

REPORT.

The Committee to whom was referred so much of the message of the Executive, as relates to the assumption of State debts by the General Government, beg leave to report.

They presume that His Excellency, in warning the Legislature against any expectation of aid from the General Government, referred to the proposition introduced into Congress, by the Hon. William Cost Johnson, by which national intervention was sought in relief of the embarrassments of the States. In this view of the subject referred, your committee deem it necessary to an impartial judgement upon the merits it involves, that its principles and material details should be more distinctly exhibited to the House, than as presented in the message.

We understand that it is proposed in the plan referred to, to substitute for the bonds of the indebted States, now outstanding, stock of the United States, to the extent of two hundred millions of dollars, at three per cent payable at the Treasury in Washington. That this stock should be divided among the several States, in the ratio of their federal representation. That the proceeds of the public lands should be applied to the discharge of the interest and extinction of the principal, at the date fixed for the maturity of the Government liability. Such we conceive to be the principal features of the proposition: its details, subject to such modifications, as the wisdom of Congress might direct.

The objections of His Excellency resolve themselves into two primary arguments, comprehending the entire relations of the subject.

First.—That the assumption of State liabilities by the General Government, is evidently unconstitutional.

Secondly.—That apart from its evident unconstitutionality, such action would be inexpedient; because it would abstract from the General Government already involved, a portion of its legitimate revenues, and thus render direct taxation for national wants inevitable—that it would create a large national debt, embarrassing to the Government and onerous upon the people, and that it would be unjust to the non-indebted States.

These objections if sustainable, are fatal to this suggestion of