

the purposes of coin. The pressure of taxes, is less intolerable from the amount, than the scarcity of a medium in which to pay them. Gold and silver is not only the medium of trade, but also of taxes. We think there is not near enough of these metals for the former, and we are confident none of them for the latter. Our attention, therefore, has been given to devise a medium for taxes; and none occurred to us so proper and necessary as a paper money, and we reasoned thus; if lands, the most permanent and valuable of all property, can be mortgaged, and notes, or bills of credit, issued on such security, such notes, or bills of credit, would be the substitute or representative of such land, in the same manner as gold and silver is the representative of land and all other property; and these notes would possess all the qualities of a circulating medium of trade, as well as coin, and must have a real and intrinsic worth, as long as the lands, on which they issue, retain their value. Gold and silver has been called the highway, which carries the produce of a country to market. We think, in like manner, paper money (if there is not sufficient of those metals) may be the vehicle to convey the property of the state, by taxes, into the public treasury; and, in our opinion, this paper money will answer that purpose as well as gold and silver. Many of you who owe taxes have real property, but no specie; you have land, which is as much actual wealth as gold and silver; you cannot pay your land in taxes, or sell it for specie, but at a loss of one third or one half its real worth; if you could on a mortgage of part of your land obtain what would answer for taxes, you would readily borrow.—We doubt not your inclination to contribute part of your property to support the federal union, and your own government, if you could be furnished with the means.

We have before stated, that the proportion of the annual interest of congress domestic debt, (after deducting the interest of the sum liquidated by this state) amounts to £. 50,762 17 11½. It is self-evident, if this government can pay no part of this interest, that it will be impossible for us ever to discharge the principal, with such an annual accumulating interest. At this time the final settlements, and other securities, issued by congress, bearing interest, may be purchased from six to eight for one. It is apparent, that less than £. 200,000 specie, at this time, (and most probable for a considerable time hence) will purchase above £. 1,000,000 of liquidated continental securities. It appears to us, therefore, prudent and wise to make great exertions to procure the means of purchasing these securities in their depreciated state. The government's having lands to sell, have procured with them great quantities of these securities; it was one of the great objects of our proposed emission, to apply part of the sum received in taxes, or part of the sum not circulated on loan, to this purpose; if, as we expect, our paper should maintain its value at par with specie, or with a very little or trifling difference, it might either purchase these securities, or tobacco or flour, which might be exchanged for them. We also expected, that part of the £. 100,000 not appropriated for loan to individuals, would be borrowed by several of our counties, for the purpose of laying out and making the capital roads, by which the produce of the back country is brought down, and exported from George-town and Baltimore-town, a great and necessary business, and which calls loudly for legislative assistance.

On this review of your circumstances, public and private, to enable you to pay such taxes as the exigencies of the federal union and your own government required, and with a view of furnishing the means to secure a quantity of continental securities. We proposed to emit bills of credit to the amount of £. 350,000 current money, and to circulate £. 250,000, part thereof, on loan at six per cent. interest, on ample landed security of above double the value. We appropriated £. 100,000 for loan to the inhabitants of the several counties, for 30 days after the money was ready for loan, (according to the property and taxes of each county) the sum to the largest county being £. 11,500, and to the smallest £. 1,700.—No loan to be less than £. 50, and not more than £. 500 to the same person. After the expiration of the 30 days, any money not lent out as appropriated, to be lent to any inhabitant of the state, in sums not less than £. 50, nor more than £. 1000; and not more than £. 1000 to the same person.—If this £. 100,000 was lent out, six months thereafter, the treasurer was authorized, with the approbation of the governor and council, to appropriate and lend out the further sum of £. 50,000, in the same manner. If this sum was also loaned, three months thereafter, a further sum of £. 50,000 might be appropri-

