

Monday, January 16—Continued.

Mr. Varnum. I consider it the indispensable duty of this house, and of each and every member of it, as much as it is in our power, to preserve inviolate the public faith, and to make all necessary provision for the payment of the just debts of the United States. But in doing this, we ought to have recourse to such objects of taxation, and such methods of collection, as we have reason to believe will be most agreeable to the people.

The government, no doubt, under an impression, that they were doing right, have resorted to imposts & excises, as the proper mode of raising a revenue; and experience has evinced that this mode of taxation, is a feasible one in the United States; it places very large sums of money in your treasury annually; and it is paid by the people, with a greater degree of cheerfulness in this way, than it probably would through the channel of direct taxation. Many of the objects from which our revenue is raised, by duties of import and excise, are articles of luxury and superfluity, and as these are generally considered to be such, those who make use of them, do willingly pay the tax laid on them by the government; and I presume will continue to do so, so long as the money shall be appropriated to purposes, which are promotive of the good of the Union. Duties on those articles which may be more properly classed among the necessaries of life, are paid by the consumer when he purchases the article, and are less felt by him, than they would be, if the whole duties of a year were to be paid in a gross sum.

By this mode of taxation, it is true, the poor and industrious people, whose income and labor barely supplying them with the common necessaries of life, do not pay any part of the tax or duty on wines, teas, silk, carriages and a great variety of matters; and why should they, when their necessity entirely prevents their ever making use of them? Yet the duty is paid, and it comes from the proper source; the man in possession of the money remits it to the public; and the poor man is thereby enabled to supply his children with bread, to assuage their hunger; and by clothing to guard them against the inclemency of the weather. Thousands of such people are within the United States. It is a maxim that will always hold good, that money must be looked for where it is, and not where it is not.

Hence I conceive the present mode of collecting a revenue, under the government of the United States, to be far preferable to a land tax: It is paid by the people with more facility, and realized by the government with more certainty.

Besides, the system is arranged and in a regular operation; all the officers are appointed, who would be necessary if a much larger sum were to be raised in the same way; so that the expense of collecting any additional duties on imposts and excise would be comparatively very small.

I am therefore clearly of the opinion, that any additional sums which may at present be needed, for defraying the expenses of the government, or for the payment of their just debts, ought to be raised by duties on imposts and excises; that is a method of taxation with which we are acquainted, and which experience has taught us the operation of, under this government.

But such is the variegated interest of the United States, and such their diversified method of levying and collecting direct taxes, that no uniform system of direct taxation can be devised, which will apply to the custom of any two of the States; and unless you adopt the rules of some one of the States your system will be diverse from any one which has ever been practised upon in any part of the Union. But if you adopt the method which has been prescribed by any one of the State governments and which may probably be very properly adopted, to suit the circumstances and conciliate the feelings of the people of such State, even in that case, you will have the prevailing opinion of fifteen States out of sixteen, directly opposed to your system. And this opinion having been acquired from long experience of the operation of direct taxes (which most of the States have of necessity constantly had resort to, for the support of their State governments, and for discharging the debts contracted in the late war with Great-Britain) and which being founded on local circumstances, habits and attachments, are very hard to be eradicated, will very much retard the operation of the system, if not render it entirely impracticable.

The Secretary's report on this subject brings into view, three modes of levying direct taxes, with which the House are acquainted.

The first of these modes has for its object, an apportionment on each State, on constitutional principles assigning a time for the money to be paid into the treasury, on failure of any State, to be assessed and collected by the authority of the United States, upon the same objects of taxation and pursuant to the same rules by which the last taxes were assessed and collected in such State.

1st. That an Act of Congress should be passed, declaring the quotas of the different States; assigning a time for payment into the treasury, and preferring, in cases of delinquency, that the said quotas should be assessed and collected by authority of the United States, upon the same objects of taxation, and pursuant to the same rules by which the last taxes were assessed and collected by the respective States.

2d. That the Act of Congress should direct that the proposed tax should be assessed and collected under authority of the United States, upon the same objects of taxation, and pursuant to the rules of the collection by which taxes are collected in States respectively.

3d. That the Act of Congress should define certain objects of taxation and principles of assessment, according to which the proposed tax should be assessed in all the States, to be collected pursuant to uniform regulations.

The report treats the first mode as entirely unworthy of confidence. It gives some countenance to the second mode; but finally concludes that it is ineligible—the third mode is recognized as the preferable one; and has been agreed to by the committee of ways and means; but, Sir, I must take the liberty of differing from their opinion on the subject; the mode which they have agreed to, is in my mind by far the most excusable of the three.

It decries that equality of taxation, which ought to characterize every nation, and which by strict attention and industry, founded on the true principles of equal liberty, from many years' experience, most of the States in the Union, have in a good measure, acquired the knowledge of and adopted.

