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[WHOLE No. II5.]

CONGRESS.

HOUSE OF REPRESENTATIVES.

THURSDAY, APRIL 22, 1790.

On the Report of the Secretary of the Treasury.

Mr. SHERMAN's motion for assuming a part of the State debts, under consideration.

MR. Madison. It is not without much reluctance that I trouble the committee with any observations on a subject which has been so long under discussion, and may be thought to be entirely exhausted. I must refer for my apology to the uncommon perseverance with which the advocates for an assumption adhere to their object, notwithstanding the difficulties which oppose it. On the supposition that the measure in question were ever so eligible, if it could be so modified as to be acceptable to the general sense of the government, and of its constituents at large, every member ought I think to be struck with the impropriety of pressing a matter of such peculiar importance and delicacy, by a bare majority.

The proposition now under debate is liable to all the objections to the former one, as well as to the many others that have been stated against it. From the explanation given by the gentleman from Connecticut, it is evident that this proposition may in the result assume the shape of the original one. It may therefore be fairly combated by all those arguments that were brought either against the original proposition, or against the very objectionable manner in which the blanks are proposed to be filled up.

I am not insensible that an assumption of the state debts is under certain aspects, a measure not unworthy of a favorable attention. If it had not at least plausible recommendations, I do not think it could have obtained so respectable a patronage here: I am sure it would not have originated in the quarter which proposed it. But, Sir, it is a question that must be considered and reconsidered in all its various points of view, and the more it has already been investigated, the more objections have multiplied, and the more solid they have appeared. The arguments used in favor of the measure have been supposed weighty, but, Sir, I consider them as unsupported. It has been contended that the state debts are in their nature debts of the United States; that they were only from different offices, and have borne a different denomination, but that in justice they are the debts of the United States, and that the individual creditors can of right claim payment of the same from the general government.

I deny the principle, Sir, and I think it is disproved by the arguments of the gentlemen themselves. If the debts of the particular states be nothing more than the debts of the United States under another denomination, and if we are bound to provide for them precisely as for the debts of the United States, let gentlemen consider whether they are not bound to view them in this light wherever they may be found. If they are debts of the United States in the hands of individual citizens, for the same reason that the other debts in private hands are debts of the United States, must they not be debts of the United States also when in the Treasuries of the different states?

Will gentlemen say that what are called the state debts ought to be viewed in that light when in the hands of citizens, and that this quality forsakes them the moment they are received into a state Treasury. If they wish to preserve consistency in their reasoning, they must say, either that the debts are dissimilar in the hands of private citizens, or that they are similar in the hands of the states.

The debts of the particular states cannot in any point of view be considered as actual debts of the United States; and the United States are not bound by any past requisition, or any resolutions now existing to assume them, till the accounts are settled and the balances ascertained. We have been told, Sir, not only that the assumption of the state debts by the United States is a matter of right on the part of the states, and a matter of obligation on the part of the United States, but likewise that it is equitable; nay, that it is a matter of necessity.

It has been said that the United States are invested with the resources of the particular states, and that therefore they are bound to provide for the debts of those states. I think I may safely rest the issue of this question on a question of fact. Whether the states most urgent in this business are incapacitated from providing for their debts by the establishment of the present consti-

tution? If gentlemen assert that to be the case, I think it is incumbent upon them then to prove either that the resources which they have given, up would exceed their quota of the federal requisitions, or that the use of these resources by the general government will throw a disproportioned burthen upon that particular part of the community. Let us consider, Sir, what is the ratio in which the states, in their individual capacity, ought to bear the debts of the United States, and what is the ratio in which they will contribute under the taxes that it is proposed to levy. The only evidence by which we can guide ourselves in this enquiry is a statement from the several custom houses. I believe indeed, that such a statement may not be conclusive. I think it is imperfect; at the same time it is the best guide in our reach, and probably it will be sufficient to illustrate the present argument.—The state of New-Hampshire, according to this statement, will contribute about one hundredth part of what will be contributed by the whole. Her ratio of contribution according to her representation would be nearly about one twentieth. Here then, in fact, is a saving of four fifths to that state. The state may then take this saving and apply it to the purpose of discharging her domestic debt; she is relieved in that proportion, and therefore in that proportion she is more able to provide for her state debt under the new constitution than under the old one.