ated, with the like approbation, and lent out in the same manner; if this sum was also borrowed, three months thereafter a further sum of £. 50,000 might be appropriated, with the like approbation, and loaned in the same manner. The bill provided, that not more than £. 200,000 should be in circulation at the same time, unless the governor and council should be fully satisfied, that the loaning a further sum would not in any manner affect the value of the sum then in circulation. The bill directed, that the six per cent. interest, and one twentieth part of the debt, should be paid annually, and that one half of the interest, and the one twentieth part of the debt, should be annually sunk, and the other half of the interest should be lent;—the bill declared, that the emission should not be a tender in law or equity, for any past or future debt for money, unless so agreed by the parties; and that the emission should not continue in circulation more than ten years; the bills of credit were to be received in payment of all taxes and duties due since March 1784, or to be imposed during the time the said bills shall remain in circulation; and in payment of all county assessments, salaries of officers of government, officers and attorneys fees, &c. &c. but not in payment of five per cent. duties when imposed by congress.—This is the substance of the bill; further particulars are contained in the abstract we directed to be published for your information.

By this scheme, not more than £. 250,000 could be put into circulation in the space of 12 months; and a debtor for £. 100, (if he paid his interest and one twentieth part of his debt annually) at the expiration of nine years, would pay £. 36 19 6, and he would owe the state £. 63 0 6. By this plan, if £. 100 is lent, and one twentieth part thereof and six per cent. is paid, annually, and the one twentieth, and one half the interest, is sunk annually, at the expiration of nine years, the one twentieth will bring into the treasury £. 41 11 3; the six per cent. will bring in £. 49 17 5; there will be sunk £. 66 10 0½ of the principal; there will remain in circulation only £. 33 9 11½; there will be £. 91 8 8 principal and interest paid in; there will be due to the state, with the accumulated interest, £. 83 7 5½; and the state will gain £. 49 17 6; and if the debtor and his securities should all prove to be worth nothing, the state could lose only £. 8 11 4 of the original sum of £. 100. This will appear by the paper annexed, No. 1.—The paper annexed, No. 2, will also show a true state of the emission of £. 250,000, agreeably to the plan of our bill, the sum sunk and in circulation, every year, and the profit to government.

This house intended to suspend the collection of the arrearages of taxes (before stated to be £. 197,320 14 7), until £. 100,000 of the emission could be fully in circulation, on loan, in every part of the state; and at no time would the paper money in circulation be equal to the amount of the taxes. We also intended to impose on you, for the supplies of 1787, a tax not exceeding 30/6 for every hundred pounds worth of your property, and to continue the same for several years; and to enable you to pay this tax, we intended, by purchasing your produce, to circulate among you the amount, or nearly the amount, of the taxes, after paying the expences of this government. We hoped and expected, that you would readily submit to this taxation, and cheerfully exert yourselves to pay it, when furnished, in great measure, with the means, and when you must clearly see, that by such exertion you would relieve yourselves from a perpetual burthen, or a continental bankruptcy.

You will discover, from a deliberate attention to your affairs, that you are in a most critical and dangerous situation, and that some expedient ought to be immediately adopted, that affords some prospect of relief. If we remain inactive, and neglect to take decisive measures, certain political ruin must soon follow. No mode occurred to us so proper as an emission of paper money, and you will see, that the scheme has only a great national object in view, and has no relation to private persons, debtor or creditor; nor can it, in any manner, affect private dealings. The emission passing at par with coin, will be received by creditors in general; and will also answer all the purposes of domestic commerce. We think the emission will not depreciate, because the paper is circulated on a pledge above twice its value, and therefore the borrower will not part with it under its nominal worth; and because the value of all commodities, even of gold and silver, depends on the quantity and use or demand for them. We are of opinion, that if any government should direct its taxes to be paid in paper money, it would thereby acquire a certain value, even

though the terms of its final redemption should depend altogether upon the pleasure of the government; if issued on private security, and receivable in taxes, it may add to its value in the opinion of the public. By the plan, the uses created for the paper exceed the quantity in circulation, and the taxes alone can easily employ and absorb the whole; and the loan annually decreases very considerably, by the sinking annually one twentieth of the capital, and one half of the interest.

