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Heidi M. Lange

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INTERESTS VERSUS IDEAS IN THE DESIGN OF THE U.S. CONSTITUTION:
THE CASE OF THE ASSUMPTION OF STATE DEBTS

A Dissertation

Presented to

The Faculty of the Department

of Political Science

University of Houston

In Partial Fulfillment

Of the Requirements for the Degree of

Doctor of Philosophy

By

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ABSTRACT

This research analyzes a Constitutional issue that arose in the First Federal Congress and was connected with a question addressed during the 1787 Federal Convention, specifically, the assumption of state debts to pay the United States. The objective of this research is to analyze *The Records of the Federal Convention of 1787*, *The Federalist* papers, and the First Federal Congress of 1789-1791 journals, as well as the republican ideas that influenced the constitutional issue of the assumption of state debts by the federal government. The dissertation argues that the relationship between the success of the assumption of state debts during the 1787 Federal Convention through the First Federal Congress was a matter of republican values rather than the popular notion that Madison negotiated successfully by trading votes for assumption of state debts with the placement of the seat of the United States Capitol. The analysis identifies shared political ideas as a more important factor than material or political factors, as it relates to the issue of the assumption of state debts.

Gaudeamus!

Many thanks are given to
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To my dear husband, Luis Galito,
For his patience, love, and support
Throughout my graduate studies

For my daughter, Kendall,
A blessing and a joy

With much appreciation
To my dear friend, Nancy Mangum McCaslin

In memory of the Reasonable Mister Ross M. Lence
And his beloved mother, Nickie Lence

*Men of imagination, rather than party leaders, determine
the ultimate course of things.*

Russell Kirk
The Conservative Mind

CHAPTER I: INTRODUCTION AND LITERATURE REVIEW

INTRODUCTION

This research analyzes a Constitutional issue that arose in the First Federal Congress and was connected with a question addressed during the 1787 Federal Convention, specifically, the assumption of state debts by the United States to pay for the Revolutionary War.¹ Sometimes connections between the proceedings of the Federal Convention and the First Federal Congress appear explicitly stated, such as the United States Constitution, Article I, Section 8 that states, “The Congress shall have Power To lay and collect Taxes...” Other times, the connection is less apparent, as with the question of the assumption of state debts by the newly formed government, an issue debated during the Federal Convention of 1787, discussed in *The Federalist* papers, and revisited during the First Federal Congress of 1789-1791.

Under the Articles of the Confederation, Continental Congress lacked the authority to generate revenue or coin money and, consequently, had no funds to spend; as a result, both national and state levels “accumulated to more than 54 million dollars” in

¹ Dr. Ross M. Lence presented the original challenge to his University of Houston POLS 6349 American Political Thought graduate students in Spring 2003. The reasonable Mr. Lence, as we referred to him, set forth the charge of a 20-25 page original research project concerning “a comparison of the work of the Convention with the work of the First Federal Congress on some constitutional issue” (Lence 2003 Course Syllabus). After he read my paper on the assumption of state debts issue, the “MBI (Most Beloved Instructor),” suggested that I pursue the assumption of state debts issue as the topic for my dissertation.

debt (First, 2).² States were amassing debts of their own and reluctant to respond to the Continental Congress's call for revenue. Individual states issued certificates of indebtedness for Revolutionary War debts. "By 1790, most of the debt certificates were no longer in the hands of those Americans who actually loaned money or [had] given services to the United States[;]" instead many of the certificates were now held by third parties or speculators, who had purchased them for pennies on the dollar, hoping the newly formed government would eventually repay the full value of the certificates (First, 1). The issue of the assumption of state debts by the federal government also evoked controversy and debate because some states had paid most of their debt while others had not.

The Federal Convention of 1787 and the First Federal Congress experienced erratic attendance with members present or absent during sessions. Despite the efforts of key delegates at the Convention and of key members of Congress to debate the issue of the assumption of state debts, there were no apostles spreading the good word of assumption; rather, it resembled the old adage: *the world is run by those who show up*.

² Articles of Confederation, Article VIII. All charges of war, and all other expenses that shall be incurred for the common defense or general welfare, and allowed by the United States in Congress assembled, shall be defrayed out of a common treasury, which shall be supplied by the several States in proportion to the value of all land within each State, granted or surveyed for any person, as such land and the buildings and improvements thereon shall be estimated according to such mode as the United States in Congress assembled, shall from time to time direct and appoint. The taxes for paying that proportion shall be laid and levied by the authority and direction of the legislatures of the several States within the time agreed upon by the United States in Congress assembled. Article IX. [...]The United States in Congress assembled shall never engage in a war, nor grant letters of marque or reprisal in time of peace, nor enter into any treaties or alliances, nor coin money, nor regulate the value thereof, nor ascertain the sums and expenses necessary for the defense and welfare of the United States, or any of them, nor emit bills, nor borrow money on the credit of the United States, nor appropriate money, nor agree upon the number of vessels of war, to be built or purchased, or the number of land or sea forces to be raised, nor appoint a commander in chief of the army or navy, unless nine States assent to the same: nor shall a question on any other point, except for adjourning from day to day be determined, unless by the votes of the majority of the United States in Congress assembled.

Or was something other than material motivations and surreptitious deals, such as logrolling or the exchange of votes for the assumption of state debts and the seat of government in Washington, D.C., influencing the founders?

PURPOSE AND THESES ON THE ASSUMPTION OF STATE DEBTS

The objective of this research is to analyze *The Records of the Federal Convention of 1787*, *The Federalist* papers, and the First Federal Congress of 1789-1791 journals, as well as the republican ideas that influenced the constitutional issue of the assumption of state debts by the federal government. The theses are as follows:

Major Thesis: The success of the issue of the assumption of state debts proposal during the 1787 Convention and First Federal Congress of 1789-1791 was due to republican ideational influences.

Minor Thesis: Despite the efforts of and claims made by Thomas Jefferson that James Madison successfully negotiated a logrolling vote exchange between supporters of the assumption of state debts and the placement of the seat of government, the resolution of the assumption of state debts issue was due to ideas and values.

This research argues that the relationship between the success of the assumption of state debts during the 1787 Federal Convention through the First Federal Congress was a matter of republican values rather than the popular notion that Madison negotiated successfully by trading votes for assumption of state debts with the placement of the seat of the United States Capitol. A qualitative method of research is the logical research design link between the research question, the information collected, and any conclusions that may be drawn from the research.

SIGNIFICANCE OF THE STUDY

The study presents the notion that historical arguments relating to the issue of the assumption of state debts, which was addressed during the 1787 Federal Convention through the First Federal Congress, provide more evidence of the ideas the founders supported, than of the material benefits they would gain personally or for their constituencies. This analysis identifies shared political ideas as a more important factor than material or political factors, as it relates to the issue of the assumption of state debts.

DELIMITATIONS

With every research undertaking, boundaries are set by the researcher relating to the scale of the study, and this study is no different. The scope of the research is limited to a select collection of primary-source documents. In order to explicate the republican influences on the assumption of state debts the principal sources of information include the proceedings of the 1787 Federal Convention, the First Federal Congress debates and votes, and public primary sources written by the founders. The resources that contain primary source public documents examined in this research are as follows:

- Max Farrand's *The Records of the Federal Convention of 1787*, Vols. 1-3 & Supplement
- The Federalist* papers
- Gales & Seaton's *The Annals of Congress*, formally known as *The debates and proceedings in the congress of the united states*, March 4, 1789-March 3, 1791

The subject matter focuses narrowly on one of many constitutional issues, and the research does not examine state constitutions or state legislative branch actions relating to

assumption. The restricted research topic limits the discussion to the documents examined. Additionally, the timeline is confined to the 1787 Federal Convention through the First Federal Congress of 1789-1791. The research method limitations and weaknesses in the methodology are discussed in Chapter 2.

DEFINITION OF TERMS

Often the terms republican or “republicanism,” which were widely used by the founders but not always in the same sense, were generally understood to mean the elimination of a monarchy in favor of elected institutions; however, the eighteenth century meaning of the word was very different, and not everyone agreed on the components of a republican government. Since numerous definitions of American republicanism during the 1700s exist, ostensibly no one has the final word on the matter because no consensus definition exists among the Founders or scholars.³ For the purpose of this dissertation, the definition of republicanism for the Founders captures the eighteenth century political etymology and usage.

Republicanism. The political order is vested in the popular control of government that unites the citizens to create and

³ For example Daniel J. Elazar interprets republicanism as “the political order is conceived to be a commonwealth – a state in which the whole people have an undivided interest – in which the citizens cooperate in an effort to create and maintain the best government in order to implement certain shared moral principles” (Elazar 1972, 90-91). Gordon S. Wood offers a comprehensive and complex definition of republicanism as a change in the origin of social and political preeminence beginning with the elimination of a monarchy and the institution of an elective system that included the reordering of society by adding a moral dimension to change the character of society, which included public good, public virtue, and equality, all of which were based on classical antiquity (Wood 1998, 47-48 and 71). Perhaps Donald S. Lutz summarizes the status of “the republican tradition” best when he states that “[u]nfortunately, there was no consensus on the components of a republican form of government; four definitions from the era illustrate the diversity” (Lutz 1992, 117). Lutz analyzes statements by John Adams, Samuel Adams, Thomas Jefferson, and James Madison, which individually represent the diversity in opinions relating to republicanism during the Founding. Hyneman and Carey argue that “[b]eyond any question, republicanism was closely associated with popular control of government” (Hyneman and Carey 1967, 205).

maintain the best government *in pursuit of the common good* in order to achieve political stability. The idea of a republican government was rooted in shared moral principles that denoted conformity to the law, specifically the United States Constitution, for the preservation of society as a whole rather than centered exclusively on the individual.

Public good or res publica. All government is and ought to be for the general good, welfare and safety of the people. (Wood 1998, 55)⁴

The idea of the Age of Enlightenment is not incorporated into the definition because many of the Founders did not commonly embrace the European idea Enlightenment. Lutz provides empirical evidence that the Federalists and Anti-Federalist were not “inclined toward Enlightenment writers” and the “Federalists sometimes cited Enlightenment writers only to disagree with them” (Lutz 1992, 138).

ORGANIZATION OF THE STUDY

This study is organized into six chapters, a bibliography, tables, and appendices.⁵ The first chapter delineates the conflicting interpretations and the theoretical background of the assumption of state debts debate relating to Constitutional questions and issues, which arose in the First Federal Congress and were often associated or connected with the events and concerns addressed during the 1787 Federal Convention. Chapter One also includes a review of the literature relating to the research question. The literature review outlines voluminous works on the founding, constitution making, Revolutionary

⁴ Gordon S. Wood, *The Creation of the American Republic* (Chapel Hill, N.C., 1969 and 1998).

⁵ Chapters containing historical analysis are written in past tense and chapters containing textual analysis are written in present tense.

ideas, early American republicanism, and the scarce amount written on the assumption of state debts during the 1787 Federal Convention through the First Federal Congress.

The second chapter develops the components of the research design and methodology for the analysis. Chapters Three, Four, and Five explore the treatment of the issue of the assumption of state debts in *The Records of the Federal Convention of 1787*, *The Federalist* papers, and in the house and senate journals of the First Federal Congress. The final chapter contains conclusions and implications of the research.

CONFLICTING CONSTITUTIONAL INTERPRETATIONS: TEXTS RELEVANT TO THE QUESTION

Max Farrand (1911) compiled three volumes containing one of the most significant contributions relevant to the creation of The United States Constitution. Farrand arranges the discussions of the 1787 Federal Convention by date beginning on May 25 and ending on September 17. He assembles the Convention records and the journals of several Convention goers, which includes notes taken by James Madison, Alexander Hamilton, Robert Yates, Rufus King, James McHenry, William Pierce, and William Paterson. Farrand's collection also includes important public primary source materials and independent records of the Convention, as well as supplementary secondary material such as private correspondence. While the private materials are interesting, they are not as useful for textual analysis as are the public documents. For instance, Farrand includes private materials written years after the Convention that explain an individual's reason for a vote cast or debate stance, which ultimately contributes relatively little to systematic research, American political theory, or textual analysis. Although Farrand's

anthology is not an all-inclusive text, the publication has enormous value as a compilation of primary and supplementary Convention materials.

Farrand did publish a fourth volume in 1937; however, in 1987, James H. Hutson edited a companion text to Farrand's first three volumes, which replaced Farrand's fourth supplementary volume. The Hutson supplement includes diary notes and private correspondence relating to the creation of the Constitution that had been uncovered since the initial three volumes were published in 1911. He also updated and corrected the indexes.⁶

Based on his three volumes of the *Records of the Federal Convention of 1787* (1911), Farrand wrote *The Framing of the Constitution of the United States*, which serves as his personal interpretation of the Federal Convention debates (Farrand 1913, viii). Farrand's intent was not to provide a complete history of the Convention; rather he has sketched an outline for the student of the founding to fill out according to his/her needs (Ibid.). Farrand briefly examines the Federal Convention proceedings but never associates the issues of the assumption of state debts with the seat of government. He considers the question of the assumption of state debts as interesting because of an argument by some that assuming the state obligations was a matter of justice and public policy (Ibid., 141). However, without offering any citation, Farrand postulates that the objections to assumption were based upon the fear that speculators would benefit rather than legitimate creditors (Ibid.). Although Farrand's interpretation does not explore the

⁶ Farrand's supplemental information and volume indexing was criticized for its errors, inaccuracies, chronology, and citation problems, which the Hutson supplement attempts to rectify (C.A.B., *Political Science Quarterly*, 26:3 [1911]: 551-553).

ideas or values that influenced the founders, he sketches a portrait of the Convention by plan, compromise, and committee that brings to life the three volumes of debates (Ibid., vii-viii).

The progressive scholars of the early twentieth century interpreted the work of the 1787 Constitutional Convention as a struggle for political and economic power rather than the struggle for life, liberties, and the pursuit of happiness (Smith, 1907; Beard, 1913). In 1913, Charles A. Beard's *An Economic Interpretation of the Constitution of the United States* (1913) pioneered a provocative interpretation and an innovative methodological approach to studying the founders' motives for drafting the Constitution.⁷ Beard surveyed the personal and economic interests of the members of the Philadelphia Convention in 1787. His argument that the founders of the U.S. Constitution were motivated by direct personal interests and economic considerations was developed in an elaborate central thesis suggesting that "large and important groups of economic interests were adversely affected by the system of government under the Articles of Confederation, namely, those of public securities, shipping and manufacturing, money at interest; in short, capital as opposed to land" (Beard 1913, 63).

Beard deduced that the motives of the founders were economic, as the majority of the members of the Philadelphia Convention were "immediately, directly, and personally interested in, and derived economic" rewards from the system created by the Constitution

⁷ J. Allen Smith (1907) initially coined this materialistic perspective of the Convention in his book entitled *The Spirit of American Government: A Study of the Constitution: Its Origin, Influence and Relation to Democracy*, which suggested the framers of the Constitution were the property-owning class. Beard elaborated on Smith's argument that the Constitution "was the outcome of an organized movement on the part of a class to surround themselves with legal and constitutional guarantees which would check the tendency toward democratic legislation" (Smith, 299).

(Ibid., 324). According to Beard, a capitalistic faction, which had a financial stake in the ratification of the Constitution, drafted the Constitution with superb skill and without consideration of state boundaries (Ibid., 188 and 325). He argued that the theory of historical economic interpretations, which were derived from the supposition that the economic conditions of the United States in 1787 were gloomy, economically depressed, and stagnant, were based on the idea that social progress is the result of competing economic interests in society (Ibid., 19).⁸ As a result, Beard identified a second theory that economic interests must be categorized and then surveyed by class. Beard's conclusion was straightforward – the members of the Philadelphia Convention, who drafted the Constitution, derived an economic advantage from the establishment of the new system (Ibid., 324).

For Beard, the reality of the economic interests was based on class – the Federalists wanted to protect their property, and the Anti-Federalists were the agrarian debtors, schemers, and speculators of paper money inflation. However, Beard's quasi-Marxist “class” theory interpretation of the Constitution, based on dubious primary sources, has been largely, if not wholly, discredited.⁹

In an effort to depart from Beard's economic class theorem, Forrest McDonald's *We the People* (1958) developed a detailed historical analysis of Beard's thesis and

⁸ The basis of Beard's assumptions are founded in his opinion that the historical literature account is accurate with regard to the state of the United States in the 1780's, as a period of depression. Beard acknowledges that other, less gloomy economic accounts exist; however, the assumption of a broken economy is critical to his two primary theses.

⁹ Robert E. Brown was one of the primary assassins of Beard's *Economic Interpretation*. Brown's book *Charles Beard and the Constitution* meticulously assessed the reliability and validity of Beard's research and overturned Beard's theoretical framework.

reclaimed the concept of an economic interpretation of the Constitution.¹⁰ The McDonald state-by-state paradigm was a new approach that yielded impressive findings. Since the states were the sovereign units by which the ratification of the Constitution depended, McDonald utilized them as the unit of analysis complemented by the detailed examination of the special interests within the states. McDonald's detailed state-by-state analysis rejected the simplicity of Beard's argument that reduced the complexity of the interests and issues addressed at the Convention to a single set of generalizations made applicable to all of the states (McDonald 1958, 357). McDonald's analysis demonstrated that the demographics of the Constitutional Convention delegations were from a cross-section of geographical areas and various political opinions that existed in 1787. Therefore, McDonald was working from an economic approach other than from quasi-Marxist "class" theory (Ibid., 37). McDonald also concluded that the Convention delegates did not act as a consolidated economic group rather that "various interest groups operated under different conditions in several states, and their attitudes toward the Constitution varied with the internal conditions of the states" (Ibid., 350-357). His meticulous descriptions of the active interests in the Convention delineated the diverse factions that participated in the debates.

In his "attempt to write something meaningful about the making of the Constitution," McDonald pledged two more volumes that would become an extensive

¹⁰ McDonald's book *We the People* discredits Beard's *Economic Interpretation*. His primary purpose for writing a total of three books concerning the making of the Constitution was to depart from the Beardian treatment of the creation of the Constitution. Additionally, McDonald's research included research proposed by Beard, as well as, research never conducted by Beard. Lastly, McDonald did not fully disregard the economic analysis hypothesis, as the subtitle of his book was *The Economic Origins of the Constitution*; however, McDonald found Beard's economic classes insignificant and overly simplistic.

collection of Constitution making in the United States by analyzing an assortment of written materials (Ibid., ix). In 1965, he published *E Pluribus Unum: The Formation of the American Republic* and introduced the book as “unabashedly subjective” (McDonald 1965, xiii). For McDonald, his research question is two-fold: (1) Would the United States be one nation politically? and (2) how could the Founders turn the public debt burden into an economic boon? McDonald’s answers yes to the first question, which he argues is the “meaningful question” of the founding era. In his answer to the second aspect, McDonald maintains that the creation of a federal debt was the means by which a stronger Union was formed, because debt obligations would require increased Congressional powers (Ibid., xv).

The methodological approach applied by McDonald in *E Pluribus Unum* reinterprets history and draws from concepts of contemporary political economy, which is a provocative survey of the economic interests of the middle states, the south, and the eastern states after the American Revolution during the Constitutional Convention and up to the actions of the First Federal Congress. Both of McDonald’s books, *We the People* and *E Pluribus Unum*, make unique contributions to the study of the Founding era. *We the People* focuses heavily on the textual analysis of the Convention Records, which offers a state-by-state analysis and the identification of a wide range of interests, factors, and forces represented during the Convention, whereas *E Pluribus Unum* utilizes both private and public primary sources to ascertain the meaning or intent of the Founders and an explanation based on rational economic principles.

The final volume of McDonald’s trilogy, *Novus Ordo Seclorum: The Intellectual Origins of the Constitution* (1985), developed a comprehensive survey of the framers’

political thought during the eighteenth century, which included historical, legal, and political economy considerations. With more than forty years of research exploration, McDonald's *Novus Ordo Seclorum* was the product of his comprehensive study, which identified and analyzed four sets of considerations that both limited and guided the framers. McDonald stated that the framers' purpose was to provide protection of the life, liberty, and property of the individual, as a universally agreed upon goal (McDonald 1983, 3). The next governing and limiting influence was the framers' commitment to republicanism, although they defined republicanism differently.¹¹ The third factor was history as a guiding and limiting aspect in the lives of the founders, as historical references were utilized to support and illustrate their reasoning. Lastly, McDonald identified political theory as an abundant and common resource with which the Framers had to work, as political theorists were utilized to justify positions that the framers had taken for non-theoretical reasons (Ibid., 235).

The significance of *Novus Ordo Seclorum* is in part McDonald's discussion of the regional cleavages in the republican political culture during 1780. Instead of a one-size-fits-all definition of republicanism, McDonald identifies two versions of "ideological republicanism" – New England puritans and southern agrarians – which seems to work except that McDonald's thesis excludes the commercially-oriented middle states from his equation.¹²

¹¹ McDonald identifies the two primary definitions of "ideological republicanism" – New England puritanical republicanism, which sought to find a moral solution to the problem of the morality of republics by trying to make a more virtuous people, and southern agrarian republicanism, which believed in socio-economic-political solutions to make better public arrangements (McDonald 1985, 71).

¹² Calvin Jillson's review of *Novus Ordo Seclorum* revealed the tension within McDonald's discussion of republicanism categories. Jillson noted that the commercially oriented elite of the middle states, which looked positively upon the economic effects of a powerful centralized national government, were not

McDonald does identify, however, two other bodies of ideologies present during the Convention – “court-party” nationalists and the “country party” Opposition.¹³ The “court-party” nationalists believed that in framing the Constitution, most men in government would put their own interests ahead of the public interest more often than not (McDonald 1985, 187-188). The “country party” Opposition, who are classical republicans, virtually replaced the southern agrarian republicans, as they seemed to share the belief in “a socio-economic-political solution” that would make better arrangements for the people (Ibid., 71). Ultimately, McDonald, who vehemently disagrees with Beard, concludes that the Constitution was supported by a much wider representation than Beard’s thesis allowed.

Novus Ordo Seclorum is an outstanding historical study concerning the U.S. Constitution. McDonald investigated the sources of ideas utilized by the founders with a focus on the intellectual history and the evolution of ideas from 1776 to 1787. His emphasis was more on the writings of European thinkers than on public documents relating to the founding.

Another approach to analyzing the importance of republican ideas during the American founding is Gordon Wood’s book *The Creation of the American Republic* (1969), which investigated the historical basis for early American political thought.

categorized by McDonald (*Publius*, 17 [1987]: 212-215). Donald S. Lutz’s *The Origins of American Constitutionalism* (1988) maintains that McDonald shows the large state/small state split was more of a function of which state had major territorial claims rather than size per se, and that north/south, large state/small state and regional coalitions existed depending upon the issue debated (Lutz 1988, 137). Daniel J. Elazar supports McDonald’s regional distinctions in his 1966 book *American Federalism: A View from the States*. Elazar identifies three political subcultures that jointly inhabit the country and often overlap – moralistic, traditionalistic, and individualistic (Elazar, 93).

¹³ Capitalization is McDonald’s original.

Wood explored the American political thought of the founding via historical scholarship by drawing on primary source pamphlets and private letters to establish the assumptions from which the constitution-makers acted (Wood 1998, xvi). Significant to this research is his contribution to the understanding of republicanism during the founding.¹⁴

Wood organized his book by various political and governmental concepts with special attention to underlying virtues and vices, as well as, republican influences of 1776. He did not describe republicanism as the sacrifice of the individual's interests to the greater good of the whole. For Wood, "republicanism was the ideology of the Enlightenment," and "did not overthrow monarchy from without but transformed it from within...by co-opting the values of monarchy itself" – public virtue and civility (Ibid., viii-ix). His systematic treatment of republicanism integrated the founders' appeal to classical antiquity, the tradition of the common good as the only objective of government, the influence of public virtue, the principle of equality in society, Whig resentment, and the Pennsylvania revolution (Ibid., 46-83). Wood identified the fundamental transformation of political thought from 1776 to 1787, which was linked with other historians such as Bernard Bailyn, as the recovery of the historical basis for American political thought during the founding by using the original writings of the political class (Ibid., v and xvii).¹⁵ Wood's concentration on political class pamphlets improved the methodology for the study of American political theory and offered a better

¹⁴ In the 1998 reprint of Wood's book, he adds a "Preface to the 1998 Edition" that amended his earlier edition by nearly renouncing his treatment of republicanism, because "boxlike categories are essentially the inventions of us historians." In an effort to set the record straight, he revises his treatment of republicanism to include a new eighteenth-century contextual twist.

¹⁵ Bernard Bailyn's *Ideological Origins of the American Revolution* published in 1967 focuses on the Revolutionary years of crisis from 1763 to 1776.

understanding of the human political behavior of the political class.¹⁶ Wood's methodological transformation shifted the focus from the study of political elites to the political class.

During the 1970s, an interesting debate regarding the assumption of state debts arose between Jacob E. Cooke and Kenneth R. Bowling, and later revisited by Norman K. Risjord. The dispute began with Cooke's article *The Compromise of 1790* (1970), whereby he challenges the validity of the historical interpretation of the bargain struck between Jefferson, Hamilton, and Madison regarding the seat of government and the assumption of state debts. Cooke claims the deal was never consummated, and the assumption and the seat of government issues would have passed because of their different coalitions of support in the First Federal Congress (Cooke 1970, 524-525). The basis of Cooke's claim is three fold: 1) the lack of evidence to support Jefferson's claim, 2) the issues became interconnected because they were the most important considerations of the First Federal Congress, and 3) in 1790 there were too many leaders and not enough congressmen to provide swing votes on the issues (Ibid.).¹⁷

Kenneth R. Bowling responds to Cooke's findings with an article entitled *Dinner at Jefferson's: A Note on Jacob E. Cooke's "The Compromise of 1790"* (1971) by outlining the credit due to the efforts of Madison, Hamilton, and Jefferson for avoiding a

¹⁶ Donald S. Lutz discovered the political class in *Popular Consent and Popular Control: Whig Political Theory in the Early State Constitutions*, which examines the expressions of the American founding opinion leaders, who immerse themselves in political information and provide cues to the general population about how to think, and vote, and what opinion to hold on political matters. The significance of the political class is to focus on the writings of the political elite with a political context that helps understand the writings (Lutz 1998, 102-103 and 106).

