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CONGRESS.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, January 18.

Debate on Mr. Rodney's motion for the extinguishment of the Balances reported to be due by several states.

(Continued.)

Mr. ROOT begged the indulgence of the House, for a few moments, while he briefly stated some of the reasons which guided his judgment in favor of the resolution on the table. Coming as he did, from a state against which a large balance had been reported by the commissioners, it would probably be expected that he should lend his feeble efforts in aid of its extinguishment. But while making these efforts he should not call in question the conduct of the commissioners in striking these balances, nor enquire whether they were actuated by pure or impure motives. As the balances have been for a long time reported; and as the proceedings of the commissioners, as well as the documents and vouchers on which they acted are secluded from the public eye, he should suffer them all to rest together undisturbed, and confine himself to the justice and expediency of the measure.

If, said Mr. R. there is no probability that the debtor states, so called, will ever pay the balances reported against them; wisdom and sound policy require the passage of this resolution; else they may remain a source of future jealousy and hatred between the several states, and a subject of management highly prejudicial to the union. Or are they, he enquired, to remain as a rod over the debtor states to whip them into a compliance with some favorite measure? If this was the object, he thought it prudent to extinguish them at once. The national treasury, he said, can never be enriched from this source unless a voluntary payment shall be made by the debtor states, or the United States shall by coercion, compel a payment. And although according to the report of the commissioners there are several states which are nominally debtor, yet there are but three, viz. New York, Delaware, and North Carolina which are, by that report, really debtor. And a voluntary payment on the part of those states cannot reasonably be expected: For you are told, Mr. Chairman, that Delaware cannot pay; and you are also told, by two honorable gentlemen from North Carolina (Mr. Blackledge and Mr. Holland) that that state will not pay—and as one of the representatives from the state of New York, I think I may, with confidence assert, that she will make no farther payment. She yet remembers, Sir, that at the commencement of the revolution nearly one half of her citizens were inimical to that cause which you venerate. She yet remembers, that early in that revolution her only avenue to the ocean was blocked up, and by that and other causes growing out of the existing state of things, the price of her produce, and of her supplies furnished to the army, was deeply depressed. That state was the theatre of war almost during the whole conflict—Her western frontiers were burnt and pillaged by a savage foe, and her southern borders overrun by worse than savages. From her northern frontiers a formidable enemy penetrated into the very bowels of the state. Surrounded by these distressing scenes she not only raised her regiments and paid her quotas as required by congress, but also set apart, as bounty lands for her soldiers, a large tract of the most fertile part of the state. After having done and suffered so much, she could not but view with astonishment that enormous sum of more than two millions of dollars which was reported against her. Further, Mr. Chairman, the state of New York cannot believe that the act of Congress of the 5th of August 1790, pointed out a fair and equitable mode of settlement. When men and money were called for, to carry on that war in which these expences were incurred, that state had not more than half the population which she possessed at the time this act was passed. The quota of expences, therefore, which were charged to her according to this ratio, were nearly double to what it would have been, had a settlement been made, by the same ratio, at the close of the war. Had her quota been fixed according to her population at that period, it is presumed that she would have been reported a creditor instead of a debtor state. That state must therefore think that this enormous balance is an unjust and an unreasonable demand. And if she thinks it unjust, it is enough; for whether the settlement is just or unjust, if a state thinks it unjust the result is the same; she will not voluntarily pay.

But, said Mr. R. perhaps we shall be told that the state of New-York has already made appropriations for complying with the terms offered by the act of congress of the 15th of February 1799, and that she has actually expended in the defence of the port of New-York, and for which she is credited on the books of the Treasury, to the amount of 222,000 dollars,—and that thereby she has acknowledged the justice of the demand, and will pay the residue. But let gentlemen remember that at that time a momentary phrenzy had seized upon the people of the United States, to wage war against the Republic of France.—And was it strange, he enquired, that the legislature of that state should have caught the contagion? When the general government had either refused or neglected to fortify her ports, was it strange that she should attempt to defend herself against the danger of an invasion, then supposed to be imminent? Since that phrenzy has subsided, it is presumed that New-York will not make a further waste of money, in compliance with the terms of the act of 1799.