The senate have differed in sentiment from us, and are opposed to any emission on loan. They have submitted the reasons for their opinion to your consideration, as we now submit ours, and you will give them such weight as you think they deserve. It appears to us, that the senate have assigned but one objection to an emission of paper money on loan, to wit, that it will depreciate: They have enumerated a great number of causes in support of their opinion, but it can only be a matter of judgment, to be determined by the event after trial. It is very clear to us, that if the money should depreciate, it cannot, in any manner, injure individuals; and we are not able to discover how the depreciation supposed (say five, ten, fifteen, or even twenty per cent. for argument sake) can injure our government. Let it be admitted that 100,000l. brought into the treasury by taxes, should purchase tobacco and flour only worth 80,000l. in gold and silver, this deficiency must be made up by a further tax, but the state will neither be richer or poorer. Suppose a man owes two silver dollars for his tax, for which he must give three bushels of wheat, if no paper money; but if there is, he can procure two paper dollars for two bushels of wheat; will he increase or diminish his property by this circumstance? Why should paper money in this state depreciate more than in New-York or Pennsylvania, if emitted on as good a plan as in those states? In New-York the paper is issued on loan, on land security, and it passes at par with gold and silver, unless for the purchase of these metals for exportation, when the difference is two and a half per cent. In Pennsylvania their paper is issued for taxes, and passes current, except in the purchase of specie, in which case a difference is made from five to ten per cent. Both these governments are acknowledged to be in the most flourishing circumstances as to trade and wealth, and the most happy consequences have flowed from their paper emissions, both to the public and the individual.

It is objected by the senate, that our bill takes away the specie tax of 10s, which was applied to the use of congress, and also the supplies of specie arising from duties, two thirds of which were appropriated to congress.

We admit, that our bill directed the emission to be taken in payment of the said tax, and of the said duties; and in reply to these objections, and to all the arguments used to shew that a paper emission will deprive congress, and this state, of specie supplies, we observe, that the system of taxation which we have hitherto adopted, is declared by congress to be totally ineffectual, and, if pursued, must endanger the existence of the confederation. This state, on examination and inquiry is found, on the system hitherto pursued, among the most deficient in complying with the requisitions of congress. Although the paper emission was made receivable for taxes in all cases, yet in all probability a considerable sum would be necessarily paid in gold and silver, because the demand of money for taxes and duties, for fees of office, fines, forfeitures and licences, exceeds the quantity of paper which will be in circulation at any one time. And with the paper thus paid for taxes, under the management of a proper revenue officer, the produce of our country might be purchased up, and supplies procured of gold and silver treble the sums produced by our former systems of taxes and duties.

It is objected also by the senate, that our bill introduces a tax of paper money for ten years, and suspends all taxes in specie for that period. This is a very mistaken construction of our bill. The emission is receivable in all taxes, and when received it lies in the treasury subject to the disposition of the general assembly. From the express terms and provisions therefore of the bill, the circulation may cease at any period the general assembly shall think proper. The senate in their message express their desire of an emission for the purpose only of purchasing liquidated continental securities. This proposal from the senate we could neither agree to, nor concur in, without giving up the privilege of originating all money-matters, which privilege is granted to and exclusively vested in us by the constitution. We have already explained that one of the principal objects of the emission proposed by us was to obtain the means of procuring these continental securities. There is this manifest difference between the emission proposed by us, and that

proposed by the senate, which is to circulate the money having land in security for the payment of the same. The money was to be held by the holders of the continental securities, and every person could only borrow on from depreciation to an emission of paper money, and the taxes fees, which part of the sum is to be used, that acceding to the purchase final settlement benefit the state would not answer it it could, that the emission on loan to us, that if we could prevent years.

Having thus depreciated the payment of your tax, tem opened a loan, our power to enervate to purview and effect, situation and circulation plan on which the tax to be issued, left to take or refuse it, or force to take it for private debts only, that this debt at all to the depreciate, the credit, and consequently be relieved.

But the combination bore so hard upon some sure and certain to be devised and practice, it appeared, it was generally enough of gold less to pay both deliberating on the state and difficult care for the debt instances occasional war, and peace by the necessity to pay off the national

100	•	•
98	0	0
96	0	8½
94	2	3½
92	4	7½
90	7	8½
88	11	7
86	16	2
85	1	5½

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Due the state
In circulation

Gained by the

Capital	250000
	245000
	240100
	235298
	230592
	225980
	221400
	217031
	212690

£. 2078152

Due the state
In circulation

Gained by the

The profit
the sum in circ