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The Committee, consisting of Mr. King, Mr. Pinckney, Mr. Kean, Mr. Monroe, and Mr. Pettit, to whom were referred several Reports and Documents concerning the **SYSTEM of GENERAL REVENUE, recommended by Congress on the 18th of April, 1783.**

REPORT, February, 1786 — Report — with alterations passed February 15 — filed with acts **THAT** in pursuance of the above reference, they have carefully examined the acts of the several states, relative to the general system of revenue recommended by Congress on the 18th of April, 1783, and find that the states of Delaware and North-Carolina have passed acts in full conformity with the several parts thereof; the former of which states has inserted a proviso in their act, restraining the operation thereof until each of the other states shall have made a like and equally extensive grant; that the states of New-Hampshire, Massachusetts, Connecticut, New Jersey, Virginia and South Carolina, have each passed acts complying with that part of the system, which recommends a general impost, but have come to no decision on the other part, which proposes the establishment of funds, supplementary to, and in aid of the general imposts; that the state of Pennsylvania has passed an act complying with the recommendations of the general impost, and in the same act has declared, that their proportion or quota of the supplementary funds, shall be raised and levied on the persons and estates of the inhabitants of that state, in such manner as the legislature shall from time to time direct, with this proviso, that if any of the annual proportion of the supplementary funds shall

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be otherwise raised and paid to the United-States, then such annual levy or tax shall be discontinued: The committee conceive that this clause is rather an engagement that Pennsylvania will provide adequate supplementary funds, than an actual establishment thereof; nevertheless, the act contains a proviso restraining its operation, until each of the other states shall have passed laws in full conformity with the whole of the revenue system aforesaid: The committee farther find that the state of Rhode-Island has passed an act on this subject, but so different from the plan recommended, and so wholly insufficient, that it cannot be considered as a compliance with any part of the system submitted for their adoption; that the state of Maryland passed an act in 1782, and a supplement thereto in 1784, complying with the recommendation of Congress of the 3d of February, 1781, which recommendation is not compatible with, and was relinquished by the resolves of Congress of the 18th of April 1783; but that neither the state of Maryland, New-York, nor Georgia, has passed any act in pursuance of the system of the 18th of April 1783.

From this statement it appears that seven states, viz. New-Hampshire, Massachusetts, Connecticut, New-Jersey, Virginia, North Carolina and South Carolina, have granted the impost in such manner, that if the other six states had made similar grants, the plan of the general impost might immediately begin to operate; that two other states, viz. Pennsylvania and Delaware, have also granted the impost, but have connected their grants with provisos, which will suspend their operation until all the other states shall have passed laws in full conformity with the whole of the revenue system aforesaid; that two only of these nine states, viz. Delaware and North-Carolina, have fully acceded to that system in all its parts; and that the four other states, viz. Rhode-Island, New-York, Maryland and Georgia have not decided in favour of any part of the system of revenue aforesaid, so long since, and so repeatedly presented by Congress for their adoption.

The committee have thought it their duty candidly to examine the principles of this system, and to discover if possible the reasons which have prevented its adoption; they cannot learn that any member of the confederacy has stated or brought forward any objection against it, and the result of their impartial enquiries into the nature and operation of the

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plan, has been a clear and decided opinion, that the system itself is more free from well founded exceptions, and is better calculated to receive the approbation of the several states than any other that the wisdom of Congress can devise.

In the course of this enquiry it most clearly appeared, that the requisitions of Congress for eight years past have been so irregular in their operation, so uncertain in their collection, and so evidently unproductive, that a reliance on them in future, as a source from whence monies are to be drawn, to discharge the engagements of the confederacy, definite as they are in time and amount, would be not less dishonorable to the understandings of those, who entertain such confidence, than it would be dangerous to the welfare and peace of the union: The committee are therefore seriously impressed with the indispensable obligation that Congress are under of representing to the immediate and impartial consideration of the several states, the utter impossibility of maintaining and preserving the faith of the federal government, by temporary requisitions on the states, and the consequent necessity of an early and complete accession of all the states to the revenue system of the 18th of April, 1783.

Although in a business of this magnitude and importance to the respective states, it was natural to expect a due degree of caution, and a thorough investigation of the system recommended, yet the committee cannot forbear to remark, that this plan has been under reference for nearly three years; that during that period numerous changes have taken place in the delegations of every state, but that this system has received the repeated approbation of each successive Congress, and that the urgency of the public engagements at this time, renders it the unquestionable duty of the several states to adopt, without further delay, those measures, which alone in the judgement of the committee, can preserve the sacred faith of this confederacy.

The following state of facts must convince the states of the propriety of urging this system with unusual anxiety at this period.

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Dol. 90ths That the sum necessary to discharge the interest on loans of the King of France, to the 1st. January 1787, is 240,740.60 For interest on certificates to foreign officers made payable in France to the 1st of January, 1787. 22,370. For interest on the Spanish loan, to the 21st. March, 1787. 48,596.55 For interest on the Dutch loans, to the 1st. June 1787. 265,600. 577,307. 25

That although some of the objects of disbursement are in the year 1787, the periods at which they become due, will shew the absolute necessity of an immediate provision for them.

