

MARYLAND GAZETTE.

T H U R S D A Y, MARCH 8, 1787.

To the PRINTERS of the MARYLAND GAZETTE. THE disagreement between the two branches of our legislature, and the measures pursued in consequence of that disagreement, call for the serious attention of every citizen of the state. An appeal is made by the house of delegates on the subject of this difference. The question which gave rise to the appeal, though of considerable consequence, is far less important than the appeal itself. An emission of paper money to the amount, or indeed to more than the amount, required by the house of delegates, and upon terms the most favoured by the supporters of that measure, although it may be attended with pernicious effects, yet cannot, it is hoped, produce those lasting evils that must result from a measure which, should it succeed, and be formed into a practice, will give an effectual blow to the constitution itself.

Even the favourers of an emission feel some surprise at the conduct of the framers, and supporters of that scheme. Instead of a hasty appeal to the people, why did they not enter into a discussion of the subject with the senate upon the principles of the appeal, and in reply to their message? Merely to assert, as the appeal does, "that the message of the senate contained nothing in it, but what related to the depreciation of the paper, and that the senate had enumerated a great number of causes in support of their opinion, but that in the opinion of the appellants, it was a matter of judgment to be determined by the event," I say, merely to assert this, without inquiring into the causes, and stating to the people their reasons in opposition to them, does by no means establish the propriety of such a bill. Men of prudence regulate their conduct by probable events, supported by reason and experience. Hazardous experiments are ever rejected by the considerate and wise, in favour of remedies less doubtful in the event, although perhaps more silent, and slow in their operation.

But this might have been deemed unnecessary. For with respect to taxation, it is declared by the appeal to be a matter altogether immaterial, whether the bills of credit depreciate, or not. The words are these, "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 suppose (say five, ten, fifteen, or even twenty per cent. for argument sake) can injure our government." With respect to the former part of this position, a question is put a little lower down in the appeal, which intimates this circumstance to be a benefit, rather than an injury. Thus, "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?" This question offers a flattering prospect. Let us look into it. The legislature, for instance, calls upon the people for taxes to support the government, and to discharge its debts. A tax of two silver dollars in the hundred, we will say, is necessary for these purposes, instead of receiving these into the treasury, the state will get but two thirds of the real sum called for, provided paper is paid. For considering both, in the expression of the appeal, as representatives of the property, the difference between them, according to the state of the question, is as two to three. Well. By a preceding paragraph a deficiency is admitted in the annual supplies, and it must be made up, says the appeal, by a further tax, that is in effect, I apprehend, the person, who paid two paper dollars for his last year's tax, must make it up to two silver dollars in the subsequent one. Thus a portion of the last year's burden must be added to the weight of the present. Now let us repeat the question, "Will a person, thus circumstanced, increase or diminish his property?" If the deficiency is to be made up by an equal tax upon the whole, and some have paid in the full tax, really, in specie, and others, nominally, in paper, there may be some substance in the question. But, I trust, the general assembly can never have it in view to countenance such inequality. If not, the person, who is to make up his last year's tax, I am of opinion, will deem the increase rather ideal. Unless incurring a debt may be said to be increasing his property; which indeed may have some truth in it in this case, if we consider the fate of arrearages heretofore. In fact the sentiment appears pretty general, if we may judge from common practice. But when the affairs of those people, who adopt this mode of increase, come to be wound up by themselves, or others, the balance is too often found, to the sore regret of their creditors, to be on the other side of the account.

"Let it be admitted, says the appeal, that £. 100,000 brought into the treasury by taxes, should purchase tobacco and flour only worth £. 80,000 in gold and silver, this deficiency must be made up by a further tax, but the state will neither be richer nor poorer." In reply to this observation, I will ask the following question: Suppose the necessity of the state requires a supply of £. 100,000; suppose to satisfy this requisition the treasurer receives only the sum of £. 80,000; with respect to that year, is not the state unable, that is too poor, by £. 20,000 to discharge necessary demands? But the deficiency is in the pockets of the people. Well, when a tax equal, we will say, to fifteen shillings specie is laid, and the people, by the application of paper money in the payment, discharge only a portion, say two thirds, of the real tax required, it will become necessary, even by the admission of the appeal, to make a further addition of one third, or five shillings specie, to the next year's requisition. If in the lowest state of the tax an arrearage happens, would it not be madness to expect, that when the tax is increased by former dues, that arrearages will not increase also? If so, when is each year's deficiency to be paid up? At what stage are arrearages to stop? If they are attendant on every new tax imposed, government, I trust, in the midst of imaginary riches, will find itself steeped in actual poverty.

"The state will neither be richer, nor poorer!" If there be an annual addition to the debts of the state, and to the interest on them, will not every increase of the same be a new incumbrance? Here let it be remembered, to prevent state cavils, that by much the greatest part of the debts already incurred, and that will be incurred, must necessarily be external. I imagine our government can never have in view the event of a bankruptcy, to obtain a general discharge; if not, the more its debts are increased, the greater proportion of its property it will take to discharge them. And all, or the greatest part of this, must fall into the hands of strangers, and of course, be so much deducted from the general wealth of the state, and of its citizens. Arrearage of taxes carry no interest. Debts incurred in consequence of them receive a yearly addition from this circumstance. The means therefore relied on to discharge these debts, must fail in that respect, even supposing, and this can scarcely be supposed, that the whole of them will be fairly collected and lodged in the treasury. Now let me ask, with what propriety can it be said by the appeal, that these deficiencies will be made up by further taxes, and that the state will neither be richer nor poorer in consequence of this circumstance?

