction has been uniformly made; but instances come within my knowledge which prove it. In the requisitions to the States the distinction is made. The State of Virginia from her indiscriminate mode of adjusting state and continental claims, has been refused a settlement of her claims against the United States, and commissioners are appointed to ascertain her claims against the United States.

Sir, I think the framers of the constitution contemplated the payment of the debts of the United States only. But from our assuming the State debts, they become debts of the United States, and we are to pay them.

I remember well when the constitution was under discussion in the convention of Virginia; the power of imposing a direct tax was warmly opposed: The advocates for its adoption, stated that requisitions were found to be ineffectual—that occasions might happen in which such a power would be necessary—that it never would be exercised but in case of necessity; but we are about to attempt it when no such necessity exists. If that convention had supposed it would have been attempted at so early a day, I think they would not yet have adopted the constitution.

Mr. Chairman, gentlemen complain that their citizens are oppressed with taxes: They say that from their extraordinary exertions during the war, they have incurred a debt far exceeding their just proportion. I think the amendment proposed by my colleague, (Mr. White,) will do them ample justice—whatever sum they have paid over and above their just proportion, Congress will pay. Leave the payment of their just proportion to themselves; this is all that justice requires. In the mean time the proposition will not restrain us from availing ourselves of every resource in our power, and if there should be a balance in our Treasury, after paying the debts we have already assumed, we may apply it to the payment of the debts of the States.

(TO BE CONTINUED.)

WEDNESDAY, MARCH 10.

The committee to whom was referred the petition of Gifford Dally bro't in a report which was read, agreed to, and referred to the committee of appropriations.

The petition of William Bedlow was read the second time—It was moved that it be referred to the Post-Master-General.

This was objected to, as establishing a bad precedent; it was said this is not the only instance where public money has been made use of, in consequence of which officers in this department have become delinquent—Congress cannot interfere in the present case but in a due course of law—and if relief is now granted, the applications will be numerous; the course of justice will be diverted from its regular channel, and every public creditor will think himself ill used if he should not be indulged with a suspension of the public demand against him; such indulgences it was further said, had produced very pernicious effects in some of the States.

In favor of the petitioner it was said that he had been unexpectedly dismissed from office, and that he was liable to pay a very extra rent in consequence of engaging a house in a central situation to accommodate the public, in the discharge of the duties of his office, and that it appeared reasonable that he should have relief in this instance.

The motion for a reference to the Post-Master-General, was negatived.

It was then moved that it be referred to a special committee, which passed in the affirmative; and Mr. Benson, Mr. Fitzsimons, and Mr. Ames were appointed.

The report of the secretary of the department of war, on the petition of Colonel John Ely, was read the second time; this report was in favor of granting the prayer of the petition; which was for compensation for services rendered the prisoners on Long-Island, in the capacity of surgeon.—It was moved that the report should be accepted—This was objected to, it was said by Mr. Livermore, that he did not conceive that the petitioner was entitled to pay in the double capacity of a surgeon and colonel. He received his pay as an officer in the line of the army, during his captivity—if he had a profession which he could exercise at that time, he was in a better situation than many of his fellow prisoners; and probably did exercise it to his private emolument, among the people on the Island: If he had not been a prisoner, he could not have exercised the profession of a physician and a colonel at the same time, and draw pay in both capacities. It would be establishing a precedent for others to apply; and in all probability, every surgeon who wore a commission, that happened to be taken prisoner, will set up a similar demand—he was disposed to