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REPORT Of the Secretary of the U. S. Treasury, (CONCLUDED.)

But the detailed annual estimates for the year 1812 will show that they are predicated on the employment of almost the whole of the naval force, and of the whole military establishment of the United States, as authorized by law, covering, besides several other items, all the expense of more than 17,000 effective men in the land and sea service.

With respect to the payments on account of the principal of the debt, it is evident that an authority to borrow a sum equal to that which will be reimbursed during the year 1812, will be necessary. The payments which, according to law, must be made during that year on that account, consist of

1. Annual reimbursement of six per cent. and deferred stock	1,570,000
2. Reimbursement of the residue of the converted stock	565,318 41

Amounting together to 2,135,318 41 This sum, and that payable for interest, amounting together to 4,360,000 dollars, leave in order to complete the annual appropriation of eight millions, a balance of 3,640,000 dollars which can be applied in no other manner than in purchase of stock at the prices limited by law. The amount which may be thus applied is therefore uncertain.

PUBLIC DEBT.

It appears by the statement (D) that the payments on account of the principal of the public debt will from the 1st of October 1810 to the 31st of December 1811, have exceeded six millions four hundred thousand dollars. With the exception of the annual reimbursement of the 6 per cent. and deferred stocks there will remain at the end of the year 1811 no other portion of the public debt reimbursable at the will of the U. States, than the residue of converted stock, amounting, as above stated, to 565,000 dollars, and which will be paid in the year 1812. There being nothing afterwards left, on which the laws, passed subsequent to the year 1810, for the redemption of the debt, can operate, a general view of the result and effect of those laws will now be presented.

Exclusively of near three millions of unfunded debt, since reimbursed, as detailed in the Report of 18th April, 1808, the public debt of the United States amounted on the 1st of April 1801 to \$79,926,999

The amount of the principal extinguished during the period of ten years and nine months, commencing on the 1st of April, 1801, and ending on the 31st of December, 1811, exceeds forty-six millions of dollars, viz.

Foreign debt paid in full	10,075,004
Eight per cent. five and half per cent. four and half per cent. and navy, 6 per cent. stocks; & temporary loans due on the 1st of April 1801, to the Bank of the United States, and paid in full	12,657,700
Six per cent. and deferred stocks, including the exchanged stock reimbursed	20,820,744
Three per cent stock including converted stock reimbursed	2,079,269
Registered debt, and debt due to foreign officers	90,893
	46,622,310

Leaving the amount of old debt unredeemed 1st January, 1812, & consisting of the following species, viz.

Six per cent. and deferred stocks unredeemed, amount	17,067,096
Three per cent. stock	16,157,890
Converted do.	565,318
	16,723,208
1796 six per cent. stock	80,000
Registered debt & debt due to foreign officers	33,885
	33,904,189

And to which adding the Louisiana six per cent. stock, being a new debt contracted subsequent to the 1st of April, 1801

	11,250,000
Making the whole amount of public debt on the 1st of January, 1812	\$ 45,154,189

The annual interest on the public debt due on the 1st of April, 1801, amounted to

\$ 4,180,463
The annual interest on the public debt, extinguished between the 1st April, 1801, and the 1st January, 1812, amounts to
\$ 2,632,982

Leaving for the amount of annual interest on the old debt unredeemed on 1st January, 1812, The annual interest on the Louisiana stock is

1,547,481
675,000
Making the annual interest on the whole debt due on the 1st January, 1812,
2,222,481
Which subtracted from the annual interest on the debt due on 1st April, 1801,
4,180,463

Leaves for the difference between the amount of interest respectively payable at those two dates,

1,967,942

The disposable national revenue, on that portion which alone is applicable to defray the annual expenses, consists only of the surplus of the gross amount of revenue collected, beyond the amount necessary for paying the interest on the public debt. A diminution of that interest is, with respect to the ability of defraying the other annual expenses, a positive increase of revenue to the same amount. With an equal amount of gross revenue, the revenue applicable to defray the national expenses is now, by the effect of the reduction of the debt, two millions six hundred thousand dollars greater than on the first day of April, 1801. Or, if another view of the subject be thought more correct, the laws for the reduction of the debt have in ten years and nine months, enabled the United States to pay in full the purchase money of Louisiana, and increased their revenue near two millions of dollars.

If the amount of annual payments on account of both the principal and interest of the public debt, during the last eight years, be contrasted with the payments hereafter necessary for the same purpose, the difference will be still more striking. Eight millions of dollars have been annually paid on that account during those eight years. The whole amount payable after the year 1812, including the annual reimbursement on the six per cent. and deferred stock, is 3,792,332 dollars, making an annual difference of more than four millions two hundred thousand dollars, which will be liberated from that appropriation. And this annual payment of about three millions eight hundred thousand dollars, would have been sufficient, with some small variations, to discharge in ten years the whole of the residue of the existing debt, with the exception of the three per cent. stock, the annual interest on which amounts only to 425,000 dollars. The aspect of the foreign relations of the United States forbids, however, the hope of seeing the work completed within that short period.

