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CONGRESSIONAL.

HOUSE OF REPRESENTATIVES

SATURDAY, JAN. 23,

LOAN-BILL.

On motion of Mr. CHEVES, the house resolved itself into a committee of the whole, on the bill "authorising a loan of — millions of dollars"—and also, a bill authorising the issuing of treasury notes for the year 1815. Mr. Nelson in the chair.

Mr. CHEVES moved that the first blank be filled with the word "sixteen." He then went into a detailed account of the demands for which provision was to be made and the resources to meet these demands.

Mr. CHEVES having thus offered the above statements, said, it might be objected, that they were not satisfactory as we were engaged in a war, the duration of which was uncertain, and might be long, and that our views of the ways and means ought to extend, not only to the present, but to future years. This no doubt would be done, and could be done without difficulty, if the legislature and the proper constituted authorities did their duty. He would premise that the system which was proposed with a view to the war, and on which the war was commenced, has this principle for its basis—

to provide a fixed annual revenue, sufficient to pay the ordinary expenses of the government, and the interest on the public debt, including new loans—this was the principle suggested in the message of the president confirmed by the report of the secretary of the treasury, and reiterated by the report of the committee of ways and means—a principle which was probably in a great degree satisfactory to all parties in the house and in the nation. The effect of this principle had been fully accomplished, as it regarded the present year. The ordinary expenses of the government for this year, might be estimated at 9,500,000 dollars, while the revenue receivable within the year, was ascertained to be 12,000,000 dollars, leaving a surplus of 2,500,000 dollars, beyond the sum required to carry the principle alluded to into effect. The means of providing for future years were obvious and abundant. We had a wealthy and unexhausted country, on which not a cent of burden had yet been laid. Taxes might be laid—a repeal of the restrictive laws alone would furnish the means for the ensuing year, and probably longer, while it would have the additional advantage of bringing home the property of our citizens and floating the country with surplus capital, which would probably be loaned to the government. Taxes might yet be laid during the present session of congress, if a proper degree of industry were bestowed on the subject. If not, the president was invested with power to call congress together, before the constitutional period of their meeting, and in time to accomplish this object for the purpose of the ensuing year. He declared it to be his decided opinion, that the repeal of the restriction on commerce, or the imposition of taxes must be adopted, and it was his opinion (though it might differ from that of those for whom he felt a respectful deference) that both ought to be done, to render the ways and means of the government abundant, and the prosecution of the war vigorous and successful. Gentlemen, he said, could not entertain any reasonable apprehensions of account of the loan for the present year—Suggestions of its failure seemed to be unfounded. It had been predicted that the loan for the last year would not succeed, but these predictions had been entirely falsified by the event. He had the pleasure to inform the committee that the loan of the last year had been filled, except a little more than half a million, while the whole of the treasury notes, authorized to be issued, had been put in circulation. A demand had even ex-

isted for more. He compared the relative situation of the country in 1812 and '13. In 1812, there were twenty millions of property in the enemy's country, which was now brought home. The state of war had of necessity released large sums from the demands of commerce and it would be the interest of the holders of this money to loan it to government. If it should be said that the release of capital from the demands of commerce, had a disastrous aspect, it was susceptible of a satisfactory answer, which would be given when the objection should be urged. Mr. C. thought the banks alone would be able, from the diminution of the demands of commerce upon them, to afford to government the aids it wanted, if they could give a circulation to their business with government, something like that which subsisted between them and individuals. They had drawn in much of their capital since the war, and were better able to loan now than they were the last year. The money borrowed from the government the last year, was not taken out of the circulation of the money market—it had only passed into other hands, and if not demanded for the objects of industry and of commerce, which would not probably be the case, the present holders would find it their interest to loan it again to the government. It might be also objected, said Mr. C. that the government, by this bill, was not restricted in the rate of interest. To this he would reply, that if precedents were necessary, to justify this omission, enough were furnished by the administrations which preceded the year 1801—enough were furnished by the records of the Washington administration. He had thought it his duty to advert to the several acts of congress which authorized loans during these administrations. He would not say that he spoke with perfect accuracy, though he believed he did. From this examination it appeared that from the foundation of the government to the year 1801, loans were authorized to the amount of 5,800,000 dollars at five per cent. to the amount of 6,774,539 6-100 dolls. at 6 per cent. and to the amount of 24,000,000 dollars, without any limitation of the interest authorized to be given. The first loan authorized by the government was for 12,000,000, and without any restriction in the rate of interest. This, too, was in a state of peace—we are now in a state of war, when he hoped, however gentlemen in the minority might differ from the majority as to the propriety of the war, or the objects of the war, as the events of it must affect objects equally dear to all they would not be found so far to separate themselves from the government and the country as unnecessarily to embarrass the endeavours of the majority to prosecute the war with honour and success. He hoped the petty prejudices and distinctions of party would not mingle in this great question, but would be generously sacrificed upon the altar of public good. He would just add, that the bill authorising the issuing of treasury notes, which was also before the committee, had a connexion with the loan bill. It authorized, in addition to the sum relied upon as a part of the ways and means of the year, the issue of a further sum of 5,000,000 dollars, but provided in that even for an equivalent distribution of the loan.