It is calculated to saddle the industrious farmers of our country with an undue burthen. From the industry, toil, and fatigue, of those whose lot it is to till the earth, all orders, faculties, and professions of men derive their support. How many thousands of people in the United States, live from year to year without once feeling the fatigue of hard labor; and many of them swimming in luxury, from the effects of capitals artfully acquired from the hard earnings of the unwary laborer. And shall a system of direct taxation be adopted under the government, which the people have formed upon the

principles of equal liberty, which will oblige the industrious farmer to pay a land tax, and a tax on his building, which in most instances includes nine-tenths of his property; and all the money holders, holders of all other kinds of property, and those who from profession, or employment derived from the operation of our government, are living in affluence, be exonerated from any part of the burthen, except a small pittance for the houses they live in? No, Sir, it appears to me, that a system like this never can be agreed to in this house. Again, setting aside the dependence of the community, on the industry of the farmer and the mechanic for food and raiment, are not these the men on whom the government must principally rely, for personal service, in defence of the country, in case of an invasion from a foreign enemy? If so, which I presume will not be controverted, are they not entitled to equal privileges with their fellow citizens, according to the property they possess? most assuredly they are; but very widely otherwise will be the case, if the system before you should be adopted. The time that must be spent in forming an estimate on new principles through the United States, and the great number of new officers (at least 3,500 would be necessary) in assessing and collecting the tax would add very essentially to the burthen. If a direct tax should ever become necessary under this government, I hope it will embrace all the objects of taxation, which have been designated by the particular State governments; and notwithstanding the ingenious reasoning in the Secretary's report, against the practicability of the second mode therein stated, I am unable to figure to myself any possible inconvenience which would arise from it on the ground of the objections. And why that system was not adhered to in the report, am at a loss, for the resolve directing the report to be made contemplated no other.

But I am, from my present opinion induced to give the system first mentioned in the report the preference. The several States being convinced, that the authority of the general government would be exercised, if the money was not furnished by the time prefixed, they would in all probability make the remittance; but if any State should fail of doing it, this government would make the assessment on the inhabitants of the delinquent State; and would be under as good advantages for collecting it, as it would have been to have made the assessment on the inhabitants in the first instance; and the reasoning in the report does not apply to the case, for under the former government the Congress had no power to assess money on individuals in any case, and therefore were under the necessity of depending on the will of the State government alone, for a compliance with the requisitions; but under the present government the power of Congress to assess and collect such deficiency, is commensurate with their power to make the requisition.

This mode of laying direct taxes, would require no new officers, the money would be collected by the State officers with the State taxes, and would be attended with much less expense to the people, than either of the other modes presented.

But there are almost innumerable objections to a direct tax under this government, view it in what light you please; and I presume, that the government never will adopt one, until all the objects of indirect taxation are exhausted and the demands on the treasury make it indispensably necessary. Is that the case at this time? No Sir, I think it is not; but that very large additional sums may be drawn from that source if it were necessary.

Before we go fully into an investigation of the principles of a Land Tax, perhaps it would be expedient to enquire, into the annual receipts and expenditures at the treasury, and to satisfy ourselves whether there is, or is not a necessity of laying additional taxes of any kind. And if on rational calculation it should be found, that the proceeds of existing taxes, will be commensurate with the demands on the treasury, for the four succeeding years, your land tax will certainly be unnecessary. Being myself convinced of the fact, I will take the liberty of stating the principles on which my opinion is founded.

The annual expense of the government, including all demands, is estimated by the Secretary of the Treasury, up to the year 1801, at 7,463,000

The report estimates the duties on imports and tonnage, by the actual receipts into the Treasury, in 1795, at 5,558,961.26  
From excises on the same principle, at 337,255.36  
The revenue from the post-office, at 35,000  
Bank dividend, at 150,000  
Interest on redeemed stock 88,636.65  
On patents, &c. 746.73  
Amounting to 6,200,600

Which leaves an annual balance against the Treasury of 1,262,400

But it is to be observed that this statement is made from the money received into the Treasury in 1795, and is the product of the revenue in 1794. And by recurring to the revenue returns for 1795, we find the net amount of duties on imposts and tonnage in that year is 7,959,409.70.

Which gives a balance in favour of the Treasury besides supplying the sum calculated to be raised by direct tax of 496,409.70.

