

CONGRESS.

HOUSE OF REPRESENTATIVES.

Wednesday, January 14, 1795.

The House, on motion of Mr. W. Smith, went into a committee of the whole, in order to take into consideration the report of the select committee on a plan for discharging the national debt.

The report having been read by the Clerk, Mr. W. Smith moved that certain duties therein named should be continued, not to 1801, as proposed in the report of the committee; but that this term should be struck out, and the duties continued till other taxes could be substituted for discharging the public debt.

Mr. Nicholas said that since the report had been made, a committee had been appointed to take into consideration the complaints of the sugar and snuff manufacturers, and it was now proposed to make an alteration in the mode of levying the excise on snuff and sugar. Mr. Nicholas had been one of the committee. Evidence had been adduced that the manufacture of snuff was stopped altogether from the impossibility of carrying it on under the present system of excise. There had been no rise in the price of refined sugar yet it could not be sold. It lay on the hand of the manufacturer.

Mr. S. Smith opposed the motion for striking out that part of the report, which continued these duties to the year 1801. This amendment would perpetuate the law, which he hoped, contrary to the design of the gentleman who moved it, we had not obtained any information from the officers of the excise, in order to learn whether it was possible to collect the excise in this mode or not. Yet in the face of the evidence of the manufacturers, and without any authority to contradict them, we are going to perpetuate the excise. As to the duty of two cents, it has been proved that this is paid by the manufacturer only, and that he cannot lay it on his customers. Will any gentleman propose to perpetuate a law, which is to perpetuate the destruction of a manufacture? The sugar bakers of Philadelphia demonstrated to the satisfaction of the majority of the committee that this would be the case.

Mr. McDowell would rather vote for the repeal altogether, than for the proposed amendment.

Mr. Sherbourne said, that during last session, when the excises in question were imposed, much had been said of the impropriety of laying such taxes on the manufactures of this country. In reply it has been asserted in the most positive style, that the impost duties would fall infinitely short, and there was even a kind of stigma attempted to be cast on gentlemen who objected to the laying on of these duties, or who doubted that the revenue would fall short. At present we have accounts from all quarters of the ruinous consequences of these excises. The impost, instead of falling short, has risen higher than it ever was before. The alleged cause why the new taxes were laid has proved to be without foundation. This in itself, is an adequate reason why they ought to be repealed. But there is a second reason, viz. the destructive nature of the taxes themselves.

Mr. Fitzsimons would not allow that any revenue law could have its effects fairly tried in one or two years. He could not admit that the sugar duty would fall on the manufacturer. He would ask any member of the committee whether the effects of this tax could be fully understood in three or four months? For that he believed was the time during which they had been in effectual operation. As to the quantity of sugar on hand, it may be supposed that when a duty was to be laid on, large quantities would be bought up before hand. It had also been reported, but he did not pretend to warrant the truth of the report, that there had been a suspension of the buying, in expectation that the duty would be taken off. The sugar bakers had the market entirely in their own hands, and he did not believe that the people of America would want refined sugar for the difference of two cents in a pound. He was entirely against any sudden and unadvised repeal.

Mr. Goodhue did not admit that tax fell on the manufacturer alone. The merchant who paid an impost on imported goods might as well say that he paid the impost out of his own pocket. He could not affirm, but he thoroughly believed that as much refined sugar was consumed in the country at this hour, as when the duty was first laid. But the way to save the manufacturers was to lay another duty upon sugar unrefined. The latter would then be raised equally with the former; and as very little refined sugar is imported, the American sugar bakers would have a complete monopoly. In reply to Mr. Sherbourne about the impost, he enquired whether we were afraid of having too much money. It was proper to pay off the public debt, and for this purpose it was necessary to collect as much money as as could be had in a proper way. The manufacturers of whiskey had alleged that they too were much injured by the excise. Mr. Goodhue believed the fact to be otherwise.

