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[Whole No. 304.]

READ IN THE HOUSE OF REPRESENTATIVES, THE 17th INST.

TREASURY DEPARTMENT, March 16, 1792.

THE Secretary of the Treasury, pursuant to a Resolution of the House of Representatives of the 8th instant, directing the said Secretary to report to the House his opinion of the best mode of raising the additional Supplies requisite for the ensuing year, respectfully submits the following

REPORT

THE sum which is estimated to be necessary for carrying into effect the purposes of the act for making further and more effectual provision for the protection of the frontiers of the United States, beyond the provision made by the act making appropriations for the support of government for the year 1792, is

Dols. 675,950 8

The returns which have been received at the treasury subsequent to the Secretary's report of the 23d of January last, among which are those of some principal ports, afford satisfactory ground of assurance, that the quarter ending the last of December was considerably more productive than it was supposed likely to prove; authorizing a reliance that the revenues to the end of the year 1792, will yield a surplus of 150,000 dollars—which may be applied in part of the sum of 675,950 dollars and 8 cents, above stated to be necessary.

Provision remains to be made for the residue of this sum, 525,950 dollars and 8 cents.

Three expedients occur to the opinion of the government for providing this sum.

One, to dispose of the interest, to which the United States are entitled in the bank of the United States. This, at the present market price of bank stock, would yield a clear gain to the government much more than adequate to the sum required.

Another, to borrow the money, upon an establishment of funds, either merely commensurate with the interest to be paid, or affording a surplus which will discharge the principal by instalments within a short term.

The third is, to raise the amount by taxes.

The first of these three expedients appears to the Secretary altogether unadvisable.

First—It is his present opinion, that it will be found, in various respects, permanently the interest of the United States to retain the interest to which they are entitled in the bank. But,

Secondly—If this opinion should not be well founded, it will be improvident to dispose of it at the present juncture, since upon a comprehensive view of the subject, it can hardly admit of a doubt, that its future value, at a period not very distant, will be considerably greater than its present—While the government will enjoy the benefit of whatever dividends shall be declared in the interval.

And, Thirdly—Whether it shall be deemed proper to retain or dispose of this interest, the most useful application of the proceeds will be as a fund for extinguishing the public debt. A necessity of applying it to any different object, if it should be found to exist, would be matter of serious regret.

The second expedient would, in the judgment of the Secretary, be preferable to the first.

For this the following reason, if there were no other, is presumed to be conclusive—namely, That the probable increase of the value of the stock may itself be estimated as a considerable, if not a sufficient fund, for the repayment of the sum which might be borrowed.

If the measure of a loan should be thought eligible, it is submitted as most advisable to accompany it with a provision, sufficient not only to pay the interest, but to discharge the principal within a short period. This will, at least, mitigate the inconvenience of making an addition to the public debt.

But the result of mature reflection is, in the mind of the Secretary, a strong conviction, that the last of the three expedients, which have been mentioned, is to be preferred to either of the other two.

Nothing can more interest the national credit and prosperity, than a constant and systematic attention to husband all the means previously possessed for extinguishing the present debt, and to avoid, as much as possible, the incurring of any new debt.

Necessity alone therefore can justify the application of any of the public property, other than the annual revenues, to the current service, or the temporary and casual exigencies of the country—or the contracting of an additional debt, by loans, to provide for those exigencies.

Great emergencies indeed might exist, in which loans would be indispensable. But the occasions which will justify them must be truly of that description.

The present is not of such a nature. The sum to be provided is not of magnitude enough to furnish the plea of necessity.

Taxes are never welcome to a community. They seldom fail to excite uneasy sensations more or less extensive. Hence a too strong propensity, in the governments of nations, to anticipate and mortgage the resources of posterity, rather than encounter the inconveniences of a present increase of taxes.

But this policy, when not dictated by very peculiar circumstances, is of the worst kind. Its obvious tendency is, by enhancing the permanent burthens of the people, to produce lasting distress, and its natural issue is in national bankruptcy.

It will be happy, if the councils of this country, sanctioned by the voice of an enlightened community, shall be able to pursue a different course.

Yielding to this impression, the Secretary proceeds to state for the consideration of the House, the objects which have occurred to him as most proper to be resorted to, for raising the requisite sum by taxes.

From the most careful view which he is able to take of all the circumstances, that at the present juncture naturally enter into consideration, he is led to conclude, that the most eligible mode, in which the necessary provision can at this time be made, is by some additional duties on imported articles.

This conclusion is made with reluctance, for reasons which were noticed upon a former occasion, and from the reflection, that frequent and unexpected alterations in the rates of duties, on the objects of trade, by inducing uncertainty in mercantile speculations and calculations, are really injurious to commerce and hurtful to the interests of those who carry it on.

The stability of the duties to be paid by the merchants is in fact of more consequence to them than their quantum; if within reasonable bounds.