The amount of the revenue to be derived from Excise, is also estimated from the actual receipts in the Treasury in 1795, and is indisputably much too low; for in many parts of the United States the excise law had just begun to operate in 1794, in which year a great part of the receipts of the Treasury in 1795, actually accrued. It is, I think, most proper to take this estimate from the most recent date of receipts, and

From Sept. 30, 1795 to Oct. 1, 1796, the receipts on account of the excise were 469,579.31

Since that sum has been collected from the people, an additional tax has been laid by way of excise, which will considerably increase that branch of the revenue.  
Post-Office revenue 35,000  
Dividend of Bank products 150,000  
Interest on redeemed stock 88,636.65  
On Patents 74.75

Whole amount of net revenue 8,492,700.41

From the great increase of the Revenue from 1795 to 1796, I think that this statement can be relied on, with a degree of certainty, as a proper estimate of our annual revenue from existing taxes, which gives an annual balance in favor of the treasury, of 1,029,700.41

The Secretary of the Treasury, in his report on the subject of direct taxes, estimates the annual expense of the military and naval department and military pensioners at 2,000,000  
The estimate in detail for those departments for 1797 1,508,890

And I am of opinion that the real annual expense of those departments, will fall considerably short of this estimate taking it for four years, if proper economy is used, which will further increase the surplus money in your treasury. The general staff of the army are by the laws of the U. States, to be continued no longer, than the fourth day of March next, and therefore the items which apply to them in the estimate cannot be considered as an annual expense.

The pay of the general staff estimated up to the 4th of March next 874.31

As the United States are in a state of peace, and their army have only garrison duty to do, the keeping up a corps of dragoons can be of no use whatever, & a considerable saving will be made by reducing the corps

The dragoons' annual pay amounts to 9,480

General staff subsistence to 4th March next, 2,190 rations at 20 cents per ration is 578

Forage for the general staff 217.13  
Cavalry forage 9,696

The equipments for the cavalry 2,135.66  
Horses for the cavalry 13,950

The Secretary has estimated the expense of the quarter-master's department at 250,000 dollars. I am led to believe that the State of the army will admit of a reduction of that expense 100,000

A reduction of 50,000 Indian rations it being half the number stated in the estimate 10,000

Expense of running the line of the Indian territory 10,000

For building mills, &c. at Onocida 5,000

These items amount to 161,931.10

Deduct this last sum from the estimate for 1797 leaves 1,346,958

And this last sum deducted from the 2,000,000 stated in the report on the subject of direct taxes, as an estimate of the annual expense of the army and navy & military pensions gives another balance in favor of the Treasury, of 653,041.10

This sum, together with the surplus revenue in favor of the treasury make 3,682,711.51

This sum is the net produce of our annual revenues over the sums necessary to discharge all demands on the Treasury for the four succeeding years.

From this statement, which is taken from authentic documents, does it not clearly appear that it is entirely unnecessary, and even inexpedient to impose additional taxes of any denomination in the present session? While the existing taxes give you a net income of more than a million and an half of dollars annually, over and above the annual demand, which can, in the common course of occurrences, be made on the Treasury, for the four succeeding years, can you with any propriety, lay additional burthens on the people? It has often been observed, in the course of the debate on this subject, that all would agree in the necessity of additional taxes; but so far from an unanimous concurrence in this opinion, on a candid examination of the subject, with an usual reliance on the common course of events, will not every member of this house, consider any additional taxes to be unnecessary. [To be continued.]

TRENTON, February 7.

On Saturday last the inhabitants of this city were highly gratified by the opening of the navigation of the Atlantic.

At 15 minutes past 10 o'clock the new boat Hope, constructed by Gen. Brearly and Mr. David Hutchinson, on purpose for this navigation, left David's Town, at which place the upper lock is situated, and arrived here at 15 minutes past one. On board her came the president and managers of the company and near fifty other persons, she passed the first lock in exactly six minutes, and the second in seven; at the third she was detained about half an hour owing to its not being in perfect readiness, notwithstanding which she made good her voyage, calculated at 10 or 12 miles, exactly in three hours.

This is but about half the distance to which it is contemplated to extend the navigation, but it is presumed no more locks will be necessary in the whole extent of its course.

On the first appearance of the boat in sight of the town the company on board gave three cheers which was answered by a federal salute from Capt. Collins, who had politely, though on a short notice, collected a few of his men for that purpose, after which, at the moment of landing, the crowds of people who lined both shores of the creek saluted with three hearty cheers.

The president and managers, and a number of the gentlemen who came down in the boat then retired to a public house, where they dined together and spent the afternoon with great sociability and hilarity.

This being the first attempt at inland navigation which has been carried into effect in this State, it has had to encounter every obstacle which incredulity and prejudice could throw in its way, all of which it has surmounted with much less difficulty and expense than was at first contemplated by its warmest advocates, and we flatter ourselves it will serve as an introduction to more extensive and useful undertakings.

By the success of this scheme, trifling as it is in comparison with many others, an avenue is opened, and a cheap, easy and safe mode of conveyance established to this city through an extensive and fertile part of the country, and what is of great consequence, very large tracts of timber and woodland are laid open to our use, which have been heretofore at so great a distance from any water carriage or market as to render them of little or no value either to the proprietors or others.