Notwithstanding the appeal holds out an idea, that the depreciation of the bills of credit is a thing immaterial in itself, as to taxation, yet we observe a desire to impress a belief, that they will not depreciate. For in the project for melting down the solid and real property of the citizens of this state, and circulating it in paper money, "the bills of credit, says the appeal, will be the substitute of such solid property, 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 intrinsic worth, as long as the lands, on which they issue, retain their value."

There does not appear to me to be a necessary connexion between the "must have a real and intrinsic worth" and the security pledged for the redemption of these bills. The lands mortgaged may be sufficient for the redemption of twenty times the sum in circulation at the end of the term of emission, but whether at that period there will be gold and silver enough in the treasury, by virtue of the above security, for this purpose, and if so, whether this gold and silver will be applied to that use, or be diverted to some other purpose, are circumstances so uncertain, that the paper from a view to the security, instead of possessing a real intrinsic value, I fear much, will have but a faint representative one. The real and intrinsic value of a thing, in common language, is the established fixed value of a thing in itself. Gold and silver money, though the representatives of wealth, are said to have a real intrinsic value, that is, a value in themselves, independent of that circumstance; for not being confined to that use alone, they are equally, or nearly, as valuable for other purposes. Can this be said of paper money? Is there one valuable purpose in line to which it can be applied independent of its ideal use? Bank bills and bankers notes in England have, in effect, an intrinsic value, because you can, upon producing them, obtain what they represent; and it is owing

to this circumstance alone that they have. Will our bills of credit have this effect upon sight? It would be a glorious sight. We might then boast, without a fable, that the golden age had returned.

The appeal says, "suppose the depreciation at five, ten, or even twenty per cent for argument's sake." If by this is meant a sudden depreciation to any one fixed point, there to remain without alteration, there may be some reason in the position. But let common sense, let experience determine (and surely our experience will afford full information,) whether such a case is, in the most distant degree, probable. The depreciation must necessarily be by stages, every intermediate one of which, between the imposing, and the application of the tax, will proportionably lessen its value, and of course be injurious to the state, by rendering the annual supplies, inadequate to the purposes for which they are imposed, and thereby occasioning a rapid accumulation of debt.

The appeal does not undertake to estimate the quantity of specie in the state, but alleges, that there is not a sufficiency in circulation, to answer the purposes of commerce alone. "because the chief produce of the country, tobacco and wheat, cannot command a reasonable price, because houses, negroes, and negroes, will not sell for half their actual value, and because specie cannot be borrowed unless at an exorbitant premium, from ten to thirty per cent."

As to the preceding part of the foregoing assertions, with respect to the price of wheat and tobacco, if they do not command a reasonable price at this time, I am apprehensive, another reason, and perhaps as good a one, may be assigned for the effect, as the one given in the appeal. That paper money was formerly as good as gold and silver, is undoubtedly true; but that it has not been the fate of bills of credit, for some years past, to enjoy that reputation, is equally true, and by consequence, the possession of them has not been held in so high estimation, as it formerly was, or as that of gold and silver. Those who were so provident, as to retain the latter in their hands, during the late continual fluctuation of the former, experienced the good effects of such conduct. On the contrary, those who pursued a different plan, severely test, and sorely lamented, the part they had taken. This is still fresh in the memory of all of us. What then is the natural consequence? Why says a thrifty, considerate man, an emission of bills of credit is likely to take place, which will most probably experience the fate of former emissions. I have gold and silver in my chest. That I know cannot suffer by any change. Therefore I will hold, and fast. This will be the reasoning both of those who are in, and of those, that are out of debt. The former will reflect, that perhaps he may find an easier way hereafter to discharge his public, and private dues, than by paying with his hard money for that purpose; at least he is willing to try it. The latter may be of opinion, that should he part with it, it may not be in his power to replace it, with what is of equal value. Thus each will contribute to lessen the circulation. This has actually been the effect of the expectation of an emission of bills of credit. During the circulation of the different species of paper, with which this, and the other states, were not long since overwhelmed, we knew that scarcely a piece of gold, or silver coin was to be seen. Upon the decrease, and cessation of that currency, gold and silver began to find their way into the commercial, and other dealings of men. The farmer, the planter, and the miller, were all sensible of this. The articles they carried to market commanded a generous price, and that in cash. It is but very lately that this has ceased to be the case. In the place of cash credit is introduced. The merchant and trader, if possessed of specie, are desirous, like the rest of their neighbours, to keep it for a good market, or, if they part with it, to take advantage of the present scarcity. It is in vain to say that the paper will not be a tender, therefore cannot be injurious to any one. The necessities of men will oblige them to take it in most instances. Those who cultivate the earth, cannot keep its produce on hand. They must take what they can get, or suffer the fruits of their industry to perish in their possession. The actual circulation of paper for many years expelled gold and silver from all the transactions of men. The late, and present expectations of a further, or other emissions, has had that operation in a great degree. And as long as this continues, or whenever the measure is carried into effect, the same consequence must accompany that situation, or result from this event.

That lands, negroes, and houses, will not sell for half their value, is rather owing to the imagination