And besides, sir, should the debtor states for a moment, suppose the settlement to have been equitably made, and that the balances are justly due we should probably find each state withholding a payment till other debtor states had paid the balance reported against them—Thus by each states waiting for others to go forward, you would find that no payment would be made—If you can have no reasonable expectation that these balances will ever be voluntarily paid, why retain them on your books? Do you intend, by coercion, to compel a payment? In what manner, I beg to know—will you institute suits against the debtor states? Will you bring a state-sovereignty to bend at the feet of your courts?—I presume not, since you have amended the constitution respecting the suability of states—Will you sequester their stock in the funds, if they should happen to hold any, and thus violate the national faith? And will you lay a direct tax upon the United States and remit the same to the creditor states, and thus indirectly evade the constitutional provision that direct taxes and representation shall be according to a certain ratio? Or will you, as the last resort, put the debtor states out of your protection and send your fleet to block up their harbors? I presume you will not, especially when you reflect that the port of New-York alone pays more than one-fourth of all your duties on imports and tonnage—This is too considerable an item in your revenue to be wantonly thrown away.

But, Mr. Chairman, it has been suggested that the enormous balance reported against the state of New-York proceeds from the assumption of the state debts, and that she is bound in honor to pay, and will pay, the amount assumed for her. In reply to this suggestion, permit me to remark, that the sum which was assumed for her was not equal to her proportion of the aggregate amount of state debts assumed. The sum assumed for New-York was 1,183,716 dollars, 69 cents—The aggregate amount assumed for the several states was 18,271,787 dollars, 47 cents. Hence it will appear that according to the ratio for settling the accounts as established by the act of 1790, the proportion of New York of that aggregate sum is 1,716,169 dollars 78 cents—which is 532,453 dolls. 9 cents more than the sum assumed for that state.—Less sums were also assumed for Delaware and North Carolina than their respective proportions of that aggregate.

Another objection is made to the resolution on your table, that its passage will affect the credits of the creditor states and one gentleman from New-Jersey (Mr. Southard) has gone so far as to say that the same power which can extinguish these balances can wipe off the whole funded debt, and my friend from Massachusetts (Mr. Varnum) expressed a belief that the passage of this resolution is a violation of public faith. But I must confess, Sir, my total inability to perceive the force of these observations—If Congress possess the physical power by one legislative stroke to wipe off the whole funded debt yet if that power cannot rightfully be exercised I trust it will not be exercised at all by this House—And I cannot see that because you remit to your debtor that debt which he claims to be unjust, you thereby destroy the credits of your creditors—Or does it necessarily follow if an individual remits the supposed debt that he by the same act destroys the bond of his creditor? Those states in whose favor balances were reported have funded those balances and the national faith is pledged for the payment—And I trust that this nation will continue to preserve its faith inviolate.—Permit me, sir, to add, if the extinguishment of these balances is a violation of public faith and a destruction of the credits of those states who have funded the balances reported in their favor, that that faith is already violated and those credits are already destroyed—For by the operation of the act of 1799 had the debtor states complied with its proffered terms, the balance against New York of more than two millions, with interest, would have been paid with less than 800,000 dollars and the six hundred and odd thousand dollars against Delaware would have been paid with about fifty thousand—And the same principles which gave you a right to remit a part will give you a right to remit the whole—If the extinguishment of the whole will give a deadly blow to public faith I should think that the remission of so large a part had, at least, inflicted a mortal wound.

From a full view of this subject, Mr. Chairman, I am convinced that if you retain these balances as a rod over the debtor states you will only excite jealousy and animosity among the members of this union without deriving any benefit to the nation—Permit me therefore to express a hope that a majority of this committee will be in favor of sponging them out of the books of the treasury.

Mr. LEIB said that he never rose to give an opinion on that floor but with reluctance, and he should not then have risen but for the demand of the yeas and nays on the question. As he had heretofore voted against a similar proposition to that on the table, he felt it a duty he owed himself, as the vote was to be recorded, to assign his reasons for rejecting the report of the committee of the whole House and voting in favor of the resolution.