We are informed that the subscription book is now open at the office of the treasurer of the company in Trenton, a few more shares being wanted to enable the managers to complete the navigation through its whole course; as soon as these are obtained the books will be finally closed.

Those who subscribe now, do it under double ad-

vantage; the success of the undertaking being fully ascertained, and the business in immediate operation, there is now a moral certainty that the profits will yield them a handsome interest for their money.

SAVANNAH, January 20.

The following letter was yesterday received, from the governor of Pennsylvania, by John Y. Noel, Esq. Mayor of this City.

SIR,

I received with the sincerest sympathy and regret, your communication, respecting the calamity that has recently afflicted the city of Savannah, and deemed it my duty to claim the interposition of the legislature, in order to secure an immediate and liberal contribution, for the relief of our distressed fellow citizens of the State of Georgia. I have now the pleasure of transmitting to you a copy of the act by which Fifteen Thousand Dollars, have been cheerfully appropriated for that benevolent purpose; and to inform you, that Samuel M. Fox, Robert Wain, and Charles Biddle, Esquires, are charged with remitting the amount to you, by the safest and most expeditious conveyance.

It is my earnest wish, that the example of Pennsylvania, may be pursued throughout the United States; and I shall rejoice, in hearing at an early period, that the inhabitants of Savannah, affectionately succoured by their brethren, and honorably supported by their own industry, have been restored to the flourishing condition, that they had previously attained, notwithstanding the ravages to which Georgia had been peculiarly exposed, during our revolutionary contest.

Accept the sentiments of personal esteem, with which I am, Sir,

Your most obedient,  
Humble servant,

THOS. MIFFLIN.

Philadelphia, Dec. 24, 1796.

PITTSBURGH, Feb. 4.

The rivers Ohio, Allegheny, and Monongahela were frozen over from the 28th of November until Monday last, when the ice gave way, and the navigation is now entirely free from obstruction.

Red Pole, a principal Chief of the Shawanese nation of Indians, died in this place on Saturday last—and the day following was buried with the honors of war. He was on his return home from visiting the President of the United States.

BOSTON, January 31.

ANSWER OF THE SENATE TO THE ADDRESS OF THE GOVERNOR.

MAY IT PLEASE YOUR EXCELLENCY,

THE Senate, having to recently taken occasion to express their sense of the distinguished services and merits of the President of the United States, and the feelings excited by his intention to retire from the burthen of public life, have only now to say, that they perfectly accord with your Excellency in the sentiments on that subject, contained in your communication to the Legislature.

The general voice of the United States has declared, that every scene of his illustrious life has been marked with the purest attachment to his country, and the most enlightened zeal to infuse her permanent felicity.

May America ever possess citizens whose ability and patriotism will add lustre to to bright an example; and may the influence of his character cause our country to feel, that, though removed from the active scenes of government, he has not ceased to promote her prosperity.

The Senate, Sir, are sensible of the high importance of preserving, uncontaminated, that most essential privilege of freemen, the right of election. Should the laws already made to insure that object, be found defective, they doubt not additional securities will be provided.

The attention shown by the people of the United States, in a late important election, to those distinguished citizens who early stepped forth, and have continued firm in the cause of freedom, shews their attachment to the principles which formed the basis of their government, and evinces the gratitude of true republicans to those who have been instrumental in their happiness.

We have ever been deeply impressed with the importance of supporting those institutions which tend to promote the progress of religion, morality and useful knowledge; and shall ever be ready to give all proper encouragement to establishments so essential to the freedom and happiness of a people.

The militia of this commonwealth is a subject which has heretofore occupied much of the attention of the Senate, and we shall be ready at all times to give it that consideration which its importance requires. When we call to mind the important services rendered to the cause of liberty, in the early stages of our revolution, by an undisciplined militia, we cannot but hope, that the system will be improved, that our commonwealth will never have occasion to resort, for her defence, to the hazardous expedient of a standing army in times of peace.

Your Excellency having announced your determination to retire from the public service, the Senate ask leave to express the tenderest attentions of the many and important services rendered by you to our common country.

In times of difficulty and danger you, Sir, were eminently engaged in the cause of freedom; and years of unremitting exertion, in various civil departments, since the establishment of our independence, prove the interest you have felt in the preservation of so invaluable a blessing.

To have lived to see the independence of your country firmly established, her prosperity increasing, and the principles of liberty and good government daily gaining strength, must be a source of happiness in retirement equal to the loudest wishes of your heart.

It is the sincere wish of the Senate that you may enjoy such a measure of health, as will long permit you to witness and partake of the blessings of that independence which you have so largely contributed to insure; and that the evening of your life may be as tranquil and happy, as its morning and meridian have been active and honorable.