It were therefore much to have been wished, that so early a resort to new demands on that class of citizens could have been avoided, and especially that they could have been deterred until a

general tariff could have been maturely digested, upon principles, which might with propriety render it essentially stationary.

But while there are these motives to regret, there are others of a consoling tendency, some of which indicate, that an augmentation of duties, at the present juncture, may have the effect of lessening some public evils, and producing some public benefits.

It is a pleasing fact, if the information of the Secretary be not very erroneous, that the improved state of the credit of this country enables our merchants to procure the supplies which they import from abroad upon much more cheap and advantageous terms than heretofore, a circumstance which must alleviate to them the pressure of somewhat higher rates of duty, and must contribute, at the same time, to reconcile them to burthens, which being connected with an efficacious discharge of the duty of government, are of a nature to give solidity and permanency to the advantage they enjoy under it.

It is certain also, that a spirit of manufacturing prevails at this time in a greater degree, than it has done at any antecedent period, and as far as an increase of duties shall tend to second and aid this spirit, they will serve to promote essentially the industry, the wealth, the strength, the independence and the substantial prosperity of the country.

The returns for one year, ending the thirtieth of September last, an abstract of which is in preparation to be communicated to the legislature, evince a much increased importation, during that year, greater far than can be referred to a naturally increasing demand from the progress of population, and announce a probability of a more than a proportional increase of consumption; there being no appearance of an extraordinary abundance of goods in the market. If happily an extension of the duties shall operate as a restraint upon excessive consumption, it will be a salutary mean of preserving the community from future embarrassment, public and private. But if this should not be the case, it is at least prudent in the government, to extract from it the resources necessary for current exigencies, rather than postpone the burthen to a period, when that very circumstance may cause it to be more grievously felt.

These different considerations unite with others which will suggest themselves to induce, in the present state of things, a preference of taxes on imported articles, to any other mode of raising the sum required.

It is therefore respectfully submitted— That the existing duties on the articles hereafter enumerated, be repealed, and that in place of them the following be laid, viz.

WINE S.		Cents.
Madeira of the quality of London particular, per gallon,		56
Ditto London market	per do.	49
Other Madeira wine	per do.	40
Sherry	per do.	33
St. Lucar	per do.	30
Oporto	per do.	25
Teneriffe and Fayall	per do.	20
All other wines	40 per centum ad valorem.	

SPIRITS.		
Those distilled wholly or chiefly from grain.		
Of the first class of proof	per gallon,	28
Of the second do.	per do.	29
Of the third do.	per do.	31
Of the fourth do.	per do.	34
Of the fifth do.	per do.	40
Of the sixth do.	per do.	50

Other distilled Spirits.		
Of the second class of proof and under	per do.	24
Of the third do.	per do.	27
Of the fourth do.	per do.	31
Of the fifth do.	per do.	37
Of the sixth do.	per do.	45

Beer, ale and porter	per do.	8
Steel	per cwt.	100
Nails	per lb.	2
Cocoa	per do.	2
Chocolate	per do.	3
Playing-Cards	per pack	25
Shoes and slippers of silk		20
Shoes and slippers of stained or coloured leather, other than black, for men and women		10
Ditto ditto for children		7
All other shoes and slippers, for men and women, clogs, golo shoes		10
All other shoes and slippers for children		7

ARTICLES ad valorem.

China wares		
Looking glass, window and other glass, and all manufactures of glass, black quart bottles excepted		
Muskets and Pistols		
Swords, cutlasses, hangers, and other fire and side arms		
Starch		
Hair powder		
Wafers and		
Glue, 15 per centum ad valorem.		
Cast, flu and rolled iron, and generally all manufactures of iron, steel, tin, pewter, copper, brass, or of which either of these metals is the article of chief value, not being otherwise particularly enumerated		
Medicinal drugs, except those commonly used in dying		
Hats, caps, and bonnets of every sort		
Gloves and mittens		
Stockings		
Millenary ready made		
Artificial flowers, leathers and other ornaments for women's head dresses		
Fans		
Dolls, dressed and undressed		
Toys		
Buttons of every kind		
Carpets and carpeting, mats and floor cloths		
Sail cloth		
Sheathing and cartridge paper		
All powders, pastes, balls, balsams, ointments, oils, waters, washes, tinctures, essences, liquors, or other preparation or composition, commonly called sweet scents, odours, perfumes, or cosmetics		
All dentrifice, powders, tinctures, preparations or compositions for the teeth or gums		
Printed books, except those specially imported for a college, academy or other public or incorporated seminary of learning or institution, which shall be wholly exempted from duty—10 per cent. ad valorem.		

The foregoing duties to be permanently established, and to be appropriated in the first place to the payment of the interest of the public debt; in the second, to such other grants and appropriations as have been heretofore made; and in the third, to the purposes of the act for making further and more effectual provision for the protection of the frontiers of the United States.

An addition of two and half per cent. ad valorem, to be made to the duty on all goods heretofore rated at 5 per centum ad valorem.

