

The United States in Congress assembled. April 27, 1784

THE UNITED STATES IN CONGRESS ASSEMBLED. APRIL 27, 1784.

CONGRESS resumed the consideration of the report of the GRAND COMMITTEE appointed to prepare and report to Congress, the arrears of interest on the national debt, together with the expences for the year 1784, from the first to the last day thereof inclusive, and a requisition of money on the states for discharging the same, which being amended to read as follows—

RESOLVED, THAT there will be wanting for arrears of interest on the national debt to the end of the year 1783, and for the interest of the foreign debt and services of the present year 1784, from the first to the last day thereof inclusive, the following sums expressed in dollars, tenths and hundredths of dollars. The civil department, 107,525.33 The military department, 200,000 The marine department, 30,000 Purchases of Indian rights of soil, and the incidental expences, 60,000 Contingencies, 60,000 457,525.33 Debts contracted and still unpaid for the services of 1782 and 1783, 1,000,000 Interest on the national debt as follows— FOREIGN DEBT. 1782. Dec. 31. Three years interest on the Spanish loan of 150,000 dollars, at 5 per cent. 22,500 1783. Dec. 31. Spanish loan, one year, 7,500 To the farmers general of France, livres 846,710-5, 7,840 1784. June 1. Dutch loans of 1,800,000 florins, at 5 per cent. 35,000 Sept. 3. Public French loan of 24 million livres ditto, 222,000 Nov. 5. Dutch loan of 10 million livres, guaranteed by France, 74,074 Dec. 31. Spanish loan, 7,500 Farmers general of France, 7,840 384,254 DOMESTIC DEBT. 1782. Dec. 31. Loan office debt, 11,473,802.26 at 6 per cent. 1,184,176 Liquidated debt, 701,404 at ditto, 21,042 Army debt, 5,635,618 at ditto, 676,272 1,881,490 Deduct the requisition of Sept. 4, 1782, 1,200,000 681,490 1783. Dec. 31. Loan office debt, 749,050 Liquidated debt,

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42,084 Unliquidated debt, estimated at 8 million dollars, suppose one third now liquidated, 160,000 Army debt, 338,136 1,289,270 TOTAL, 3,812,539.33

The committee were apprised that the resolutions of Congress of April the 18th, 1783, had recommended to the several states the raising an annual revenue, for the purpose of discharging the principal and interest of the national debt, by the establishment of certain imposts, and providing supplementary funds for a given term of years, to be raised in such a way as they might judge most convenient: but it occurred to them, that those recommendations were still under suspence with several of the legislatures, some of them having as yet acceded to the impost only, and others decided on the impost nor supplementary funds: that however desirable a compliance therewith is, for the preservation of our faith, and establishment of a national credit, yet as time has already elapsed, and more must elapse before their final confirmation can be hoped, as, after it shall be obtained, time will also be requisite to advance the plan to the term of actual collection, good faith requires that in the mean while other measures should be resorted to for the purpose of discharging the growing interest.

In the statement of the interest due at the close of the year 1782, the committee have supposed its amount lessened by 1,200,000 dollars required and apportioned by the resolutions of Congress of September the 4th and 10th, 1782, and appropriated to the sole purpose of paying the interest of the public debt. This requisition gave licence to the states to apply so much as should be necessary of their respective quotas of it, to the payment of interest due on certificates issued from the loan office of their own states, and other liquidated debts of the United States contracted therein. Hence they suppose it has happened, that the actual payment of these quotas, have been uncommunicated to the office of finance for the United States. The committee are of opinion, that the states should be desired to communicate to the superintendent of finance, the payments they have made under this requisition, and where they have been incomplete, to hasten their completion, as the means still relied on by Congress for the discharge of that part of the interest of the public debt — And while on this subject, they beg leave to add, that from

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the representation to Congress by the minister of France, referred to this committee, they learn that in some of the states, a discrimination has taken place between the citizens of their own, and subjects or citizens of other countries, which was not authorized by the said resolution: They are of opinion, that such states should be requested to revise and return their proceedings herein, and to extend the benefits both past and future of this provision equally and impartially to all persons within its description.

Your committee came then to consider in what way it would be best to call for the sums requisite for the services before stated: and they thought it their duty in the first place to enquire, whether no surpluses might remain on former requisitions of Congress, after the purposes were effected to which they were originally appropriated; under an assurance that it would be both the duty and sense of Congress to apply such surpluses, in every instance, towards lessening the next requisitions on the states. They found in fact that such a surplus would remain on the requisition of October 30, 1781, for eight millions of dollars for the services of the ensuing year; and that this surplus would be great from the following circumstances:—That requisition was estimated on supposition, that the continental army would be completed by the states, to its full establishment; and that cloathing, subsistence and other necessaries for such an army, must of course be provided. The states were far short of producing such an army. Hence the calls for money were proportionally abridged. It was eliminated too on the further supposition that we might be disappointed in the endeavours we were then exerting to borrow money both at home and abroad, and of course that the whole must be supplied by taxes. Loans however were obtained, and the surplus increased by this second cause. A third circumstance has further enlarged it. The payments on this requisition have been small and slow. Hence, instead of money, those who served and supplied the United States have received certificates only that money is due to them, and these debts have been transferred to the fund proposed to be raised by way of impost: so that tho' the debts exist, they are removed from this to another fund. To know then the amount of this surplus, the committee extended their enquiries to the sums actually received under this requisition, the purposes to which

