

nial code, which having become a dead letter in the statute book, had not yet been struck out of it.

2. If the discrimination had no effect in favor of the United States, it could not, for the same reason, be a prejudice to Portugal. If it were necessary and proper to go into the enquiry, more direct proofs could be given on this point.

3. High duties do affect the United States which produce the article, though paid by the British consumers. They have a double effect: They lessen the quantity called for; and by lessening the competition, they lessen also the price. This was a truth that could need no comment.

It was to be remarked however, that the zeal of the gentleman on this subject was such, that it had led him to extend the fallacy of his reasoning to rice, the staple article of his own state. This article pays a duty of $\frac{7}{4}$ ster. per hundred weight, but like the duty on tobacco, being paid by the consumer, was said to be of little concern to us.

Call the price of rice 10/ sterling: the duty is $\frac{7}{4}$. The whole class of people, then, in Great Britain, between the class who cannot afford to eat rice at the price of 10/; and the class who are willing to eat it at $\frac{17}{4}$ are prohibited the consumption by the duty. Was this a circumstance of no concern to the rice planters?—The gentleman should have been reminded of his error by his own arguments.

As an apology for the duty imposed in Great Britain, he tells us it was meant to prevent the use of rice as a substitute, for the bread-stuffs produced by Great Britain herself. Without the preventing duty then, rice would have been substituted in place of wheat, in the opinion of the British Parliament, and the demand for it, in the British market, so far increased.

As a merit in the British West-India regulations over those of France, it was stated by the gentleman, that rice in the West-Indies is a common food; that in the British, the importation of it is free, in the French, subject to a duty, though an inconsiderable one. In Britain then, where there is a high duty, rice is not an article of common food; in the islands where there is no duty, it is a common food; and the advantage of the British West-India market to us over the French, is, that the duty in the latter favors cheaper substitutes.

Another proof of the disposition of Great-Britain to favor the United States in the West-India market, is the prohibition of all foreign rice but the American. The same remark may be repeated here, which was applied to the discrimination in favor of our tobacco. It is an old colony regulation that has no effect whatever. What other foreign rice could be brought to the West-Indies? Is it the East-India rice? That is prohibited by its distance. Is it the rice of Portugal? That is prohibited by the laws of Portugal, and probably also by the lower price of the Carolina rice.

The inference which the gentleman had drawn from the comparative regulations of Great Britain and France on the subject of rice was so curious that it was worth a moment's attention.

The facts Mr. M. observed, stood thus. In France the duty is 1-8 per cent. In the French islands the duty is 1 per cent. In the British free with a prohibition of other foreign rice.

As the duty of 1 per cent. is scarcely sensible, and the prohibition, as shewn, is merely nominal, the inequality in the islands may be regarded as too immaterial to affect the comparison.

Passing to the two present states, the duty in France is 1-8 per cent.—The duty in Great Britain, 50 or 60 per cent.

Here then is nearly an equality in one part, and a difference of 50 or 60 per cent. in the other part of the two dominions; and yet the gentleman could say, it was not easy to pronounce, whether the article of rice stands on a better footing in the system of one, than in the system of the other.

Another charge against the Secretary of State is, that his report calls the discriminating duties in Great Britain in favor of American wood, small, whereas they are considerable, and in several instances, high.

(Speech to be continued.)

☞ This Gazette shall be enlarged, as it receives encouragement.—The Subscription increases daily.—Advertising Favors are solicited.—These constitute an essential item in diminishing the Debt side of the Account.

CONGRESS.

House of Representatives.

Friday, Feb. 28.

The Committee on Fortifications, bro't in another report this day which was read—this proposes fortifying in the principal ports of the United States.

Mr. Sedgwick called up a report of a select committee to whom it had been referred, "to report whether any and what sum was necessary to be loaned for the service of the current year," the purport of which was that it was expedient, that the President should be authorized to borrow 1,000,000 dollars if in his opinion the same should be necessary. The report was referred to the committee of the whole.

After the report was read, Mr. Sedgwick said it was the duty of the select committee, to state the several steps which had been taken in the progress of their enquiry, and the facts which had come to their knowledge, during the investigation; that the result which was expressed in their report, might have its merits decided on by the committee of the whole.