This is not a new question. It had been repeatedly before congress and before the public since he had had the honor of a seat on that floor. He should not enquire whether the accounts upon which the balances were predicated had been fairly liquidated or not; whether the sums were justly due; nor should he examine which of the states had rendered most services to the nation.—These considerations with him bore not upon the case. The question had simplified itself to his mind and lay in a narrow compass. It had resolved itself into this, can or will these balances ever be paid? If they cannot, nor will not be paid, there ought to be an end to the enquiry and an end to the demand. It had been said during the discussion, by a gentleman from New-York, that when this subject was formerly under consideration, New-York sold out the stock which she held in the funds of the United States, lest it might be sequestered for the payment of her balance. Can any thing evince a stronger hostility to the payment of this claim than this fact? And yet with this open declaration against the payment of the balance due by her, we are to persist in continuing the claim! As New-York has manifested her determination not to pay, what mode of coercion has been suggested? None. No one has pretended to say, that these balances ever can, or ever will be collected. If New-York and North-Carolina will not pay, can Delaware discharge the claim against her? With her what process is to be persued? Is she to be sent to auction and sold to the highest bidder? And if gentlemen are willing to put her under the hammer of the Auctioneer, who is to be the purchaser and how is the sale to be enforced? The justice of these balances has been contested, nay it has been flatly denied; it is not to be expected, therefore, that the debtor states would willingly discharge them, and as no feasible mode of enforcing payment has been or can be suggested, policy and economy called for their extinction.

It would be well for gentlemen, who are for keeping alive this demand, to calculate its cost to the nation, and then, perhaps they would feel less reluctance to the surrender. Large sums are spent in the discussion and the time and the purse of the people very unprofitably employed. In his apprehension, therefore, it would be a saving to the United States to pass the resolution. It is idle to keep up a demand which never can nor never will be satisfied; he hoped, therefore, the House would agree with him in rejecting the report of the committee of the whole and adopting the resolution.

MR. WILIAMS of North Carolina. This being a question of importance to the state I have the honor to represent, I will offer some reasons to the House in favor of the present resolution. I shall *first* contend that the act passed in the year 1790, was in violation of the original compact, which was entered into by all the states, establishing the principles by which each state was to supply her part for the support of the revolutionary war; and that by changing that mode it operated against the state of North Carolina. *Secondly*, that by the settlement which was made by the commissioners, injustice was done to that state.

In making these remarks, I do not wish to be understood by the House that they ever ought to go into an examination of that settlement, but if from the nature of things any one state can shew how she was injured, that will have considerable weight, and be a good reason to abolish those debts which are said to be due from the several states. In the 8th article of the confederation, all charges of war, and all other expenses, that shall be incurred for the common defence or general welfare, and allowed by the United States in Congress assembled, shall be defrayed out of the common treasury, which shall be supplied by the several states in proportion to the value of all land within each state, granted to or surveyed for any person as such land, and the buildings and improvements therein shall be estimated according to such mode as Congress shall from time to time direct and appoint. In the 13th article it is expressly declared, that the articles of this confederation shall be inviolably observed by each state, nor shall any alteration take place, unless such alteration be agreed to in Congress, and afterwards confirmed by the legislatures of every state.

But a gentleman from Pennsylvania has stated, that Congress unanimously agreed to change the 8th article of the confederation; therefore the act passed in 1790, saying that each state should pay in proportion to the number of inhabitants was done by consent, and that consent would do away error; but if the gentleman will examine the case strictly, he will find he is wrong, for two states never did consent to alter the original mode prescribed by the confederation, and it is a principle, which cannot be denied, that wherever parties enter into a contract, they must all consent before it can be altered; and I take the question now before us to be similar; for each in her sovereign capacity, entered into that compact, and Congress had no more right to pass a law in violation of it, than we now have to pass a law directly in violation of the constitution which we have sworn to support.

I will now endeavor to shew that by changing the mode by which each state was to furnish her proportional part to support the war, it operated against the state of North Carolina. I believe after the close of the war, it was nearly ten years before the number of inhabitants was taken within the United States; during that period there was considerable emigration to that state, it being extensive in territory, and land very cheap.