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they have been applied, and the anticipation thereof still unsatisfied. They found that 1,486,511.71, only of the eight millions of dollars had been received at the treasury at the close of the year 1783: that these had been applied to the services of the years 1782 and 1783, and that for other services of the same years, debts were contracted to the amount of about one million of dollars more, which depend for their discharge on further receipts under this requisition: a statement of the expenditures of which sums should be made out and forwarded to the legislatures of the several states. Your committees then are of opinion that a surplus of 5,513,488.28 dollars will remain of this requisition, after answering all the demands which actually arose against it, which were not answered by other means, nor transferred to other funds; and that this surplus ought to be applied so far as it will go, to the common purposes of the United States, so as to prevent new requisitions on them till the old shall have been exhausted, and to shew to those who may have paid their whole quota of any requisition, that they will not be called on anew till all the other states shall in like manner have paid up their quotas.

Your committee found also that there was a requisition of Congress of October 16, 1782, for two millions of dollars for the services of the year 1783, on which some small payments had been tendered, but that the superintendent of finance had found it better to receive and credit them as part of the eight millions. They are accordingly comprehended in the sum before stated to have been paid in under that head.

Having thus stated the demands existing against the states, the committee would have performed but half their duty, had they passed over unnoticed their condition to pay them. Their abilities must be measured in weighing their burthens. Their creditors themselves will view them just relieved from the ravages of predatory armies, returning from an attendance on camps, to the culture of their fields—beginning to sow, but now yet having reaped—exhausted of necessaries and habitual comforts, and therefore needing new supplies out of the first proceeds of their labour. Forbearance then, to a certain degree, will suggest itself to them. Congress entrusted with the dispensation of justice between the public and its creditors will suppose both parties desirous that their mutual situations

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should be considered and accommodated. Your committee are of opinion that if the whole balance of the two requisitions of eight and of two millions, should be rigorously called into payment within the course of the present year, a compliance with such call would produce much distress; and that a proportion short of this should be fixed on, within the reach of the least as well as of the most able states. They propose therefore that the states be required to furnish within the course of the present year, such part of their deficiencies under the requisition of eight millions, as, with their payments to the close of the last year, will make up one- half of their original quota thereof. And that these payments be appropriated in conformity with the statement in the first part of this report, giving generally, where accommodation cannot be effected among the several objects, a preference according to the order in which they are arranged in the said statement.

But while this proportion of former deficiencies is of necessity called for, under the pressure of demands which will admit neither denial nor delay, and the punctual compliance of every state is expected, to enable the federal administration with certainty to satisfy these demands, it is earnestly and warmly recommended to the abler states, to go as far beyond this proportion in specie, as their happier situation will admit; under an assurance, that such further contributions will be applied towards discharging the public debt agreeably to the preceding statement, and will be placed to their credit in the next requisitions, with interest thereon from the time of payment: and also that before any further demands is made upon the states, under the requisition for two million of dollars, or the requisition for eight millions of dollars, Congress will revise the quotas of the several states mentioned in the said requisitions respectively, and will make them agreeable to justice, upon the best information Congress may have when such demand is made. But as all our exertions will probably fall short of their full object, in that case it is believed that the public creditors seeing the load of interest accumulated during the war, greater than can be discharged in the first year of peace, will be contented for the present, to receive the earlier part of these arrears, and to rely for the residue on the efforts of the ensuing year.

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Individual states have at times thought it hard that while, in their own opinion, they were in advance for the United States on accounts existing and unsettled between them, they should yet be called on to furnish actual contributions of money. The committee observe in answer to this, first, that almost every state thinks itself in advance: and secondly, that it has been the constant wish of Congress that these accounts should be settled, and the contributions of each be known and credited. They have accordingly taken measures, and will continue their endeavours to effect these settlements: And as a further encouragement to hasten this desireable work, the committee are of opinion Congress should declare, that so soon as these accounts shall be settled, and it shall appear in favour of what states balances arise, such states shall have credit for the same in the requisitions next ensuing.