¹⁷ Cooke's arguments may sound convincing; however, he seems to forget (and exclude) important issues considered by the First Federal Congress, such as, the Bill of Rights and the Judiciary Act of 1789.

potentially new government crisis (Bowling 1971, 640). Bowling argues Cooke has gone too far with his suggestion that the bargain never happened and maintains Cooke underestimates the influences of Madison and Hamilton. In the same article by Bowling, Cooke offers a rebuttal to Bowling's article, claiming their disagreement lies with the presuppositions which govern their research (Ibid., 640).

Six years later Norman K. Risjord enters the Cooke/Bowling debate arena with his article *The Compromise of 1790: New Evidence on the Dinner Table Bargain*. He introduced an unpublished dinner invitation note in Jefferson's handwriting to Tench Coxe, an influential Philadelphia merchant. Risjord re-visits the evidence by providing a (third) brief account of the First Federal Congress debates and votes regarding assumption and the seat of government. Risjord seems to join allegiances with Bowling by arguing in favor of the compromise. His assertions are that social occasions were an important part of business, and that "there was hard bargaining and considerable vote-switching throughout the summer" regarding the two important issues (Risjord 1976, 413). He adds that Jefferson's documentation of the events over simplified the negotiations and underplayed his role in the success of the Compromise of 1790 (Ibid., 314). While Risjord discusses interesting aspects of the two issues, his citations are deficient unlike those of Cooke and Bowling.

Shortly after the United States Bicentennial celebration in 1976, a series of books were published that researched and revived interest in American founding studies. One noteworthy publication was Charles Hyneman and Donald S. Lutz's impressive collection of political literature in their two-volume work entitled *American Political Writing during the Founding Era: 1760-1805* (1983). The collection allows scholars

easy access to political pamphlets regarding a myriad of topics germane to the founding, especially the differing coherent political theories in use at the time.

Calvin Jillson's *Constitution Making: Conflict and Consensus in the Federal Convention of 1787*, which was published in 1988 (and reprinted in 2002), utilized quantitative analysis of the 1787 Convention roll call votes in his research. Jillson tracks "higher" or nationalist and states' rights principle cleavages and "lower" or local political or economic interest cleavages (Jillson 2002, 17 and 195).¹⁸ Jillson concluded that the Federal Convention activities resembled "the distinctive marks of that grudging accommodation between principle and interests that is characteristic of democratic politics" (Ibid., 193).

While analyzing roll call votes provides a significant and valuable function, not all Federal Convention measures were afforded the opportunity of a roll call vote. Jillson's unit of analysis is the state because votes were cast by individual and recorded as an aggregate vote by state delegations, which explains his pluralistic interpretation that utilizes a behaviorism methodological approach. Jillson's contribution to the Federal Convention research is essential, as he concludes the founders were motivated by both principle and interest (Ibid., 193).

Lance Banning's book *The Sacred Fire of Liberty: James Madison and the Founding of the Federal Republic* (1995) more recently revisits James Madison's thought

¹⁸ Before publishing the book *Constitution Making* (1988), Calvin Jillson published two related journal articles with analogous findings, which were co-authored by Cecil L. Eubanks (Jillson, Calvin C. "Constitutional-Making: Alignment and realignment in the Federal Convention of 1787." *The American Political Science Review*, 75:3 [1981]: 598-612; Jillson, Calvin C. and Cecil L. Eubanks. "The Political Structure of Constitution-Making: The Federal Convention of 1787." *American Journal of Political Science*, 285:3 [1984]: 435-458).

and the development of his vision between the 1780s and the 1790s (Banning 1995, 2 and 8-9). Banning's research draws a different conclusion than historians before him do. He states that prevailing studies suggested Madison changed his positions between the Federal Convention and the First Federal Congress, while Banning argues that Madison maintained consistently a "revolutionary blend of modern liberal and old republican traditions" (Ibid., 6-9 and 406-407).

A minor section of Banning's book focuses on the assumption issue and the involvement of Hamilton, Madison, Jefferson, et al. Banning details a historical account about assumption in the First Federal Congress. True to his thesis, Banning rejects the popular belief that Jefferson influenced Madison's opinion and argues that Madison never changed his viewpoint of the Constitution and structure of the Union because he was committed more to the idea of revolutionary republicanism (Ibid, 321-322). However, Banning points out in a footnote regarding the assumption debate in the First Federal Congress that "the interesting and unanswered questions have to do primarily with the specific actions taken by Madison and Jefferson" (Ibid., 508 n. 12).

Many investigations concerning the Founding have been embarked upon over the past century, yet considerable disagreement persists concerning the ideas and interests of the Founding and the creation of the Constitution. Conflicting interpretations in research suggests unanswered questions regarding the creation of the Constitution remain. Conceivably unquestioned premises or possibly alternative perspectives have been neglected. Perhaps the inconsistencies or puzzles that sustain conflicting misinterpretations about assumption are, as Lance Banning suggested when referring to

Madison's thought, products of our own concerns and the influence of modern scholarship (Banning 1995, 9 and 368-369).

CHAPTER 2: METHOD

The scholarly debates and various interpretations regarding the issue of the federal assumption of state debts are sometimes as controversial, complex, and diverse as they are legendary, simplistic, and analogous. The generally accepted classifications of the literature fall into four categories which scholars refer to as: an economic or materialistic interest interpretation, group coalition interpretation, attitudinal (e.g. beliefs and ideas) interpretation, and logrolling or deal-making interpretation.

The economic or material interests frequently used interchangeably in the discipline to mean that individual actions are motivated by personal gain, in some cases, controversially portrayed the founders as possessing class-based economic and material interests in a contest for political and economic power (Smith, 1907; Beard, 1913). Another case argues that assuming the state debts was an economic boon for the United States (McDonald, 1965).

Group coalition interpretations maintain a different understanding of the issue of assumption that recognizes the multiplicity of interests at the Convention. Convention delegates are portrayed as diverse interest groups that operated under different conditions within the states and not as a consolidated economic group; as a result, the founders' attitudes toward the Constitution varied with the internal conditions of the states (McDonald, 1958). Other group coalition studies highlight the changes, realignments,

and compromises in voting coalitions of the Convention (Jillson, 1981) and classify regional cleavages within the Conventions (McDonald 1985).

Instead of viewing the constitution-making process through an interest-coalition lens, some scholars focused their attention on beliefs and ideas. Jillson's quantitative analysis of the Federal Convention proceedings concluded that the founders were motivated by both principle and interests – a characteristic of demographic politics (Jillson, 2002). Republican-influenced research explored the American political thought of the founders by concentrating on the human political behavior of the ruling class with special attention to republicanism and underlying virtues and vices (Wood, 1969).

A dispute which arose during the 1970s was largely a logrolling debate regarding the alleged compromise or deal between the assumption of state debts and the seat of government votes, also known as the Compromise of 1790. Jacob E. Cooke claimed that the assumption and the seat of government issues would have passed because of their different coalitions of support in the First Federal Congress (Cooke, 1970). Kenneth R. Bowling and Norman K. Risjord argued the deal occurred as Jefferson claims (Bowling, 1971; Risjord, 1976).¹⁹ Other scholars indicate the interesting and unanswered questions of assumption relate primarily to the specific actions taken by Madison and Jefferson (Banning, 1995).

¹⁹ On March 21, 1790 Thomas Jefferson arrived in New York to begin his duties at the State Department. "Several months later, Jefferson wrote a memorandum in which he claimed that the famous bargain under Congress approved the assumption of state debts in exchange for removal of the capitol first to Philadelphia and then after ten years to a site on the Potomac was struck between Hamilton and Madison at a dinner arranged by Jefferson." The alleged Jefferson deal was that two Virginia congressmen, Richard Lee and Alexander White, agreed to change their votes on assumption in exchange for northern support for the Potomac as the seat of government. (Risjord, 310)

The thesis of this dissertation argues that republican ideas influenced the founders, which resulted in the successful adoption of the issue of the assumption of state debts proposal during the 1787 Convention and the First Federal Congress of 1789-1791. The minor thesis maintains that the resolution of the assumption of state debts issue and the placement of the seat of government were due largely to ideas and values, not material or political factors.

The nature of this study's research question involves the systematic analysis of specific Constitutional issues, such as the assumption of state debts. Constitutional matters were often associated or connected with the events and concerns addressed during the 1787 Federal Convention, discussed in *The Federalist* papers, and which arose during the First Federal Congress. The question of the assumption of state debts requires an analysis of the intricate details of the aforementioned events, and this research argues that the relationship between the successes of assumption during the Convention and First Federal Congress is due to the republican ideas of the founders. The qualitative method of textual analysis serves as the basis for the research design.

Although Donald S. Lutz's book *Preface to American Political Theory* does not address directly the specific topic researched in this study, his book aids the study of American political theory and outlines the "requirements from its practitioners in terms of common preparation and research" (Lutz 1992, 7). Lutz provides the student of American political texts with a guide for research. His qualitative method is the logical research design link between the research question, the information collected, and any conclusions that may be drawn from the investigation, which establishes the theoretical underpinnings for this study.

The first section of this chapter develops the components of qualitative research design for American political theory and political texts. The second section states the study's propositions for examination within the scope of the study. Following the propositions, the third section identifies the units of analysis for the research design, including the dependent and independent variables. The next section of the chapter links the information to the propositions. The last two sections identify the criteria for interpreting the findings and discuss the limitations of the dissertation.

RESEARCH DESIGN

This investigation of the assumption issue analyzes and draws on public documents but excludes private documents. The distinction is significant.²⁰ This dissertation partially abandons traditional (or historical) accounts of assumption which use private and personal documents and presents instead factual evidence that argues against popular historical beliefs relating to the controversial issue of the assumption of state debts by the federal government. The investigation, in part, analyzes how republican values are used by the Founders. Republican values are treated as a variable. The nature of the research question is summarized in the following section.

²⁰ An analytical political theorist should explore the precise linguistic meaning of the text, the logical sense the text makes, and the logical implications the text entails; truth is related to the logical validity of deductions. For Lutz, "the historian's attitude toward any text is such that for the historian its truth is a function of the facts the record will bear and nothing more" (Lutz 1992, 84-85).

NATURE OF THE RESEARCH QUESTION

The research question investigates the meaningful characteristics of the events that transpired during the Federal Convention of 1787 and through the First Federal Congress and raises important questions with regard to the assumption of state debts:

- How does the Constitution resolve the assumption question the founders put forth?
- How does the Constitution establish a framework within which such arguments could be resolved in the First Federal Congress?
- Why does the treatment of the assumption of state debts differ during the Convention, *The Federalist* papers, and the First Federal Congress?
- Were the founders engaged in a contest for political and economic control or were their actions and decisions based on a more rationalist explanation of republican ideas that guided the outcome of assumption?

The primary and some secondary documents are the main sources of evidence when examining the issue of the assumption of state debts. These documents are described in the independent variables section of this dissertation.

This dissertation explores any potential relationships between the Convention, *The Federalist* papers, and the Congressional debates as they relate to the success of the assumption of state debts issue. The significance of this dissertation is to provide factual evidence, through textual analysis and from key roll call votes taken the assumption of state debts issue, that seems to refute the popular belief that Madison attempted to exchange votes successfully for assumption and the seat of government and suggests that the influence of shared republican ideational values prevailed. The dissertation also builds on the knowledge of the assumption issue in political science, historical, and legal

studies. The analysis identifies shared political values or ideas as a more important factor in the design of the American Constitution than material or political factors.

STATEMENT OF THE RESEARCH'S PROPOSITIONS

The general scope of this dissertation analyzes the argument that the Constitutional question of assumption that arose in the First Federal Congress was associated or connected with the votes and discussions during the 1787 Federal Convention. The narrow scope of this dissertation researches the treatment and the success of the assumption of state debts issue during discussions at the 1787 Convention, in *The Federalist* papers, and at the First Federal Congress of 1789-1791. The major thesis and the minor thesis both explore the idea of republican influences. The major thesis investigates exclusively the issue of assumption, while the minor thesis examines the connection between the issues of assumption and the seat of government, although the issue of the seat of government is not the primary research subject matter. The next section develops the propositions by identifying and describing the units of analysis.

UNITS OF ANALYSIS

The study's unit of analysis includes both the individual founders and the individual states. The generalizations of this dissertation are formed on the American genus of republicanism, which is rooted in American political theory that "starts with the texts of American constitutional documents and explanatory texts written around these documents" (Lutz 1992, 28-29). The individual founders are analyzed on the basis of their speeches, debates, and individual votes on the assumption of state debts, both during

the Federal Convention and First Federal Congress, as well as, writings in *The Federalist* papers. As individuals, the founders make public statements and cast votes during the Convention and First Congress, which are significant to the study. However, individual roll call votes determine whether a measure is supported or rejected by a state during the Federal Convention. Individual votes cast during the Convention are significant because collectively individual votes determined the final outcome of a vote for the individual state, as votes were recorded by state delegations; therefore, a measure voted on favorably or unfavorably by a majority of an individual state's delegation determined whether the individual state supported or rejected a measure. This is why state votes cast during the Federal Convention are also considered significant and analyzed. Because of the limited scope of this research, universal assumptions cannot be developed with respect to specific state legislative branch actions.

DEPENDENT VARIABLES

The *dependent variables* are the results of the votes cast during the 1787 Convention and during the First Federal Congress of 1789-1791 as they relate to the assumption of state debts. This research attempts to explain or account for the change or variance between the decisions made in the Convention and the First Congress.

INDEPENDENT VARIABLES

The *independent variables* are the republican values expressed in American political theory texts written by the founders to influence the roll call votes on the assumption of state debts; the more republican values are expressed, the more likely the

measure is to pass. The following documents constitute a reasonably complete list for any discussion of the origins of the issue of assumption. The primary documents considered for content analysis include:

1. *Public Documents* – Specifically, the U.S. Constitution, which rests upon popular consent for its status as text.
2. *Public Writings* – *The Federalist* papers, specifically, numbers 7, 10, 30, 34, 36, and 43, which relate to assumption, and Farrand’s *Records of the Federal Convention of 1787* that include Madison’s notes on the Convention. These documents explain or critique aspects of American political theory, but are partial or incomplete and must be assembled or incorporated into larger texts for coherence.
3. *Historical Documents* – the *Journals of the House of Representatives (1789-1790)* and the *Senate (1789-1790)*; the debates of Congress as published in the *Annals of Congress (1789-1790)*, which records the debates and votes of the First Congress.²¹

The expansive review of the primary documentary texts is relevant to the research question because they establish a pedigree of documentation.²² These texts serve as a useful platform for explaining the two theses. Furthermore, *The Federalist* papers and First Federal Congress debates, which share comparable causes, are prime examples of the documents and texts that require investigation and textual analysis (Lutz 1992, 29).

With the relevant texts selected, the second stage is to prove the major thesis beginning with the analysis of the Federal Convention records. The content of the recorded debates and the votes relating to the issue of the assumption of state debts will

²¹ Primary documents, related to American political theory, are selected in accordance with the “appropriate rules for analysis” (Ibid., 33-34). Private writings are excluded from this research because the “point of textual analysis is to elicit the author’s meaning,” and public documents written by the members of the active political class allow us to study the intentions, motivations, and theoretical reasoning of the political class (Ibid., 39 and 103-104).

²² Although many questions can be asked about Constitutional issues, the texts assembled are generated by the assumption of state debts research question (Ibid., 82).

be reviewed and analyzed. The analysis includes identifying and interpreting republican values mentioned in the content of the documents and analyzing the votes cast by the founders on the assumption issue. Stage three and four replicate the analysis outlined in stage two for *The Federalist* papers (minus the voting analysis) and for the First Federal Congress. The final stage discusses the relationship between stages and draws conclusions based on the findings. The task of this research is to prove that republican ideas influenced the founders' decision regarding the assumption of state debts issue.

LINK THE INFORMATION TO THE PROPOSITION

The research method taken by this dissertation is political textual analysis, which examines both the content of the texts as the variable and the variables that persuaded the founders to vote. In other words, the textual analysis method asks what statements were made, by whom, on what grounds, and with what effect. The object of the analysis is to identify patterns that systematically link circumstances and for systematic, predictable effects on human political behavior (Lutz 1992, 84). For an “analytic political theorist,” the precise linguistic meaning of the text, the logical sense of the text, and the logical implications they entail allows the researcher to analyze how texts are used by those who author them (Ibid., 85).

By analyzing the natural order and progression of the issue of assumption, we can make a connection between the debates and votes. Furthermore, the analysis of the surviving debates and roll call votes is important and assists in the identification of similar words and concepts, as well as, in the discovery of any similar proposals made by the founders (Ibid., 61).

The analysis of the primary texts and the analysis of the roll call votes are the most effective way to test the relative influence of the founders on the issue of assumption, which begins with the Federal Convention, moves to significant *Federalist* papers and, eventually, to the First Federal Congress. Perhaps at a later date, a second study could include British influences or colonial state legislative branch activity; however, neither is within the scope of this research.

LIMITATIONS

The major limitation of the study is the restricted number of texts considered for analysis. Although the Convention debates, *The Federalist* papers, and the *First Congress Annuals* constitute a sizeable undertaking, other political actors and institutions, which include the state legislative branches, could have influenced the assumption of state debts issue. Further research regarding the action of the state legislative branches, which often selected the members of the Convention and First Congress, could provide additional insight. Newspaper opinion pieces, written by the delegates and members of the First Congress and published before the assumption of state debts question's final passage, could also provide valuable information regarding issue of assumption. Lastly, the investigation is limited to the public debates, speeches, and votes of the Convention, *The Federalist* papers, and the First Federal Congress, which are just one expression of a complicated issue during an equally complicated era.

CONCLUSION

The research proposed attempts to build a framework by which information can be interpreted from a political science point of view. American political theory has room for the divergent propositions in this research study area; this dissertation utilizes approaches that present evidence counter to the usual historical recounts of the events and issues addressed during the 1787 Federal Convention through the First Federal Congress, specifically relating to the controversial issue of the assumption of state debts by the federal government. The textual analysis of the assumption of state debts raises important questions that other renditions neglect.

Therefore, a critical question to ask would be, were their actions and decisions based on a republican explanation of political ideas, which guided the outcome of the Convention? Is the real question, how should we assume state debts rather than should the debts be assumed? While we may never know all of the answers to these questions, this dissertation attempts to examine some of the possibilities.

CHAPTER 3: THE FEDERAL CONVENTION

All bills of credit emitted, monies borrowed, and debts contracted by, or under the authority of congress, before the assembling of the united States, in pursuance of the present confederation, shall be deemed and considered as a charge against the United States, for payment and satisfaction whereof the said united States, and the public faith are hereby solemnly pledged.

Article XII, The Articles of Confederation
March 1, 1781

All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as valid against the United States under this Constitution, as under the Confederation.

Article VI, The Constitution of the United States
September 17, 1787

The 1787 Federal Convention speeches and roll call votes cast for and against propositions preserved the significance of the founder's ideas, values, and issues. The examination of specific issues and their path to success (or failure) during the Federal Convention may be due to ideational influences. The assumption of state debts is one example of how republican ideas influenced the result of an issue.

1787 FEDERAL CONVENTION RECORDS

The Federal Convention of 1787 convened at the statehouse in Philadelphia, Pennsylvania, on Monday, May 14, 1787, as authorized by the Continental Congress on

February 21, 1787. On the first day of the Convention, 29 of 55 delegates attended representing nine of 13 states and were charged with the responsibility of revising the Articles of Confederation and reporting the changes to Congress and the state legislative branches.²³ The delegates, who were faced with the challenge of framing the present Constitution of the United States, convened without the State of Rhode Island (RI), which was in disagreement regarding their participation in the Convention because the RI Upper House could not agree on appointing delegates. Three days before the Convention convened, several RI citizens and merchant tradesmen wrote to the Convention delegates expressing their desire to participate. On May 28, 1787, the following letter was read, which made a plea to the Convention:

As to the Object of this Letter is Chiefly to prevent any impressions unfavorable to the Commercial Interest of this State, from taking place in our Sister States from the Circumstance of our being unrepresented in the present National Convention, we shall not presume to enter into any detail of the objects we hope your deliberations will embrace and provide for being convinced they will be such as have a tendency to strengthen the Union, promote Commerce, increase the power & Establish the Credit of the United States.... (Farrand, 1911, 3:19).²⁴

The Upper House's refusal to participate in the Convention appears, at first glance, to hinder the process of creating a constitution; however, the citizens' concern was for the good of the Union, and their letter provides certain signals that they share an interest in the common good and the general welfare of the United States as well as their future.

²³ May 14, 1787, *Journal* entry (Farrand 1911, 1:1-2).

²⁴ The Rhode Island signers of the letter were: John Brown, This Lloyd Halsey, Jos. Nightingale, Levi Hall, Phillip Allen, Paul Allen, Jabez Brown, Nichos Brown, John Jenckes, Welcome Arnold, William Russell, Jeremiah Olney and William Barton (Ibid., 3:19).

The RI citizens' actions exhibited republican values by stating their commitment "to strengthen the Union, promote Commerce, increase the power & Establish the Credit of the United States" for the common good of the United States despite the RI State Legislature's refusal to send delegates to the Convention because they did not favor a strong central government (Ibid., 3:18-19). The RI citizens referenced the credit of the United States because the public credit and the issue of assumption were critical questions that required immediate resolution and relief. The signers of the RI letter, who were not members of the RI State Legislature, were placed in a peculiar situation. If the citizens participated in the Convention without the legislature's authorization, the RI Legislature might invalidate the U.S. Constitution; alternatively, if they did not participate, then they would have no representation or voice in important matters, such as the assumption of state debts. The signers of the letter had no governmental authority; however, the signers opted to send a letter to the Convention communicating their desires and may have hoped for the best. Rhode Island never sent delegates to the Federal Convention, and the Convention met without RI's participation or input.

The Convention delegates met for six days a week for two months before any discussion or debate of the assumption of state debts issue occurred. The delegates passed Resolution 12 of Edmund Randolph's Virginia Plan on June 5, which allowed for the consideration of the assumption issue.²⁵ The assumption of state debts was not

²⁵ Resolution 12 of Randolph's Virginia Plan was linked to Article XII of the Articles of Confederation, which reads "All bills of credit emitted, monies borrowed, and debts contracted by, or under the authority of congress, before the assembling of the united States, in pursuance of the present confederation, shall be deemed and considered as a charge against the United States, for payment and satisfaction whereof the said united States, and the public faith are hereby solemnly pledged" [*sic*]. Resolution 12 of the Virginia Plan relating to a provision that would allow "for the completion of all their engagements" passed without debate in an 8-2 vote on June 5. This affirmative vote was not a vote to assume state debts; rather it was a

debated until Saturday, July 14, when, during the debate concerning representation and the equity of states votes, Rufus King of Massachusetts (MA) stated,

he would have no objection to throwing all the State debts into the federal debt, making one aggregate debt of about 70,000,000, of dollars, and leaving it to be discharged by the Genl. Govt. (Ibid., 2:6)

The assumption issue makes a few brief appearances during early deliberations but without much debate on the issue, which was typical at the beginning of the Convention. Although King's (MA) statement was brief, his message indicates that the issue of the assumption of state debts was an undecided concern. Numerous resolutions were under consideration during this phase of the Convention and sparked the need for the delegates to establish a committee to deal with such matters. The Convention delegates agreed to establish various committees to handle different tasks when the delegation was unable to manage the details of a proposed resolution.

COMMITTEE MARK-UP

The Convention created the Committee of Detail, also known as the Committee of Five, for "the purpose of reporting a Constitution conformably to the Proceedings" on Monday, July 23, 1787, (Ibid., 2:85). Their charge was to outline the measures of the Constitution that passed in the affirmative and, subsequently, to write the first draft of the

crucial step for the issue to be considered at the Convention. The vote was simply for the delegates to agree to consider the measure (Ibid., 1:117, 121, 227 and 231). The phrase "completion of all their engagements" was the phraseology for the assumption of state debts (Ibid., 2:24-47). The resolution was then sent to the Committee of the Whole and became the committees' 15th resolution. Resolution 15 did not pass as a constitutional measure, which meant the delegates would consider the issue at a later date (Ibid.; 2:39).

U.S. Constitution.²⁶ The House voted to approve the members of the Committee of Detail the following day. The members included John Rutledge of South Carolina (SC), Edmund Randolph (VA), Nathan Gorham (MA), Oliver Ellsworth of Connecticut (CT), and James Wilson of Pennsylvania (PA) (Ibid., 2:97).

The *Committee of Detail, IV* document reported that an agreement had been reached by the committee members regarding debt, which was written by Randolph (VA) with emendations by Rutledge (SC).²⁷ The committee's modified resolution read "[t]o raise money by taxation, unlimited as to sum, *for the (future) past (or) <&> future debts and necessities of the union* and to establish rules for collection" [sic] (Ibid., 2:141-142).²⁸ The Committee added a proviso regarding the admission of new states (and their debts) in the same document under "Miscellaneous provisions," which read, "the legislature may use their discretion in (refusing) *admitting* or rejecting, and may make any condition concerning the (old) debt of the union <at that Time>" [sic] (Ibid., 2:148).²⁹ The assumption of state debts language contained in Resolution 12 of Edmund Randolph's Virginia Plan under consideration by the committee was eradicated. The Farrand volumes do not include records of the committee actions and debates; as a result, it is difficult to decipher exactly what transpired during the committee meetings and why the resolution suddenly disappeared. However, the absence of the assumption of state

²⁶ The Committee of Detail records, which represented the official Convention proceedings, were recorded in nine different documents. Some of the documents were found in the Wilson Papers, and others were found in the George Mason Papers (Ibid., 2:129-174n).

²⁷ This document is from the George Mason Papers and in William M. Meigs' *Growth of the Constitution* (1899) (Ibid., 2:137).

²⁸ The sections in the parentheses were crossed out in the original document, the italics represented changes made in Randolph's handwriting, and the brackets identify the emendations in Rutledge's handwriting (Ibid., 2:137n).

²⁹ Ibid.

debts in the *Committee of Detail, IV* report does not signal the end of this measure during the Convention; quite the contrary, it signaled the beginning of the debate.

The Committee of Detail submitted their report to the Convention on Monday, August 6, according to the *Journal* records and adjourned until the next day, allowing delegates an opportunity to review the report (Ibid., 2:176). Madison's notes concerning the Committee's recommendation included the specific articles proposed by the Committee (Ibid., 2:177-189).³⁰ The August 6, Committee of Detail report to the Convention mentioned debt only twice: once to make the "specie a tender in payment of debts," [*sic*] and the second, to allow the legislative branch to "make conditions with the new States, concerning the public debt" (Ibid., 2:187-188). The assumption issue was reduced to a generic resolution connected to the Articles of Confederation but did not succeed as an article of the proposed Constitution at this point in the Convention.

