

## Proceedings of Congress.

HOUSE OF REPRESENTATIVES,

Tuesday, March 9.

*The assumption of the state debts under consideration.*

THE fifth resolution was then read, viz.

“Resolved, that it is advisable to endeavour to effect a new modification of the domestic debt, including that of the particular states, with the voluntary consent of the creditors, by a loan upon terms mutually beneficial to them and to the United States.”

Mr. Bland said he was not for going about the bush, but wished to come to the point at once. He wished to effect this loan on terms constitutional with the faith of the United States, as pledged to creditors. It would, if agreed to, be advantageous to the United States, because it would multiply specie, and realize property in the fund. He therefore moved for an amendment, or rather a substitute, to the above resolution. But upon Mr. Fitzsimons explaining that Mr. Bland's proposition would come forward with more propriety at a future stage of the business, Mr. Bland withdrew it.

The fifth resolution was then agreed to by the house, without debate or division.

The sixth resolution was next read, viz.

“Resolved, that for the purpose expressed in the last preceding resolution, subscriptions towards a loan ought to be opened, to the amount of the said domestic debt, including that of the respective states, upon the terms following, viz.

“That for every hundred dollars subscribed, payable in the said debt (as well interest as principal) the subscriber be entitled, at his option, either

“To have two-thirds funded at an annuity, or yearly interest of six per cent. redeemable at the pleasure of government, by payment of the principal; and to receive the other third in lands of the western territory, at the rate of twenty cents per acre. Or”

Three other alternatives also make a part of the sixth resolution; but the house appeared to take the first alternative separately under consideration—When

Mr. Boudinot rose and opposed it, as being a measure which would greatly injure the value of land. He stated several objections, and said it would have been more systematic to have appointed a board of commissioners to dispose of the western territory, the produce whereof would answer better in discharging the debts; than any other medium. He therefore proposed to substitute a resolution in place of the first alternative, to wit. “That four per cent. be funded, and the remaining two per cent. be paid by a certificate, payable in ten years, and bearing an interest of six per cent.” which certificate might easily be redeemed with the product of the sales of the western territory.

Mr. Hartley seconded Mr. Boudinot's motion.

Mr. Tucker objected to the fifth resolution, and every subsequent one. He said that the secretary of the treasury, in making this proposal, had materially departed from the honourable principles laid down in the beginning of his report. He thought it would be better “to have such part of the debt as the resources of the country would permit, funded at the interest of six per cent. per annum.” If land, said he, be a just equivalent to pay one-third, surely land is as just an equivalent to pay the whole. The alternative proposed, he thought altogether inconsistent with common justice, and therefore moved to strike out all the words in the proposition after “option,” and to substitute

a resolution tantamount to that inserted above.

Here the chairman of the committee said that Mr. Tucker's motion was out of order, and a considerable altercation ensued between several of the members, but it was at length determined in favour of the chair.

Mr. Boudinot then reassumed his arguments, in favour of the proposition he had made, which was opposed by Mr. Fitzsimons.

Mr. Lee said, that unless the words were struck out of the resolution which proposed a less interest than six per cent. it would be a confession that the United States are not able to pay at six per cent. and in fact be a declaration of bankruptcy.

Mr. Boudinot still defended his proposition, and wished that some better alternative might be offered than that of the secretary's.

Mr. Ames and Mr. Sherman opposed Mr. Boudinot; and Mr. Tucker called for the resolution to be read with Mr. Boudinot's amendment, to which he proposed an amendment, viz. “That such certificates be received as specie in all payments of western lands.”

He then observed, that 20 cents per acre was too high a valuation.

Mr. Stone said a few words respecting a land office; and Mr. Fitzsimons observed that Mr. Boudinot's proposition was a distinct one, and might come in as another alternative.

Mr. Boudinot said, he was not very pertinacious, nor did he wish to embarrass measures.