Mr. CHEVES said, he did not observe in the details of the gentleman any provision made for the reimbursement of the treasury notes payable after this year, with the interest, as also the interest on the loan of 1814. He asked if the eight millions appropriated to the public debt embraced these objects; or was the eight millions appropriated solely to the sinking fund, if so, he would rather vote for a loan of twenty millions, than to vote one dollar of a fund which should be regarded as sacred to the object for which it was established.

Mr. CHEVES replied that the eight millions included the several items stated by the gentleman, and was more than enough to meet the sum to be paid on account of the old debt, loans and treasury notes,

and the interest on these. This he said was the true and legal application of the sinking fund, as would be shown if the question should be agitated.

Mr. BIGLOW, after observing that he made this motion, (to strike out the first section of the bill) because he meant to oppose the system of obtaining money by loans, rather than the details of the bill, said:

Mr. Chairman—I in support of the motion which I have made, and which if it prevails, is tantamount to a rejection of the bill, I will make some observations, although I find myself under an uncommon degree of embarrassment. An embarrassment, which proceeds not only from the delicacy of my situation, but from an apprehension, nay, sir, conviction, that it will be impossible for me to communicate to the committee my reasons for the motion, in that clear and forcible manner, with which they have presented themselves to my own mind.

The delicacy of my situation results from my having been opposed to the war, when it was declared, from being now opposed to its prosecution, as well, because the principal cause for its declaration has been removed, as from a persuasion, that the invasion of Canada is both morally and politically wrong, and a conviction that the manner of raising and distributing the military force, is not adequate to the contemplated object. But, sir, we have voted to raise the force, and are about to rely on loans to clothe, feed and pay it. Against this course, I beg leave at this time most solemnly to protest, and ask the indulgence of the house, while I attempt to point out some of the fatal consequences which must inevitably result from it.

Mr. Chairman—We have heard much said, within these walls, in praise of national honor and national glory. They have become so much the burden of the song, that national faith and national credit appear to have shared the fate of the poor wise man, who, by his wisdom, delivered the city, and yet, no man remembered him.

National honor and national glory Mr. Chairman, have a charm in the sound, which strike sweet music to the ear, while national faith and national credit, strike it, with the harsh notes of discord. No man, however, admires more than I do, national honor and national glory; but it must be that honor and that glory which is incircled by virtue and justice and supported by national faith and credit.

Sir—I admire not the glory of conquest. I admire not the glory of an Alexander: I mean the Macedonian not the Russian Alexander. I admire not the glory of a Julius Cæsar, or a Napoleon. I have no desire for that American glory, which is to be acquired on the plains of Abraham, at the walls of Quebec, or on the barren sands of Florida. Besides, Mr. Chairman, the present state of our finances afford but a gloomy prospect for the speedy attainment of this species of glory.

An empty treasury, to be replenished by naked loans, is but an ill omen of success.

What, sir, is the present state of our finances?

Let the report of the secretary of the treasury speak. That, sir, informs us that \$10,600,000 were added to the public debt during the past year. That the expenses of the present year, without including the addition to the army and navy will amount to 31,925,000 dollars. Those conditions according to the statement of the hon. chairman of the committee of ways and means will increase the expenses to thirty six millions. The revenues are but twelve millions, which will leave twenty-four millions to be provided for by loans, or treasury notes. The secretary has not informed us, what will be the expenses of the year 1814. He could not. But he has told us, that the revenue of that year, if the war continues, will not exceed three millions.

This, sir, is the state of your finances, and these are the means by which you are to support and maintain a navy, and an army of 25,000 men.

I confess, Mr. Chairman, that this mode of raising money by naked loans, excites in my mind, more apprehensions for the liberties of this country, than even the raising of the large army which has been authorized. This, if not a novelty, is a dangerous experiment in legislation. An experiment calculated to shake the stability of any government, but more especially one like ours, founded on the will and the affections of the people.

To raise large armies, is at all times, and on all occasions, dangerous to the liberties of a republic, but it is infinitely more so to raise them for the avowed object of invasion and conquest, and depend on loans for their pay and subsistence.

I am aware, that a nation, irritated at the injuries inflicted on it by another, is apt to rush into war regardless of means or consequences. But, sir, the great political maxim, that the preservation of public credit, involves in it the preservation of national honor, and national existence, ought never to be forgotten. It ought to be the first article, in the creed of every politician of whatever party; one which he ought never for party or temporary purposes for a moment to lose sight of.

Better, sir, lose the election of a favorite candidate for president; better sir, lose our own places, than suffer the public credit to be impaired.