But let us consider what is the comparative difference between the price of land in the northern states and in North Carolina. I believe, Sir, at the time this settlement was made, it was at least five to one; that is, one acre would sell for as much as five; therefore in the same proportion as our population increased, and the inequality of the value of land, so much was the relative proportion of the debt changed, and thrown on the citizens of that state; and whenever a capitation tax is laid, it always operates hard on that part of the community which are upon an equality, and not very wealthy.

I will now shew in what manner injustice was done to that state, in the settlement of the accounts. In the year 1781 the legislature passed a law giving full power to the board of auditors to settle and liquidate the claims of individuals for supplies furnished during the war, and fix the price of articles. In 1783, a law was passed fixing the scale of depreciation, and under those existing laws the commissioners must have settled the accounts of that state or it would be impossible for her to have been a debtor state. But it may be said that if the state passed laws which operated against her, it was not the fault of the general government. But at the time we had not adopted the federal constitution, therefore each state had a right to pass such laws as would discharge her from a heavy debt, which she had incurred in our struggle for liberty. Also the very situation of our country rendered it impossible for an accurate account to be kept of the supplies furnished by the different states, when an enemy was ravaging our county, and if one state should have the good fortune to keep her accounts more accurate, she ought not now to wish to exact the sums stated to be due from her sister states. I believe there were few states in the union, which suffered more than the state of North Carolina, for she not only was ravaged by a foreign enemy, but a continual scene of distress was kept up by an internal enemy. A number of her citizens, after having furnished all they could spare to support our army, were perhaps the next day stripped of all their property and nothing left to support their helpless families.

It appears that congress repeatedly recommended to the several states, as well for hastening the extinguishment of the debts, as also for the establishing of the harmony of the United States, to make liberal cessions of their territorial claims. The legislature of North-Carolina, taking the matter into consideration, not only made a liberal cession of her claims, but ceded all that extensive country which forms the state of Tennessee. This I take to be a strong reason why she ought to be released from her debt. The gentlemen who have spoken against the resolution, I take it, have not stated any solid reasons why the debts should not be abolished; they have contended that the settlement made by the commissioners was a just one, and that it would be impossible to rectify the matter, and that if they release those debts the creditor states may be called on to refund the money they have received. I think neither of those positions are correct; for I believe the settlement was made in the dark, and in darkness it will remain. The total amount of the advances made by the several states as fixed by the final settlement is not known. Neither has the proportion of the debts been correctly ascertained. This matter has been kept a secret, and if the business had been conducted with such propriety, and settled fairly, why is it concealed from us? I am warranted to make use of these expressions from the proceedings of Congress.

After the adoption of the federal constitution Congress was anxious to bring the matter to a close, and labored some time to effect it, but at last they assumed a debt of upwards of twenty millions of dollars, whereas it was only necessary to have assumed about eleven millions of dollars, and the same result which now exists might have been effected, had they waited till the accounts had been settled; and thus they created a debt of upwards of ten millions of dollars. Therefore Congress have in the whole of their proceedings shewn clearly that they never intended to call on the debtor states, and that it was only necessary to make provision for those states which had a balance struck in their favour. Ought not then those creditor states to be content, when they have had their debt assumed by the government, and they are annually drawing interest for the same? and with respect to the objections which gentlemen have made, that by discharging the debtor states, it will be the means of destroying their debts, they are merely ideal. I believe there is not a person on this floor who is in favour of the resolution, that has any such wish, neither do I think it ever will be attempted.

Some gentlemen have said if we release the debtor states, what is the quid pro quo. Have not the creditor states got their debt funded, and the faith of our government pledged for the payment? But independent of that, I think, sir, the liberty and freedom we now enjoy would be a sufficient quid pro quo. But there is one reason more which I think alone would be sufficient to extinguish those debts. The cause which gave rise to them; that noble cause cause of liberty which gave to us our independence. It seems as if the God of nature had destined this happy land of America, the only assylum for liberty; and I would ask those gentlemen if it was not by the joint effort of all our sister states that we liberated ourselves from the hand of tyranny? Was it not owing to the supplies of the several states, be it great or small, that we are now breathing the air of liberty.

Was it not by that noble impulse which filled the breasts of the American people with a thirst for freedom that gave birth to our government?