When considering additional proposed legislative powers, Rutledge (SC) and the Committee of Detail recommended that a Grand Committee or Committee of Eleven be established to "consider the necessity and expediency of the debts of the several States being assumed by the United States" on August 18, (Ibid., 2:321-322). Rutledge's (SC) proposal generated debate on the issue. His appeal sent republican cues to the other delegates, regarding his position on state debts and their relationship to the new government, when he suggested,

[...]assumption would be just as the State debts were contracted in the common defense. It was necessary, as taxes on imports the only secure source of revenue were to

³⁰ Madison's notes differ slightly from the committee's report, as Madison's report refers to Article XVIII and not Article XVII, which is the correct article number. This was due to a misprint of the initial report (Ibid., 2:181 and 188).

be given up to the Union. It was politic, as by disburdening the people of the State debts it would conciliate them to the plan. (Ibid., 2:327)

Rutledge's (SC) assertion to do what is just, as a result of the common defense of the states during the Revolutionary War, reflected the core of republican values. His idea of assumption was founded in the belief that the new government should proceed in a manner that was both necessary and politic. Specifically, the assumption of debts would not hinder individuals of a state; instead, discharging the debts would unite the people to one plan for the common good and for the political stability of the United States.

Rutledge (SC) made a republican argument when he called for citizens to come together to discharge the collaborated war debt of the states rather than as sovereign, free, or independent states, which was how they operated under the failed Articles of Confederation. He called upon the delegates to take a just action in an effort to create a better government. Rutledge (SC) attempted to unite the new government on a shared issue – assumption of state debts – for both the good of the commonwealth and for the survival of the Republic.

For Rutledge (SC), a United States without the assumption of state debts meant that the people of the states would be burdened with individual state fiscal policies, which would fail just as they did under the Articles. The states were devoid of a national constitutional provision to discharge the war debts because of their inability to unite on national fiscal policy issues, which would force states to focus on their individual situation and institute another weak national government. The states were destined to repeat their unsuccessful past. The assumption of state debts was one path to a successful republican government that would unite the states on a common fiscal policy.

Delegates immediately signaled their support for the measure following Rutledge's (SC) speech. King (MA) and Charles Pinckney (SC) seconded Rutledge's (SC) motion (Ibid., 2:327).³¹ Although Roger Sherman (CT) considered the measure just, he thought it would be better to grant the legislature the power to assume the State debts (Ibid., 2: 327). Ellsworth (CT) stated, "the state debts ought in equity to be assumed" (Ibid., 2:327). Pinckney (SC) agreed that a "great part of the State debts were of such a nature" that they ought to be assumed as a matter of policy and true equity (Ibid., 2:327). King (MA) argued that assumption was a just commitment as a matter of policy and that a committee should consider the subject of consolidating the debt. He also suggested that unoccupied land within states should be transferred if debts were to be assumed (Ibid., 2:327-328). Hugh Williamson of North Carolina (NC) concurred with King's (MA) land and debt trade idea. However the western land exchange for state debts idea was never mentioned again during the Convention debates.

The delegates adopted Rutledge's (SC) proposition and appointed a committee to consider the assumption issue. Several of the delegates, who indicated their varying levels of support of assumption, agreed to serve on the Committee of Eleven that considered the issue. The new committee consisted of a member from each state and was given the official title of Grand Committee, but also was called the Committee of Eleven by the delegates. The committee members included: John Langdon of New Hampshire (NH), King (MA), Sherman (CT), William Livingston of New Jersey (NJ), George Clymer (PA), John Dickinson of Delaware (DE), James McHenry of Maryland (MD),

³¹ Madison's notes.

James Mason (VA), Williamson (NC), General Charles Cotesworth Pinckney (SC), and Abraham Baldwin of Georgia (GA) (Ibid., 2:322 and 328).³² The issue was obviously important as evidenced by the committee's willingness to meet Monday through Saturday, from 10 a.m. until 4 p.m. (Ibid., 2:322 and 324).

Composed of Eleven delegates selected from states participating in the Convention during mid-August, the slate of committee members approved to serve on the Committee of Eleven was recorded as a vote by state. The committee members selected to serve generated interesting dynamics and noticeable alliances on the Committee of Eleven. The records do not indicate the procedure for selecting the committee members; therefore, no documentation exists regarding possible self-selection to serve on the committee or if the state delegations nominated an individual from their respective states. Additionally, the roll call vote entries record only the vote by the state delegation and not by an individual delegate, as the delegates represented the states. Votes were recorded in the Convention records only as a yes or no vote by state. However, the composition of the delegates selected to serve on the committee is key to the success of the assumption of state debts and requires additional examination.

Among the eleven committee members, certain coalitions are identifiable (see table 1). A common criterion demonstrates a significant coalition, as six of the eleven members' state delegations voted to create the Committee of Eleven to address the state debts (Farrand 1911, 3:328).³³ The delegates whose states voted for the creation of the

³² Rhode Island and New York did not have delegates in attendance at the Convention at this time, and, subsequently, they have no representation on the Committee. Hamilton and New York's two other delegates were absent from most of the Convention, and Rhode Island did not send delegates (Ibid., 2:399-400 and 3:19).

³³ Federal Convention vote #316 was cast on August 17, 1787.

committee were Baldwin (GA), C.C. Pinckney (SC), King (MA), Mason (VA), Sherman (CT), and Williamson (NC). The states that voted against creating the Committee of Eleven include Dickinson (DE), Langdon (NH), Livingston (NJ), and McHenry (MD). Clymer's (PA) state did not cast a vote, presumably due to absent delegates. Conceivably a Committee of Eleven delegate may have been opposed to the assumption of state debts issue even though they represented a state that supported the issue; however, the notion seems unlikely that a state delegation would select a committee representative with opposing views to represent the state on such a critical committee. Nonetheless, the delegates from the coalition of states that supported the creation of the assumption committee have several significant commonalities. Table 1 helps illustrate the coalitions.

Five of the eleven committee members came from states with more than \$1.8 million in war debts (see table 1).³⁴ Of the delegates representing the five states with major war debts, four of the delegates' states voted to create an assumption committee. They were C.C. Pinckney (SC), King (MA), Mason (VA), and Sherman (CT) (see table 1). Although the states with large war debts had a minor coalition, Clymer's (PA) state never voted on crucial assumption issues because Pennsylvania's' delegates did not attend the Convention. If the delegates from Pennsylvania had voted on this issue, then Clymer (PA) might have voted with the other large war debt state delegates to create the assumption committee. The war debt association is not the sole indicator of the assumption of state debts issue at the Convention, but the relationship is noteworthy.

³⁴ The amount of \$1.8 million serves as the median amount of state debts for the 11 states in attendance during the convention. The total amount of state debts was \$20,535,620. The relative value of the 1790 amount of dollars to the 2011 amount is estimated at \$521,604,748 (Officer and Williamson, University of Illinois at Chicago MeasuringWorth website, <http://MeasuringWorth.com>).

Pennsylvania's vote is difficult, if not impossible, to forecast with any amount of certainty based on war debt size alone; nevertheless, large war debt states voted as a bloc to create a committee to consider assumption.

The southern states voting bloc exemplifies another recognizable association. Southern states, except for Maryland, voted for the creation of the assumption committee – Georgia, South Carolina, Virginia, and North Carolina. Two northern states, Connecticut and Massachusetts, also voted for the creation of the committee that gave the pro-assumption states the majority. The successful passage of a resolution to create a committee for the consideration of the assumption issue would have been considered a victory for the pro-assumption delegates.

The most significant common denominator among the Committee of Eleven members is that the majority of the individuals belonged to one of two categories of delegates identified by Forrest McDonald in *Novus Ordo Seclorum: The Intellectual Origins of the Constitution* (1985). McDonald identifies two “ideologies” present during the Convention – “court-party” nationalists (CPN) and the “country party” Opposition (CPO) (as in table 1). The CPN leaned toward a powerful national government design and believed that most men in government would put their own interests ahead of the public interest more often than not during the Convention (McDonald 1985, 187-188). The CPO “hoped to found the republic upon classical republican principles, which is to say upon public virtue” and leaned toward creating a federal republic (Ibid., 200-203). When McDonald's categories are applied to the Committee of Eleven members, one faction was better represented on the committee – the CPO classical republican group.

The Committee of Eleven included five CPO classical republicans, the same five committee members who represented states that voted for the creation of the assumption committee – Baldwin (GA), C.C. Pinckney (SC), Mason (VA), Sherman (CT), and Williamson (NC). Neither the CPN nor the CPO had the majority of the votes on the committee, but the CPO possessed the only obvious coalition on the committee. The CPN had only three identifiable votes – Clymer (PA), Langdon (NH), and King (MA). Dickinson (DE), Livingston (NJ), and McHenry (MD) rarely spoke at the Convention, and McDonald could not assign them to one of his two categories (Bradford 1981, 55, 80 and 117).³⁵ The CPO was able to secure a majority when CPN delegate King (MA) voted with the CPO. Republican values prevailed, and the CPO became the winning coalition with King’s (MA) swing vote on the committee.

CPN delegate Clymer (PA) seems to be an outlier and is inconsistent with the CPN patterns of the Committee of Eleven. Clymer’s (PA) state holds a large war debt, he is a securities speculator, and he is categorized as a CPN by McDonald, but he does not vote with the large war debts states. He represents a state that should favor the assumption issue; however, he either does not cast a vote on behalf of his state or he cannot vote because Pennsylvania lacked enough delegates in attendance at the Convention. The composition of the Committee of Eleven provides additional insight on future assumption votes.

The state votes to reconsider the assumption of state debts illustrate another shared relationship (see table 1). Five of the six delegates who supported the creation of

³⁵ McDonald classified delegates into the two categories based on convention debates, votes, and opinions expressed by the delegates (McDonald 1985, 201n).

the assumption committee voted to reconsider the assumption of state debts issue. They were the primary voting bloc of delegates on the committee – Baldwin (GA), C.C. Pinckney (SC), King (MA), Mason (VA), and Sherman (CT). Pennsylvania and North Carolina did not vote because they were recorded as being absent from the Convention on that day.

Livingston (NJ) presented the Committee of Eleven report to the Convention on August 21, 1787. The Committee recommended the following proposition:

The Legislature of the United-States shall have power to fulfil[] the engagements which have been entered into by Congress, and to discharge as well the debts of the United States, as the debts incurred by the several States during the late war, for the common defense and general welfare.
[emphasis added] (Farrand 1911, 2:352)

Although the delegates table the consideration of the assumption proposition, the proposal expresses a notably republican argument for assumption. The Committee recommends that power be given to the legislative branch because Congress represents the people and the *res publica* (public good). The Committee of Eleven evoked the idea of the general welfare as a benefit of discharging the revolutionary war debts. The idea of overcoming the debts obstacle vis-à-vis a united interest for the common good was part of the Founders' effort to create the best government and establish political stability, which is inherently republican.

Elbridge Gerry (MA), according to Madison's notes, made a case for the assumption of the state debts by boldly arguing that the proposal to grant the legislature the power to discharge the debts does not go far enough and that the measure to assume

debts should be adopted.³⁶ His pro-assumption argument oddly recapped his position with the added argument that the states, which have made more of an effort to pay off their debt, “would be alarmed, if they were now saddled with the share of debts of states which had done the least” (Ibid., 2:356).³⁷ Ultimately, Gerry wanted the legislature to have more than the power to assume; he wanted the war debts to be actually assumed by the United State with all states and creditors paid.

Until August 22, 1787, the *Convention Journal* and Madison’s notes have been in agreement with regard to the Convention activities that transpired. However, on this day, the *Journal* reports that the Committee of Eleven recommended additions to the end of Article 7, Section 1, Clause 1.³⁸ According to the *Journal*, the Convention agreed to consider the Committee’s recommendation and cast two votes. The question for the delegates was regarding the wording “The Legislature shall fulfill the engagements and discharge the debts of the United States” (Ibid., 2:367). The first vote “striking out the words ‘discharge the debts’ and insert[ing] the words ‘liquidate the claims’” failed to pass; however, the second vote to agree to the clause, as recommended by the Committee, passed unanimously 11-0 (Ibid., 2:368).³⁹ Votes were cast and recorded by state with a minimum of two delegates present from each state; therefore, a delegate’s

³⁶ Gerry (MA) seems to present a diversion to draw attention away from his own situation that he was presumed to be a speculator. In a letter to Gerry (MA), Oliver Ellsworth (CT) reminded Gerry of the embarrassing rumors during the Convention that Gerry was a speculator (Farrand 1911, 3:171).

³⁷ See table 1.

³⁸ The proposed changes read as follows “...for payment of the debts and necessary expenses of the United States – provide that no law for raising any branch of revenue, except what may be specially appropriated for the payment of interest on debts or loans shall continue in force for more than ____ years” [*sic*] (Ibid., 2:366-367). The committee suggested a solution for raising revenues to pay for the debts as an addition to the assumption article. The measure did not pass.

³⁹ The *Journal* “Detail of Ayes and Noes” records this roll call vote number 342 concerning the questions of “The Legislature shall fulfill the engagements and discharge the debts of the United States” was referred to as “Mr. Morris’s amendment” (Ibid., 2:367 and 369).

vote is often unknown because the Convention did not record individual votes. The second vote signaled a significant turning point in the Convention, with all 11 states in attendance unanimously voting for the assumption of state debts. The delegates understand and agree with the importance of establishing a new government with undivided interests on the issue of assumption. The delegates move toward creating a republican government by cooperating and combining their debts to create a better government and to correct a clause in the Articles of Confederation.

Madison's notes included considerable detail regarding the discussions and debates that transpired on August 22, which the *Journal* did not document. Ellsworth (CT) believed the modification was unnecessary because Congress, as agents, were bound to fulfill these duties. Randolph (VA) and James Madison (VA) contended that the change was important and that the legislature must be granted the specific power in order to avoid a misunderstanding by the public, especially those opposed to the Constitution (Ibid., 2:377). Gouverneur Morris's (PA) proposed amendment passed.⁴⁰

The following day, Pierce Butler (SC) stated he was dissatisfied with the new wording and was prepared to debate the measure because he did not want speculators to be paid; he wanted the debts paid of "those who had fought & bled for their country" (Ibid., 2:392). The speculator concern shifted the debated to the classification of debt holders query – original creditors versus speculators, who had purchased or who would

⁴⁰ "The Legislature shall fulfill the engagements and discharge the debts of the United States" was referred to as "Mr. Morris's amendment" (Ibid., 2:367 and 369).

purchase certificates from original creditors. The Convention voted on Friday, August 24, and agreed to reconsider Article 7, Section 1, Clause 1 on Saturday, August 25.⁴¹

Mason (VA) opened the debate on Saturday with concerns that the wording may encourage “stock-jobbing” or the buying and selling of debt from original creditors or debt holders should the government make good on the payments.⁴² Mason (VA) felt that speculators would attempt to profit from the situation as they were able to purchase the securities for a fraction of the original value (Ibid., 2:412-413). In line with his CPO classical republican values, Mason (VA) stated that he wanted the first holders of debt to benefit rather than receive a nominal payment, which in his opinion was consistent “with his ideas of public faith” (Ibid., 2:413).

Gerry (MA), who was alleged to be a speculator, professed not to possess many securities but contended that someone ought to get paid the value of the debt (Ibid., 2:413). He argued that the frauds committed on the soldiers should have been foreseen, and the stock-jobbers were not to blame because they kept up the value of the paper without which there would be no market (Ibid., 2:413).

Butler (SC) reaffirmed his position that he wanted the original credit holders to be compensated (Ibid., 2:414). Samuel Johnson (CT) argued that although the government changed, the United States’ debt obligations remained unchanged (Ibid., 2:414). Morris (PA) stated that “he might urge more compliance with public faith”; otherwise he was

⁴¹ According to the *Journal* and Madison’s notes, Butler (SC) proposed the reconsideration of the clause and C.C. Pinckney (SC) seconded the motion to reconsider. New Hampshire and Maryland voted no; Pennsylvania and North Carolina were absent. The seven other states voted yes. New York and Rhode Island were not participating in the Convention at this time (see fn 9) (Ibid., 2:399-400).

⁴² Debt certificates were issued to soldiers for their service in the Revolutionary War. Often soldiers sold their securities for significantly less than what they were worth in order to avoid bankruptcy or foreclosure.

“content to say nothing because the New Government would be bound of course” to assume the state debts (Ibid., 2:414). Johnson’s and Morris’ comments support the idea of a shared moral principle that denotes conformity to the law, whether under the Articles of Confederation or the United States Constitution, and implies the preservation of society.

Except for Mason (VA), the Committee of Eleven members are silent on the issue when the Convention debates the speculator or “stock-jobbing” question (as in table 1). The majority of the committee members were securities or land speculators. Clymer (PA), Langdon (NH), C.C. Pinckney (SC), King (MA), and Sherman (CT) were securities speculators, while Williamson (NC) was a land speculator. Perhaps this explains why committee members who were usually outspoken did not voice their opinions on speculators. The Convention agreed to Randolph’s (VA) proposal according to the *Journal*, which read:

All debts contracted and engagements entered into, by or under the authority of Congress shall be as valid against the United States under this constitution as under the Confederation. (Ibid., 2:408 and 414)⁴³

As with many proposed constitutional measures, this clause did not pass without debate. The deliberations were about the issue of original holders versus speculators who could profit from the war debt situation, not about assuming debts. All of the states present voted for Randolph’s (VA) proposal except for Pennsylvania (Clymer’s state), which opposed the proposal (Ibid., 2:408 and 412).

⁴³ This roll call vote is recorded in the *Journal* as vote number 365.

The Convention appointed a new committee to “revise the style of and arrange the articles agreed to by the House” on Saturday, September 8, 1787 – the Committee of Style and Arrangement, also known alternatively as the Committee of Revision or the Committee of Style (Ibid., 2:547). The committee members included Johnson (CT), Alexander Hamilton of New York (NY), Morris (PA), Madison (VA), and King (MA) (Ibid., 3:547).⁴⁴ Two days later, the Convention adjourned; and the Committee of Style, charged with their task of stylistic revisions and article arrangement, began their work.

The Committee of Style presented their report to the Convention on Wednesday, September 12, (Ibid., 590-603).⁴⁵ Madison’s reproduction of the report included the following section relating to assumption:

VI.

All debts contracted and engagements entered into *before the adoption of this Constitution* shall be as valid against the United States under this Constitution as under the confederation. (Ibid., 2:603)⁴⁶ [emphasis added]

Madison’s notes relating to Article 6 are identical to the U.S. Constitution, which differs from the Committee of Eleven’s recommended clause that was agreed upon and

⁴⁴ Although the New York delegation left the Convention, Hamilton floated in and out of the Convention proceedings occasionally to return to New York. When present, Hamilton could not vote because each state must have had two or more delegates present to be voting at the Convention. However, that did not limit Hamilton’s participation and contributions to the constitution making process, as he was assigned and approved by the Convention delegates to serve on the Committee of Style.

⁴⁵ Madison’s notes included a copy of the report. Farrand compiled a similar list of the proceedings of the Convention that were referred to the Committee of Style. Farrand included the articles considered by the Committee of Style, although he has some difficulty identifying where exactly some articles were placed (Ibid., 2:565-580, 565*n* and 571*n*).

⁴⁶ “Madison’s copy of this report is a printed broadside, preserved, with other printed papers, in Volume XV of ‘Writings to Madison.’ It shows additions, alterations and interlineations in Madison’s handwriting, and these are indicated here by enclosing in angle brackets. Underscoring was likewise done by pen. At the top of his copy Madison wrote: ‘As Reported by Come. of revision, or Stile & arrangement. Sepr. 12. consisting of Mr. Johnson, Mr. Hamilton, Mr. Morris, Mr. Madison & Mr. King.’” [sic] (Ibid., 2:590*n*).

subsequently referred to the Committee of Style. The change is noteworthy because the original Committee of Eleven wording approved by the Convention on August 25, was:

All debts contracted and engagements entered into, *by or under the authority of Congress* shall be as valid against the United States under this constitution as under the confederation. (Ibid., 2:408, 414 and 571) [emphasis added]

The change signifies the Committee of Style's move away from the discharging of ALL debts as a measure of administration or power granted to Congress and a shift toward implementing assumption as an article of the Constitution by a uniting common interest among the states – the individual state debts. The Committee of Eleven's wording would have limited the debts contracted and engagements entered into exclusively to the actions taken by the Continental Congress. The Committee of Style's modification expanded the scope of debts valid against the United States by changing the conditions of the debts to debts and engagements entered into prior to the adoption of the Constitution, which included all debts contracted by the States and not just the Continental Congress. The result was the transformation of the assumption article into a republican provision rooted in the United States Constitution that benefited the states and afforded the new government the opportunity to achieve political stability.

The final version of the United States Constitution was approved unanimously on Monday, September 17, 1787. Randolph (VA), Mason (VA), and Gerry (VA) declined signing the Constitution; all of the other delegates signed the Constitution.

CONVENTION CONCLUDING OBSERVATIONS

The dynamics of the Convention were not one-dimensional; they represented a kaleidoscope of events and issues that often created a series of complex, and sometimes colorful, shifting allegiances. The *Records of the Federal Convention* documented obvious large state-small state tensions.⁴⁷ Since the issue of assumption was adopted unanimously by the Convention, any large state-small state voting blocs or even large war-debt states versus small war-debt states alliances are not relevant. Delegates understood the need to unite on the debt issue to create a sustainable republic otherwise they would fail as they had under the Articles of Confederation. The primary debate during the Convention was not regarding the assumption of war debts; rather, assumption of the war debts was viewed as a necessary policy for political stability. The debate can be more accurately described as the payment of speculators versus original debt holders. Since the delegates agreed to a debt clause for the Constitution without a distinction regarding classifications of debt, this matter was left for debate at a later time.

As for the Committee of Eleven, who had been charged with the task of addressing the assumption of state debts issue, the dominant voting bloc was the CPO classical republican group that supported a federal republic. The Committee of Eleven members had many commonalities and some differences that would normally result in an alternative assumption recommendation by the committee; however, the committee's common denominator was their republican ideational foundation. During the Convention, the CPN delegates were slightly more numerous and more influential than

⁴⁷ On the third day of the Convention, according to Madison's notes, the delegates were debating vote equality based on size, and several of the "large states" suggested uniting against the "small states" (Ibid., 2:10-11n).

the CPO delegates (McDonald 1985, 199). The CPO was the dominant group on the Committee of Eleven, and all measures to strengthen the central authority, by granting Congress the sole power to determine what types of debts would and would not be discharged, failed.

Assumption proposals were merged into one clause in committee mark-up, and delegates accepted the non-committal compromise that is currently Article VI, Clause I of the Constitution:

All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as against the United States under this Constitution, as under the Confederation. (*The United States Constitution*, Article VI, Clause I)

The final form of the assumption of state debts issue in the Constitution left the matter in as much uncertainty as it was before. Although all of the votes on the assumption of state debts were generally agreed to by the states in attendance at the Convention, the effect was an ambiguous clause of the Constitution. The assumption issue was not used to strengthen the authority of the national government by assigning the power to discharge war state debts to Congress. Under a federal constitution state debts were in conformity to the law and treated equally with other debts held by the United States under Article VI.

THE HAMILTON PLAN

The Convention delegates agreed on the idea of assuming the debt and agreed to an assumption article, while Hamilton and New York's two other delegates were absent

during most of the Convention.⁴⁸ Hamilton was never recorded publically as having an opinion on assumption during the Convention.⁴⁹

When Hamilton returned to the Convention, he was selected to serve on the Committee of Style, which revised and arranged the articles agreed to by the Convention. Hamilton's appointment to the Committee of Style coincides with the modification of assumption as an administrative power to a vague article of the Constitution. The Committee of Style eliminated the Convention delegates' call for Congress to determine the fate of the individual and state debts, which is in accordance with the popular control of government. The authority to discharge all debts was removed from Congress's power, which meant none of the three branches were granted the express authority to discharge the debts. Perhaps Hamilton hatched the change in the Committee of Style, although we will never know for certain; *The Hamilton Plan*, which was presented at the Convention and wholly rejected, never once mentioned the word debt or assumption (Ibid., 3:617-630).

COMMITTEE OF STYLE ANALYSIS

Madison's (VA) opinion regarding the assumption issue was recorded only once during the Convention (in his own notes); however, he never stated either support for or opposition to the measure. During the August 22, Committee of the Whole meeting,

⁴⁸ Approved by the Convention on August 25: "All debts contracted and engagements entered into, by or under the authority of Congress shall be as valid against the United States under this constitution as under the confederation" (Farrand 1911, 2: 408, 414 and 571).

⁴⁹ During Hamilton's convention speech on June 18, he briefly makes references to public debt, taxes, and the collection of revenue, although with so many versions of the speech deciphering exactly what was said is difficult. However, Hamilton's convention speech clearly did not argue for or against assumption even though it did make reference to the issue.

Morris (PA), the former Superintendent of Finance, recommended the critical amendment to modify the assumption clause. Morris's (PA) change made the clause much stronger and less open for interpretation by the framers in the future because his clause delegated the power specifically to the legislature, who represented the people (Ibid., 2:377).

According to the debate records, King (MA) and Johnson (CT), who were also appointed to the Committee on Style, openly supported the assumption of state debts, as did their colleagues from their respective states. King (MA) even went so far to argue that he wanted to convert all the State debts into the federal debt, making one aggregate debt of about 70,000,000 dollars (Ibid., 2:6 and 327-328). Johnson's (CT) remarks signaled his support when he stated that the debts of the states were the debts of the United States and that changing the government did not change the obligation (Ibid., 2:414).