Mr. Smith (S. C.) thought it would be best to add Mr. Boudinot's proposition as an alternative.

Mr. Scott next rose. We are come to the point at last, said he; it was first argued by some gentlemen, that land was not at its equivalent value, but he contended that it was now at its value in market. There were sundry applications before the house for lands, and offers for some millions of acres. The obstacle which had been mentioned by Mr. Boudinot, respecting titles, was not well founded; every land purchaser knows how to secure good titles. He reprobated the method which had been adopted by the old Congress, of having the lands surveyed at the expence of government before sale: Are we, said he, to keep the public debts hanging about our necks for ever? We are told that the western country may hereafter become the centre of government: the proposals already made, shew that the lands are valuable; and if proposals continued as rapidly as they appeared to indicate, we should soon be able to pay off the whole debts of the United State.

Mr. Boudinot still contended, that by bringing too much into market, the value would be depreciated: But

Mr. Scott said that it was now at its value, and if we wait until it rises, we may never be able to sell. He contemplated with pleasure, the prospect of getting the one-third of the debt extinguished, without taking a farthing out of any man's pocket. The wilderness, said he, will pay our debts. He concluded by asserting, that when the House considered these things, he was convinced they would reject the proposition of the gentleman from New-Jersey.

On motion of Mr. Fitzsimons, the committee rose.

The report of Joseph Nourse, register of the treasury of the United States, on the memorial of Robert Morris, late superintendent of finance, was read; setting forth that he had made inquiry into the case, and he had found that the accounts of the said Robert Morris had been regularly registered, and settled some time past.

A printed statement has been delivered, and proper investigation already made out, which render it unnecessary for Congress to order any commissioners on the business, or create any new expence. The said accounts were closed the 1st

of Nov. 1784. Every thing that came into the Treasury was debited from Feb. 1781, to Nov. 1784, and amounted to 8,177,431 72 90ths dollars; and all the payments made during the said period, were 8,155,403 dollars; which left a ballance in the Treasury on the 1st of Nov. 1784, of 22,026 72 90ths dollars.

The House then adjourned until 12 o'clock to-morrow.

WEDNESDAY, March 10.

The report of the Secretary at War, on the petition of Col. John Ely, for extra services, as physician, &c. was read which was in favour of the petitioner; after some deliberation, it was agreed to refer this report, &c. to the select committee.

The order of the day was then called for, and the House went into a committee on the Secretary's report, the first alternative under the 6th resolution being under consideration.

The question before the House was to strike out the words “20 per acre.” and to substitute, in lieu thereof, Mr. Boudinot's proposition of yesterday, with Mr. Tucker's amendment.

Mr. Sherman thought it would be good policy to lessen the debt, by paying off the principal. He was for pursuing the mode pointed out in the Secretary's report. He wished that the Secretary had also reported a mode of selling the lands, and seemed desirous to writ for it.

Mr. Boudinot said he was confident if the Western Territory was to be set off as a payment for one-third of the debt, such a measure would produce the evil consequences he had mentioned yesterday. If we pass this resolution, we never can sell a large tract of land. He was for pledging the land to sink the public debt by all means.

Mr. Fitzsimons said, the creditors were not forced to take this or that alternative, but were left at their own option, which of the alternatives to accede to. But with respect to Mr. Boudinot's proposal, it was worse than any of those of the Secretary: This, he said, was easily proved from a comparison of the two cases, which he then stated, and drew a conclusion that the proposal mentioned by the Secretary, was the most eligible.

Mr. Boudinot was of a different opinion. He asked which mode would best answer the end proposed? If we keep the lands in our own hands and sell them out in large parcels, their value will increase more than if they were brought to market by so many sellers: There would be more sellers than buyers. They will be reduced to 4 or 5 cents per acre, instead of 20 cents; and who will give 20 cents that can purchase at 5 Upon the whole, he thought his proposition most eligible.