The redemption of principal has been affected without the aid of any internal taxes, either direct or indirect, without any addition during the last seven years to the rate of duties on importations, which on the contrary have been impaired by the repeal of that on salt, and notwithstanding the great diminution of commerce during the last 4 years.—It therefore proves decisively the ability of the United States with their ordinary revenue, to discharge, in ten years of peace, a debt of forty two millions of dollars, a fact which considerably lessens the weight of the most formidable objection to which that revenue, depending almost solely on commerce, appears to be liable. In time of peace it is almost sufficient to defray the expenses of a war; in time of war it is hardly competent to support the expenses of a peace establishment. Sinking at once under adverse circumstances from fifteen to six or eight millions of dollars, it is only by a persevering application of the surplus, which it affords in years of prosperity, to the discharge of the debt, that a total change in the system of taxation, or a perpetual accumulation of debt can be avoided. But if a similar application of such surplus be hereafter strictly adhered to, forty millions of debt contracted during five or six years of war, may always, without any extraordinary exertions, be reimbursed in ten years of peace. This view of the subject has at the present crisis appeared necessary for the purpose of distinctly pointing out one of the principal resources within the reach of the United States. But to be placed on a foundation, it requires the aid of a revenue sufficient at least to defray the ordinary expenses of government, and to pay the interest on public debt, including that on new loans which may be authorized.

PROVISION FOR THE ENSUING YEARS.

The revenue is derived from two sources, the duties on importations, and the sales of public lands.

The net revenue arising from duties on merchandize and on tonnage, which accrued during the year 1809, amounted to \$6,527,168

The net revenue arising from the same sources, which accrued during the year 1810, amounted, as will appear by the statement (A.) and (B.) to 12,513,490

The same revenue for the year 1811, is estimated, as has already been stated, at \$7,500,000

A portion of the revenue of this year having been collected on British merchandize imported before the prohibition took effect, the permanent revenue, arising from duties on tonnage and merchandize, will not probably, at their present rate, and under existing circumstances, exceed

6,000,000

an estimate which is corroborated by the view of the subject exhibited in the statement (B. 2.)

The sales of public lands north of the river Ohio, have, during the year ending on the 30th September 1811, amounted, as appears by the

statement (C.) to 207,000 acres, and the payments by purchasers to 600,000 dollars. It has already been stated that those payments on the average of the two last years, amount after deducting the expenses and charges on that fund, to the annual sum of 600,000

The sales in the Mississippi territory being in the first instance appropriated to the payment of 1,250,000 dollars to the state of Georgia, are distinctly stated.

The permanent revenue, or annual receipts after the year 1812, calculated on the existing state of affairs, may therefore be estimated at

6,600,000
Which, deducted from the annual expenditure calculated on the same principle, amounting by the preceding estimate of the year 1812, to
9,500,000

Leaves a deficiency to be provided for of \$2,600,000

An addition of fifty per cent. to the present amount of duties (together with a continuance of the temporary duties heretofore designated by the name of "Mediterranean Fund") will be sufficient to supply that deficiency, and is respectfully submitted. This mode appears preferable for the present to any internal tax. With respect to the sales of public lands, besides affording a supplementary fund for the ultimate redemption of the public debt, they may, without any diminution of revenue, be usefully applied as a bounty to soldiers enlisting in the regular service, and in facilitating the terms of loans. But it does not appear that the actual receipts into the actual receipts into the Treasury, arising from the sales, can be materially increased, without a reduction in the price; unless it be by an attempt to offer certain portions for sale in the large cities of the Union.

The same amount of revenue would be necessary, and, with the aid of loans, would it is believed, be sufficient in case of war. The same increase of duties would therefore be equally necessary in that event. Whether it would be sufficient to produce the same amount of revenue as under existing circumstances, cannot at present be determined. Should any deficiency arise, it may be supplied without difficulty by a farther increase of duties, by a restoration of that on salt, and by a proper selection of moderate internal taxes. To raise a fixed revenue of only nine millions of dollars, is so much within the compass of the national resources, so much less in proportion than is paid by any other nation, that under any circumstances, it will only require the will of the legislature to effect the object.

The possibility of raising money by loans to the amount which may be wanted, remains to be examined. For the fact that the United States may easily, in ten years of peace, extinguish a debt of forty-two millions of dollars, does not necessarily imply that they could borrow that sum during a period of war.

In the present state of the world, foreign loans may be considered as nearly unattainable. In that respect, as in all others, the United States must solely rely on their own resources. These have their natural bounds, but are believed to be fully adequate to the support of all the national force that can be usefully and efficiently employed.