Mr. Sedgwick stated that however inadequate the actual receipts of the revenue might be, to discharge all the demands which might be made on the government; there was in fact no deficiency in the funds appropriated to the discharge of those demands. The deficit was owing merely to the credit which for the convenience and benefit of trade, was allowed to the merchants; and that in fact the bonded duties were more than equal to face all the demands which were contemplated. That this credit, it would be remembered extended from four months to two years.

He next stated that by the report now in the possession of the committee, the deficiency at the end of the present quarter would amount to 621,294 dollars and 18 cents. The select committee were not fully acquainted with the bank transactions in relation to the treasury, and were uncertain, whether money deposited in banks by collectors of revenue, was considered as in the treasury from the time of the deposit. He observed that this doubt arose from considering the law constituting the treasury department, by which it appeared that the Secretary's warrant was as well required for paying money in, as for issuing it from the treasury. It might therefore happen, if on the deposit, money was not considered as in the treasury, that the apparent deficit, reported of 621,294 dollars and 18 cents, might exist, while in fact, there might be at the disposal of government, a sufficient sum completely to answer every demand.

Mr. Sedgwick said that contemplating the subject in this view the select committee had thought it their duty to submit certain questions to the Secretary, which they had accordingly done, the import of which was, "whether money collected on account of the United States, in banks, was from the time of deposit, considered as in the treasury? Or, are any, and if any, what means are necessary to subject money so deposited to the controul of the treasurer? And in the latter case, who is from the time of such deposit until it passes into the treasury, responsible to the United States? Is any money now so deposited, capable of being drawn into the treasury? And if any, is the probable amount such, as to render a present provision for a loan inexpedient or unnecessary?"

Mr. Sedgwick then read a letter addressed to him as Chairman of the Select Committee, from the Secretary of the Treasury; with the following copy of which, he has been good enough to furnish the printer.

Treasury Department, Feb.
25th, 1794.

SIR,

The following are answers to the questions stated in your Letter of the 22d inst. viz.

Answer to Question the first.

All monies collected on account of the United States, and deposited in the banks to the credit of the Treasurer, are considered as in the Treasury from the time of the deposit. The steady course with regard to the standing revenue is that the money deposited in bank, passes immediately to the credit of the Treasurer.

But it is necessary to discharge the payers, that receipts of the Treasurer should be endorsed upon warrants signed by the Secretary, countersigned by the Com-

troller, and registered by the Register, which is the course regularly observed.

Answer to Question the second.

After monies are deposited in banks to the credit of the Treasurer, they are in his controul; though they may not legally be disbursed but upon warrants of the above description. If deposited without passing in the first instance to the credit of the Treasurer, the means used for placing them in his custody and disposal are warrants of the like kind.

Answer to Question the third.

In respect to any monies of the United States, deposited in banks but not passed to the credit of the Treasurer, the banks are considered as directly responsible to the United States; in the case of deposits to the credit of the Treasurer, they are responsible in the first instance to him, ultimately to the United States.

Answer to Question the fourth.

Only two cases are recollected, in which monies of the United States, may be considered as having been deposited in bank, without passing in the first instance into the account of the Treasurer. These relate 1st. to the proceeds of foreign bills sold for the government and received by the bank (all accounts of which are now finally closed)—2d. to the sum of 200,000 dollars, being the only sum now so deposited which arises from the last loan had of the bank. It is left (subject to the eventual decision of the legislature) as an offset against the second instalment of the two million loan from the bank.

The effect of the operation will be this—An interest of six per cent payable to the bank upon the instalment will be extinguished from the 31st Dec. last by an interest of 5 per cent payable to the bank upon the sum borrowed of itself and left in deposit. And it has been endeavored thereby to preserve consistency & regularity in the arrangements of the Treasury. The first instalment by leaving in deposit an equal sum of the proceeds of foreign bills was considered as effected on the 31st. December 1792, though there was not power to consummate the payment till some months after. Hence it becomes regular that each succeeding instalment should be paid on the last of Dec. of each year. The provisional measure, thus adopted, was the only expedient in the power of the treasury to reconcile, as far as practicable, considerations relative to the public interest and credit, with legality of procedure. Neither the sum in deposit on the one hand, nor the instalment payable to the bank on the other is bro't into the probable state of cash lately presented to the House of Representatives; because they balance each other and leave the result the same.

There are no existing sources from which monies can come into the bank on account of the United States, except from the proceeds of the revenue, which as far as known are comprized in the statement before the House of Representatives. So that there is no resource but a loan which can supply the deficit of receipt in the course of the present and succeeding quarter compared with the expenditure; without one, a failure in the public payments is inevitable.