With Morris (PA) proposing the initial debt amendment, along with King (MA) and Johnson (CT) taking public positions on the issue of assumption, as well as, Madison's (VA) support, albeit tepid support, the issue of assumption seems protected from alterations. An important question needs to be asked: if the delegates at the Convention agreed to the initial wording which specified state debts, then why was the clause on assumption modified in the Committee of Style? The answer may never be known as to what exactly transpired regarding the assumption clause during the committee meetings; however, similar to the fate of other clauses in the Constitution, minor but critical changes were made to the assumption article by the Committee of Style, which were justified as "the most advisable" course of action (Ibid., 2:583). The Committee of Style appears to disregard resolutions passed by the Convention, and the

issue of assumption was no exception. The *Records of the Federal Convention* asserts that the Convention was held for “the sole and express purpose of revising the Articles of Confederation,” which included an investigation of the Article’s defects and a plan for remedying those defects (Farrand 1913, 42). The financial state of the united government in 1787 was dire as a result of the Revolutionary War (Ibid., 4). Hamilton (NY) collaborated with Madison (VA) and Morris (PA), as the trio that altered the language of assumption from being stated explicitly in the Constitution to an obscure clause on Article VI. Conceivably, the answer may lie in a letter from Hamilton to Edward Carrington, dated May 26, 1792, which was written five years after the Convention debates and two and a half years after Hamilton’s 1789 *Report on Public Credit* (see appendix A).

Perhaps Hamilton (NY) and Madison (VA) secretly agreed to make the assumption “a measure of administration[;]” however, the final form of the assumption resolution is as an Article of the Constitution, which casts doubt on the veracity of the scheme and the letter. In the end, the anamorphic transformation of the clause altered the delegated administrative power of Congress to discharge debts into an ambiguous, generic article of the Constitution open to interpretation, which is quite contrary to Hamilton’s disclosure to Carrington. As a “measure of administration[,]” assumption would have been delegated to one of the three branches to oversee, but it was not. Perhaps the risk of proposing such a powerful measure of administration was the greater challenge. Hamilton’s letter is one of the first and only discussions of an agreement written by Hamilton. Neither Hamilton (NY) nor Madison (VA) mentioned the assumption discussions earlier, and Hamilton’s 1792 private letter is the first explanation

of the events that transpired during the Convention. Also significant, is that Hamilton's account contradicts the actual outcome of the Convention according to the *Records*.

The Constitution's assumption article that was changed by the Committee of Style did not make the idea of assumption of state debts any more or less republican. One of the problems with the Articles of Confederation was the inability of the Confederation to levy and collect taxes from the states. The founders understood that these powers needed to change in order to create a stronger and better government. The merging of the state debts into federal debts was one of the steps to achieve political stability. The assumption of state debts would make it more difficult for the states to separate and, as a result, would create a stronger new government. In the case of assumption, if the states are undivided on the issue of their war debts and could agree to cooperate to discharge these debts, their sacrifice for the *res publica* would create a sustainable, unified federal government in conformity to the law, which corresponds with republican ideational influences whether assumption is a measure of administration or an article of the Constitution.

CHAPTER 4: THE FEDERALIST PAPERS

Men are apt to see very clearly, whatever they wish or fear;
and often surrender the soundest principles to their
imaginary apparitions.

John Taylor of Caroline, Virginia
on *The Federalist* papers in
New Views of the Constitution of the United States
(Taylor, 75)

If *The Federalist* papers and its role during 1787-1788 were applied to modern times, we might conclude that the Federal Convention was similar to a modern-day political party convention that unified a people to adopt a platform, approve rules, and nominate a candidate; *The Federalist* papers in many instances attempted the same process regarding the Constitution. If the Convention was the party organization, and the Constitution the founders' nominee, then *The Federalist* papers were the campaign literature used to adopt the Constitution. Similar to campaign literature written during a 21st century political campaign, *The Federalist* papers' "essays were written on a tight schedule: at first, two were printed each week; later, the schedule was increased to four per week. This did not leave much time for careful study or coordination" (Schechter, 294).

While Alexander Hamilton, James Madison, and John Jay, the authors of *The Federalist* papers, may have been regarded by some as three kings bearing the gifts of a strong national government model to New York (and subsequently the states), their

campaign documents were and still are considered collectively a serious work of political thought. Written in defense of the newly created Constitution that set aside the Articles of Confederation, *The Federalist* papers responded indirectly to opponents of the new document by exposing the defects of the Articles of Confederation and promoting the theoretical foundations and powers of the new national government. Although the issue of the assumption of state debts was not at the heart of the *Federalists Papers*, state debts were mentioned occasionally. This chapter demonstrates that comments regarding the assumption of state debts in *The Federalist* papers support the idea of republicanism by invoking components of a republican government.

References to the issue of debts occur throughout *The Federalist* papers; however, debt did not always denote the assumption issue.⁵⁰ The Founders were concerned with various types of debts; thus the term debt was not restricted to state Revolutionary War debts and, as in the Convention Records, debt in *The Federalist* papers often indicated other aspects of the domestic and foreign debts held by the states and the new government. An in-depth examination of *The Federalist* papers reveals the republican ideational influences in the assumption of state debts arguments. While the contributions by Madison and Hamilton will be examined fully, as they relate to assumption, those by Jay do not relate to assumption and, therefore, are excluded from the research.

⁵⁰ In *Federalist No. 6*, Hamilton references the “desperate debtor” of Shays Rebellion, and the debts and taxes that overwhelmed the provinces of Holland (Chadwick, 25). This statement refers to the condition of the states rather than the assumption issue. Also, in *No. 29*, Hamilton discusses the debt due to the French and Dutch and how foreign creditors would be paid, and *Federalist No. 84* discusses the establishment of a doctrine of political law concerning personal debts and public debtors (Chadwick, 152 and 467).

THE FEDERALIST

HAMILTON'S PAPERS

Hamilton did not express publicly his opinion regarding the assumption of state debts during the Convention. Faced with a post-Convention challenge of defending the new constitution that supported a strong federal government, perhaps Hamilton viewed the issue of assumption and the new government's financial problems as an opportunity to advocate for a stronger federal government, which he openly supported during the Convention. Convention records indicate that Hamilton only sporadically attended the Convention, and when present during the proceedings, he focused mostly on issues that would create a stronger central government. The issue of state debts undoubtedly afforded Hamilton the perfect opportunity to strengthen the federal government with new powers that were absent under the Articles. The assumption of state debt was one of many issues that might unify the people for the creation of the best government, as envisioned by Hamilton. Hamilton's discussion of assumption in *The Federalist* papers would later allow him to craft a plan that, in order to be implemented, would unite the commonwealth in an effort to maintain his vision of the best form of government. Hamilton's essays better assess his strategy and solution to assumption.

NUMBER 30

In *Federalist No. 30*, Hamilton uses of the issue of state debts as a means to advocate a stronger central government. Hamilton mentioned debts in *No. 30*, §30.1

when arguing that Congress should possess the power to support financially the national forces.⁵¹ He wrote,

IT HAS been already observed that the federal government ought to possess the power of providing for the support of the national forces; in which proposition was intended to be included the expense of raising troops, of building and equipping fleets, and all other expenses in any wise connected with military arrangements and operations. But these are not the only objects to which the jurisdiction of the Union, in respect to revenue, must necessarily be empowered to extend. It must embrace a provision for the support of the national civil list; for the payment of the national debts contracted, or that may be contracted; and, in general, for all those matters which will call for disbursements out of the national treasury. The conclusion is, that there must be interwoven, in the frame of the government, a general power of taxation, in one shape or another. (Chadwick, 154)

Hamilton developed the idea of paying for the Revolutionary War debts as a rationale to expand Congress' powers. By connecting the need to pay for military expenses and payment of the national debt, Hamilton revealed his support for the assumption of state war debts by way of stronger national powers for the branch that represents the people. A stronger national government would create a better government under the new Constitution because the Articles of Confederation failed to fund the military and Revolutionary War expenses and subsequently created both national and foreign debts.

In §30.8, Hamilton argued that without the general power of taxation, funds would not be available during times of war (Ibid., 157). Hamilton suggested that if the

⁵¹ Congress lacked the authority to generate revenue or coin money under the Articles of the Confederation, and federal foreign and domestic debts “accumulated to more than 54 million dollars” (First, 2). On behalf of the new government, individual states were amassing debts of their own by issuing certificates of indebtedness for Revolutionary War debts.

state debts were discharged and “a war breaks out” unexpectedly, “measures for paying” debts would not be in place unless the new government possessed general taxation power (Ibid., 157). Hamilton wanted expanded powers to avoid additional unexpected war debts and loans procured from other countries in the future because the loans would be “burdensome in their conditions” and would lead to the destruction of public credit that would be essential to the *res publica* because without the general power of taxation, the means for paying debts would be diverted: the political stability of the Union, the debts of the United States, and the *res publica* would be in danger (Ibid., 157). The assumption of state debts in tandem with the expansion of national powers to tax would provide the necessary means for the new government to generate revenue and succeed.

NUMBER 7

In *Federalist No. 7*, Hamilton addresses the possible causes of internal war and the dangers of dissensions between the states, which include the question of assumption of state debts (Ibid, 29-34). Hamilton begins discussing assumption in §7.10 by addressing public debts and stating that “[t]he public debt of the Union would be a further cause of collision between the separate States or confederacies” (Ibid., 32). Hamilton continues his argument by maintaining that the debt issue could be another issue of controversy between the states that could “double the contingency of external invasion and internal contention” if the states failed to unite on the issue (Ibid., 33). Hamilton states that he is against the apportionment of debts or debts assumed based on the population of each state, similar to representation, because of the different resources of each state (Ibid., 32-33).

Hamilton supports assumption as a measure to further unify the citizens of the United States. Hamilton's idea for assumption binds citizens to mutual contributions for a common object that yields an equal and coincident benefit (Ibid., 33). He wants the states to come together on assumption and toward that end calls on the states to cooperate on the state debts issue. If the states were divided on the assumption of state debts, the consequence might be an internal war, thus resulting in another failed government. Although republicanism may not be at the forefront of Hamilton's argument, Hamilton integrated republican values to make his argument for the assumption of state debts, which included the need to unite the states on the issue for political stability and for the common good. Although assumption was on the periphery of *Federalist No. 7*, nonetheless, the paper offers a brief opportunity to understand the complexity of the often-intertwined arguments of Hamilton as he called for the assumption of state debts.

NUMBER 34

In *Federalist No. 34*, Hamilton focuses on the chief sources of expenses in government (Ibid., 172-176). He addresses the debts of European nations, which leads to the discussion of the large Revolutionary War debt in §34.8 (Ibid., 175). Hamilton explains:

But let us advert to the large debt which we have ourselves contracted in a single war, and let us only calculate on a common share of the events which disturb the peace of nations, and we shall instantly perceive, without the aid of any elaborate illustration, that there must always be an immense disproportion between the objects of federal and state expenditures. It is true that several of the States, separately, are encumbered with considerable debts, which are an excrescence of the late war. But this cannot happen

again, if the proposed system be adopted; and when these debts are discharged... (Ibid., 175)

Hamilton advocates for the adoption of the new Constitution in §34.8 to prevent future war-debt problems. War expenditures were for the common defense of the new government. Being steadfast in his beliefs, Hamilton wanted the national government to carry the unequal balance of shared expenditures, because he believed that separate states with separate war debts meant a fractured commonwealth and a failed new government (Ibid., 175).

NUMBER 36

Hamilton's essay *No. 36*, regarding the laying and collecting of taxes under the new Constitution, mentions assumption briefly while continuing the discussion of the general power of taxation (Ibid., 182-187). He argues in §36.11 that a small land tax would answer the revenue needs of the states' debts when Hamilton states,

When the particular debts of the States are done away, and their expenses come to be limited within their natural compass, the possibility almost of interference will vanish. A small land-tax will answer the purpose of the States, and will be their most simple and most fit resource. (Ibid., 185)

Hamilton's assumption paradigm in *The Federalist* papers was in support of discharging the state debts as motivation for increasing the national powers, specifically the power of general taxation. For Hamilton, the state debts issue was reduced to a secondary issue.

MADISON'S PAPERS

Madison seems to recall past events to suit his needs, hence, at times confusing the reader and calling into question the veracity of his account.⁵² His deliberation regarding the assumption of state debts in *The Federalist* papers was no exception. Madison's *No. 43* is the most significant and only essay that directly addresses assumption; even so, only a few paragraphs are devoted to state debts because this topic was not his primary focus.

NUMBER 43

In *Federalist No. 43*, Madison contemplates the various responsibilities granted to the new government and the powers conferred by the Constitution (Ibid., 231-239). In his earlier essay *No. 41*, Madison lists the different classifications of powers to be granted in the Constitution.⁵³ He also describes the first three powers in *No. 41*. In essay *No. 43*, he continues the discussion and explains the fourth class of miscellaneous powers in the Constitution (Chadwick, 231).

⁵² One example that relates to assumption occurred during the First Congress debates on April 22, 1790, when Madison stated: "If, as we have been told, the assumption originated in the Convention, why were not words inserted that would have incorporated and made the State debts part of the debts of the United States? Sir, if there was a majority who disapproved of the measure, certainly no argument can be drawn from this source; if there was a majority who approved of it, but thought it inexpedient to make it a part of the Constitution, they must have been restrained by a fear that it might produce dissensions and render the success of their plan doubtful" (Farrand, 3:CCLIV). This quote is also found in Farrand's *The Records of the Federal Convention of 1787* Volume 3. James Madison in the House of Representatives in the Annals of Congress, First Congress, II, 1538.

⁵³"It will be proper to review the several powers conferred on the government of the Union; and that this may be the more conveniently done they may be reduced into different classes as they relate to the following different objects: 1. Security against foreign danger; 2. Regulation of the intercourse with foreign nations; 3. Maintenance of harmony and proper intercourse among the States; 4. Certain miscellaneous objects of general utility; 5. Restraint of the States from certain injurious acts; 6. Provisions for giving due efficacy to all these powers" (Chadwick, 217).

Fourth-class powers, according to Madison, were miscellaneous powers relating to objects of general utility (Ibid., 217). Madison begins his discussion of the assumption of state debts issue that transpired during the Convention in §43.22 by quoting Article VI of the Constitution:

(7.) "To consider all debts contracted, and engagements entered into, before the adoption of this Constitution, as being no less valid against the United States, under this Constitution, than under the Confederation." (Ibid., 236)

He continues his discourse in §43.23 with the statement that Article VI of the Constitution was added as a declaratory statement to clarify the status of debts and to reassure foreign creditors that the newly formed United States would honor their "moral obligations" (Ibid., 236-237). Madison accepts the idea that all debts are rooted in a shared moral principle that denotes conformity to the Constitution; however, Madison leaves the issue of assumption unsettled when he adds that there are "other reasons" for inserting the Article VI into the Constitution; unfortunately, he never elaborates on the other reasons (Ibid., 237).

Madison begins his discussion regarding the general criticisms of Article VI in §43.24, when he points out the omission of facts by the constitutional critics, corrects their claims, and denounces their efforts as a plot against national rights when he writes,

Among the lesser criticisms which have been exercised on the Constitution, it has been remarked that the validity of engagements ought to have been asserted in favor of the United States, as well as against them; and in the spirit which usually characterizes little critics, the omission has been transformed and magnified into a plot against the national rights. The authors of this discovery may be told, what few others need to be informed of, that as engagements are in their nature reciprocal, an assertion of

their validity on one side, necessarily involves a validity on the other side;[...] (Ibid., 237)

After rectifying the criticisms regarding assumption, Madison reiterates the status of Article VI as a “declaratory proposition” and concludes the assumption section of the essay with the following statement:

[...]and that as the article is merely declaratory, the establishment of the principle in one case is sufficient for every case. They may be further told, that every constitution must limit its precautions to dangers that are not altogether imaginary; and that no real danger can exist that the government would DARE, with, or even without, this constitutional declaration before it, to remit the debts justly due to the public, on the pretext here condemned. (Ibid., 237)

Madison’s treatment of the state debts issue follows Hamilton’s paradigm that assumption of debts is a non-issue. For Madison, the critics were needlessly making it an issue. Madison seems almost dismissive of Article VI as a potential dispute with regard to ratification. Perhaps he downplays the issue to avoid yet another matter of contention between states.

Madison’s references to the assumption of state debts in *No. 43* argue that the issue outlived its relevance. He addresses the issue of debts because it was an article of the Constitution, and *The Federalist* papers were defending the decisions made during the Federal Convention. Madison’s treatment of the state debts implies to the reader that discharging the debts was a foregone conclusion for the general good of the newly formed nation. Madison asserts payment was justly due to the citizens of the United States because the issue is stated in the Constitution (Ibid., 237). Madison tries to unite the citizens (and states) on the debts issue for the creation of the new and improved

government. He considers the payment of the debts by the new government to be a “moral” obligation and a matter of conformity to the law, specifically Article VI (Ibid., 237). The combined theoretical effect of Madison’s argument advocates a fundamentally republican article of the Constitution, which includes the idea paying debts to create and maintain the best government in pursuit of the common good for political stability and in conformity to the law.

Since Madison’s paper *No. 43* is the primary essay that addresses Article VI of the Constitution, perhaps what is equally important to mention is what Madison did not state in his essay. Madison did not mention the Convention debates, votes, or the events that transpired during the Convention concerning assumption. Although he did not mention assumption of state debts by name, all debts held by the United States were treated as equal, valid, and reciprocal engagements in the Constitution and formed the basis of Madison’s justification. Furthermore, he did not mention a deal or a pact agreed to between individual delegates or state delegations (see appendix A).

Although Madison’s essay was initially published in New York to counter the opposition’s writings that denounced the new document and attempted to derail ratification of the Constitution, he nevertheless considered two audiences when writing this section.⁵⁴ The primary audience was the citizens (and states). The secondary audience was foreign nations, specifically Europe, as many parts of the world watched the United States transform.

⁵⁴ New York Governor George Clinton wrote under the alias Cato, and New York State Supreme Court Judge Robert Yates wrote under the alias Brutus. Both were opposed to the Constitution and attempted to derail the ratification of the document with their essays known as the *Anti-Federalist Papers*; however, the *Anti-Federalist Papers* did not address the issue of assumption of state debts.

Madison was undoubtedly writing to both supporters and opponents of the Constitution; however, could his comments regarding the “little critics” have been another diversion? It is difficult to determine if the opposition’s criticisms were genuine because the *Anti-federalist Papers* neither responded directly to essay *No. 43* nor addressed the assumption of state debts issue.

CONCLUSION

Written to support the ratification of the newly created Constitution, *The Federalist* papers won their campaign on June 21, 1788, with the ratification of the U.S. Constitution by the ninth state. When the assumption of state debts was mentioned at all in *The Federalist* papers, Hamilton referred to it in passing in several essays while Madison discussed it directly in one essay. With numerous areas of concern to defend in the newly created document, Madison and Hamilton endeavored to minimize the importance of the states debts issue; perhaps they were attempting to avoid yet another matter of contention between the states and the proposed Constitution, which Hamilton briefly referred to in *No. 7*.

The Federalist papers never directly address the issue of the assumption of state debts. Although Hamilton often reduces the assumption of state debts to a secondary issue in an effort to promote his agenda to expand national powers, both he and Madison call for the citizens and states to unite on the issue of discharging debts for the *res publica* in an effort to make the best government. Hamilton and Madison marginalized debt as a non-issue in *The Federalist* papers. The assumption issue was briefly addressed, with occasional references to republican ideational values, as they both considered the

discharging of debts necessary to unite the citizens and states for the political stability of the new government and to prevent another failed government. Madison appeals to the “moral obligation” of the new government to pay the debts and upholds the idea of conformity of the United States Constitution.

In the next chapter, a detailed review and analysis of the First Congress enhances and better describes the context of the assumption of state debts question during the First Congress. Chapter 5 provides a comprehensive examination of the circumstances and events that shaped the environment within which Congress adopted the assumption of state debts.

CHAPTER 5: FIRST FEDERAL CONGRESS

Principles, axioms, and definitions, must be settled and established, before men will form conclusions, or adopt decided sentiments on important subjects of civil or moral obligation[...]

Elias Boudinot, Philadelphia
in *The Age of Revelation*
(Boudinot, 29-30)

The first session of the new Congress met on Wednesday, March 4, 1789, at Federal Hall in New York City after the ratification of the U.S. Constitution, as directed by the newly created constitution. The First Federal Congress met almost every day from March 4, until April 1, without a quorum present, and subsequently was unable to conduct any business. The First Federal Congress, similarly to the Convention, had members attending some sessions but being absent during others. Despite the efforts of key Convention delegates and members of Congress, there were no apostles spreading the good word of assumption of state debts; rather, the dynamic of the First Federal Congress resembled the old adage: *the world is run by those who show up*.

Almost five months would pass before the issue of assumption of state debts – a problem that had plagued the United States as a result of the Revolutionary War – was considered by the First Federal Congress. By the time the First Federal Congress met, third parties or speculators held many of the debt certificates for loans and services given to the United States during the war. Certificates were often purchased for pennies on the

dollar with the hope that the newly formed government would eventually repay the full value of the certificates.

The delegates of the 1787 Federal Convention discussed and debated the issue of assumption, and the U.S. Constitution included an article that considered all debts (both foreign and domestic) as equal. Specifically, Article VI, Clause I of the Constitution states, “All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as against the United States under this Constitution, as under the Confederation.” The final form of the assumption issue as an article of the Constitution, rather than a measure of administration, left the matter in as much uncertainty as it was before: all debts – debts to foreign countries, domestic debts, and debts contracted by the states on behalf of the United States – were treated as equal, and debts in general were left as a question to be addressed at a later date because no branch of government was delegated the power to discharge the debts.

FIRST FEDERAL CONGRESS

On August 28, 1789, six months after the First Federal Congress convened, Congressman Thomas Fitzsimons presented a “memorial and petition of the public creditors” to Congress. The petition, from several prominent Pennsylvania public creditors, requested that Congress discharge the Revolutionary War debts before the end of the first session or be “subjected to derision and reproach” (*Annals of Congress* 1789, 822-826). Many creditors believed the issue of assumption should have been one of the first issues addressed during the First Federal Congress because the federal government was indebted to several Americans as a result of the Revolutionary War; however, a

resolution would not be agreed upon by the House until almost one year later, in the form of the Funding Act {HR 63, Sec. 13} (Bickford 1986, 5:717-718).

Several days after the Fitzsimons petition was introduced, the House, which was responsible for initiating any action, referred the matter to a committee headed by James Madison (VA) that included John Vining (DE) and Elias Boudinot (NJ). Madison presented the committee report on September 10, recommending that the House send the matter to Secretary of the Treasury Alexander Hamilton. The House agreed to refer the matter to the Hamilton and directed him to secure an account of the states debts and report the findings to the House (Ibid., 5:721 and 742-743).

The connection between the assumption issue during the Convention and in the First Federal Congress became muddled once Congress agreed to consider the subject. Perhaps Hamilton and Madison arranged a “legislative referral process” whereby the House referred the issue of assumption, in the form of public credit, to Hamilton, the Secretary of the Treasury, as a measure of administration; however, the challenge was to introduce assumption into the House without reviving the assumption debate. The perfect “mule” to carry out the job in the House would be Fitzsimons, a devotee of Hamilton. Fitzsimons would be assigned the task of presenting the issue to the House in the form of a memorial and petition soliciting assistance from the public creditors of Pennsylvania regarding the issue of debt – the state debts to the citizens. Madison, as a former Commissioner of Finances, would recommend that the issue be forwarded to Hamilton, who would in turn present the House with an administrative measure, just as Hamilton would recall four years later in his letter to Edward Carrington (see appendix A). Hamilton’s remarks could have been written from the perspective of modified hind-

sight or as an opportunity to take credit for saving the new nation's financial status. Another explanation may be that a vexed electorate demanded a solution to a controversial issue and savvy members of Congress may have been eager to assign the problem to an appointed official, who would not be accountable to the voters, when they sent the measure to Hamilton.

PUBLIC CREDIT REPORT OF THE SECRETARY OF THE TREASURY

Commissioned by the House of Representatives on September 21, 1789, to report back to the House with a plan for supporting public credit, Secretary of the Treasury Alexander Hamilton communicated his economic state of the Union and his recommendations to Congress for discharging the foreign and domestic debt on January 9, 1790. The resolution, submitted to the House of Representatives on January 14, 1790, outlined Hamilton's plan to support the payment of both domestic and foreign debts. Hamilton understood the need to keep foreign and domestic debt as two separate issues. Foreign creditors were concerned about the success of the new government and the repayment of their loans to the United States for the war, and the states and the citizens were concerned about the domestic debts that they held for their common defense. The First Federal Congress agreed that the foreign debts were owed and should be paid, but the domestic debts were in question because the amount of state debts was unknown, which was why Hamilton addressed the foreign and domestic debts separately in his report.

Hamilton began his line of reasoning for discharging the domestic debts with a republican argument, stating that "the individual and aggregate prosperity of the citizens

of the United States” and “the cause of good Government” was dependent upon assumption.⁵⁵ He continued his case for public credit with the following statement:

If the maintenance of public credit, then, be truly so important, the next inquiry which suggests itself is, by what means is it to be effected? The ready answer to which question is, by good faith, by punctual performance of contracts. States, like individuals, who observe their engagements, are respected and trusted; while the reverse is the fate of those who pursue an opposite conduct. Every breach of the public engagements, whether from choice or necessity, is in different degrees hurtful to public credit. (GS, 2042)

A breach of the obligation to pay the debts would be harmful to the public credit whether by choice or by necessity; keeping contracts is good policy. The basis of public credit for Hamilton was a matter of honoring an obligation to discharge the debts of the United States, which was rooted in good faith and in conformity to the Constitution. However, Hamilton’s justification for paying the debts becomes a “moral obligation” with his invocation of Devine guidance and his connection between public good and public happiness when he states,

While the observance of that good faith, which is the basis of public credit, is recommended by the strongest inducements of political expediency, it is enforced by the considerations of still greater authority. These are arguments for it which rest on the immutable principles of moral obligation; and in proportion as the mind is disposed to contemplate, in the order of Providence, and intimate connexion between public virtue and public happiness, will

⁵⁵ United States. Congress, Joseph Gales, and William Winston Seaton. 1834. *The debates and proceedings in the congress of the united states; with an appendix, containing important state papers and public documents, and all the laws of a public nature; with a copious index ... comprising ... the period from march 3, 1789, to march 3, 1791, inclusive* (Washington: Gales and Seaton), 2042 (hereafter cited in text as GS).

be its repugnancy to a violation of those principles. (Ibid., 2043)

He also contended that the nature of the debt supported his point because the debt of the United States “was the price of liberty” as a result of a defective former Constitution (Ibid., 2043). Hamilton persisted by listing the “great and invaluable ends” that would be achieved if public credit were restored (Ibid., 2043). He included several republican arguments that advocated: the benefits for the common good; the value for the good of the union; and, the success of the new government, specifically to preserve public confidence by “doing justice to the creditors of the nation[,]” and “to cement more closely the union of the States” (Ibid., 2043).