The state of Connecticut will contribute about one thirty-eighth; her proper quota would be about one thirteenth. Here then is a saving of two-thirds to the state of Connecticut; and in that proportion is her situation better under the new Constitution than the old. Taking the states eastward of New-York altogether, that the gentlemen say are rendered incapable of bearing the burthen of the state debts, by the adoption of the new constitution; I say, take the whole together, and they will contribute about a sixth only; whereas they would have had to contribute, a fourth, if this constitution had not been established, and they had paid their part of the debt of the United States. In my apprehension, then, Sir, as the payment of the state debts cannot be claimed as a matter of right, neither can such payment be called for on the principles of equity, or what is most of all urged, necessity. But we are told that policy is also in favor of the measure. A gentleman from Massachusetts has said, that the people of Massachusetts never would submit to a rejection of the measure; that it will create a spirit of opposition to the government; in short, that it will endanger the union itself. I confess that these are consequences that would be dreadful to me, if I could suppose they would really take place, and that evils of greater magnitude would not ensue from an adoption of the measure. It is my opinion, Sir, that if the refusal to assume the state debts would produce dangerous consequences to the union, from the contents that it is apprehended will grow out of the measure, much more have we to fear from an assumption, particularly if hazarded by a small majority. Sir, if we could ascertain the opinions of our constituents, individually, I believe we should find four fifths of the citizens of the United States against the assumption; I believe we should find more; I believe I speak within bounds when I say, that those who would be for an assumption would not amount to one-fifth; this is indeed probable conjecture only. But on the other hand let me ask, what evidence have we that there will be any great disappointment or discontents from a non-assumption? The Legislature of the state of New-Hampshire have lately been in session; have they asked for this assumption? No; on the contrary, tho' they have not instructed their delegates to vote against it, it appears that it was thought of, and that the bulk of the members disapproved of it. The Legislature of Massachusetts have been in session; they were apprized that this matter was under consideration, and yet there has been no declaration from them, as far as I know, that can induce us to believe they wish for it; on the contrary, it would appear from the measures they have taken to provide for the payment of their state debt, that they had proceeded on a supposition that an assumption would not take place. With respect to several other states, their Legislatures have also been in session, and none of them, except South-Carolina, have made any declaration on the subject. If we are to disregard that species of evidence, and to look back to the expectations of the people, I do not think that there is a single indication that

this measure was ever thought of by our constituents. Sir, I may safely say, it was never expected by the generality of them.

It has been said, too, that policy recommends the measure. It has been repeated that if the assumption does not take place, no part of the revenues drawn from the union at large will return to the distant parts of it. Sir, I thought this argument had been set aside some time since. The very reverse will happen. The state debts have begun already to travel towards the central parts of the union, and to such an amount as to make it probable, that if they are provided for by us, nearly the whole will follow. Should this be the case, I believe such disadvantages will ensue as will prove the measure very impolitic. In proportion as the whole money contributed in the way of taxes shall center near the government, or in a particular part of the union, you increase the evil of discordant interests and local jealousies which is already too much felt. But, perhaps, this is not the worst consequence to be apprehended. I conceive that a very great part of the proper debt of the United States will go into the hands of foreigners, and that we shall be heavily burdened in paying an interest to them which cannot be expected to remain in the country; and in proportion as you increase the debt of the United States you will increase this evil.

I am of opinion also that the measure is not politic, because, if the public debt is a public evil, an assumption of the state debts will enormously increase, and perhaps, perpetuate it. It is my idea, Sir, that the United States and the several states could discharge a debt of eighty millions, with greater ease and in less time than the United States alone could do it. I found my opinion on this consideration, that after the United States shall have resorted to every means of taxation within their power, there will still remain resources from which monies may be raised by the states. Nay I will go farther, and illustrate the remark by adding, that after a state shall have extended its power of taxation to every object falling under general laws, there would still remain resources from which further taxes might be drawn within subdivisions of it, by the subordinate authorities of the state. But Sir, when we consider, that in some parts of the union there is an unconquerable aversion to direct taxes, at least if laid by the general government; that in other parts an equal aversion to excises prevails; how will the United States, so circumscribed as to the field of taxation, be able to draw forth such resources as are contemplated by the advocates of an assumption?

It has been asserted that it would be politic to assume the state debts, because it would add strength to the national government. There is no man more anxious for the success of the government than I am, and no one who will join more heartily in curing its defects; but I wish these defects to be remedied by additional constitutional powers, if they should be found necessary. This is the only proper, effectual, and permanent remedy.

Several gentlemen, Sir, have gone into another field of argument in favor of this measure. It has been said, that the constitution itself requires the assumption. One of my colleagues has asked a very proper question,—If as we have been told, the assumption originated in the convention, why were not words inserted that would have incorporated and made the state debts part of the debts of the United States? Sir, if there was a majority who disapproved of the measure, certainly no argument can be drawn from this source; if there was a majority who approved of it, but thought it inexpedient to make it a part of the constitution, they must have been restrained by a fear that it might produce dissensions and render the success of their plan doubtful. I do recollect that such a measure was proposed, and, if my memory does not deceive me, the very gentleman who now appeals to the constitution in support of his argument, disrelieved the measure at that time, and assigned for a reason, that it would administer relief perhaps exactly in proportion as the states had been deficient in making exertions. It has been also remarked, that the constitution having been established for obtaining perfect justice, it cannot be carried into effect unless full justice is done on this subject, or in other words, unless the state debts are assumed. Sir, if we are to take these words in their full extent, we must not stop merely with securing justice to the creditors of the government, we should also endeavour to secure justice to every private creditor