This addition to be temporary, and accordingly to be established as that it shall not continue longer, than till the present Indian war shall terminate, and the expenses of carrying it on shall have been defrayed, which will of course include the reimbursement of any sums, that may have been borrowed by way of anticipation of the product of the duties.

It is represented that the present duty on salt operates unequally from the considerable difference in weight in proportion to quantity of different kinds of salt; a bushel weighing from about 56 to upwards of 80 weight. It would have an equalizing effect if the bushel were defined by weight; and if 56 pounds were taken as the standard, a valuable accession to the revenue would result.

This regulation is therefore submitted as a resource upon the present occasion. The rate of duty to remain as it is.

It will be a reasonable accommodation to trade, if it is made a part of this arrangement, to extend the credit for the duty on salt, to a longer term. It is an article, which from the circumstances of its importation, frequently lies on hand for a considerable time; and in relation to the fisheries is usually sold upon a credit of several months.

Some remarks may be proper in regard to the proposed duties:

Those on spirits and wines may appear high. They are doubtless considerable—But there are precedents elsewhere of much higher duties on the same articles. And it is certainly in every view justifiable to make a free use of them for the purposes of revenue.

Wines, generally speaking, are the luxury of classes of the community who can afford to pay a considerable duty upon them.

It has appeared advisable to adhere to the idea of a specific duty per quantity on all the species of wines in most common consumption in the country, and those most susceptible of precise designation; as affording the greatest certainty to the revenue. And to adopt a general ad valorem rate for other kinds, proportioned to the specific duties. This rate is 40 per cent.

This distinction has proceeded from the difficulty of a precise enumeration of all the other kinds of wine, which are and may be imported, and of such an adjustment of specific rates, as will bear some reasonable proportion to the value of the article. The present lowest rate of duty on wines amounts to 200 and 300 per cent. on the value of certain kinds; which may be considered as equivalent to a prohibition.

While therefore ideas of proportion will be better consulted than heretofore, by the proposed arrangement, it is probable, that the revenue will be benefited, rather than injured, by a reduction of the duties on low priced wines.

The considerations which render ardent spirits a proper object of high duties, have been repeatedly dwelt upon. It may be added, that it is a familiar and a just remark, that the peculiarly low price of ardent spirits in this country is a great source of intemperance.

To bring the price of the article more nearly to a level with the price of it in other markets by an increase of duty, while it will contribute to the advancement of the revenue, cannot but prove in other respects a public benefit.

The rates proposed will be still moderate compared with examples in other countries; and the article is of a nature to enable the importer, without difficulty, to transfer the duty to the consumer.

A discrimination is suggested in respect to duties on spirits distilled from grain. To this there have been two inducements—one, that the difference in the duty is conformable to the difference between the cost of the grain spirits usually imported, and that of West-India rum—another, that it is in a particular manner the interest of the United States to favor the distillation of its own grain, in competition with foreign spirits from the same material. In the second division of spirits, the first class of proof is dropped, because none of it comes from the West-Indies; and because any other spirits usually imported which may be of so low a proof are higher priced, even than some of the higher proofs of West-India spirits. The dropping of that class of proof therefore in this case is favorable to the revenue: and favorable to equality.

Several of the other specific duties which are proposed, besides the inducements to them as items of revenue are strongly recommended by considerations which have been stated in the report of the Secretary on the subject of manufactures. The same report states inducements to a 15 per cent. duty on some of the articles, which are mentioned, as proper to be comprized under that rate.

With regard to china and glass, there are two weighty reasons for a comparatively high duty upon them. The use of them is very limited except by the wealthier classes. And both their bulk and liability to damage in transportation are great securities against evasions of the revenue. It will however merit consideration, whether for the accommodation of importers, a longer term of credit ought not to be allowed on these articles.

A duty of two cents per pound on cocoa is less in proportion to value than the present duty on coffee. As an extensive article of consumption, it is a productive one of revenue.

The duty on playing cards can give rise to no question except as to practicability of a safe collection. In order to this it will be proper to super-add certain precautions, which will readily occur in regulating the details of a bill for the purpose. A similar attention will be requisite in regard to the duties on wines. The employment of marks and certificates may advantageously be extended to this article.

The rate of 10 per centum ad valorem it is hoped will not be deemed immoderate in relation to the articles to which it is proposed to apply it. It is difficult to assign rules for what ought to be considered as a just standard. But after the best consideration which the Secretary has been able to bestow upon it, he cannot discover, that any real inconvenience is likely permanently to result from the extension of that rate to the cases proposed.

The addition of 2 1/2 per cent. to the duty on the mass of articles now rated at 5, will constitute an important, though not an excessive augmentation. Nevertheless, it is proposed, that it shall be only temporary—and there is reasonable ground of expectation, that the cause for having recourse to it will not be of very long continuance.

It will not have escaped the observation of the House, that the duties which were suggested in the Secretary's report, on that subject, as encouragements to manufactures, are for the most part included among the objects of this report.