

It is represented to this state by the board of treasury, in their letter of the 30th November, 1786, that the surplus of the receipt by congress, from all the states, beyond what was necessary to defray the charges of the government, in the course of two and an half years, that is, from the 31st December, 1783, to the 30th June, 1786, was only 39,032 dollars, to be applied towards the discharge of the specie engagements unsatisfied in 1782 and 1783; and the board observed, that unless the several states adopted, without delay, a more efficient mode of supplying the general treasury than hitherto adopted, the confederacy of the states, on which their existence as an independent people too probably depended, must inevitably be dissolved.

The result of our opinions on this inquiry was, that you could not discharge your private and your public engagements; and that you must neglect your private obligations, or your public duty. For if you paid your debts, you would thereby be unable to discharge your taxes; and if you paid your taxes, you must thereby be rendered unable to discharge your debts. Your honour, welfare and safety, required that every exertion should be made to support the union. We thought it imprudent and useless to lay on you further taxes, unless some expedient could be devised to assist you in the payment of them, and also in the discharge of your private debts. In every state there ought to be as much circulating money as will represent all the property and labour bought and sold for cash; and the current money of every country ought always to be in proportion to its trade, industry, consumption, alienation and taxes. If government wants to borrow from, or to increase the taxes on, its citizens, it is necessary to use all possible means to augment the quantity of money in circulation, in proportion to the sum wanted on loan, or to be raised by taxes. We are convinced that there is not a sufficient quantity of circulating specie in this state to answer the purposes of commerce alone, because the chief produce of the country, tobacco and wheat, cannot command a reasonable and proper price; because lands, houses and negroes, will not sell for one half their actual value; and because specie cannot be borrowed unless at an exorbitant premium (from 20 to 30 per cent.) to carry on trade or manufactures, to build vessels, or to cultivate or improve our lands. It is difficult to ascertain the amount of specie in circulation in this state, and not less difficult to determine what quantity is necessary as a medium of commerce. We do not consider the trade of the state, at this time, in a more flourishing condition than before the war; and we do not think, at any time before that period, that the circulating specie exceeded £. 200,000; the objects of commerce far exceeded that sum, and the residue was supplied by paper money and credit. We know that in 1776 above £. 238,000, in bills of credit, emitted by the old government, and above £. 200,000 issued by the conventions, were in circulation, and passed, until August, 1776, at par with specie. From this fact we draw these inferences, that the trade of this state, before the war, required a large sum of paper money, to supply the deficiency of specie; and if our commerce is nearly the same at this time, as before the war, that even for that purpose the same quantity of paper may be emitted; and that if taxes increase the demand, the sum may be augmented according to such additional demand. There are no mines of gold and silver in this state, and therefore we can only procure those metals by the export of the produce of our lands, as we have no manufactures. The balance of trade being against us, for that cause we export, and do not import specie. As there is certainly not a sufficient quantity of gold and silver for a medium of trade, and for the purpose of taxation, we were of opinion, that a part of the solid or real property of our citizens, equal to the deficiency, might be melted down and made to circulate in paper money or bills of credit.

To explain and familiarise this idea of melting down and circulating real property in paper, we would suppose that the real property belonging to the citizens of this state is actually worth £. 15,000,000 specie, that they owe for the public debt £. 1,000,000, and the circulating gold and silver is only £. 200,000. Gold and silver is the common standard to measure the value of all commodities, and are called the representatives or signs of wealth: It is evident that fifteen millions can discharge one, but if all the £. 200,000 could be collected by taxes, there would remain a balance of £. 800,000. How shall this balance be paid? Your property is worth above fifteen times that sum, and yet you must be insolvent as to taxes, if no mode can be devised to procure some representative of this property, other than gold and silver, which from its nature can circulate and answer in taxes 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 some 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.

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