Hamilton seemed aware that some members of Congress would question whether to discriminate between the original holders of the public securities and the present possessors of the alienated securities and addressed this question in his report by rejecting any proposal to discriminate. He argued that any discrimination of the debt certificates would be unjust, impolitic, a breach of contract, injurious to all, and ruinous to the public credit; therefore, he granted the same rights to buyers, sellers, and original holders of the debt (Ibid., 2048-2049). Hamilton’s report furthered his republican argument when he quoted the United States Constitution to make his point:

But there is still a point of view in which it will appear, perhaps, even more exceptionable than either of the former – it would be repugnant to an express provision of the Constitution of the United States. This provision is, that “all debts contracted, and engagements entered into before the adoption of the Constitution, shall be as valid against the United States under it, as under the Confederation,” which amounts to a constitutional ratification of the contracts respecting the debt, in the state in which they

existed under the Confederation. And restoring that standard, there can be no doubt that the rights of assignee and original holders must be considered as equal. (Ibid., 2049)

Hence, for Hamilton, the assumption of state debts policy was created by and derived from the supreme law of the land, the U.S. Constitution. In other words, assumption was an obligation because it was a clause of the constitution and not a matter of administration as Hamilton would claim a few years later in his letter to Carrington (see appendix A). Hamilton concluded his discussion against discriminating between original holders and current possessors and moved to another contentious issue, that of the debts of the individual states and whether they should be treated differently.

Hamilton derived his assumption policy directly from the Constitution, with a foundation in republican ideational influences. For Hamilton, the question was not should the new government discharge the debts; the colonies were in debt which meant the United States was in debt and obligated to pay the debts. Therefore, the question for Hamilton was the means of discharging the state debts for the common good, political stability, and success of the new government. Hamilton simplified the issue of debts by making domestic debts devoid of a discrimination scheme and by segregating foreign debts as a separate issue in order to secure the national blessing of his plan (Ibid., 2070).⁵⁶ His report to Congress proposed a concurrent statutory resolution, which would require approval by the House and the Senate, recommending that the United States

⁵⁶ Hamilton reported \$11,710,378.62 in foreign debt including interest, \$40,144,085.94 in state debts including interest, and \$2,000,000 in Continental bills of credit debt for a total of \$54,124,464.56 (Ibid., 2055 and 2056). The actual amount of state debts assumed was \$21,500,000.00, which was largely the unpaid portion of state debts (Ibid., 2074).

assume the state debts during the first session in 1791. Hamilton presented the general principles of his plan, but omitted the details, as he considered the public credit issue a work in progress (Ibid., 2073).⁵⁷

HOUSE DEBATE: SECRETARY OF THE TREASURY'S REPORT

The House recorded receipt of the Secretary's report on January 19, 1790, but continued debating other business prior to any discussion regarding Hamilton's report. On January 28, 1790, the House met as a Committee of the Whole to consider the business of discussing Hamilton's report. Almost immediately members of the House proposed a delay in the discussion until printed copies were available for the members to review (Ibid., 1311). There was some discussion about consulting the states on the assumption issue, which was largely rejected and ignored; however, the members agreed to delay discussion on the issue for one and a half weeks, which gave members time to receive and review a copy of the report (Ibid., 1131-1132 and 1141).

The House began serious consideration of the Hamilton plan on February 8, 1790.⁵⁸ The comments and arguments presented by the members for the first few days of the debate were varied, as the question(s) differed for each member. The problem for the

⁵⁷ Whether Hamilton's public credit plan was constructed before, during, or after the Federal Convention or after the House request for a state of the economy report is indeterminate, and Hamilton's account of assumption to Carrington cannot be verified.

⁵⁸ During February 1790, the First United States House consisted of only 59 members, which meant that not all House members who voted on the measure in July 1790 would have had an opportunity to participate in the congressional debates. The House member count by state was as follows: Connecticut-5, Delaware-1, Georgia-3, Maryland-6, Massachusetts-8, New Hampshire-3, New Jersey-4, New York-6, North Carolina-0, Pennsylvania-8, Rhode Island-0, South Carolina-5, and Virginia-10. North Carolina and Rhode Island were late in ratifying their state constitutions; therefore, North Carolina did not select members of Congress until March 1790, and Rhode Island selected its member on May 29, 1790.

House was two-fold, and the first few days of debates reflected their dilemmas. The first and the most important issue, was whether or not to assume the state debts, and the second matter was how should the United States assume or discharge the domestic debts. On the first two days of debate, several of the members weighed-in early with their position: the money is owed; therefore, debts must be paid (GS, 1173, 1176-1177, 1183 and 1202). Only one House member, James Jackson (GA), stated that he was not totally opposed to paying the debts but was not completely supportive of doing so either (Ibid., 1181). The question about whether or not the states' debts ought to be assumed was a non-issue given the lack of discussion regarding the issue of assumption; rather, the underlying and crucial matter before the House concerned the discrimination or the classification of creditors – original holders of debt certificates versus present holders of debt certificates, also known as speculators or stock jobbers.

Not all debt was considered equal by many of the House members because debt had many forms after the Revolutionary War, which included: (1) colonial paper money debt that was depreciated and no longer in circulation; (2) government notes or certificates of money lent by citizens to states to offset the cost of the Revolutionary War; (3) government notes or certificates of payment to the soldiers for their service in the war; and, (4) government notes or certificates of supplies furnished or services rendered by citizens during the war. Some of these certificates were in the hands of the original creditors, which was not problematic; however, those certificates that had been sold to third parties were deemed as alienated from the original creditors. Considerable uncertainty surrounded the reason for the sale of certificate(s) by original creditors – to whom did they sell them? Was the third party a profiteer or a good Samaritan? To make

matters even more complex, some certificates were never issued in the name of the original donors because a surrogate, such as a family member, friend, or neighbor made the donation of money or supplies on behalf of that original donor. In such a situation, the transferable certificate was written in the name of the in-person donor rather than the actual donor.

The question at the center of the assumption debate, whether or not to assume the state debts, morphed into a matter of how to discharge the debt given the diversity of creditors, specifically, should all creditors (original holders and speculators) be repaid at the same equitable rate, and, if not, at what rate should they be repaid and what would be the basis of discrimination between creditors, if any. By the third day of debate, on February 10, members of the House began taking sides on whether to discharge the debts with or without discrimination. Samuel Livermore (NH), James Jackson (GA), and Thomas Tudor Tucker (SC) expressed their support for discrimination, while Boudinot (NJ), Fischer Ames (MA), Michael Jenifer Stone (MD), Goodhue (MA), Hartley (PA), and Sedgwick (MA) were opposed to discrimination (Ibid., 1185, 1190, 1194-95, 1197-98, 1202, 1208, 1210, 1214, and 1221). Members expressed their position early and passionately, whether in support of or opposition to discrimination. The House attempted to reconcile the ever increasing problem of discrimination and the origin of the debt. The House deliberated on the various aspects of the discrimination question, concerning who should or should not be paid: the original holders who have their original certificates; original holders who have been alienated from their certificates; the present holders of the alienated certificate; or intermediate holders through whose hands the certificates have circulated. How can justice be applied to one group without inflicting injury to another

group (i.e. the original holders verses present holders aka speculators, good Samaritans, stock-jobbers) (Ibid., 1207 and 1234-1237).

The House members understood the enormous challenge they faced, and their task was to determine who the original holders had been and through whom had the certificates passed. For many of the House members, the nuances concerning the issue of discrimination were too overwhelming to reconcile, as they would have had to consider the circumstances, time, situation, interest, and depreciation of each certificate; they wanted a clean discharge of debts because, in most cases, no evidence documented the transfers of the certificates. In some cases, a transferrable debt certificate may have been obtained by a surrogate for a donor but not always. A more common and compelling example debated by members regarded soldiers, who found themselves in need of currency and sold their certificates for a fraction of their value. Often good Samaritans purchased the certificates to assist the soldiers; however, in other cases, speculators saw an opportunity to make a profit through the exchange. Some members of Congress knew that identifying the frequency of any of these situations would be impossible and that it could be costly in many ways, including the success or failure of the United States as a new nation. Many House members also understood the need for a quick resolution because time had already passed since the end of the Revolutionary War. Clearly, discrimination was not the path to success.

MADISON’S DISCRIMINATION RESOLUTION

Madison broke his silence on the issue of assumption and discrimination on February 11, 1790, by asserting that he was a “hearer rather than a speaker on the subject” (Ibid.,

1233). The components of Madison’s arguments relating to the congressional debate about assumption resembled his *Federalist* papers discussion on the issue. As with his argument in *No. 43*, Madison’s proposal attempted to bring clarity to the debate but in reality caused six days of controversy. Although his discussion on Public Credit began with an argument for the assumption of state debts, he immediately undermined the thrust of his stance by introducing discrimination and his system of classification of the domestic debts into the debate. Madison identified the parties by whom the debt was contracted and to whom the debt was due. He argued that even though the government had changed, its “moral or political obligation” to pay the debt remained unchanged, citing as the basis for the obligation the conformity to the U.S. Constitution, which “declares all debts shall have the same validity against the United States, under the new, as under the old form of Government” (Ibid., 1234).⁵⁹ Madison immediately moved the debate from the neutralized assumption of state debts issue to how the debts should be discharged when he avowed, “The only point on which we can deliberate is, to whom the payment is really due” (Ibid., 1234). He maintained that this question required a “just and equitable decision” (Ibid., 1234). Madison then classified four types of debt.

First, Original creditors, who have never alienated their securities.

Second, Original creditors who have alienated.

Third, Present holders of alienated securities.

Fourth, Intermediate holders, through whose hands securities have circulated. (Ibid., 1234)⁶⁰

⁵⁹ The first clause of the United State Constitution, Article 6 reads “All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall be as valid against the United States under this Constitution, as under the Confederation”.

⁶⁰ Madison classified the powers granted in the Constitution and explained the organization of five different powers in *Federalist No. 41*. Fourth-class powers, according to Madison, were miscellaneous powers of general utility (Chadwick, 217). Madison began his discussion of the assumption of state debts issue addressed at the Convention in §43.21 by quoting Article VI of the Constitution.

True to his excellent oratorical skills, Madison changed the direction of the debate from simply being about discharging the debt to the question of how the debt should be divided and which creditors should be paid.⁶¹ Madison argued that the only classes entitled to payment were the first, second, and third classes – original creditors (alienated and unalienated) and present holders but not intermediate holders, when he stated:

The discrimination proposed by me, requires nothing more than a knowledge of the present holders, which will be shown by the certificates; and the original holders, which the office documents will shew [show]. (GS, 1236)

Madison's strategy was effective because he diverted attention away from the assumption of debts debate and changed the definition of discrimination. Most members understood debt discrimination to mean that only original certificate holders would be compensated rather than present holders and speculators or stock-jobbers.⁶² The following six days were dominated by debate on Madison's proposal:

Resolved, That adequate funds ought to be provided for paying the interest and principle of the domestic debt, as the same shall be liquidated; and that in such liquidation, the present holders of public securities, which have been alienated, shall be settled with according to the highest market rate of such securities; and that the balance of the sums due from the public, be paid in such proportion to the original holder of such securities. (GS, 1237-1238)

⁶¹ Madison created a similar shift in the debate in *Federalist No. 43*, whereby he shifted the debate away from domestic debt and focused on foreign debts in an attempt to clarify the status of debts in the United States.

⁶² The debates of the House members on February 8-10, 1790, clearly record discrimination as a concern for members. Although the debate was brief, members distinguished between original holders and speculators or "stockjobbers," who wanted to profit from the government certificates and had purchased the debt certificates for a fraction of their original value.

In other words, present holders, who may include speculators, good Samaritans, or original holders, as well as *all* original holders whether alienated or not from their certificates would be paid. Madison defended his proposal by stating “the only principles that can govern the decision on their respective pretensions, I take to be, 1. Public Justice; 2. Public Faith; 3. Public Credit; 4. Public Opinion” (Ibid.,1234).⁶³

The days following Madison’s proposal were dominated by three primary debate themes – the rule of law, the complexity of the scheme, and appeals to republican values and ideas. About a dozen House members recounted the history of the state debts, the origins of certificates, and the depreciation of currency.

RULE OF LAW

The rule of law references were sporadic but a noticeable and recurring topic. Rule of law violations never generated much traction with the House members as one of the principal reasons to reject Madison’s proposal; however several members were genuinely concerned during the first few days of debate on the Madison proposal. Most of the discussion focused on possible ex-post facto constitutional infractions that the Madison proposal recommended.⁶⁴ Madison was quick to extinguish the argument on

⁶³ Madison never defines the four principles; however, he attempts to assign favor to one class over another based on the principles. The debate is not always clear, as he does not consistently refer to the classes by his numbered classification. Instead, he references present holder and original sufferers, which confuses the discrimination distinction.

⁶⁴ House members who suggested or implied the Madison proposal was an ex-post facto law that would violate the Constitution included the following as cited in GS (GS, Sedgwick (MA) 1248, 1271; Smith (SC) 1257; Ames (MA) 1263; Page (VA) 1285; and, Boudinout (NJ) 1293-1294). Others were wary that if the Madison discrimination proposal were implemented, it would open the door to other property violations, as the certificates were transferable property included the following as cited in GS (Ibid., Sedgwick (MA) 1248; Smith (SC) 1253).

February 18, by pointing out that “ex post facto laws relate to criminal, not civil cases” (GS, 1311). House members also had concerns relating to the Madison discrimination proposal as a contractual breach, whereby the government would have been unilaterally changing the terms of the agreement, with the potential problems of the government altering a contract between two parties.⁶⁵ Sedgwick (MA) stated that breaking the contract would be to “break one of the strongest bonds by which society is holden together” because one class of citizens should not be stripped of their property in the name of doing justice to another (Ibid., 1246-1249). Ames (MA) expanded on Sedgwick’s comments and argued that while Government was one of the contracting parties, it cannot unilaterally modify the agreement without the consent of the other party (Ibid., 1259-1260). A breach of contract by a government against her people would be perceived by many as harmful to the common good and contrary to the *res publica* and could be interpreted that the government was for the good of the government rather than for the general good, welfare, and safety of the people. An acceptable option could not include a breach of contract with the people.

COMPLEX SCHEME

The matter of the complexity of the proposal received slightly more attention by the House. Many members stated publicly their apprehension about an unjust, costly, and complicated scheme, largely because creditors needed immediate relief for their

⁶⁵ (Ibid., Sedgwick (MA) 1246, 1248-49; and Lawrence (NY) 1251)

transferable certificates with minimal injury to the community.⁶⁶ Sedgwick (MA) expressed his opinion first, and perhaps best summarized the members' unease with the proposal, when he declared that no original documentation could be discovered, thus making it impossible to identify the original holders of alienated certificates. He believed that Madison's system created and laid the foundation for an infinite number of frauds and perjuries that would only multiply the evils of speculation (Ibid., 1250).

REPUBLICAN VALUES

Whether the members debated for or against Madison's discrimination proposal, the issue of justice dominated the discussion: as the typical House members who spoke about the issue asserted that a government solution must preserve the best remedy for the common good. Because the question before the House was the discrimination of payment to the different classes of creditors, the arguments pertained to harming or favoring one class of people over another. Many members typically believed the United States owed the debt and needed to pay the debt immediately because it represented the price paid for liberty and independence, which constituted an act of public virtue by individuals who made sacrifices for the good of the United States and their citizens.⁶⁷

Madison's resolution set the tone of the discussion by identifying the four guiding principles that "morally and politically" obligated the government to pay the debt – public justice, public faith, public credit, and public opinion. With his appeal to

⁶⁶ (Ibid., Lawrence (NY) 1253; Smith (SC) 1259; Ames (MA) 1264; Boudinot (NJ) 1289 and 1301-1302; Stone (MD) 1302; Lee (MA) 1317; Gerry (MA) 1322; and Bland (VA) 1333)

⁶⁷ Ibid., Sedgwick (MA) 1249; Smith (SC) 1253; Jackson (GA) 1266.

inherently republican values rooted in an obligation to pay in conformity to the Constitution, Madison attempted to unite a citizens by creating an undivided interest (public credit) among the people of the United States in an effort to create and maintain the best government, when he asserted that “justice and faith form the natural foundation” of public credit (Ibid., 1234-5 and 1237). Madison wanted the moral and political obligations to be consistent with his respective pretensions of a discrimination plan and the Constitution even though he proclaimed not to be a “proselyte to the doctrine, that public debts are public benefits” (Ibid., 1235 and 1237). He presented an interesting dichotomy by signaling that he was anti-assumption of state debts but was willing to appeal to the motives for establishing public credit with discrimination: Madison understated the shortcomings of his proposal by highlighting its virtues. His concluding remarks called on the members of the House “to do right[,]” in accordance with the four principles he associated with the United States, which he listed but never clearly defined (Ibid., 1237).

The discussions of justice by the House members emphasized the injustice of the Madison resolution. Sedgwick (MA) argued that one class of citizens cannot be denied justice to do another justice and that the effects of the measure “will be destructive to our national character” (Ibid., 1249-1250). Lawrence (NY) asserted that the resolution would be “very repugnant to the interest and prosperity of the Union” because public credit results from fair and upright conduct and not the contrary (Ibid., 1250-1251).

William L. Smith’s (SC) passionate plea concerning what he considered to be an unjust proposal was one of the longest arguments. He stated, “justice cannot be founded on injustice; to take money out of the pocket of one man, to put it into that of another, is a

precedent which may justify future interferences,” adding that the legislature’s duty was to “pursue the broad road of justice, clearly marked out before them” (Ibid., 1253-1254). Recognizing the Confederation did not have the means to do justice, Smith wanted the new government to conduct itself by the same rules that formed the basis of civil society – justice between man and man to safeguard private property, which includes being free from government intercessions (Ibid., 1255 and 1257).

Ames (MA) also delivered a lengthy appeal opposing the discrimination plan. He contended that impartial justice was not justice and that the Madison discrimination design would constitute breaking a contract for half justice; therefore, a “fragment of justice” could not be done without wronging others (Ibid., 1261). Ames felt that Treasury Secretary Hamilton’s public credit plan proposed “better justice” than Madison’s proposal, which supported more justice for one person and an injustice for another. He believed government must treat all just claims alike, admonishing “do not rob on the highway to exercise charity” (Ibid., 1262-1263).

The most persuasive speech on the Madison scheme was by Elias Boudinot (NJ), who declared that justice and good faith demand the debts be fully discharged (Ibid., 1287). Boudinot (NJ) brought clarity to the debate that may have altered the fate of the Madison proposal. His monologue opened with the following remarks:

We are a National Assembly, acting on the national principles; we have the interests of the United States at large before us; we are not to consider this individual, or that, when the good of the whole is our particular object. (Ibid., 1286)

When calling for political order based on a mutual connection of individuals of the United States (e.g. a commonwealth with an undivided interest), Boudinot invokes republican ideas. He encouraged the members of the House to put aside their individual interests and to cooperate for the *res publica* and the new government. Boudinot stated, “there is no pretention that the debt is unjust, or that we ought to do anything to lessen it, for the benefit of the United States,” and he insisted that justice and good faith demanded that the debts be fully discharged (Ibid., 1286 and 1287). From his perspective, discrimination was “unnecessary and invidious[,]” and “if the voice of humanity pled more loudly in favor of some than others, the voice of policy, no less than of justice, pleads in favor of all” (Ibid., 1288). Boudinot appropriated Madison’s words to validate his point when he evoked “the language of 1783” and called upon the House members to “let us not forget it, but nobly emulate their example,”

If justice, good faith, honor, gratitude, and all the other qualities which ennoble the character of a nation, and fulfil[] the end of Government, be the fruits of our establishments, the cause of liberty will acquire a dignity and luster which it has never yet enjoyed; and an example will be set, which cannot but have the most favorable influence on the rights of mankind. If, on the other hand, our Government should be unfortunately blotted with the reverse of these cardinal and essential virtues, the great cause which we have engaged to vindicate will be dishonored and betrayed; the last and fairest experiment, in favor of the rights of human nature, will be turned against them, and their patrons and friends exposed to be insulted and silenced by the votaries of tyranny and usurpation.⁶⁸

⁶⁸ Although the *Annals of Congress*, formally known as *The Debates and Proceedings in the Congress of the United States*, does not attribute the passage to anyone, further research revealed the critical document that provides new insight for the analysis of Madison’s perspective on assumption. From Madison’s April 25, 1783, *Address to the States by Congress* regarding finance, to delay the effective date of his resignation if essential “for the Purpose of Compleating such Payment to the Army as may be agreed on as necessary to disband them with their own Consent” [*sic*] (Syrett and Cooke, Papers of Hamilton, III, 341).

The passage read by Boudinot was well-known to Boudinot, Madison, and possibly many other members of the House, as they were the words written by Madison in *Congress' Address to the States* to persuade the state legislative branches to approve the public credit proposal by funding the final payment to the army prior to being disbanded after the Revolutionary War.⁶⁹ When Boudinot quoted Madison on the House floor, he did not credit the citation to Madison. However, the passage must have been a familiar one to many and certainly revealed Madison's parallel strategies, as both schemes attempted to redirect attention from the inadequacies of the proposal and instead underscored the virtues. Madison utilized similar reasoning in his current discrimination argument as he did seven years earlier when he promoted the 1783 public credit plan to fund the army prior to disbanding.

Boudinot's anti-discrimination conquest dominated the deliberations on February 17, 1890.⁷⁰ Boudinot systematically dissected Madison's resolution using Madison's characteristics; accordingly, Boudinot began his justification with a meticulous definition of justice:

What are we to understand by the term justice? Private justice is that conduct which is considered in conformity to the will of a superior who commands. Justice, between individuals, is to render every man his due; and what is the due, must be construed in conformity to the will of the Legislature. Public justice, in the United States, is a thing distinct from public justice in other countries. Public justice, in England, must be considered in conformity to the will of the British Parliament, possessing the supreme

⁶⁹ When Madison's report was written, Elias Boudinot served as President of the Continental Congress from 1782-1783, and, as such, would have delivered copies of the printed address to the state executives.

⁷⁰ Boudinot's lengthy and uninterrupted speech occupies 18 pages of the *Annals of Congress*.

power; but, in America, we have a precise line drawn; public justice must be the conduct of the Legislature, in conformity to the Constitution, under which they act, and the true happiness of the people; beyond this we have no power to go. (GS, 1289)

Madison had the opportunity to define the parameters of his resolution to the House; however, Boudinot seized upon the opportunity to control the debate and establish the criteria by which justice was defined and debated. A missed opportunity by Madison afforded Boudinot the chance to end the discrimination discussion. Boudinot defined several varieties of justice and associated or disassociated the various definitions in order to craft a United States-style public justice, namely that the conduct of the legislature must be “in conformity to the Constitution, under which they act, and [for] the true happiness of the people” (GS, 1289). Boudinot’s idea of justice has republican underpinnings and represents justice for the “community, not to individuals alone,” specifically, for the “preservation of the whole society” required by a new constitution to maintain the best government (Ibid., 1290). Boudinot argued that a claim of justice for the individual restricted government from implementing justice for the common good, which government was “bound to administer.” For Boudinot, government could not fulfill its objective to preserve society if justice for the common good was constrained. He then defined public faith as “a strict compliance with every promise which is not, from unforeseen accident, subversive of the general welfare” (Ibid., 1289). Boudinot constructed a republican argument that included the idea of uniting the citizens on assumption, which excluded a discrimination scheme, and called for the conformity to the Constitution in pursuit of the common good.

Bound by the definitions of public justice, Boudinot insisted that the public creditor question characterized a dispute between Congress and the bearer (Ibid., 1293). He objected to the Madison resolution and stated that “it is violating the principles upon which the Constitution itself is formed; it is blending the Legislative and Judicial powers” (Ibid., 1294). Boudinot summarized his thoughts on discrimination by stating, “I am convinced that the measure cannot be adopted, as it is founded on wrong principles; but if even if the principles were just, their execution is impracticable” (Ibid., 1302).

Responding to several members’ condemnation of the discrimination resolution, Madison “begged [that] gentlemen would not yield too readily to the artificial niceties of forensic reasoning;... It was a great and extraordinary case; it ought to be decided on the great and fundamental principles of justice” (Ibid., 1308). Madison attempted to address the concerns of House members, but his deficient retort avoids the issue of justice by focusing on the history of the debts. Two brief days of debate followed, whereby members conveyed their support or opposition to the resolution. On February 22, votes were cast with 13 yeas and 36 nays.⁷¹ A supermajority of more than 70 percent of the House voted against Madison’s discrimination proposal. The debates indicated the issue was a matter of injustice that would harm the *res publica*, potentially divide the United States, possibly create political instability, and contradict their new form of government under the Constitution.

WESTERN LANDS AND STATE DEBTS

⁷¹ The Madison resolution vote was not a roll call vote; therefore, no record exists recording the vote of individual members.

During the discussion about Madison's discrimination proposal, Gerry (MA) introduced the idea of converting the Western territory into cash for the purpose of paying the state debts and as a solution to the national government's shortage of revenue. At the time, the House ostensibly passed over the idea without discussion, debate, or a second to the suggestion.

Immediately after the Madison resolution failed, however, Richard Bland Lee (VA) made a motion for the sale of the western lands as a means of generating revenue to discharge the state debts (GS, 1346-1347). His action demonstrated that he supported a solution to discharge the state debts and, subsequently, favored the assumption of state debts. Lee's motion was not seconded, which confirmed a lack of support for the idea by the House; nevertheless, he passionately petitioned the House to resolve the present distressing circumstances by utilizing the "extensive Western Country, to repair the ruin which has taken place" and to "let the sale of the land sink" the state debts (Ibid., 1346).

About two weeks after Lee's failed proposal, Boudinot (NJ) reintroduced the payment of western territory lands to discharge the war debts. His idea also failed after a brief debate (Ibid., 1472 and 1474). Since the western territory vote was not a recorded roll call vote, the record stated simply that the concept was rejected; apparently a satisfactory remedy for the House did not include the sale or exchange of Western lands as payment for the state debts.