If what has been said should not give the committee the light they desire, it is imagined that personal explanations would lead more fully to their object, than the course of written interrogatories and answers which can only partially embrace the subject, and may procrastinate a right understanding of it.

I am, Sir,

With esteem and regard,

Your most

Obedt. Servant,

ALEX. HAMILTON.

THEODORE SEDGWICK, Esq.
Chairman of the Committee.

After reading this letter Mr. Sedgwick observed, that the business as transacted, in the manner stated in the Secretary's letter, was the most beneficial possible for the United States, because it prevented any money, at any time, collected for the public, lying beyond the reach of the government and useless.

He further observed, that gentlemen would remember, that it was necessary not only to provide for a deficiency which might exist at the end of the current quarter, but also for that next succeeding. That to enable the select committee to discharge the duty which they owed to the house in this respect, it had been thought expedient to call on the Secretary. This they had accordingly done; and had ex-

tended their enquiry to that period, to fulfill the object of their commission. That the estimate resulting in their report, was formed of the best materials they could collect. He said, that in several particulars, it was probable that the estimate might not be justified by events. It ought however, to be remembered, that it was the duty of the legislature, to put the preservation of the public credit, almost beyond the reach of the possibility of being injured.

The first article he mentioned was the deficit which would exist on the first of April, amounting, as clearly reported to the House to 621,294 dollars and 18 cents—1,000,000 florins were to be paid in Holland by the 1st of July. The committee had agreed to estimate this at 400,000 dollars, though according to the present rate of exchange it would amount to somewhat that is about 40,000 dollars more. Gentlemen, he said, would undoubtedly perceive that it was for the public interest that this object should be provided for as early as possible, that advantage might be taken of the occurring circumstances so as to conduct the business most profitably for the United States—One quarter of the interest of the public debt was 700,000 dollars—One quarter of the civil list was estimated at 50,000 dollars. This he took notice would amount to somewhat more, owing to the increase of the number of the members of the Legislature—The remaining item mentioned by him was the army expenditures, estimated at 375,000 dollars—This article he observed might vary more from the estimate than any of the preceding. It might rise considerably above, it might fall considerably below. The conjecture would, however, be found probably not far from the truth. The aggregate of these several items amounted to 2,146,294 dollars and 18 cents. To satisfy this sum it appeared by returns in the Secretary's office, that there would fall due of duties on imports, and tonnage, in the months of April, May and June, and of course in season to face the demands which may be made on the 1st of July, 448,802 dollars and 22 cents. There will also be received in the same period, one quarter of the annual duties on distilled spirits, amounting by estimate to 100,000 dollars, which added to the returned amount of the duties as before stated of 448,802 dollars and 22 cents, makes an aggregate of 548,802 dollars and 22 cents. This sum deducted from the aggregate of the estimated demands which may become necessary to be discharged, being as before stated 2,146,294 dollars and 18 cents, would leave a balance to be provided for by loan of 1,597,492 dollars and 96 cents.

He observed, however, that there were two considerations which would considerably lessen this balance. These were, 1st, that there was a deficiency of returns of bonded duties; and 2d, the revenue of the present year arising from imports and tonnage, which would be in fact received previous to the 1st day of July—These two articles the Secretary had estimated at 600,000 dollars, this he had founded on his experience on this subject. The committee had thought their report might result in round numbers, departed minutely indeed, from the Secretary's estimate by reducing the 600,000, to 597,491 dollars and 96 cents, leaving according to their report, a balance of 1,000,000 dollars to be provided for by loan.

Mr. S. said it was true that all the demands on the Treasury might not be made at the precise moment they became due—It was indeed probable, that the money due to foreign officers in particular, might not; but he repeated what he had before said, that it was the duty of the Legislature to put the public credit beyond the reach of injury; and that by the report of the select committee, the authority to borrow was only to exist in the case of necessity.

Mr. Sedgwick concluded by reading from a paper he held in his hand, an account according to the detail he had before made and stated.

Mr. Giles said the chairman of the select committee had made a fair, and comprehensive statement of the conduct of the committee as far as he had gone; there were however some facts, which he had omitted, that he thought should be communicated. He said that in the course of the committee's investigation, it had appeared that the contract contemplated by the act for incorporating the bank, had been dated either in June or July. It had however been agreed, that it should have