Having, Mr. Chairman, made these general remarks, I will attempt to illustrate these two positions—1st. That it is essential to justice and the preservation of public credit, that whenever a debt is contracted, proper funds should be established not only for paying the annual interest of the same, but for discharging the principal within a reasonable period—2d. That without the establishment of such a fund, loans cannot be obtained, the army, if raised, cannot be punctually paid, a revolution will follow, and our present government converted into a military despotism.

The first of these positions is taken almost verbatim from a report made to the old congress in Dec. '82, by a committee consisting of Mr. Hamilton, Mr. Madison and Mr. Fitzsimmons.

The position is true at all times; at that time, it was felt, understood and acknowledged by every man in the U. States.

At that time, and for some time previous, the public credit of the country was at a low ebb. The congress of that day were unremittingly engaged in their endeavors to restore it. In their addresses to the several states, urging a compliance with their requisitions, the language uniformly was, that a compliance was necessary, not merely for the preservation, but for the restoration of public credit.

May such never again be the language of an American congress; but if these measures are persisted in it will be inevitable.

As early, Mr. Chairman, as Sept. 1779, Congress had issued bills of credit to the amount of 159,948,888 dollars. At this period, however, they calculated on preserving the public credit; and it is not a little remarkable, that their calculations were founded on the same principles with those of the chairman of the committee of ways and means, in his eloquent speech on the army bill, by apportioning the amount upon each individual in the United States. I will read you their calculations, at that time, 1779, in their own words:—

"Let us suppose, for the sake of argument, that at the conclusion of the war, the emissions should amount to 200,000,000 of dollars, that exclusive of the supplies from taxes, which will not be inconsiderable the loans should amount to 100,000,000 of dollars, then the whole debt of the U. States would be 300,000,000 of dollars. There are at present three millions of inhabitants in thirteen states. Three hundred millions of dollars, divided among three millions of people, would give to each person one hundred dollars. And is there a man in America unable, in the course of 18 or 20 years to pay it again?"

Mr. Chairman, arguments like these are fallacious, and their fallacy consists in this, that not more than one in ten, of the whole number of souls in the United States, pay any part of the tax, and of those who pay any part of it nineteen-twentieths have as much as they can do to support themselves and families and make any provision for their children. Besides, sir, the accumulation of interest and the annual expenditures of government, are left out of the calculation.

That this reasoning of the old congress was fallacious, we have incontrovertible evidence from their own mouths. For on the 17th of March following, they passed a resolution, "That gold and silver should be receivable in payment of the quotas required of the several states at the rate of one Spanish milled dollar in lieu of every 40 of the bills (then) in circulation."

No wonder, then, that congress should say in 1782, "That it is essential to justice, and the preservation of public credit, that whenever a debt is contracted, proper funds should be established, not only for paying the annual interest, but for discharging the principal within a reasonable period." And, sir, if we are not now willing to subscribe to this doctrine, a few years continuance of the war will afford us a fearful example of its truth.

Mr. Chairman—I will now proceed to the second point, viz. That without such a fund loans cannot be obtained; your army, if raised, will not be punctually paid; public credit will be impaired; a revolution will follow, and your government will be converted into a military despotism.

Without such a fund, even the friends of the war will not loan you money.—Money is not loaned from motives of patriotism, but gain, and I have no hesitation in saying, the loan will not be obtained.

Let us again recur to the history of the revolution. I do this, Mr. Chairman, because it is more familiar; because the people are now as much as they were then, except that the revolutionary war had a popularity, which this has not, and because positions, supported by facts, are entitled to more credit, than those supported by mere argument. Upon this subject, I beg leave to read a few passages from two letters from Dr. Franklin, then our minister in France. The first is dated Dec. 23, 1782, in which he says: "Friday last an order was given to furnish me with 600,000 livres immediately, and I was answered by M. Vergennes that the rest of the 6,000,000 should be paid us quarterly in the course of the year 1783. I pressed hard for the whole sum demanded, but was told, it was impossible."

Our people certainly ought to do more for themselves. It is absurd the pretending to be lovers of liberty, and grudge paying for the defence of it. The foundation for credit abroad should be laid at home; and certain funds should be prepared and established beforehand, for the regular payment, at least of the interest.

In another letter dated March 15, 1783, after speaking on the subject of the French loan, he says: "I abstain from repeating here the other parts of the Count de Vergennes dispatches, which I had the honour to communicate, because the truths they contain are well known to you, and because they may all be reduced to this single position, that without a speedy establishment of solid general revenue, and an exact performance of the engagements which congress have made, you must renounce the expectation of loans in Europe." Again, sir, in an address of congress, Dec. 16, 1782, to the state of Rhode-Island, prepared by a committee consisting of Messrs. Hamilton, Madison and Fitzsimmons we have these remarkable expressions: "Our applications to the foreign powers, on whose friendship we depend, have had a success far short of our necessities. The next resource is to borrow from individuals. These will neither be actuated by generosity nor reasons of state. 'Tis to their interest alone we must appeal. To conciliate they (See last Page.)"