The ability and will of the United States faithfully to perform their engagements, are universally known; and the terms of loans will in no shape whatever be affected by the want of confidence in either. They must, however, depend not on the state of public credit, and on the ability to lend, but also on the existing demand for capital required for other objects. Whatever this may be, the money wanted by the public must be purchased at its market price. Whenever the amount wanted for the service of the year, or the whole amount of stock in the market, shall exceed certain limits, it may be expected that legal interest will not be sufficient to obtain the sums required. In that case the most simple and direct is also the cheapest and safest mode. It appears much more eligible to pay at once the difference, either by a premium in lands, or by allowing a higher rate of interest, than to increase the amount of stock created, or to attempt any operation which might injuriously affect the circulating medium of the country. This difficulty, and it is the only serious one which has been anticipated, will not, indeed, if analysed, appear very formidable. For, to take an extreme case, and supposing even forty millions of dollars to be borrowed at 8 instead of 6 per cent. a year, the only difference would consist in the additional payment of eight hundred thousand dollars a year, until the principal was reimbursed: a payment inconvenient indeed, and to be avoided if practicable, but inconsiderable if compared either with the effects of other means of raising money, or with some other branches of the public expenditure.

It appears from the preceding estimates, that nothing more may be strictly wanted for defraying, during the year 1812, the expenses as yet authorized by law, than an authority to borrow a sum equal to that which may be reimbursed on account of the public debt. With a view to the ensuing years, and considering the aspect of public affairs presented by the executive, and the measures of expense which he has recommended, it has been attempted to show,

1. That a fixed revenue of about nine millions of dollars is necessary and sufficient, both under the existing situation of the United States, and in the event of their assuming a different attitude.

2. That an addition to the rate of duties on importations is at present sufficient for that purpose, although in the course of events it may require some aid from other sources of revenue.

3. That a just reliance may be placed on obtaining loans to a considerable amount, for defraying the extraordinary expenses which may be incurred beyond the amount of revenue above stated.

4. That the peace revenue of the United States will be sufficient, without any extraordinary exertions, to discharge in a few years the debt which may be necessarily incurred.

All which is respectfully submitted.
L. BERT GALLATIN.
Treasury Department, Nov. 22, 1811.

Public Documents.

LITTLE BELT AFFAIR.

The message of the president, to congress, at the commencement of the session, was accompanied, amongst other documents, by a full detail of the proceedings of the Court of Enquiry on the conduct of commodore Rodgers relative to the affair of the President and Little Belt. An abstract of the evidence, it will be recollected, was given in the Minerva some time since. The decision of the court, which is completely favorable to the commodore on all the points of investigation, is of considerable length, and excepting the general result, quite devoid of interest. The following paper, however, is thought worthy of some attention, as containing the view which commodore Rodgers gives in vindication of the course he adopted in the unfortunate transaction:—

In addition to the evidence of the affair of the Little Belt is annexed the following address of Commodore Rodgers:—

Mr. President, and Gentlemen of the Court:

I avail myself of the present moment to express my thanks for the patient investigation of the merits of the transaction which caused its convocation; and I feel perfectly convinced that the evidence adduced is amply sufficient to ensure that my conduct in this affair will meet the approbation of every unprejudiced mind, as well for its general tenor as for the lenity shewn to an assumed enemy, whom I had it in my power to destroy by a single broadside more, and that too without any risk of injuring the ship, under my command.

Many of the interrogatories put by myself to the witnesses may have appeared to the court superfluous, I fear: but when it considers the odious features of the statement which has been exhibited in the newspapers, said to be capt. Bingham's official statement to admiral Sawyer, (dated His Majesty's sloop Little Belt, May 21, 1811, lat. 35, 55, long 71, 40 W. Cape Charles bearing W. distant 41 miles) I am sure it cannot complain of the time I have taken up in proving (while I had it in my power) that unblushing representation to be palpably and wilfully false.

I should not now longer trespass on the time and patience of the court, was it not probable that the present proceedings may be published to the world, and a consequent desire that even my motive for chasing the Little Belt should be known—and this I am the more desirous of, as great pains have been taken by a few individuals who call themselves Americans to impose a belief that I chased with a hostile intention, not however because I entertain a hope of producing any change in sentiments of men like themselves (and for the honor of my country I hope there are but a few such) who are disposed to represent all the acts of their government, as well as of its agents, in an odious light; but to undeceive not only my own countrymen, but even every liberal Englishman, who may have been deceived by their sophistry.

That I did chase the Little Belt, I acknowledge; but that I did so with the intention of offering menace or insult to the British flag, I declare, in the presence of my God, is without any foundation whatever; neither would the orders under which I was acting authorize such a course, any more than they would have justified my submitting to an insult from a British, or any other ship of war.

Without further observations or comments than is necessarily connected with the subject, the following are therefore my reasons for having chased that ship: On the 10th of May, being then at anchor off Annapolis, I got under weigh to proceed to my station at New York, in consequence of an order from the honorable the secretary of the navy to that effect, in which he acquainted me of his having issued this order owing to his being informed the trade of New York had become interrupted by British and French cruisers.—At this time I discovered by the newspapers, that a British frigate supposed to be the Guerrier, had in the vicinity of Sandy Hook, and during my absence from the station, impressed out of the American brig Spitfire, bound coastwise, a young man by the name of Diggle, an American, an apprentice to the master of the brig.—On the 15th May, at a little past meridian, being at the time in 17 fathoms water, about 14 or 15 leagues to the northward of Cape Henry, and about 6 leagues from the land to the southward of Chincoteague, a sail was discovered to the westward, standing towards us under a press of canvass, which I soon made