Mr. Findley confined himself to the propriety of extending the limitation of excises on snuff, sugar, &c. He said that they had been opposed last session on principle, as laying improper restrictions on the manufacturers, discouraging the fair trader, and extending a precedent, that

would eventually lead to levying excises on all manufactures; but when the limitation for two years was introduced, as an accommodation, the opposition was so far given up as that the yeas and nays were not called; therefore it was enacted as a law of experiment. He complained that now, before the experiment was made, the limitation was attempted to be extended. He said that the limitation was a pledge of the faith of government to the public, that the law would not be extended till experience of its utility and productiveness would justify the measure. He asked, where was the report from the treasury informing us what was the product of these revenues? There was none. But from the manufacturers there was information. They had made it appear to the committee, that the snuff excise, as it stood was impracticable except to hand mills which never could be productive, and might be wrought in secret and elude the tax, and that the consumption of loaf sugar was greatly decreased. He expected that the snuff law would be rendered practicable. He did not urge that either of them should be repealed now; he only wished that the faith of government enacting the limitation should be supported. He hoped that his disposition to discharge the public debt would not be tested by his refusing to extend the limitation. He would discover, on a proper occasion, that he was very willing to pay the debt by opening resources of a more general and productive kind. He was not for delaying that business by depending on small and uncertain excises upon manufactures, which for every 40 or 50,000 dollars they would produce, would raise a new and separate host of difficulties. It was time enough to extend the limitation when it would be known what amount would be produced, and how it would affect the manufacturers.

Mr. Dayton was in favor of continuing the sugar excise till the year 1801. He said that two arguments inconsistent with each other were offered against it. One was that the sugar bakers would be forced to pay the excise themselves, which would end in destroying their trade. The other was that the advanced price of sugar had driven their customers to the use of unrefined sugar. Both accounts could not be true. If the manufacturer paid the duty out of his own former profits, the price was not advanced. If he advanced the price on his customer, he did not pay the price out of his own pocket. He would leave gentlemen to take which ever side of the question they pleased. But he did not think it proper that they should occupy a double ground. In one particular passage, he was not sure that he understood Mr. S. Smith, who explained.

Mr. Sedgwick said he rose particularly to request that his friend (Mr. Smith, S. C.) would withdraw his motion, for continuing the taxes laid last session, beyond the year 1801, not because he himself should not prefer a longer continuance, but because he had understood that time had been agreed on by the select committee as a matter of compromise.

Mr. Sedgwick said as he was now up, although he had no intention of speaking fully to the subject, he would submit a few cursory remarks. He had expected, when he recollected what gentlemen had formerly said on the subject of the debt—when he called to mind the public opinion, which he believed no member of the committee mistook, he had expected an unusual degree of unanimity in the attempt honestly to provide a sinking fund. As we progressed in our deliberations, he yet entertained a hope, that his expectations would not be disappointed.

If the committee was determined, in earnest, to adopt the means of reducing the public debt, taxes adequate not only to the proposed reduction, but to the necessary accruing expences of government must be imposed. Without the latter, there could be no well grounded confidence, that the former would be continued. If other taxes could be substituted, less objectionable, than those under consideration, they should certainly be accepted. The taxes contemplated were on loaf sugar, snuff, licences for retailing spirituous liquors, sales at auction and carriages. He would not enter into a discussion of the merits of those taxes, he would however observe in general that, in his opinion, the legislature in laying those taxes, had either wisely or accidentally hit, on those subjects, which were among the most eligible. In the commencement of the operation of any tax, probably inconveniences and embarrassment would be felt, by those who were directly called upon, certainly plausible objections might be made. A change of subjects of taxation was itself a very great evil, and whenever a change was proposed, the inconveniences and inconveniences should be duly considered.

To these taxes generally it was objected, that they had not the test of experience. The same was also true of any substitute which might be proposed, excepting direct taxes. He hoped, in the progress of this discussion, to find gentlemen sincere. Respecting direct

taxes, it was not his intention of speaking particularly, he could not, however, omit to declare, that in his opinion there was not one gentleman belonging to the legislature who supposed there was even a possibility, that they could be received as a substitute for those immediately under consideration; for altho' there might be individuals within the house, and districts of country, who approved, or offered to approve, direct taxes, as the means of reducing the debt, yet both here and there they were such an inconsiderable minority, as in the opinion of all, rendered it impossible to attempt the expedient. If then, direct taxes could not be resorted to; to offer them, as the sinking fund would certainly create doubts of sincerity.

With regard to the taxes on snuff and loaf sugar, respecting which hitherto the only explicit objections had been made, they were objects of luxury, and as such properly sources of revenue. They were domestic manufactures it was true, but by our regulations all foreign competition in the sale of those articles was excluded, and the consumer, therefore, would undoubtedly be compelled to pay the tax.

Mr. Sedgwick concluded by again requesting Mr. Smith to withdraw his motion for the reason before given.