STATES DEBTS DEBATES

Deadlocked on the issue of assumption of state debts, the House continued debating the merits of the assumption issue following the overwhelming defeat of

Madison's discrimination proposal. Five months of lively debate would ensue before the House's final vote on assumption. The vote to assume state debts depended on a winning majority coalition of 32 House votes; assumption passed with a final of 34 ayes to 28 nays.⁷²

All Georgia members opposed assumption since their state had discharged its debt. The members of New Hampshire, which had little debt, were split on the issue.⁷³ New York members, whose state paid down its debt to \$1,167,575, were split on the issue.⁷⁴ Although Maryland maintained \$800,000 in debt, its members, who cast two ayes and four nays, generally opposed the idea of assumption.⁷⁵ North Carolina House members unanimously opposed assumption because their state had paid its war debt. Pennsylvania held \$2,200,000 in debt and was split on assumption.⁷⁶ Massachusetts with the second highest war debt of \$5,226,801 unanimously supported assumption.

⁷² On July 26, 1790, House vote #81 was "to agree to the amended Senate amendment to the Public Debt Bill which would provide for the payment of the debts of the states." Rhode Island did not vote because representatives had not been elected at the time.

⁷³ New Hampshire's estimated debt was \$300,000, and the members from New Hampshire split their vote, two nays to one aye cast by Abiel Foster, who did not voice his position on the issue of assumption during the debates.

⁷⁴ New York's vote was split with three nays and three ayes. Egbert Benson spoke a few times, and his vote for assumption was support for the army and humanity (GS, 1272-1272). Peter Silvester never spoke during the First Federal Congress but voted for assumption. John Lawrence publically supported assumption early in the debates and called on every citizen to contribute his equal part of the expense for the success of the Union founded in justice (Ibid., 1192 and 1357). Lawrence stated that rejecting assumption was to commit treason against the U.S. Constitution (Ibid., 1335).

⁷⁵ Maryland's George Gale voted for assumption but was silent on it and every issue except for the seat of government. Daniel Carroll also voted for assumption. He made some procedural motions but never indicated his support or opposition to the matter.

⁷⁶ Henry Wynkoop voted for assumption but never spoke during the sessions. George Clymer indicated his support for the measure to take taxation out of the hands of the states but wanted Congress to proceed with considerable caution on the complex federal matter (Ibid., 1363). Fitzsimons supported assumption and introduced one of the first resolutions to assume the state debts (Ibid., 1177). He was against any discrimination provision and wanted a general and equal provision for all (Ibid., 1347).

A closer examination of the outliers follows; they were: the Delaware members who supported assumption, but whose state held no debt; the New Jersey members who supported assumption, but whose state had only \$788,680 in debt; the Connecticut members who had only \$1,951,173 in debt and unanimously supported assumption; the South Carolina members, whose state had the highest debt of \$5,386,232, and whose members change their votes from opposing assumption to supporting the issue; and Virginia members Lee (VA) and Alexander White (VA), who were part of the alleged bargain.⁷⁷

DELAWARE

John Vining, Delaware's only member of the House, was absent during the first several months of debate on the issue of assumption but seated on Monday, March 8, 1790, (GS, 1464).⁷⁸ Since Delaware held no debt, Vining would seem unlikely to support assuming other state's debts. Vining, however, understood the necessity for a policy to "comport with the true interest of the United States" (GS, 1469). He believed that "in the present case some sacrifices are to be made at the altar of accommodation and general convenience," and knew that Delaware's sacrifice would be great in proportion (GS, 1469). Vining acknowledged,

that on principles of strict and rigid justice, the assumption of State debts would be as well as inadmissible; but there are cases in politics, as well as in jurisprudence, where the *summum jus* would be *summa injura*; and there are instances also in politics where partial evil may be

⁷⁷ The alleged deal struck between Hamilton and Madison, with the help of Jefferson, was that Lee and White agreed to change their votes on assumption in exchange for a Potomac seat of government location.

⁷⁸ The debate records do not state the reason for Vining's extended absence from the House.

considered as universal good, and if there ever was a case of this kind, perhaps it is exhibited in the one now before the committee. (Ibid., 1469)

Vining recognized that extreme justice would be extreme injury; therefore, some states would need to make sacrifices to contribute to the harmony of the Union (Ibid., 1469-1470). He knew any assumption policy would not be perfect, but he supported it, stating:

that from the assumption of state debts would arise the great augmentation of friends to the Government; cemented by the tie of interest; from the uniformity of regulation which will pervade your revenue system; from a contemplation also of the State debts, and the fair claim arising from thence to a general funding principle, I shall give to the resolution my concurrence. (GS, 1470)

Vining appreciated that the idea of assumption was novel and unknown to the new government, but he considered assumption a small sacrifice for the safety of the whole (Ibid., 1470). The justification behind Vining's support for assumption was steeped in republican values. He believed that discharging the debts would unite the citizens and bring together the commonwealth in the name of justice to create a better government (Ibid., 1470).

SOUTH CAROLINA

South Carolina's Revolutionary War debt burden was estimated at \$5,386,232 in the Secretary's report to Congress, and if assumption failed, South Carolina's success as a state was in danger (Ibid., 1586). South Carolina's massive debt may encourage an inaccurate supposition that its members would be united in their support to discharge the state debts; however, they were not in agreement on the issue on assumption or the means of discharging the debt.

William L. Smith openly supported assumption and argued for discharging state debts throughout the sessions. He actively participated in the policy formulation process by introducing amendments and proposals and by speaking openly on the issue. Smith maintained that the debts were owed and must be paid and that the only question for Congress to consider was the mode of payment. He did not believe Congress had a choice on the matter (Ibid., 1183 and 1216). Smith called for the House to resolve the state debts issue as if the members were settling the affairs of a great family and, accordingly, designed a principled policy rooted in honesty and justice because state debts incurred for the common defense should be paid with a common burden (Ibid., 1369-1370). Smith promoted a republican solution that amalgamated the concerns of the people and conformity to the law to create and maintain the best new government for the common good (Ibid., 1370). Smith asserted that the States incurred the debt on behalf of the old government, who was not able to fully fund the war, because each state wanted to give “every assistance in her power” (Ibid., 1370). In other words, “the State agreed to stand in the place of the Continent, till the Continent should be able to pay it” (Ibid., 1370). For Smith, the “height of injustice [would be] to burden that State with payment of a large sum which she does not owe” because the new government would not discharge the “obligations contracted for Continental purposes” (Ibid., 1370 and 1552). Smith believed that the Continental Congress promised payments to the people and the states that incurred the war debts on behalf of the new government, and for that reason, the assumption of state debts by the government was obligatory under the new constitution.

Thomas Tudor Tucker remained quiet for most of the discussions regarding assumption. He spoke only once when supporting discrimination as necessary and equitable because all classes of creditors were not equal (Ibid., 1220-1223). Tucker backed a discrimination resolution that would enable Congress to do complete justice in a short time (Ibid., 1224).

Daniel Huger was not only mute during the assumption and discrimination debates but never once voiced his opinion concerning any matter during the entire First Federal Congress (Ibid., xxi).

Aedanus Burke introduced a resolution in support of discrimination that made a distinction between original holders and assignees and depreciated the certificates accordingly but withdrew the motion 24-hours later because “of a hasty promise he had given a member; but as he did not mean to support it, or vote for it, he would withdraw it” (Ibid., 1224-1233). Burke never identified the member to whom he had made promise. Burke argued the following week that the Madison discrimination proposal was totally impracticable and would “throw things into confusion and perplexity[;]” therefore, he would oppose it (Ibid., 1341). One week later, Burke then recommended that the House postpone the assumption vote because he intended to obtain “the assistance of his friends in enabling him to make up his mind on the present question” (Ibid., 1366). Burke repeated that the war debts resulted from “fighting for their [other states’] liberty and independence, as much as our [South Carolina’s] own [.]” and to draw a distinction between Continental debts and state debts was a “distinction without a difference[;]” however, he wanted consideration of the ways and means of assumption prior to a vote (Ibid., 1366). Twenty-four hours later Burke

[...]had expressed a wish that the business should be postponed, because he had not full information; but since then he was so well convinced that it was the interest of South Carolina to have the State debts assumed, that he should withdraw his opposition to its immediate progress. (Ibid., 1380)

Burke reversed his position twice and apparently withdrew his pledge of support for a discrimination proposition, which calls into question his integrity and true feelings regarding assumption; however, when it mattered most, Burke voted for assumption.

Thomas Sumter was another matter, as he voted against assumption on the first vote but supported assumption on the second vote. Sumter changed his vote on the assumption of state debts issue during the final two votes but rarely spoke during the congressional sessions and never spoke on the issue of assumption; thus, the rationale behind his change remains uncertain.

VIRGINIA: ALEXANDER WHITE

Alexander White supported the assumption of state debts as a matter of policy when he called for permanent funds to be provided for the debts because the government did not currently have the money to appropriate, and he contended that any surplus of the civil and military establishments “be employed in just proportion to discharge the interest of the domestic debt” (Ibid., 1344). In opposition to the Madison proposal “[h]e thought no discrimination ought to take place, and that he conceived [his opinion] to be the sense of the committee; then the revenue should be applied in a just proportion among the creditors” (Ibid., 1345). White sought a settlement of what was owed prior to any assumption deal (Ibid., 1388). He felt a just arrangement of “equal proportion” would be

the best formula to calculate state debts, whereby wealth and number of citizens were considered (Ibid., 1389).⁷⁹ White wanted states to pay off the amount a state could afford based on the state's demographics; any surplus or additional amount beyond a state's formulated ability to pay would be assumed by the United States government (Ibid., 1391-1394). White viewed the war debts as a state issue rather than a federal issue because "the respective States were formed out of Colonies" (Ibid., 1404). He believed the state legislative branches, not Congress, consented to an assumption deal because the states are agents of the people, and the states not the individual were called upon to promote the common good (Ibid., 1404). White's justification for an "equal proportion" plan based on state resources attempted to lay the foundation of a republican plan for assumption. However, when he excludes the Congress from the equation by stating the states and the state legislative branches represent the people, his argument seems to become self-defeating.

White defined assumption based on whether a state was a debtor or a creditor. If a state holds debt for the amount they can afford (based on population and wealth), the state is a debtor; if a state's debt exceeds its capacity to pay, the state is a creditor, and the surplus must be assumed by the new government (Ibid., 1404). He did not want Virginians to carry the burden of debts that other states failed to discharge, specifically Massachusetts and South Carolina (Ibid., 1391-1393 and 1404). White supported assumption, but "under proper regulations" (Ibid., 1405).

⁷⁹ On February 25, 1790, White proposed "that the assumption of the State debts should be confined to such parts only as appeared to be a surplusage of any State which has advanced beyond its just and equal proportion of the expenses incurred in the defense of the common rights of America. The surplusage to be ascertained on a liquidation of the account" [*sic*] (GS, 1393-1394). The motion overwhelmingly failed by a vote of 18 to 32 (Ibid., 1426).

White moved “that the Secretary of the Treasury be directed to ascertain the resources that may be applied to the payment of the State debts, provided they should be assumed by the United States” (Ibid., 1466). His motion passed in the affirmative, but the House was divided with 25 yeas and 25 nays; Speaker Frederick Muhlenberg (PA) broke the tie when he supported White’s motion (Ibid., 1446 and 1456).⁸⁰ In defense of his motion, White professed “he never yet thought that the United States were under an obligation to assume the State debts” because it was not bound to any specific clause of the Constitution (Ibid., 1452). White’s rationale is contrary to Madison’s discrimination argument that the new government had “moral or political obligation” to pay the debt because the U.S. Constitution “declares all debts shall have the same validity against the United States, under the new, as under the old form of Government” (Ibid., 1234).

VIRGINIA: RICHARD HENRY LEE

From the beginning, Richard Henry Lee’s concerns incorporated republican values when funding the debts; he did not want a policy that restructured the debt but favored efforts that united the citizens to reduce the burden. Lee felt it the duty of the Congress to be “guided by a magnanimous policy, to do the best” for the common good and for the new government (Ibid., 1346). For Lee the objective was the *res publica* and to perpetuate the blessings of good government and the solution was a western lands exchange (Ibid., 1346). He called for a final settlement of the debt accounts prior to any

⁸⁰ Madison supported White’s proposal as “right and proper that we should be possessed of the ways and means, by which we should be most likely to encounter the debt before we undertake to assume it; nor do I see any inconvenience arising from pursuing this course” (Ibid., 1455).

assumption deal, which followed White's lead, and proposed the idea that any assumption deal would need to assume debts due by the states at the termination of the war (Ibid., 1444-1445). Lee mandated a principled arrangement rooted in a just policy and "consistent with equality" on behalf of Virginia (Ibid., 1445). He wanted a settlement of accounts because, once adopted, the assumption scheme would become a policy Congress could not repeal, even if they lost public faith or oppressed or ruined their constituents (Ibid., 1448).

CONNECTICUT

Connecticut members were divided on the importance of the assumption issue during the Convention debates but ultimately supported Convention vote #365. Jeremiah Wadsworth supported assumption because state debts were Continental debts for the common defense, general welfare, and the "most meritorious class" of debts (Ibid., 1565). He reminded members of the House:

Gentlemen have contended that the measure is so important, that its adoption ought to be by the voice of a large majority; a bare majority will not satisfy our constituents. However desirable this may be, public bodies are often most divided upon the most interesting subjects, and if this idea is to prevail, there is an end of the great principle of a Republican Government, that the majority is to govern. (Ibid., 1566)

Wadsworth concluded his remark "that in every view of the subject, the justice and policy of the measure" is apparent; therefore, he hoped assumption would be adopted (Ibid., 1567).

Roger Sherman was outspoken on the issue of assumption and echoed Wadsworth's sentiment. Sherman encouraged the assumption of debts incurred by the states for the common defense of the war and for the general welfare of the people (Ibid., 1359, 1365 and 1576). He maintained that the assumption of the war debts would promote the common good because Continental debts were a "just and meritorious" claim against the Union (Ibid., 1576). Sherman expressed his concern to the House which was "equally divided" on assumption:

It gives me great concern on account of the threatening aspect it has on the peace and welfare of the government. The support of public credit by a provision for doing justice to the creditors of the United States, was one great object that led to the establishment of the present Government; and should it fail of doing justice to so great a proportion of them...it would lose the confidence of many of its best friends, and disappoint the expectations of the people in general. (Ibid., 1576)

Sherman sought a republican assumption policy that was rooted in conformity to the law of the newly established government, whereby the burden would be shared among states as a result of the "common defense and general welfare" (Ibid., 1576). A just policy for Sherman meant the creditors, "whose debts were due for services and supplies rendered in support of the common cause of the Union," would be paid by the United States, and each state would bear only their "just proportion of the present burthen [burden]" (Ibid., 1576). Sherman's republican idea of assumption was to keep the Union united with cooperation from the people and states to preserve their infant government for the general good and welfare of the citizenry according to the Constitution. Sherman's vision of assumption would promote a just solution in compliance with the law to achieve political stability in pursuit of the common good – values that were republican in nature, familiar

to many House members, and desirable in an assumption policy (Ibid., 1576). Sherman concluded with a caution to the House:

But if the State debts are not assumed, the States which have heretofore borne the greatest burtheus [burdens] will be left still to sustain those unequal and grievous burtheus, or their creditors will be left without any provision for satisfying their claims, either of which would be unreasonable, and occasion great uneasiness, which will tend to embarrass and obstruct the measures of Government. (Ibid., 1577)

The debate records indicated that “[s]everal other gentlemen spoke on the occasion, and various motions were offered to modify the proposition, but they were all rejected” (Ibid., 1577). The House voted against the question of assumption in a non-roll call vote with 31 nays and 29 yeas on April 12, 1790; individual votes were not recorded.

Sherman proposed a modified assumption resolution in the House the following week.⁸¹ His resolution detailed the ways and means of assumption for the House; it was the first all-inclusive assumption proposal the House debated. Sherman was asked to clarify the sums by state, and he submitted the following proportions:

⁸¹ Proposed on April 22, 1790, “That the debts contracted by the several States for the common defence and benefit of the Union, ought to be considered as part of the domestic debt of the United States. That proper provision ought to be made for the immediate debt of the United States; and that the faith of Government ought to be pledged to make provisions, at the next session, for so much of the debts of the respective States as shall have been subscribed upon any of the terms expressed in the last resolution; provided that subscriptions shall not be received for a greater amount, than the following sums, viz.” [Here the names of the several States were inserted without any sums.] “That the remainder ought to be left to the respective States to provide for, until a final settlement of their accounts with the United States, for which settlement effectual provision ought now be made. Provided, that no debts be assumed but such as have been liquidated in specie value, and evidenced by notes or certificates issued by authority of the respective States, for the ---- day of ----, 1790. And, if the creditors of any State shall not subscribe to the amount of the debt of such State to be assumed at the rate of four percent, per annum, on the remainder of said sum, until a final settlement of its accounts with the United States, to be applied to the payment of interest to its non-subscribing creditors, for, which, and for the sums that may be assumed, the respective States shall be accountable to the United States” [*sic*] (GS, 1585-1586). Sherman’s proposal excluded a specific date for implementation of the proviso.

Assumption of the State Debts not exceeding the sums in the last column. Due as per Secretary's Report.

Sums to be assumed.	Dollars		
Massachusetts	- -	300,000	300,000
Connecticut	- -	5,226,801	4,000,000
New York	- -	1,951,173	1,600,000
New Jersey	- -	788,680	750,000
Pennsylvania	- -	2,200,000	2,000,000
Delaware	- -		100,000
Maryland	- -	800,000	100,000
Virginia	- -	3,600,734	3,000,000
North Carolina	- -		1,600,000
South Carolina	- -	5,386,232	4,000,000
Georgia	- -		200,000
(GS, 1586) ⁸²			

Sherman brought life to the idea of assumption when he assigned a dollar amount to each state; although the amount was recommended by the Secretary of the Treasury, this was a tangible starting point for accepting or rejecting assumption. Unwilling to apportion amounts, the “resolutions were opposed with as much spirit as the original proposition for the assumption,” and the House rose without coming to a vote on them (GS, 1586).

Sherman’s discourse must have provoked Madison because Madison dominated the assumption discussion the following day.

⁸² The actual amounts assumed in 1790 are listed in the last column. The asterisks identify a change in amount from the Secretary’s recommendation, which is the amount in the middle column.

<i>Sums to be assumed.</i>	<i>Dollars Existing</i>		<i>Proposed</i>		<i>Amount</i>
		<i>Debt</i>	<i>Amount</i>	<i>Assumed</i>	
New Hampshire	-	-	300,000	300,000	300,000
Massachusetts	-	-	5,226,801	4,000,000	4,000,000
Connecticut	-	-	1,951,173	1,600,000	1,600,000
New York	-	-	1,167,575	1,000,000	1,200,000*
New Jersey	-	-	788,680	750,000	800,000*
Pennsylvania	-	-	2,200,000	2,000,000	2,200,000*
Delaware	-	-		100,000	200,000*
Maryland	-	-	800,000	750,000	800,000*
Virginia	-	-	3,600,734	3,000,000	3,200,000*
North Carolina	-	-		1,600,000	2,200,000*
South Carolina	-	-	5,386,232	4,000,000	4,000,000
Georgia	-	-		200,000	300,000*

During the House debates, members Jonathan Sturges and Jonathan Trumbull were silent on the issue perhaps taking their lead from Federal Convention veteran Roger Sherman. Benjamin Huntington was mostly quiet on the issue and made only two minor comments regarding resolutions.

MADISON VERSUS BOUDINOT – ROUND TWO

Prior to Madison's monologue on April 22, he subscribed to a concurrent solution for the assumption of state debts that integrated the United States and the individual states. He believed that if all were united on the issue of assumption, more revenue would be drawn by the states and the new government working together (GS, 1387). For Madison, discharging debts was an inclusive proposition – all war debts, both paid and unpaid, must be part of the plan.⁸³ Incorporating all debts, as written in the Constitution, would be the best means to accomplish “full justice” in a complicated case (Ibid., 1387).⁸⁴ Madison considered his plan as the only path to a just solution because several states had discharged large portions of their war debt including Virginia, Madison's home state. Obviously, he wanted to secure a provision for the states whose debts had been discharged (Ibid., 1388). Madison did not want the states which paid their debt to be burdened with the debts of the other states; therefore, to achieve justice for the former,

⁸³ On February 24, 1790, Madison proposed a resolution to add the words: “that effectual provision be, at the same time, made for liquidating and crediting, to the States, the whole of their expenditures during the war for the purpose; and, in such liquidation, the best evidence shall be received that that nature of the case will permit” [*sic*] (GS, 1388).

⁸⁴ White objected to Madison's amendment, as an open door for all claims, and state debts may be unduly increased (Ibid., 1391).

“the assumption of the unpaid State debts was inseparably connected with those that were discharged by the States” (Ibid., 1389).

Following White’s failed population and wealth proposition on February 26, Madison declared the ratio of representation should be the only “ground upon which the assumption of State debts could be justified” but withdrew the plan the next day because the principle was the same as White’s rejected proposal (Ibid., 1426-1427).⁸⁵ Madison put forward another idea for the House to contemplate – assume the debts as they existed at the close of the late war, which was agreed to unanimously by the House (Ibid., 1427 and 1434). Madison immediately suggested one more proposition that would move the assumption debate forward and according to his terms. Madison attempted to free assumption “from many of the evils which gentlemen apprehend” and “give every state an equal advantage” albeit not the best relief for states which had paid or reduced their debt obligations (Ibid., 1434).⁸⁶ Madison’s goal was to make assumption less unpalatable and to give some degree of satisfaction to the states that had discharged most of their debts; otherwise, “a great inequality” would transpire if the outstanding state debts were assumed (Ibid., 1437). Madison understood that assumption of state debts meant inequality could not be avoided, but it could be lessened to the degree that “the good would counterbalance the evil” (Ibid., 1440). His efforts were true to his style, as

⁸⁵ Madison’s proviso read, “Provided, That in case a final liquidation and adjustment of the whole of such expenditures, and provision for the payment of the balances due from debtor States to creditor States, shall not be made before the ---- day of ----, the debts assumed shall be liquidated and adjusted among the States, according to the ratio of representation, and the effectual provision be forthwith made for paying the balances to the creditor States at the expense of the debtor States” (Ibid., 1426).

⁸⁶ Madison’s March 1, 1790, proposition read, “*Resolved*, That the amount of the debts actually paid by any State to its creditors, since the ---- day of ----, shall be credited and paid to such State, on the same terms as shall be provided in the case of individual” (Ibid., 1434).

Madison showcased assumption's virtues over its vices in an attempt to persuade the House to support his view on state debts.

William L. Smith (SC) successfully amended Madison's proposition with a subtle but significant addendum; he inserted the definition of debts as "principle or interest" (Ibid., 1456).⁸⁷ The addition of paying interest on the debts became the new battlefield for the assumption issue. Madison terminated all negotiations and began to retreat slowly from his earlier position that the United States had a "moral or political obligation" to pay the state debts because the U.S. Constitution "declares all debts shall have the same validity against the United States, under the new, as under the old form of Government" (Ibid., 1234). Madison altered his course when he began a new line of reasoning and argued that the United States was under no legal obligation to discharge the debts when he stated:

Gentlemen have asked, is there any contract obliging us to provide for the debts redeemed by the states? I answer no: but I say justice demands that if you assume the debts yet due by particular States, you repay other States for the Exertions they made to extinguish their debt. (Ibid., 1458)

Madison contradicted his earlier stance that assumption was an article of the Constitution but remained dedicated to his belief that both unpaid and paid debts must be included in an assumption policy. Madison's efforts, at first glance, may appear as anti-assumption. However, he attempted to unite the House members (and the states) on the idea of assumption; otherwise, states that had paid off their debt would have no interest in the

⁸⁷ Smith's March 2, 1790, amendment to Madison's amendment read, "*Resolved*, That the amount of the debts, principal or interest, actually paid by any State to its creditor, &c. shall be paid to such State on the same terms as shall be provided in the case of individuals" (Ibid., 1456).

policy. Madison articulated a republican policy in support of assumption: “in proportion as you make the debt equitable and satisfactory” to “increase the willingness of the people” to unite on the issue of assumption (Ibid., 1458).

More than one month and a half would pass before Madison addressed the issue again on the House floor. House members broadcasted their positions on assumption for almost six weeks after Madison dominated the discussion on April 22. Madison had cast doubt on assumption and attempted to discredit the proposal by arguing that because the objections to assuming state debts had only multiplied since the debate commenced discharging state debts could not be modified to be acceptable to the general population (Ibid., 1587). He insinuated a *petitio principii* argument, meaning the conclusion was simply restated in the premises, in support of assumption when he denied the principle that the individual and state debts were in their nature the debts of the United States because the reasoning was flawed; otherwise all debts of private citizens would be debts of the United States (Ibid., 1587-1588). Madison continued:

The debts of the particular States cannot, in any point of view, be considered as actual debts of the United States; and the United States are not bound, by any past requisition, or any resolutions now existing, to assume them, till the accounts are settled and the balances ascertained. (Ibid., 1588)

Unremitting in his assault on assumption, Madison began to contradict his previous testimony and declared:

...as the payment of State debts cannot be claimed as a matter of right, neither can such payment be called for on the principles of equity, or what is most of all urged, necessity. (Ibid., 1589)

Earlier in the debate, Madison advocated for an assumption solution founded in right and equity. He had appealed to the members of the House “to do right” with regard to assumption in accordance with the principles of the United States (Ibid., 1237).⁸⁸ Madison’s statement is a departure from his earlier argument that an assumption resolution should “give every state an equal advantage” (Ibid., 1434). His opinion on assumption transformed from making assumption less unpalatable by giving some degree of satisfaction to the states that discharged most of their debts and avoid “a great inequality,” to making assumption not a matter of right or necessity or of equality (Ibid., 1437 and 1589). Madison understood that assumption of state debts meant an inequality that could not be avoided, but he adjusted his strategy and no longer defended the virtues over the vices, that “the good would counterbalance the evil” (Ibid., 1440). He abandoned his republican line of reasoning and redirected his argument to focus on the vices, as he now maintained that “the public debt is a public evil, an assumption of the State debts will enormously increase, and perhaps, perpetuate it” (Ibid., 1590). Madison no longer invoked republican values; instead, he attempted to sink the bill by debating against it.