But it will be necessary also to remind the states that no materials have yet been furnished to enable Congress to adjust the ultimate ratio in which the expenditures of the late war shall be apportioned on the states. The confederation directs that this shall be regulated by the value of the lands in the several states with the buildings and improvements thereon. Experiments made how- ever since the date of that instrument, for the purposes of ordinary taxation, had induced doubts as to the practicability of this rule of apportionment; yet Congress thought in their duty to give it fair trial, and recommended to the several states on the 17th February, 1783, to furnish an account of their lands, buildings and number of inhabitants, whereon they might proceed to estimate their respective quotas: but apprehending that the incompetence of the rule would immediately shew itself, and desirous that no time should be unnecessarily lost, they followed it with another recommendation of the 18th of April, 1783, to substitute in lieu of that article in the confederation another, which should make the number of inhabitants, under certain modifications, the measure of contribution for each state. Both these propositions are still under reference to the several legislatures; the latter accompanied by the earnest wishes and preference of Congress, under full conviction that it will be found in event as equal, more satisfactory, and more easy of execution: the former only pressed if the other should be rejected. The committee are informed that the states of Connecticut, New-Jersey,

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Pennsylvania and South Carolina, have acceded to to the alteration proposed; but have no evidence that the other states have as yet decided thereon. As it is necessary that the one or the other measure should be immediately resorted to, they are of opinion it should be recommended to the legislatures which have not yet decided between them, to come to decision at their next meeting.

In order to present to the eye a general view of the several existing requisitions, and of the payments made under them, the committee has subjoined them in the form of a table, wherein the 1st column enumerates the states; the 2d the apportionment of the 1,200,000 dollars; the 3d that of the 8 millions; the 4th that of the 2 millions; the 5th the sums paid by the several states in part of their respective quotas to the last day of the year 1783; and the 6th the sums now required to make up one half of their respective quotas of the 8 millions, expressed in dollars.[table]

Resolved, That Congress agree to the said report.

APRIL 28, 1784.

Congress resumed the consideration of the report of the grand committee, appointed to report the arrearages of interest, &c. so far as respected facilities, and the paragraph being amended to read as follows—

It remained lastly to consider, whether no facilities might be given to the payment of these sums by the several states. The committee observed that of the purposes for which money is wanting, about three- fourths can be answered by nothing but money itself; but that the other fourth, consisting of interest on our domestic debt, may be effected by procuring a discount of the demand in the hands of the holders; an operation which will be shorter, and less impoverishing to the state. And however, in times of greater plenty, the accuracy of fiscal administration might require all transactions to be in actual money, at the treasury itself; yet till our constituents shall have had some respite from their late difficulties, it behoves us to prefer their easement. The committee are therefore of opinion that the

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several legislatures may be admitted so to model the collection of the sums now called for, that the three- fourths of any sum being paid in actual money, the other fourth may be discharged by procuring discounts of interest with our domestic creditors; always taking care that the collection of money shall proceed at least in threefold proportion with the operations of discount. And to ascertain the evidence of discount which shall be receivable in lieu of money, the holders of loan office certificates shall be at liberty to carry them to the office from which they issued; and the holders of certificates of other liquidated debts of the United States, to carry the same to the loan office of that state wherein the debt was contracted, and to have the interest due thereon settled and certified to the last day of the year 1782: for which interest the loan officer shall give a certificate in such form, and under such cautions and instructions, as the superintendant of finance shall transmit to him; which certificates of interest being parted with by the holder of the principal, shall be deemed evidence that he has received satisfaction for the same, and therefore shall be receivable from the bearer, within the same state, and from the state when obtained from the bearer, in lieu of money in the proportion before stated; which payment in certificates by the state into the public treasury, in the proportion that each state avails itself of the facilities, shall be considered as a discharge of so much of the interest due upon the domestic debt, so that the three-fourths or greater proportion, if any state should not avail itself of the facilities in the degree hereby admitted, paid in money at the same time shall be applied, giving preference according to the above statement, to the discharge of the expences of internal government, and the interest due upon the foreign debt. And where loan office certificates, issued after the first day of March 1778, shall be presented to the loan officer, they shall be reduced to their specie value, according to the resolutions of Congress of June 28, 1780, that specie value expressed on some part of the certificate, and the interest thereon settled and certified as in other cases. giving preference

Resolved, That Congress agree to the same.

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Congress took into consideration the report of a grand committee, to whom was referred the report of a committee on the subject of western territory, and thereupon came to the following resolution—

CONGRESS by their resolution of September 6, 1780, having thought it adviseable to press upon the states having claims to the western country, a liberal surrender of a portion of their territorial claims, by that of the 10th of October, in the same year, having fixed conditions to which the union should be bound, on receiving such cessions: And having again proposed the same subject to those states in their address of April 18th, 1783, wherein, stating the national debt, and expressing their reliance for its discharge, on the prospect of vacant territory, in aid of other resources, they, for that purpose, as well as to obviate disagreeable controversies and confusions, included in the same recommendation, a renewal of those of September the 6th, and of October the 10th, 1780; which several recommendations have not yet been finally complied with:

Resolved, That the same subject be again presented to the attention of the said states, that they be urged to consider that the war being now brought to a happy termination by the personal services of our soldiers, the supplies of property by our citizens, and loans of money from them as well as from foreigners; these several creditors have a right to expect that funds shall be provided on which they may rely for indemnification; that Congress still consider vacant territory as an important resource: And that therefore the said states be earnestly pressed, by immediate and liberal cessions, to forward these necessary ends, and to promote the harmony of the union.