Mr. W. Smith said, that there were seventeen or eighteen manufactures of snuff in the United States. Of these he believed that only five or six had complained of the tax. The great objection to it was the facility which it gave to smuggling, for those who wished to defraud the revenue and to undersell their neighbours. An improvement had been suggested and adopted in the report of the committee of transferring the duty from the pounds of snuff to the mortar. This would be easier for the manufacturer, and safer for the revenue. Very little snuff was imported into the continent, so that the manufacturers had a monopoly. He would ask gentlemen whether it was proper that while salt, a necessary of life was taxed, snuff, a mere luxury should not be taxed. He adverted to the fluency with which gentlemen affected to speak in that House of a land tax, a measure attended in this country with so many difficulties, that it was in reality impracticable. In any view of the subject, it must be a long time before such a tax could come into operation. The immense extent of the country, the wide difference in the natural soil of the lands, and in the state of cultivation and the impracticability of ascertaining their proportionate value presented innumerable obstacles to such a source of revenue.

Mr. Smith made only a slight allusion to these circumstances, regarding an American land tax, which are here specified for the sake of clearness. Mr. Smith believed that a land tax would meet with very few advocates within these walls, which had been proved last session, and it would find a very small number of advocates without doors. The member complained that the design of his amendment had been mistaken. He never aimed at making the taxes in question perpetual. His intention was only to continue them till others equally productive could be placed in their room. In point of justice, he thought the country intitled to a revenue from the manufacture of snuff, because if it had not been made here, it would have been imported and paid an impost. The manufacturers had obtained a monopoly, and why should so great an article not be taxed as well as others? he considered it as a part of the policy of this country, that, when a manufacture had grown to so great a height as to exclude every foreign competitor, which would have paid a revenue to the state, the state was entitled to lay a tax upon it by way of compensation for that which it had thus lost. In answer to Mr. Sherbourne, he denied that the new taxes had produced such universal dissatisfaction among the manufacturers affected by them. He seemed to think that the discontent was wholly, or in a great measure confined to Philadelphia. One reason why the consumption of sugar had been diminished was, that the friends had resolved not to use it. This was only a large and temporary cause for lessening its consumption. It was in vain to exclaim against the national debt as a curse, and then refuse to adopt the best expedients which could be contrived to release the United States from it. He concluded by expressing his hope that, on a principle of compromise, the Committee would take the report as it now stands.

Mr. Smilie was against the continuance of the taxes for so long a time as that proposed by the amendment.

Mr. Nicholas, in reply to Mr. Goodhue, observed, that if two cents per pound were added to the duty on unrefined sugar, this would not do any ser-

vice to the refiner, who would still pay as much more in advance for the raw material. As to the double ground objected to by Mr. Dayton, he had a satisfactory answer to that. The following part of what the member said was not distinctly heard in some places of the house. Mr. Nicholas proceeded to state that the report from the select committee had not been drawn up, as had been intended by the members of that committee. Mr. W. Smith rose and contradicted this assertion. He had been lucky enough to keep the copy of the minutes of what passed in the select committee, and these minutes he read. Mr. Nicholas answered, "I told the gentleman that this was not agreeable to my ideas." Mr. Smith could not help that. The thing had been put to the vote; and carried by a majority. Mr. Nicholas said that it was contrary to the opinions of a majority of the Committee, and he added some explanation how the report came to be suffered to appear in its present form, but different gentlemen rising so quickly after each other, or rather at the same times some part of the observations of Mr. Nicholas, which were material to his argument, have been lost. Mr. Fitzsimons rose to remind the gentleman that it would be both more correct and more decent to confine himself to a statement of his own opinions, than to give those of the select committee. Mr. S. Smith, (of Maryland) said that he had understood the meaning of the committee to be exactly as Mr. Nicholas had expressed it. The Committee would have repealed the duties referred to altogether, if they had possessed themselves to possess full enough information on the subject. Mr. Dayton challenged Mr. Nicholas for having charged him with a misstatement. Mr. Nicholas explained.

Mr. S. Smith, in reply to the remarks of Mr. W. Smith, of people objecting to taxes, and yet affecting to wish for the reduction of the public debt, declared that he was one who wished for the payment of the debt, and at the same time was against the taxes proposed; he said that the continuation of the taxes was unfair. They had been proposed for two years as an experiment. The experiment has not been tried. Besides, the pretence for laying the taxes hath ceased, for the impost has turned out more productive than ever it had been, yet gentlemen insist on continuing these taxes. He said that this was a deception upon the public. There was charged in the estimate for 1795, one million three hundred and ten thousand six hundred and thirteen dollars, for a western insurrection, as if we were to calculate upon an annual expedition to the back countries. This was one deception. There was another deception, or if the gentleman from Pennsylvania [it was thought that Mr. Smith alluded to Mr. Fitzsimons] did not like that word, he should call it a mistake. Mr. Smith however, had got into a habit of conveying his ideas by those words most apt and significant for expressing them. He proceeded to shew, that though there was to be only six hundred thousand dollars demanded for paying the national debt, yet that after 1795 there would be an annual balance of one million eight hundred and twenty two thousand dollars on hand to discharge it. From this he argued, that there was no necessity for continuing those laws.