Mr. Hartley agreed with Mr. Boudinot in the general principles. He thought many difficulties would arise from reduction of interest and the paying one-third in lands. He wished, a clause similar to that proposed by Mr. Boudinot, might be inserted; otherwise he was apprehensive that the government would lay itself to a charge of duplicity.

Mr. Sherman said a few words against the amendment; and Mr. Ames rose to oppose it upon various grounds. He said he was in favour of making an offer of the Western Lands: Foreigners will have a more equitable option, and the credit of the United States will be benefited, by retaining the proposition of the Secretary. All the different propositions were modifications; one was made irredeemable for a part of the debt, whilst the remaining part was postponed. He thought Mr. Boudinot's proposition an abandonment of the principles laid down by the Secretary; It was a defalcation to put off the one-third for ten years.

It carried a departure from the principles upon the very face of it, which the House would not agree to; for it would make the unfunded debt nearly 22 millions of dollars at the expiration

of 10 years: Whereas, by the Secretary's plan, the unfunded debts would not make more than 10 millions of dollars. It would be absorbing of debt at 50 per cent. for the unfunded debt will grow upon compound interest, which will hold out an advantage that will make it bear as high a market price as the funded debt. Upon the whole, he said that, by Mr. Boudinot's proposition, the debt would be, at the end of 10 years, increased 35 millions of dollars: An then asked whether it was not an ineligible plan to set 35 millions of a new debt afloat for the speculators to work upon; would it not overload the market and reduce the price? If, therefore, such a mode be not beneficial to either the creditors or the nation, why adopt it? He hoped it would not be adopted.

Mr. Boudinot answered Mr. Ames, and declared that his calculations had no better similitude than if he had compared the debt of Great-Britain to the present one. We owe a certain sum, say about 27 millions or upwards; 10 millions might be said to be about one-third. He meant to pay the creditors two-thirds, and to satisfy them for the other third at the expiration of 10 years, with full interest. How the gentleman can make 10 millions to equal 22 millions, is extraordinary indeed.

He thought the alternative proposed by the Secretary such as none would be found to accept of it, but such as wanted to turn it immediately into money. He had heard the opinion of the public, and he believed that this alternative was looked upon no better than a mere deception. He therefore adhered to his proposition, which he believed would justify him in declaring that it would sink the public debt three times as fast as the other; and although he negatived he was of opinion that gentlemen would return to it, or something similar.

Mr. Lawrence said that the gentleman (Mr. Boudinot) had called the debt 27 millions; but he had omitted the arrears of interest, which made it amount to more. He then contemplated the prospect of the interest of money falling in the United States, agreeably to the Secretary's idea, so that, in less than the time mentioned by Mr. Boudinot, including the assumption, &c. might be reduced to 65 millions of dollars. He was against Mr. Boudinot's proposition.

The question being put upon Mr. Boudinot's proposition, was negatived by a great majority.

The question was then put upon the main proposition (or 1st alternative) without any amendment, which was agreed to by a considerable majority.

Thursday, March 11.

In committee of the whole on the report of the Secretary of the treasury, for making provision for the support of the public credit.

The following proposition was then read, viz.—To have the whole sum funded at an annuity, or yearly interest of 4 per cent. irredeemable by any payment exceeding five dollars per annum, on account both of principal and interest; and to receive a compensation for the reduction of interest, fifteen dollars and eighty cents, payable in lands, as in the preceding case.

The debate turned principally on irredeemable quality, proposed in this alternative.

After a lengthy discussion the proposition was negatived.

The next proposition was then read, and further debate ensued. The committee, without coming to a decision on a motion made by Mr. Jackson, to strike out what relates to irredeemability in this alternative.

A second memorial from George Scriba respecting a purchase of lands in the Western Territory, was read.

Mr. Trumbull brought in a bill for making a compensation to Col. John Ely, for his services, as a surgeon to the late army of the United States—which was read. Adjourned.