The pinnacle of Madison’s inconsistencies emerged as he also began to cast doubt on a connection with the Convention and the U.S. Constitution, by proclaiming:

It has been said, that the Constitution itself requires the assumption. One of my colleagues has asked a very proper question – If, as we have been told, the assumption originated in the Convention, why were not the words inserted that would have incorporated and made the State debts part of the debts of the United States? Sir, if there was a majority who disapproved of the measure, certainly

⁸⁸ Madison’s remarks mentioned four principles, which were never clearly defined.

no argument can be drawn from this source; if there was a majority who approved of it, but thought it inexpedient to make it a part of the Constitution, they must have been restrained by a fear that it might produce dissensions and render the success of their plan doubtful. I do recollect that such a measure was proposed; and, if my memory does not deceive me, the very gentleman who now appeals to the Constitution in support of his argument, disrelished the measure at that time, and assigned for a reason, that it would administer relief perhaps exactly in proportion as the States had been deficient in making exertions. (Ibid., 1591)

Madison had insisted previously that the U.S. Constitution “declares all debts shall have the same validity against the United States, under the new, as under the old form of Government” when he defended his discrimination proposal during the early stages of the assumption debate (Ibid., 1234). Madison had unwaveringly advanced the conception that assumption was to be considered an article of the Constitution just one year prior. The difference in his position from February 11, 1789, was due, perhaps, to the status of assumption in the House after it had rejected or modified his provisions. Madison’s initial efforts for a palatable assumption were no longer attainable because they were rebuffed by the House; thus, Madison could not support assumption because it was no longer in the form fairness or justice (Ibid., 1235-1237). An option that incorporated the ideas of equity was not obtainable, and Madison would not support assumption under any other conditions, especially if the policy were to include payments for both principle and interest. Madison believed assumption would “give as much dissatisfaction and work as much injustice to the majority of the States” because the policy lacked an equitable design (Ibid., 1592). His proposal for an assumption policy was rooted in justice with the condition that the burden of the people be equalized, which was the basis of his rejected

proposals. Madison could claim a small victory when the issue of assumption was deferred for consideration by the House for about four weeks (Ibid., 1597 and 1649).

Madison's inconsistencies did not go unnoticed or unchallenged, as Boudinot responded to what he considered to be Madison's "exceedingly fallacious" arguments (Ibid., 1647). Boudinot countered Madison's statement that the state debts were not considered debts of the United States. He contended that the certificates of debt given by the states – as payment for the army, depreciation of pay, militia services, supplies found, and services rendered – were all on the same footing and necessary for the common defense of the United States and, as such, should be paid out of the United States' Treasury (Ibid., 1648).

Boudinot bolstered his claim with evidence from the Continental Congress and substantiated in the Constitution when he read the report of the Grand Committee of Congress relating to the settlement of accounts for the arrangement of pay due to the army.⁸⁹ Boudinot insisted that the January 25, 1783, report clearly demonstrated the Continental Congress considered the debts due to the army for pay and depreciation pay,

⁸⁹ "Saturday, January 25, 1783, The Grand Committee, consisting of a member from each State, report, That they have considered the contents of a memorial presented by the army, and find they comprehend five different articles: 1st. Present pay. 2d. A settlement of accounts of the arrearages of pay and security for what is due. 3d. A communication of half-pay. 4th. Settlement of accounts of deficiencies of rations and compensation. 5th. Settlement of accounts of clothing and compensation. Whereupon, *Resolved*, as to the first, that the Superintendent of the Finances make payment, &c. *Resolved*, with respect to the second article, so far as relates to the settlement of accounts, that several states be called upon to complete, without delay, the settlements with their respective lines of army, up to the 1st day of August, 1780, and that the Superintendent of Finance be directed to take such measures as shall appear to him most proper for effecting the settlement from that period. As to what relates to providing of security for what shall be found due on such settlement, *Resolved*, that the troops of the United States, in common with all the creditors of the same, have an undoubted right to expect such security; and that Congress will make every effort in their power to obtain from the respective States substantial funds, adequate to the object of funding the whole debt of the United States, and will enter upon an immediate and full consideration of the nature of such funds, and most likely mode of obtaining them" (Ibid., 1643).

as well as debts due to other creditors, the debts of the United States (Ibid., 1649). Boudinot asserted the provision was guaranteed by an express article of the new Constitution that all debts and engagements binding on the former government were equally valid against the new government (Ibid., 1649-1650). Reinforcing his case, Boudinot again made use of Madison's previous statements, challenged Madison's latest position on assumption, and read from Madison's prior testimony that although the government changed, the "moral or political obligation" to pay the debt remained unchanged and that the basis of the obligation was none other than the U.S. Constitution that "declares all debts shall have the same validity against the United States, under the new, as under the old form of Government" (Ibid., 1234 and 1650-1651).

Boudinot recaptured the pro-assumption debate by redefining Madison's anti-assumption argument and evoking republican values:

The patriotism of your citizens is a greater security than your utmost force. They think that the Government is in their own hands. That they are truly represented here, and that their contributions are faithfully applied to their best interests. Cherish his spirit, by the most impartial justice and equal dealings of every citizen. If once it becomes a habit to depart from the path of virtue, it will be more than difficult to tread back those steps again. (Ibid., 1653)

Despite New Jersey's estimated debt at about \$788,680, assumption for Boudinot was a republican value decision rooted in a uniform, honest policy that supported public faith and applied the greatest equity to the states (Ibid., 1586 and 1652). He wanted a policy of justice for the army, the militias, the creditors, and the states that faithfully sacrificed for the new government (Ibid., 1653). Boudinot felt it was his duty to demonstrate that the

state debts were contracted by the United States for the general defense of the Union (Ibid., 1655).

Boudinot's effective contrast of Madison's inconsistent statements must have been unnerving for Madison to experience, as Madison's own words exploited his claims and possibly his veracity on the issue of assumption, which unraveled before his eyes. Madison did not respond to Boudinot and remained silent on the issue of assumption for the remainder of the session.

The assumption of state debts debate subsided after the Madison and Boudinot exchange on May 25, 1790, and on the following day without much discussion, the House rejected two provisions: 1) to issue bills of credit in dollars in exchange for specie; and 2) to add interest payments for the debt certificates (Ibid., 1675). The House was at a stalemate on the seat of assumption, and almost two months would elapse before the assumption debate continued. During the interim they considered the seat of government issue.

THE PERMANENT SEAT OF GOVERNMENT

On June 10, 1790, the House moved to consider the permanent and temporary seat of government issue. The southern states initiated the location of the seat of government debate in late August 1789, and Lee (VA) began the discussion by proposing a lengthy preamble that called for a centrally located government based on republican principles of cooperation for the common good, for common interests, and for the

preservation of the best, new government.⁹⁰ He called upon fellow House members not to disregard the southern states because that would cause alarm (GS, 871). Southern states moved to reschedule the debate because they wanted full Southern representation in the House, as North Carolina was not completely seated as a delegation (Ibid., 817, 871, 891, 911 and 913).⁹¹ House members agreed with the concept of Lee's preamble but rejected the notion of an official statement of their principles relating to the seat of government; the motion failed by a 34 to 17 vote.⁹²

The House debate was derailed when Jackson (GA) alleged "that the members from New England and New York had fixed on a seat of Government for the United States" in New York (Ibid., 877). The members from the New England states and New York did not deny the allegations.

Lee's pro-Potomac speech declared that Northern states had engaged in negotiations to fix the seat of government prior to the passage of the Constitution that excluded the Southern peoples' interests (Ibid., 889). Burke (SC) also launched accusations of a bargaining league between the northern states and Pennsylvania (Ibid.,

⁹⁰ Lee's preamble read, "Whereas the people of the United States have assented to and ratified a constitution for their Government, to provide for their defense against foreign danger, to secure their perpetual union and domestic tranquility, and to promote their common interests; and all these great objects will be best effected by establishing the seat of Government in a station as nearly central as a convenient water communication with the Atlantic ocean, and an easy access to the Western Territory will permit; and as it will be satisfactory to the people of the United States, and give them a firm confidence in the justice and wisdom of their government, to be assured that such a station is already in the contemplation of Congress; and that proper measures will be taken to ascertain it, and to provide the necessary accommodations, as soon as the indispensable arrangements for carrying into effect the constitution can be made, and the circumstances of the United States will permit; Resolved, That a place as nearly central as a convenient communication with the Atlantic ocean, and an easy access to the Western Territory, will permit, ought to be selected and established as the permanent seat of Government of the United States [*sic*] (Ibid., 868-869).

⁹¹ North Carolina ratified their state constitution late and did not begin selecting members of congress until March 1790.

⁹² The Lee resolution was not a roll call vote (Ibid., 873).

891). During the debate, Fitzsimons (PA) interrupted Burke and denied his assertion that Pennsylvania was involved in any deal (Ibid., 891). Wadsworth (CT) next referenced similar reports of a bargain between the New England members and the Southern states, and he claimed the pact between the states would assure the seat of government in the Potomac (Ibid., 912). Jackson (GA) denied any bargaining (Ibid., 912).⁹³

The House finally passed H.R. 25 on September 22, 1789, to establish a seat of government of the United States on the Susquehanna River in Pennsylvania (GS, 946). H.R. 25 was sent to the Senate for consideration, and they altered the bill within 4 days by adding,

...a district of ten miles square, bounded on the south by a line running from the city of Philadelphia, on the eastside of the river of Delaware, and extending northerly and westerly, so as to include Germantown. (Ibid., 955)

The Senate amendment signaled the continuance of the seat of government debate rather than its conclusion. The Senate moved the location of the capitol to the Delaware River, which was further north and further east than the House agreed upon, and many House members interpreted the Senate mark-up as an unprecedented and an unacceptable change to the House's legislation (Ibid., 955-958). The Senate maneuvers to secure a seat of government were as intense as the House; however, the House was now at a

⁹³ The finger pointing between the members about logrolling or vote compromises regarding the seat of government could be connected with votes cast during Federal Convention. Perhaps tensions carried over from the Convention to the First Federal Congress because Pennsylvania voted against the assumption of state debts during the Convention, and New York did not participate for most of the Convention (Farrand 1911, 2:412). The origin of the accusations may never be known and cannot be ascertained by the debate records.

stalemate on the permanent seat issue, and the House responded to the Senate's modification with a push for the Potomac site or a delay in the vote.

White (VA), who supported a Potomac River capitol site, was upset with the Senate change (Ibid., 957 and 1728). Faced with few acceptable site options, White launched a campaign against Philadelphia as the potential seat because the location was too expensive for Congress to consider (Ibid., 958). Jackson (GA) acknowledged that he “acceded to the Susquehanna; but this was no reason he should vote for Germantown[,]” which was located further north and east (Ibid., 957). Jackson affirmed his support for a site on the Potomac River and also called for southern states to be considered (Ibid., 911). House members continued their plea for the House to delay voting on the issue, and the debate was delayed on Thanksgiving Day, September 28, 1790, (Ibid., 911, 956 and 962). The seat of government deliberations were at a standstill and postponed because North Carolina was not fully represented and without complete southern state representation a consensus would not be achieved. Negotiations ceased until June 10, 1790, when the House affirmed the city of Philadelphia as the temporary seat of government, but the issue of the permanent seat remained undecided (Ibid., 1690).⁹⁴

Also, when revisiting the issue and reconsidering the options of potential permanent locations, the Senate rejected Baltimore on two separate occasions.⁹⁵ Several House members were monitoring the Senate activities on the issue and reacted swiftly to

⁹⁴ The June 10, 1790 roll call vote #53 records ayes 32 and nays 29, see table 2 (GS, 1690).

⁹⁵ In votes #34 and #39 the Senate rejected Baltimore as the permanent seat of government on June 8 and June 28, 1790 (Ibid., 1022, 1032 and 1717).

seize the opportunity for reconsideration of the Potomac River location. Lee developed a new strategy for the seat of government. During the discourse in the House, he

alluded particularly to the great object of funding the debts of the United States; the seat of government will concentrate the public paper. Hence he inferred the necessity of a situation from whence all parts of the Union may be equally benefited. From these considerations, he deduced the necessity of placing the Government in a central situation. (Ibid., 1717-1718)

Lee evoked the state debts issue to define new boundaries for the location – a central location between northern and southern borders, in other words, a median location on the Potomac River. He maintained that equal attention must be given to southern, middle, and northern states, but Lee did not yield to the northern (or eastern) states, as he “inferred that the interest of the Southern States must be eventually swallowed up” (Ibid., 1718). The decision of the Senate afforded Lee a favorable opening to continue his pro-Potomac site initiative. With North Carolina members now seated in the House by June 16, 1790, he shifted the assumption debate from a purely southern issue of representation to a southern and northern issue of a central location; however, not all southern states wanted the Potomac site, as the majority of South Carolina members supported a Baltimore capitol.⁹⁶ See table 2 for the seat of government roll call votes #53 and #75. During the fluid House debates and votes, members frequently exchanged support and opposition for the permanent seat of government location. Their rationale for the vote

⁹⁶ North Carolina House members were opposed to a Philadelphia site and supported a Potomac capitol. Lee must have thought that by changing his strategy he could sway northern House members to vote for the Potomac location; however, no northern House members changed their votes.

changes fluctuated based on the city debated.⁹⁷ If logrolling occurred as the result of Jefferson's claim that Congress approved the assumption of state debts in exchange for a capitol site on the Potomac, the debates and votes relating to the seat of government convey a somewhat different story, as the southern states almost unanimously carry the Potomac vote.⁹⁸ Only three South Carolina members voted against the Potomac; however, the majority of Northern states rejected the Potomac location almost by a 2:1 ratio. With a nearly unanimous Southern coalition vote for the Potomac combined with only 14 Northern House members supporting the measure, the Potomac became the permanent seat of government for the United States of America on July 16, 1790, when the House approved vote #75 to pass S. 12 on July 9, also known as the Residency Act of 1790,⁹⁹

The Southern states which voted as a bloc to support the Potomac illustrate the only noticeable trend in the permanent seat vote.¹⁰⁰ If the capitol location was too far north, the southern states in the House would have felt alienated, which is evident in their

⁹⁷ Bloodworth (NC) wanted Baltimore over Philly and felt "injustice done to the Southern States in holding the sessions in so uncentral a situation" (GS, 1691). Sherman (CT) thought the Potomac too far southward (Ibid., 1716). Burke (SC) supported Baltimore and seconded the Sherman motion to strike Potomac and insert Baltimore for the permanent seat (Ibid., 1716 and 1719). Burke also preferred Baltimore over Philly and was anti-Pennsylvania because of the delegations' "political management" to strike a bargain with eastern states to secure a seat of government (Ibid., 1719). Burke also made the motion to keep the permanent seat in New York (Ibid., 1730).

⁹⁸The alleged bargain was purportedly consummated at a dinner arranged by Jefferson between Hamilton and Madison during which Lee (VA) and White (VA) agreed to change their votes on assumption in exchange for northern support for the Potomac as the seat of government. Almost all of the House members from the northern states rejected both Philadelphia and Potomac (see table 2).

⁹⁹ House roll call vote #75 on July 9, 1790, with 32 ayes, 29 nays and 4 not voting. The non-voting House members were Speaker Muhlenber (VA), Bourne (RI), Giles (VA), and Huger (SC).

¹⁰⁰ Why the majority of South Carolina members wanted Baltimore is unclear in the debates because a Potomac capitol was 40 miles closer to them than Baltimore, and with primitive modes of transportation by horse or boat, distance mattered.

debates and votes; however, House members changed their support and opposition to whichever acceptable option they thought would pass at any given moment.

One of Jefferson's undated renditions of the alleged deal between Lee and White acknowledged the need for Pennsylvania to back the Potomac capitol idea, and House roll call vote #75 indicated that Pennsylvania members supported the Potomac vote; the Senate, however, rejected Philadelphia as a prospect early in the process, and Pennsylvania members needed a new seat of government plan (GS, 1737).¹⁰¹ For roll call vote #57, see table 2. Pennsylvania, in a prime central location, would prevail whether the site was on the Delaware River or the Potomac River. Jefferson's description of the Pennsylvania members' votes is consistent with roll call vote #75, but the House debates, prior to Jefferson's return to the United States from Europe, indicates that other factors were at play (GS, 955 and 1737).

ASSUMPTION OF STATE DEBTS VOTE

One week after selecting the Potomac as the new seat of government, the House agreed to adjourn on July 27, effectively limiting its ability to determine the fate of assumption to only 12 days. As a first and necessary step, on July 19, the House voted to pass the public debt bill to provide for the payment of the state debts of the United States (Ibid., 1741).¹⁰² The Senate, which was waiting on the House to initiate an assumption bill, received the public debt bill on the same day the bill passed the House. The Senate

¹⁰¹ Days prior to the postponement of the permanent seat vote, Smith (SC) and Sumter (SC) questioned Pennsylvania's plan to secure the seat of government by purchasing the land and selling it at a premium to the new government; Pennsylvania members, of course, denied the accusations, but the unsavory seed was planted in members' minds (GS, 909-910).

¹⁰² Roll call vote #76 passed with 40 ayes, 15 nays and 10 members not voting (Ibid., 1741).

amended the bill without any recorded discussion or debate and promptly returned the amended bill to the House for consideration (Ibid., 1050-1053).¹⁰³

On July 24, the House deliberated the Senate amendment to the public debt bill. Jackson (GA) made one last passionate and lengthy plea against assumption, whereby he attempted to dissect the pro-assumption arguments, and moved to disagree with the Senate amendment to the public debt bill, which would discharge the state debts; a vote for this amendment was a vote against assumption (Ibid., 1744-17523).¹⁰⁴ The vote passed in the negative with 29 ayes and 32 nays.

On July 26, the House would reconsider the Senate measure. Success of the assumption of state debts issue depended on a winning coalition of 32 House votes. Finally, after six months of negotiations, debates, and votes, regarding the assumption of state debts in the House, assumption was passed with a final of vote 34 ayes to 28 nays.¹⁰⁵ The republican ideational values were discussed in the House via a Senate amendment to the House's Public Debt Bill, which would provide for the payment of the debts of the states (GS, 1755).

¹⁰³ The GS Senate proceedings rarely document in detail the debates and often refer to votes by stating, "Sundry other amendments being agreed to..."

¹⁰⁴ Roll call vote #78 was taken on July 24, 1790.

¹⁰⁵ On July 26, 1790, House vote #81 was "to agree to the amended Senate amendment to the Public Debt Bill which would provide for the payment of the debts of the states." Rhode Island did not vote because representatives had not been elected at the time.

CHAPTER 6: CONCLUSION

If the Federal Convention was the prelude for the assumption of state debts, the primary battleground was during the First Federal Congress. *The Federalist* papers were forced to mention the issue of assumption because of a vaguely crafted article of the U.S. Constitution; however, the issue of state debts was not an important part of *The Federalist's* debates for ratification.

The assumption resolution passed the Federal Convention of 1787 as an Article of the Constitution and not a measure of administration. The Committee of Style, who were delegates appointed to modify the style and arrangement of the articles that were agreed to by the Convention, altered the final form of assumption and did not make the Constitution's assumption article any more or less republican. However, the dynamics of the Committee of Eleven, the 11 delegates selected from each state eligible to participate in the Convention for the purpose of considering assumption, seem to have influenced the outcome of assumption as well. Perhaps the republican ideas of the "court party" Opposition (CPO), who according to McDonald (1985) supported a republic founded upon classical republican principles, influenced the nearly unanimous vote on assumption during the convention (see table 1).¹⁰⁶ Prior to the final vote on assumption during the Convention, Delaware (DE), New Hampshire (NH), New Jersey (NJ), and Maryland

¹⁰⁶ Pennsylvania's delegation opposed assumption and voted sporadically throughout the Convention because of their eligibility to be seated at the Convention.

(MD) opposed the proposal to create the Committee of Eleven to consider the issue of assumption. Six states, including Georgia (GA), Massachusetts (MA), Virginia (VA), South Carolina (SC), Connecticut (CT), and North Carolina (NC), voted in support of the Committee. Seven days later the states voted 7 to 2 with two states absent to reconsider the Committee of Eleven's recommendation in support of assumption.¹⁰⁷ The following day the states voted 10 to 1 in support of Article 7, Section 1 pertaining to the assumption of state debts. The CPO was the majority coalition on the Committee of Eleven and it seems that their classical republican values prevailed with MA as the swing vote.

In other words, during the Convention the republican values of the CPO, as an independent variable, seem to account for the variance in the dependent variables by influencing the votes (#352 and #365) cast on assumption by the states (see table 1). The founders understood that merging the state debts into federal debts was one of the steps needed to achieve a stronger commonwealth, which would make separation more difficult for the states and would create a stronger, more stable union. In the case of assumption, if the states cooperated to discharge the war debts, their sacrifice for the good of the *res publica* would create a sustainable, unified federal government, which corresponds with republican ideational influences.

Perhaps the vaguely written assumption article was destined to be a measure of administration because the risk of proposing such a powerful measure of administration during the Convention was the greater challenge. However, the transformation of assumption from a delegated administrative power of Congress to an ambiguous, generic

¹⁰⁷ New Hampshire and Delaware opposed the proposal, and North Carolina and Pennsylvania were counted as absent and not voting.

article of the Constitution is contrary to Hamilton's disclosure in a letter to Carrington and contradicts the actual outcome of the Convention according to the *Records* (see appendix A). Following the Convention, Article VI of the U.S. Constitution was left open for interpretation by the states, by *The Federalist* papers, and by the First Federal Congress.

In *The Federalist* papers, Hamilton briefly mentioned assumption in several essays while Madison discussed the issue directly in one essay. Hamilton and Madison effectively minimize the importance of the state debts issue as they defended a plethora of other areas of concern in the newly created document that avoided additional conflict between the states.

Hamilton and Madison's treatment of the assumption of state debts in *The Federalist* papers occasionally invoked republican ideational values. Hamilton and Madison called for the citizens and states to unite on the issue of discharging debts for the *res publica* in an effort to make the best government. Although Hamilton and Madison marginalized debt as a non-issue in *The Federalist* papers, the assumption issue incorporated republican values because they both considered the discharging of debts in conformity to the Constitution and for the good of the commonwealth.

Discharging the state debts became a secondary issue in *The Federalist* papers that was never the focus of the essay; rather assumption resembled an issue that was subjugated by other institutional design matters, which required greater explanation for the ratification of the Constitution. Other more descriptive articles of the Constitution received extra attention because they were very detailed compared to the vague assumption article.

The official policy for assuming the state debts passed in the House of the First Federal Congress with 34 ayes and 28 nays during the final vote on assumption on July 26, 1790. The issue of the assumption of state debts received unanimous support from the House members from CT, DE, MA, NJ, and SC but unanimous opposition from House members from GA and NC. The states which had delegations split on the issue were MD, NH, NY, PA, and VA. Only nine of the 65 members of the First Federal Congress' House of Representatives had attended the Federal Convention as delegates. Of the nine members who had attended the Convention, only a few spoke publicly on the issue of assumption; however, five members, who did not attend the Convention and represented two of the thirteen states, played central roles in the assumption of state debts matter – Lee (VA), White (VA), Burke (SC), Sumter (SC), and Huger (SC).

Burke (SC) changed his opposition to the assumption of state debts sometime during the debates. The circumstances, people, and arguments during the debates that were responsible for “enlightening” him on the assumption issue remains uncertain, but Burke cast his final vote for assumption.

Huger (SC) and Sumter (SC) were the key votes that provided assumption with a majority vote and critical votes for South Carolina. Huger was silent during the First Federal Congress, and never once voiced his opinion on any issues before Congress. Huger missed assumption vote #78 because he was ill; however, he voted for assumption two days later in the final roll call vote #81 relating to the assumption of state debts. Sumter, who opposed assumption on the first vote #78, supported assumption on the final vote #81. Sumter changed his vote on the assumption of state debts issue during the final two votes but rarely spoke during the congressional sessions and never spoke on the issue

of assumption. However, for the assumption of state debts issue to pass, Sumter needed to change his vote for assumption and Huger needed to be present to vote for the measure, and both South Carolina House members acted accordingly. Huger and Sumter carried the assumption vote to victory.

House members by and large knew who supported and who opposed assumption because of the debates and the several non-roll call votes that had been cast relating to discharging the state debts. The support of Lee (VA) and White (VA) was not essential because assumption would have passed without either of their votes. The assumption of state debts would have been able to pass with 32 yeas and 30 nays. The actual vote was 34 yeas and 28 nays. Neither Lee nor White were entirely opposed to assumption, as the debates indicate. Lee and White merely attempted to negotiate for their individual perspectives on the discharging of debts.

When Lee (VA), White (VA), and Huger (SC) support the assumption of state debts on the final vote, the success of assumption was not a revelation. Conceivably Madison's withdrawal from the assumption debate signaled that the debate was over because the vote was unofficially decided given the previous debates and non-roll call votes in Congress. Jackson's (GA) final pleas for members of Congress to reject assumption also give the impression that assumption would succeed. Jackson's (GA) proposal to change the wording of the vote, which required members to cast a vote against assumption if they supported assumption, seems to signify a final, desperate, and unsuccessful act to kill the assumption proposition.

The assumption resolution represented the states helping each other by paying off state debts for the success of the union because a failed state might have caused the whole

union to fail. Justice was about doing what was right for the states and the new government in conformity with the United States Constitution, which was Madison's call early in the Convention, and House members echoed his sentiments, which were unmistakable in the debates. The political stability of the union would be at risk if relief was not provided to the states, the individual certificate holders of debt, and the creditors.

As reflected in the debates, republican ideational values were invoked to unite a people on the issue of state debts in an effort to create and maintain the best government in order to implement an Article of the Constitution. At times during the Convention it seems as if all assumption debates led to a republican solution especially since republican issues were a concern of many Americans during the Founding Era. Hence, the path to a republican solution was the key in the congressional debates. Perfect justice could not be achieved, but perhaps the most republican solution won, that is, the solution that implemented the most republican values for the greater part of the commonwealth. Almost every House member who debated sought a republican solution regardless of which side they represented. The course each member took to achieve a republican resolution differed, as members advocated a wide range of policy options that included full justice, equal justice, a uniform policy, or discrimination. A satisfactory resolution was based on an individual member's interpretation of the type of policy that would unite the union and embody the best solution for the new government.

War debts were a necessary evil for the success of the Republic and the price of liberty. The question for the First Federal Congress was how to manage the debt and by what means. Whether pro- or anti-assumption, House members understood that they were the ones chosen to make important and difficult decisions on behalf of the people –

they were the agents of what was just and right for the common good. For many House members, discharging state debts was a matter of honoring the Constitution for the success of the Republic whereby the common good benefited; the Revolution benefited from the creditors and now the success of the Republic depended upon assumption.