The following statement of calculations was made by Mr. S. Smith.

Table with financial calculations: State of funds to be calculated on for 1796. Includes Dr. Surplus of 1794, Fund demanded to sink the 2 per cent, Excise on sundry articles to be repealed, Balance for contingencies, and Cr. Balance at close of 1795 pr. Estimate, Surplusses that may be safely calculated on, For expences on the militia expedition that will be saved in 1796, Increase on imposts for 1796 more than allowed in the estimate.

Mr. Smith had the honor to state last session, that the imposts of 1794, would not be less than those of 1792. The event had justified his assertion. He now, as a commercial man affirmed, that they would equal in 1795 what

they had been in 1795. It was possible that they would be still greater. The new taxes might be continued for the 2 years mentioned in the act. When the manufacturers come, with tears in their eyes, intreating you not to recede, families to beggary, and while, at the same time, you will have near three times as much money in your hands, will you, in such circumstances, continue the tax?

Mr. Smith insisted much on the respectable characters of the sugar refiners of Philadelphia, who had solemnly declared, that the excise would, inevitably, extirpate the manufacture; and he adverted, at different times, to Mr. Fitzsimons, who had admitted, that the sugar refiners of Philadelphia were of a most respectable character, and yet questioned the accuracy of their assertions in a matter of which they were perfectly competent to judge with precision. He complained of being interrupted once or twice while speaking, by a member. To gentlemen whose profession was public speaking, this was no inconvenience, but with him the case was different. He had been a friend to the excise on distilleries, because he had thought it a good one for the country in general; but as to his own distillery, he had never, since an excise was imposed, made five shillings by it. As to his sugar bakery, it would have the very same termination.

Since the law passed, the refined sugar lay, like a dead letter, on the hands of the manufacturer. In this city, it had been said, that as much refined sugar was now consumed, as had ever been consumed in this country. That he denied. He entreated gentlemen to enquire in their own families, and they would soon be convinced, that the consumption of refined sugar was greatly reduced. He exulted on the injustice and absurdity of the sugar and snuff excise. The system was absurd, because the object of revenue would be destroyed. It was in the highest degree unjust. You lay an impost on foreign snuff and refined sugar. Men of capital then set up the manufactures, encouraged by your acts. To set up a snuff manufacturer required ten thousand dollars, and a sugar bakery required ten thousand pounds. You have got manufacturers engaged. Their capital is fixed; and then you come down upon them with an excise that destroys the whole. Mr. Smith dwelt upon this idea. He did not speak in this way from any view to personal interest of his own, but from a conviction that, in a financial light such taxes never could be of any service, and would be most destructive to individuals. The gentleman added a great number of other remarks, which, from want of room, it is impossible to insert. Some time before he had done speaking, Mr. W. Smith observed, that as it was now past three o'clock, it would be better for the member to defer the delivery of the rest of his remarks till to-morrow. Mr. S. Smith, in answer, said, that the gentleman had a very happy faculty at interrupting him.

At twenty minutes past three o'clock the committee rose, the chairman reported progress, and the House adjourned.

In the above debate, it had been alleged that the manufactures of snuff possessed a monopoly of American consumption.

Mr. Nicholas observed, that there was great reason to believe they possessed no such thing. Evidence had been laid before the select committee, which shewed that there was very little snuff of American manufacture used in three of the southern States. The natural conclusion was, that a great quantity of foreign snuff must be smuggled into the country; and if the excise system continued, the quantity smuggled would soon amount to the total consumption. The sketch of the remarks of Mr. Nicholas have already been sent to press, and this additional note, which had been missed, is now inserted at the end of this article for the sake of doing justice however imperfectly, to the argument, of that member.

For the Gazette of the United States. To the MANAGERS of the NEW THEATRE.

IT is a misfortune, that generosity and indulgence cannot always ensure a suitable return from those on whom they are lavished. While the Managers of the New Theatre must acknowledge the liberal and extensive patronage they have received from the citizens of Philadelphia, the citizens have much to complain of in the treatment they have