

Mr. GRASON rose, he said, not with a view to object to the propositions of the gentleman from Cecil, (Mr. Constable,) but to answer the objections which had been made to the proposition of his colleague. The gentleman from Cecil, is unwilling to confer power upon the Legislature, to contract debts to the amount of one hundred thousand dollars, because, to that amount, the money might be applied to any purpose whatever. If the gentleman would examine the articles, submitted by his colleague, (Mr. George,) he would find that it could not be applied to the use of societies, corporations, or to purposes of internal improvement. His colleague had not enumerated the objects to which it might be applied, because it was impossible to foresee all the contingencies which might occasion a deficiency in the treasury. It was obvious, however, that the current revenue might occasionally be insufficient to pay the interest on the public debt, and meet the necessary expenses of the State. The statehouse or the tobacco-warehouses, might be destroyed by fire and the Legislature should have the power to borrow a limited amount to meet such contingencies as they arise. The gentleman from Cecil apprehends that the Legislature, if this power were conferred, would enter into every kind of wild speculation; but as the amount of debt to be contracted was limited to one hundred thousand dollars, and was to be accompanied by a tax, and could not be applied to the use of corporations or to the purposes of internal improvement, there could be no danger of an abuse of the power. If the immediate representatives of the people could not be trusted to this limited extent, it would be better to abolish the Legislature.

Mr. DONALDSON said the amendment of the gentleman from Charles, (Mr. Merrick,) was suggested, he believed by a clause of the section which he, (Mr. D.) had proposed some days before, and which the Convention had rejected. The purpose of that clause he had explained at the time, to be mainly to provide for a temporary deficit of revenue, if any such should occur. The treasurer now, under an Act of Assembly, had the power to make such a loan, and he considered it important to the credit of the State that the power should not be taken away. He had before explained how, on account of the inequality of the expenditures of different quarters, there might be a deficiency at the particular day when money was needed, although the whole year might show a large surplus. If some great calamity were to happen to our public works in the course of any year, and we are bound to consider such contingencies, we might find the power to borrow absolutely necessary, to save the public faith, and yet, the sum borrowed, could so soon be repaid out of accruing revenue, that the levying a new tax would be useless and absurd. These considerations, however, had had no weight with the Convention. Under the influence of a panic, proceeding from the recollection of former extravagance—gentlemen must excuse him for saying so—the power had been entirely destroyed. Time would probably show who was right on that point.

53

But he had stated that another purpose of the last clause of the section he proposed, was to enable the State to redeem its loans when they became payable, in case there were not adequate funds in the treasury, by borrowing at a lower rate of interest if money were then abundant. The gentleman from Cecil, (Mr. McLane,) had then misapprehended the purpose of that clause, supposing it to mean that money should be borrowed at a low rate of interest, to buy up the State loans not yet due and at premium in the market. He agreed with that gentleman that such a course would be bad financiering. He now understood that gentleman to say that if loans, when they became redeemable, were discharged, as they could be, at par, with money borrowed at a lower rate of interest, the State would of course be the gainer by the difference in the interest.

Mr. McLANE assented. He had so said this morning.

Mr. DONALDSON continued:

This part of his proposition was now urged as a separate amendment by the gentleman from Charles, (Mr. Merrick.) He, (Mr. D.,) considered it well that such a power should be given, but with great deference to that gentleman, he must say, that its importance had been very much overrated. We never could save any great amount of money by the operation contemplated; for the simple reason, that the mass of our debt was not redeemable until the years 1870 and 1890. Before the first named period, he hoped that all our debt would be extinguished; for, if our tax system remain untouched, the sinking fund and the surpluses will have absorbed the whole. It was only, then, to so much of our debt as was now redeemable, or would soon become so, that the amendment could apply; and the gain to the State, in any case, could not be very considerable. As a matter of course, the holders of our stock would not surrender the stock for par when it commanded a premium in the market, and we could not commute for a lower rate of interest until the time fixed for redemption. The gentleman from Charles had probably forgotten at what distant dates most of our loans were payable.

There was much force in what the gentleman from Cecil said on the danger of protracting the time of final payment of the debt by new loans, even at a lower rate of interest than the old. It might lead to a reduction of taxes, and he agreed that such a result would more than counteract the benefit to be derived from the saving in interest. To meet this view, it was better to place some limit of time, as suggested by the gentleman from Kent, (Mr. Chambers,) within which the new loans should certainly be redeemable.

Mr. D. declared his great satisfaction at the strong expressions of the gentleman from Cecil, in favor of continuing in full force our present system of taxation until our whole debt is discharged. He himself had taken occasion a week ago to express his views on that subject, in answer to the gentleman from Frederick, (Mr. Thomas,) and his friend from Kent, (Mr. Cham-