Unfortunately, no records of the internal committee debates exist in the Federal Convention and First Federal Congress, making it difficult to ascertain an individual delegate's or member's motivation regarding assumption. However, the records of the Federal Convention of 1787, *The Federalist* papers, and the records of debates on the floor of the House of the First Federal Congress establish a pedigree of documentation and provide important information on the assumption debate. The content of these documents reveal the republican ideational values mentioned during the debates. The republican values expressed at the Convention, written in *The Federalist* papers, and debated during the First Federal Congress seem to have influenced the outcome of the assumption of state debts because the ideational influences discussed generated the reasons for assumption based on a republican perspective. The dependent variable (the votes cast by the founders on the assumption issue) seems to suggest that the independent variable (republican ideas) influenced the Founders' decision regarding the assumption of state debts issue.

Future research should investigate the actions of the state legislative branches to identify if the individual states directed their Congressional members to support or oppose the idea of assumption. Any action taken by the state legislatures might reveal additional connections. Public writings such as reprinted sermons and political pamphlets may also provide additional insight into the opinions of other political leaders

during the Founding. Lastly, historical documents such as newspaper periodicals and editorials might also prove to be helpful. In addition to the general reference materials mentioned, other useful books are also easily accessible.¹⁰⁸

Through research and analysis investigating the assumption issue during the Convention, in *The Federalist* papers, and in the First Federal Congress in this dissertation exhausts the topic as it relates to these primary documents. The texts served as a useful platform for exploring the two theses. New frontiers, however, are open to further investigation; continuing research should concentrate on the writings of White (VA), Lee (VA), Burke (SC), Huger (SC), and Sumter (SC), as well as the actions taken of the states and the examination of other writings of the political class on the issue of assumption of state debts.

JEFFERSON'S CLAIM

Thomas Jefferson returned to New York on March 21, 1790, to begin his duties as the first U.S. Secretary of State. Years later (and on different occasions), Jefferson wrote several memoranda in which he claimed to have been the broker of the now infamous bargain between Hamilton and Madison that purportedly helped pass the assumption of state debts in exchange for locating the capitol along the Potomac River (see appendices B and C). The alleged Jefferson logrolling deal was that two Virginia congressmen,

¹⁰⁸ McMaster & Stone's *Pennsylvania and the Federal Constitution 1787-1788*, Sandoz's *Political Sermons of the American Founding Era, 1730-1805*, and Sheehan & McDowell's *Friends of the Constitution: Writings of the "Other" Federalists 1787-1788*, are a few examples of such resources.

Richard Lee and Alexander White, had agreed to change their votes on assumption in exchange for northern support for the Potomac as the seat of government.

The House debates and votes relating to the seat of government fluctuated, as members frequently changed their support for and opposition to the permanent seat of government location based on whichever city was being debated. Although it may seem as if logrolling occurred as the result of Jefferson's claim that some members of Congress approved the assumption of state debts in exchange for a capitol site along the Potomac, the debates and votes relating to the seat of government seem to contradict the claim. Instead the records seem to convey a different reality (see table 2). The southern states almost unanimously carried the Potomac vote, and the majority of northern states rejected the Potomac location. Because the Senate refused to accept Philadelphia as a capitol location, the southern states in the House were able to join 10 northern state House members to pass the Potomac measure. One other less noticeable voting pattern regarding the permanent seat of government vote is that a supermajority of anti-federalists from the south supported a Potomac location and a majority of anti-federalists from the north opposed the Potomac site (see table 2). Perhaps the anti-federalists also followed the House debate trend that if the capitol location was too far north, the southern states would have felt alienated whereas if the capitol location was too far south the northern states would have felt estranged. The anti-federalist voting bloc was not sizable, but it suggests a trend nonetheless (see table 2). Since no voting pattern is evident among House members on the seat of government votes as a result of pro-administration or anti-administration affiliations, these affiliations are not viable as an independent variable.

In one of Jefferson's undated accounts of the bargain, he mentioned the need for Pennsylvania to back the Potomac idea, which was a change from the House-approved Philadelphia site.¹⁰⁹ House roll call vote #75 indicated that Pennsylvania members supported the Potomac vote; however, the Senate's immediate and multiple rejections of Philadelphia as an option forced Pennsylvania members to formulate a new seat of government plan (see table 2). Pennsylvania, in a prime central location, prevailed whether the site was on the Delaware or Potomac Rivers. Although Jefferson's description of Pennsylvania's support is consistent with roll call vote #75, the House debates and the Senate rejection of Philadelphia in 1789, prior to Jefferson's return to the United States, suggests that other factors were involved.

Jefferson also claimed

...the necessity of it [the assumption of state debts] in the general fiscal arrangement and its indispensable necessity towards a preservation of the Union: and particularly of the New England states, who had made great expenditures during the war, on expeditions which tho' of their own undertaking were for the common cause. (Banning, 64-65)

Jefferson's assertion that New England states needed assumption because of their sizable war debts is not entirely true because the State of Connecticut had discharged their war debts and New Hampshire maintained one of the lowest war debts at \$300,000.¹¹⁰ Massachusetts was the only New England state with a high debt of \$5,226,801; however, both Connecticut and Massachusetts voted for assumption and New Hampshire members

¹⁰⁹ "But the removal to Potomac could not be carried unless Pennsylvania could be engaged in it. This Hamilton took on himself, and chiefly, as I understood, through the agency of Robert Morris, obtained the vote of that state, on agreeing to an intermediate residence at Philadelphia" (Banning, 64-65). The location change was necessary because the Senate rejected Philadelphia.

¹¹⁰ Rhode Island had not elected House members, and subsequently, their war debt was unspecified.

were split. The size of the war debts does not seem to influence the votes on assumption and is inconsistent with the votes cast by the Founders (see table tables 1 and 2); hence, war debts size can be excluded as a possible independent variable. During the Convention, regardless of the amount of state debt, state delegations voted to pass assumption with a 10 to 1 vote. During the First Federal Congress, members cast their vote on assumption regardless of the amount of debt their respective state held, as some members whose states held large debts opposed assumption, other members whose states discharged most of their debts supported assumption, and still other states were split on the issue. As a result, the votes cast in support of or in opposition to assumption do not appear to have a connection with the size of war debts.

The two final votes taken in the House on the seat of government that relate to assumption are illustrated in table 2.¹¹¹ All four House votes were final resolutions to accept or reject the Senate's amendments to the bills. But the roll call votes on assumption and the seat of government suggest a different account from Jefferson's story. The date of the Jefferson dinner with Hamilton and Madison, which is alleged to have happened sometime in June, remains problematic because the exact date cannot be verified and the chronology of the debates and votes on assumption and the capitol location do not support a June dinner date. All debates on the assumption issue transpired prior to June. By this time, Madison had lost his debates with Boudinot (NJ) and his resolutions had been rejected by the House. Boudinot's response to Madison's objections to assumption signaled the conclusion of the assumption debate in the House

¹¹¹ The seat of government votes were #53 on June 10, 1790 and #75 on July 9, 1790. The assumption roll call votes were #78 on July 24, 1790, and #81 on July 26, 1790.

at the end of May 1790. With the exception of one anti-assumption speech by Jackson (GA), no other House members spoke in opposition to assumption prior to the July 24, vote. A majority of House members rejected Jackson's resolution to oppose discharging the debts because they supported the assumption of state debts.¹¹² The House members had ceased the assumption debate in May because they began discussing other issues by the time the seat of government debate finally commenced and the first vote to consider the seat of government was cast on June 10.

While plausible that a deal could have been struck over dinner, the debates and votes suggest that other dynamics seem to contribute to the success of assumption. South Carolina House members Huger, who was absent on the first vote, and Sumter, who opposed assumption on the first vote, both supported assumption on the final vote, and subsequently invalidated the need for a deal because Lee's and White's votes were not needed for assumption to pass with a majority.¹¹³ A closer examination of the House roll call votes for assumption also seems to indicate the decisive coalition on the final assumption vote, a supermajority of the pro-administration members supported assumption and a supermajority of the anti-administration members opposed assumption (see table 2). Since the seat of government vote did not illustrate a similar pro- and anti-administration voting pattern, the vote suggests that other factors contributed to the success of assumption. The assumption vote also reveals that northern states voted for

¹¹² A vote for assumption on roll call vote #78 was a vote to reject assumption, and a vote for assumption on roll call vote #81 was to assume the state debts. The wording change was proposed for vote #78 by Jackson, whose measure was rejected.

¹¹³ Assumption passed with 34 ayes to 28 nays and 3 members not voting.

assumption and southern states opposed assumption, which was without regard to their state's debt.

Jefferson's explanation of a deal pertaining to the assumption of state debts and seat of government votes incorporated traces of accurate information; however, the details are often in conflict. Jefferson's memoranda of the deal are the only documentation of the alleged dinner. Neither Madison nor Hamilton ever mentions the deal, and their recollections of the assumption issue differ greatly from Jefferson's.

On April 22, during the House debates on assumption Madison stated:

One of my colleagues has asked a very proper question – If, as we have been told, the assumption originated in the Convention, why were not words inserted that would have incorporated and made the State debts part of the debts of the United States? Sir, if there was a majority who disapproved of the measure, certainly no argument can be drawn from this source; if there was a majority who approved of it, but thought it inexpedient to make it a part of the Constitution, they must have been restrained by a fear that it might produce dissensions and render the success of their plan doubtful. (GS, 1591)

Madison's remarks are made during the debate when he withdrew his support of assumption. Taking into consideration Madison's changing opinion on assumption, he apparently recollects the assumption issue as it suits him. Hamilton also recalls the assumption issue differently than Jefferson or Madison as described in a letter to Edward Carrington on May 26, 1792, two years after the assumption vote (see appendix A).

Hamilton and Madison do not discuss the assumption issue after the First Federal Congress, and Jefferson recalls the events differently than they are documented. Madison and Hamilton's silence on the events surrounding assumption is curious. The debates of

the assumption of state debts suggest republican values and ideas that the members of the House advance during their discussions and in their debates seem to have influenced votes on assumption, and that there was more to the assumption issue than just Madison working to switch a few Virginia votes, as Jefferson claimed. The Convention and *The Federalist* papers did not resolve the problem of the state debts, perhaps because the issue was too controversial. Congress seemed determined to resolve the matter of state debts themselves rather than leave the decision to the President or the United States Supreme Court to find some truth in the text of the Constitution. The votes cast during the 1787 Convention committee of style also seem to indicate a sublevel shift in support for assumption. Votes cast during the First Federal Congress offer a more dramatic view of the variance in votes on the issues of assumption, and independent variables such as republican values expressed during the Congressional debates seem to influence the roll call votes on assumption.

TABLE 1 The Characteristics and Votes of the Committee of Eleven During the Federal Convention of 1787

Delegate	State	Occupation	Vote #1*	Vote #2†	Vote #3‡	Affiliation	1790 State Debt
Clymer, George	PA	Merchant	Not Voting	Absent	Nay	CPN	\$2,200,000
Dickinson, John	DE	Lawyer	Nay	Aye	Aye		
Langdon, John	NH	Merchant	Nay	Nay	Aye	CPN	\$300,000
Livingston, William Governor	NJ	Public Official	Nay	Aye	Aye		\$788,680
McHenry, James	MD	Retired	Nay	Nay	Aye		\$800,000
Baldwin, Abraham	GA	Public Official	Aye	Aye	Aye	CPO	
King, Rufus	MA	Lawyer	Aye	Aye	Aye	CPN	\$5,226,801
Mason, George	VA	Agriculture/Real Estate	Aye	Aye	Aye	CPO	\$3,600,734
Pinckney, Charles Cotesworth	SC	Lawyer	Aye	Aye	Aye	CPO	\$5,386,232
Sherman, Mayor Roger	CT	Public Official	Aye	Aye	Aye	CPO	\$1,951,173
Williamson, Hugh	NC	Physician	Aye	Absent	Aye	CPO	
Total State Debts							\$20,535,620

SOURCE: Farrand 1911, 2:324, 399 and 412; 3:557-559; McDonald, 1958, 86-88; McDonald, 1985, 200; Gales & Seaton, 1586.

*Vote #316 “[t]o refer Mr Rutledge’s proposition respecting the public debt to a Committee of a Member from each State” on August 17, 1787.

†Vote #352 “[t]o reconsider the 1st sec. 7 article to-morrow” concerning the assumption of state debts on August 24, 1787.

‡Vote #365 “[t]o agree to Mr Randolph’s amendment to the 1st clause, 1st section, 7 article” pertaining to state debts on August 25, 1787.

TABLE 2 The United States House of Representatives: First Congress, 1790

State	N/S	NAME	Seat of Government		Assumption		Federalist or Anti-Federalist Affiliation	Pro- or Anti-Administration Affiliation
			#53 ^a	#75 ^b	#78 ^c	#81 ^d		
CT	<i>North</i>	Huntington, Benjamin	Nay	Nay	Nay	Aye	Federalist	Pro-
CT	<i>North</i>	Sturges, Jonathan	Nay	Nay	Nay	Aye	Federalist	Pro-
CT	<i>North</i>	Sherman, Roger†‡	Nay	Nay	Nay	Aye	Federalist	
CT	<i>North</i>	Trumbull, Jonathan	Nay	Nay	Nay	Aye	Federalist	
CT	<i>North</i>	Wadsworth, Jeremiah	Nay	Nay	Nay	Aye	Federalist	
DE	<i>North</i>	Vining, John	Aye	Aye	Nay	Aye	Federalist	
GA	South	Baldwin, Abraham†‡	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
GA	South	Mathews, George	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
GA	South	Jackson, James	Nay	Aye	Aye	Nay	Federalist	
MA	<i>North</i>	Gerry, Elbridge†	Nay	Nay	Nay	Aye	<i>Antifederalist</i>	<i>Anti-</i>
MA	<i>North</i>	Grout, Jonathan	Nay	Nay	Nay	Aye	<i>Antifederalist</i>	<i>Anti-</i>
MA	<i>North</i>	Goodhue, Benjamin	Nay	Nay	Nay	Aye	Federalist	Federalist
MA	<i>North</i>	Sedgwick, Theodore	Nay	Nay	Nay	Aye	Federalist	Federalist
MA	<i>North</i>	Thatcher, George	Nay	Nay	Nay	Aye	Federalist	Federalist
MA	<i>North</i>	Ames, Fisher	Nay	Nay	Nay	Aye	Federalist	Pro-
MA	<i>North</i>	Leonard, George	Nay	Nay	Nay	Aye	Federalist	Pro-
MA	<i>North</i>	Partridge, George	Nay	Nay	Nay	Aye	Federalist	Pro-
MD	South	Contee, Benjamin	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
MD	South	Stone, Michael	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
MD	South	Seney, Joshua	Aye	Nay	Aye	Nay	Federalist	<i>Anti-</i>
MD	South	Smith, William	Aye	Nay	Aye	Nay	Federalist	<i>Anti-</i>
MD	South	Carroll, Daniel†	Aye	Aye	Nay	Aye	Federalist	Pro-
MD	South	Gale, George	Aye	Aye	Nay	Aye	Federalist	Pro-
NC	South	Ashe, John	Aye	Aye	Aye	Nay	<i>Antifederalist</i>	<i>Anti-</i>
NC	South	Williamson, Hugh †‡	Aye	Aye	Aye	Nay	Federalist	Federalist
NC	South	Sevier, John	NV	Aye	Aye	Nay	Federalist	Pro-
NC	South	Steele, John	Aye	Aye	Aye	Nay	Federalist	Pro-
NC	South	Bloodworth, Timothy	Nay	Aye	Aye	Nay	<i>Antifederalist</i>	
NH	<i>North</i>	Livermore, Samuel	Nay	Nay	Aye	Nay	Federalist	Federalist
NH	<i>North</i>	Foster, Abiel	Nay	Nay	Nay	Aye	Federalist	Pro-
NH	<i>North</i>	Gilman, Nicholas†	Aye	Nay	Aye	Nay	Federalist	
NJ	<i>North</i>	Cadwalader, Lambert	Aye	Aye	Nay	Aye	Federalist	Pro-
NJ	<i>North</i>	Sinnickson, Thomas	Aye	Aye	Nay	Aye	Federalist	Pro-
NJ	<i>North</i>	Boudinot, Elias	Nay	Nay	Nay	Aye	Federalist	Pro-
NJ	<i>North</i>	Schureman, James	Nay	Nay	Nay	Aye	Federalist	Pro-

TABLE 2 (continued)

State	N/S	NAME	Seat of Government		Assumption		Federalist or Anti-Federalist Affiliation	Pro- or Anti-Administration Affiliation
			#53 ^a	#75 ^b	#78 ^c	#81 ^d		
NY	North	Hathorn, John	Nay	Nay	Aye	Nay	<i>Antifederalist</i>	<i>Anti-</i>
NY	North	Floyd, William	Nay	Nay	Aye	Nay	Federalist	<i>Anti-</i>
NY	North	Benson, Egbert	Nay	Nay	Nay	Aye	Federalist	Pro-
NY	North	Silvester, Peter	Nay	Nay	Nay	Aye	Federalist	Pro-
NY	North	Laurance, John	Nay	Nay	Nay	Aye	Federalist	
NY	North	Van Rensselaer, Jeremiah	Nay	Nay	Aye	Nay	<i>Antifederalist</i>	
PA	North	Hiester, Daniel	Aye	Aye	Aye	Nay	<i>Antifederalist</i>	<i>Anti-</i>
PA	North	Clymer, George †‡	Aye	Aye	Nay	Aye	Federalist	Pro-
PA	North	Fitzsimons, Thomas†	Aye	Aye	Nay	Aye	Federalist	Pro-
PA	North	Hartley, Thomas	Aye	Aye	Aye	Nay	Federalist	Pro-
PA	North	Scott, Thomas	Aye	Aye	Aye	Nay	Federalist	Pro-
PA	North	Muhlenberg, Frederick	NV	NV	NV	NV	Federalist	Pro-
PA	North	Wynkoop, Henry	Aye	Aye	Nay	Aye	Federalist	
PA	North	Muhlenberg, John	Aye	Aye	Aye	Nay	<i>Antifederalist</i>	
RI	North	Bourne, Benjamin	NV	NV	NV	NV	Federalist	Pro-
SC	South	Burke, Aedanus	Nay	Nay	Nay	Aye	<i>Antifederalist</i>	<i>Anti-</i>
SC	South	Smith, William	Nay	Nay	Nay	Aye	Federalist	Pro-
SC	South	Huger, Daniel	Nay	NV	NV	Aye	Federalist	Pro-
SC	South	Sumter, Thomas	Aye	Aye	Aye	Aye	<i>Antifederalist</i>	
SC	South	Tucker, Thomas	Nay	Nay	Nay	Aye	<i>Antifederalist</i>	
VA	South	Coles, Isaac	Aye	Aye	Aye	Nay	<i>Antifederalist</i>	<i>Anti-</i>
VA	South	Parker, Josiah	Aye	Aye	Aye	Nay	<i>Antifederalist</i>	<i>Anti-</i>
VA	South	Brown, John	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
VA	South	Madison, James†	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
VA	South	Page, John	Aye	Aye	Aye	Nay	Federalist	<i>Anti-</i>
VA	South	Lee, Richard	Aye	Aye	Nay	Aye	Federalist	Pro-
VA	South	Griffin, Samuel	Aye	Aye	Aye	Nay	Federalist	Pro-
VA	South	White, Alexander	Aye	Aye	Nay	Aye	Federalist	
VA	South	Moore, Andrew	Aye	Aye	Aye	Nay	Federalist	
VA	South	Giles, William*	NV	NV	NV	NV		

SOURCE: Farrand 1911, 3:557-559; Poole and Rosenthal, Voteview Website, <http://voteview.com/>; Bibliographic Directory of the United States Congress <http://bioguide.congress.gov/biosearch/biosearch.asp>.

^aVote #53 “[t]o consider the resolution to pick the permanent and temporary seats of government”

^bVote #75 “[t]o pass S. 12” (Residency Act of 1790)

^cVote #78 “[t]o disagree to the Senate amendment to the Public Debt Bill, which would provide for assuming the state debts”

^dVote #81 “[t]o agree to the amended Senate amendment to the Public Debt Bill, which would provide for the payment of the debts of the states”

† Delegates to the Federal Convention

‡ Member of the Convention Committee of Eleven to consider state debts

*Bland died in office and was replaced by Giles.

APPENDIX A

ALEXANDER HAMILTON, LETTER TO EDWARD CARRINGTON, DATED MAY 26, 1792

As to the third point, the question of an assumption of the State debts by the United States was in discussion when the convention that framed the present government was sitting in Philadelphia, and in a long conversation which I had with Mr. Madison in an afternoon's walk, I well remember that we were perfectly agreed in the expediency and propriety of such a measure; though we were both of the opinion that it would be more advisable to make it a measure of administration than an article of the Constitution, from the impolicy of multiplying obstacles to its reception on collateral details.

SOURCE: Max Farrand, ed. *The Records of the Federal Convention of 1787*. (New Haven and London: Yale University Press, 1911), 3:366-367.

APPENDIX B

THOMAS JEFFERSON, MEMORANDUM ON THE COMPROMISE OF 1790

The assumption of the state debts in 1790 was a supplementary measure in Hamilton's fiscal system. When attempted in the House of Representatives it failed. This threw Hamilton himself and a number of members into deep dismay. Going to the President's one day I met Hamilton as I approached the door. His look was sombre, haggard, and dejected beyond description. Even his dress uncouth and neglected. He asked to speak with me. We stood in the street near the door. He opened the subject of the assumption of the state debts, the necessity of it in the general fiscal arrangement and its indispensable necessity towards a preservation of the Union: and particularly of the New England states, who had made great expenditures during the war, on expeditions which tho' of their own undertaking were for the common cause: that they considered the assumption of these by the Union so just, and its denial so palpably injurious, that they would make it a sine qua non of a continuance of the Union. That as to his own part, if he had not credit enough to carry such a measure as that, he could be of no use, and was determined to resign. He observed at the same time, that tho' our particular business laid in separate departments, yet the administration and its success was a common concern, and that we should make common cause in supporting one another. He added his wish that I would interest my friends from the South, who were those most opposed to it. I answered that I had been so long absent from my country that I had lost a familiarity with its affairs, and being but lately returned had not yet got into the train of them, that the fiscal system being out of my department, I had not yet undertaken to consider and understand it, that the assumption had struck me in an unfavorable light, but still not having considered it sufficiently I had not concerned in it, but that I would revolve what he had urged in my mind. It was a real fact that the Eastern and Southern members (S. Carolina, however, was with the former) had got into the most extreme ill humor with one another. This broke out on every question with the most alarming heat, the bitterest animosities seemed to be engendered, and tho' they met every day, little or nothing could be done from mutual distrust and antipathy. On considering the situation of things I thought the first step towards some conciliation of views would be to bring Mr. Madison and Colo. Hamilton to a friendly discussion of the subject. I immediately wrote to each to come and dine with me the next day, mentioning that we should be alone, that the object was to find some temperament for the present fever, and that I was persuaded that men of sound heads and honest views needed nothing more than explanation and mutual understanding to enable them to unite in some measures which might enable us to get along. They came. I opened the subject to them, acknowledged that my situation had not permitted me to understand it sufficiently, but encouraged them to consider the thing together. They did so. It ended in Mr. Madison's acquiescence in a proposition that the question should be again brought before the House by way of amendment from the Senate, that tho' he would not vote for it, nor entirely withdraw his opposition, yet he should not be strenuous, but leave it to its fate. It was observed, I forget by which of them, that as the pill would be a bitter one to the Southern states, something should be done to soothe them; that the removal of the seat of government to the Potomac was a just measure, and

would probably be a popular one with them, and would be a proper one to follow the assumption. It was agreed to speak to Mr. White and Mr. Lee, whose districts lay on the Potomac and to refer to them to consider how far the interests of their particular districts might be a sufficient inducement to them to yield to the assumption. This was done. Lee came into it without hesitation. Mr. White had some qualms, but finally agreed. The measure came down by way of amendment from the Senate and was finally carried by the change of White's and Lee's votes. But the removal to Potomac could not be carried unless Pennsylvania could be engaged in it. This Hamilton took on himself, and chiefly, as I understood, through the agency of Robert Morris, obtained the vote of that state, on agreeing to an intermediate residence at Philadelphia. This is the real history of the assumption, about which many erroneous conjectures have been published. It was unjust, in itself oppressive to the states, and was acquiesced in merely from a fear of disunion, while our government was still in its most infant state. It enabled Hamilton so to strengthen himself by corrupt services to many that he could afterwards carry his bank scheme and every measure he proposed in defiance of all opposition; in fact it was a principal ground whereon was reared up that Speculating phalanx, in and out of Congress which has since been able to give laws and to change the political complexion of the government of the U.S.

SOURCE: Lance Banning, *Liberty and Order: The First American Party Struggle*, ed. and with a Preface by Lance Banning (Indianapolis: Liberty Fund, 2004), pp. 64-65. Accessed from <http://oll.libertyfund.org/title/875>

APPENDIX C

THOMAS JEFFERSON'S ACCOUNT OF THE BARGAIN, [1818] TEXT TRANSCRIPT OF JEFFERSON'S ACCOUNT (EXCERPT)

-tadly if it's rejection endangered a dissolution of our union at this incipient stage, I should deem that the most unfortunate of all consequences, to avert which all partial and temporary evils should be yielded. I proposed to him however to dine with me the next day, and I would invite another friend or two, bring them into conference together, and I thought it impossible ~~best~~ that reasonable men, consulting together coolly, could fail, by some mutual sacrifices, of opinion, to form a compromise which was to save the union, the discussion took place. I could take no part in it, but an exhortatory one. because I was a stranger to the circumstances which should govern it. but it was finally agreed that, whatever importance had been attached to the rejection of this proposition, the preservation of the union, & of concord among the states was more important, and that therefore it would be better that the vote of rejection should be resinded, to effect which some members should change their votes, but it was observed that this pill would be peculiarly bitter to the Southern states, and that some concomitant measure should be adopted to sweeten it a little to them. there had before been propositions to fix the seat of government either at Philadelphia, or at George town on the Patomac; and it was thought that by giving it to Philadelphia for ten years, and to George town permanently afterwards, this might, as an anodyne, calm in some degree the ferment which might be excited by the other measure alone, so two of the Patomac members (White & Lee, but White with a revulsion of stomach almost convulsive) agreed to change their votes, & Hamilton undertook to carry the other point, in doing this the in- [sic]

SOURCE: Library of Congress <http://hdl.loc.gov/loc.mss/mtj.mtjbib005113>

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