That notwithstanding some of the above sums do not fall due until 1787, yet there will be due, exclusive of the same, in that year, 1,252,938 dollars and 57 ninetieths, and during the nine succeeding years, that is until the year 1797, including the payment of the interest and the partial reimbursements of the capitals of the French and Dutch loans, the average sum of near one million of dollars annually; for the certain obtaining of which, at fixed periods, effectual measures can no longer be delayed. More fully to illustrate this subject, the committee annex a schedule of the French and Dutch loans, shewing the periods of their redemption, with the annual interest payable thereon, until their final extinction; in addition to the above foreign demands, the interest on the Spanish loan, and on the debts due to foreign officers, must be provided for and annually paid: The amount of these annual demands will be greatly increased by adding the annual interest on the domestic debt, the whole of which is not yet liquidated, and the aggregate whereof, will consequently be enlarged beyond its last estimate.

The committee contemplate, with great satisfaction, the prospect of extinguishing a part of the domestic debt, by the sales of the western territory of the United States; but a considerable time must elapse before that country can be surveyed and disposed of; and the domestic creditors, until that event, must depend for support on the justice of their country:—The revenue system, if adopted, would afford this support, and enable Congress to fulfill the public engagements with their foreign creditors. The whole product of this

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system is appropriated for the payment of the principal of the national debt, and no part thereof can be diverted to other purposes.

That it has been the earnest wish of Congress to prevent the vast accumulation of foreign interest that now exists, appears from their estimates and requisitions of the 27th of April, 1784, and the 27th Sept. 1785; and the following abstract, taken from the books of the treasury, of the amount of monies brought into the federal treasury in the course of the four last years, viz. between the 1st November, 1781, and the 1st January, 1786, will shew the little success of requisitions, and demonstrate the inadequacy of their products to maintain the federal government, and at the same time to discharge the annual public engagements.

Dol. 90ths The receipts of taxes from the 1st November, 1781, to the 1st November, 1784 amount to 2,025,089. 34 From the 1st November, 1784, to the 1st January, 1786, 432,897. 81 Total, 2,457,987. 25

Thus it is evident that the sum of 2,457,987 dollars and 25-90ths only, was received in a space of more than four years, when the requisitions in the most forcible manner, pressed on the states the payment of much larger sums, and for purposes of the highest national importance. It should be here observed, that the receipts of the last fourteen months of the above period, amount only to 432,897 dollars and 81-90ths, which is at the rate of 371,052 dollars per annum, a sum short of what is essentially necessary for the bare maintenance of the federal government on the most economical establishment, and in time of profound peace.

The committee observe, with great concern, that the security of the navigation and commerce of the citizens of these states from the Barbary powers, the protection of the frontier inhabitants from the savages, the immediate establishment of military magazines in different parts of the union, rendered indispensable by the principles of public safety, the maintenance of the federal government at home, and the support of the public servants

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abroad, each and all, depend upon the contributions of the states under the annual requisitions of Congress. The monies essentially necessary for these important objects, will so far exceed the sums formerly collected from the states by taxes, that no hope can be indulged of being able, from that source, to make any remittances for the discharge of foreign engagements.

Thus circumstanced, after the most solemn deliberation, and under the fullest conviction that the public embarrassments are such as above represented, and that they are daily increasing, the committee are of opinion, that it has become the duty of Congress to declare most explicitly, that the crisis has arrived, when the people of these United States, by whose will, and for whose benefit the federal government was instituted, must decide whether they will support their rank as a nation, by maintaining the public faith at home and abroad; or whether, for want of a timely exertion in establishing a general revenue, and thereby giving strength to the confederacy, they will hazard not only the existence of the union, but of those great and invaluable privileges, for which they have so arduously and so honourably contended.

And to the end that Congress may remain wholly acquitted from every imputation of a want of attention to the interest and welfare of those whom they represent, the committee submit the following resolves:

Resolved, That the requisitions of Congress of the 27th of April, 1784, and the 27th of September, 1785, cannot be considered as the establishment of a system of general revenue, in opposition to that recommended to the several states by the resolves of Congress of the 18th of April, 1783: That the said requisitions were adopted for the immediate exigencies of government, and as a temporary provision for the payment of the interest of the national debt; and that Congress have ever trusted that the good sense and experience of the several states, would impress on them the necessity of adopting, in the fullest manner, the revenue system of the 18th April, 1783.

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Resolved, That the resolves of Congress of the 18th of April, 1783, recommending a system of general revenue, be again presented to the consideration of the legislatures of the several states, which have not fully complied with the same: That it be earnestly recommended to the legislatures of New-Hampshire, Massachusetts, Connecticut, New Jersey, Pennsylvania, Virginia and South-Carolina, which have complied only in part with the said system, completely to adopt the same; and to the legislatures of the states of Rhode-Islands, New-York, Maryland and Georgia, which have not adopted the said system, either in whole or in part, to pass laws, without further delay, in full conformity with the same.

Resolved, That whilst the United States in Congress, are denied the means of satisfying those engagements which they have constitutionally entered into for the common benefit of the union; they cannot be responsible for those fatal evils which will inevitably flow from a breach of public faith, pledged by solemn contract, and a violation of those principles of justice, which are the only solid basis of the honor and prosperity of nations.