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Congressional.

WASHINGTON, DEC. 6.
ANNUAL TREASURY REPORT.
Treasury Department.
December 1, 1820.

SIR: I have the honor to enclose a report, prepared in obedience to the act, entitled "An act to establish the Treasury Department."

I have the honor to be, very respectfully, Sir, your obedient servant,
W. M. CR. W. FORD.

TO THE HON. JOHN W. TAYLOR,
Speaker of the House of Representatives.

In obedience to the directions of the "Act supplementary to the act to establish the Treasury Department," the Secretary of the Treasury submits the following Report:

1. OF THE REVENUE.

It is ascertained that the gross amount of duties on merchandize and tonnage, which accrued during the three first quarters of the present year, exceeds \$13,330,000; and the sales of the public lands during the two first quarters of the year, exceed \$1,440,800.

The payments into the Treasury during the three first quarters of the year, are estimated to amount to 10,819,607 49

Viz:
Customs, 12,378,513 12
Public lands, exclusive of Mississippi Stock, 1,124,645 33
Arrears of internal duties and direct tax, 104,769 20
Incidental receipts, 579,749 14
Monies received from loans, 2,543,471 47
Payments, 86,529 24

And the payments into the Treasury during the fourth quarter of the year, from the same sources, are estimated at 3,430,000 00

Making the total amount estimated to be received into the Treasury, during the year 1821, 20,249,607 49

Which, added to the balance in the Treasury on the 1st day of January last, amounting to 2,076,607 14

Makes the aggregate amount of 22,326,214 63

The application of this sum, for the year 1820, is estimated as follows, viz:

To the 30th of September, the payments have amounted to 16,908,413 80

Viz:
Civil, diplomatic, and miscellaneous expenses, 2,078,573 25

Military service, including fortifications, ordnance, Indian department, revolutionary & military pensions, armaments, and arrears prior to the 1st of January, 1817, 6,043,068 00

Naval service, including the permanent appropriation for the increase of the navy, 2,946,762 00

Public debt, including \$1,147,795, for the redemption of the Mississippi certificates, 5,840,610 55

During the fourth quarter it is estimated that the payments will amount to 8,056,000 00

Viz:
Civil, diplomatic, and miscellaneous expenses, 450,000
Military service, 1,900,000
Naval service, 800,000
Public debt, to the 1st of Jan 1821, 4,900,000

Making the aggregate amount of 24,964,413 80

And leaving, on the 1st of January, 1821, balance against the Treasury, estimated at 2,638,169 17

2. Of the Public Debt.

The funded debt which was contracted before the year 1812, and which was redeemed on the 1st of October, 1819, amounting to \$23,668,254 71

And that contracted subsequent to the 1st day of January, 1812, and unredeemed on the 1st day of October, 1819, amounting to 68,060,336 29

Making the aggregate amount of 91,728,591

3. Of the Estimates of the Public Revenue and Expenditures, for the year 1821.

In forming an estimate of the receipts into the Treasury for the year 1821, the amount of revenue bonds outstanding on the 30th of September last; the sum due for public land; the ability and disposition of the community to purchase, and especially the quantity and quality of land intended to be exposed at public auction in the course of the year, present the data upon which the calculations must be made. As a portion of the duties which accrue in the fourth quarter of the present year, and in the first and second of the next, forms a part of the receipts into the Treasury for the latter year, the amount received will exceed or fall short of the estimate by the difference between the duties which actually accrue in those quarters, and are payable within the year, and the amount at which they had been estimated.

The receipts into the Treasury may also, considerably exceed or fall short of the sum estimated, in consequence of the issue of a greater or less amount of debentures, payable during the year 1821, than had been estimated.

The degree of punctuality with which the revenue bonds are discharged, upon which the estimate is formed, must necessarily affect the amount that will be received; the reason is, if the accruing revenue of the present and two succeeding quarters should exceed that of the corresponding quarters of the present and last year; if the amount of debentures which may be issued and made payable so as to affect the receipts of the year, should be less than that of preceding years, since the peace, compared with the gross amount of duties secured within those years respectively; and if greater punctuality in the payment of revenue bonds now outstanding should be observed than during the last mentioned period, the receipts from the customs will exceed the estimates now presented; and they will fall short of it, should the reverse be the case during the present year.

The revenue bonds outstanding on the 30th of September last, are estimated at \$18,770,000; of this sum \$8,130,000 are in suit; of which about \$1,250,000 will not be collected on account of the insolvency of the debtors, leaving the amount of bonds outstanding, upon which collections are to be made, estimated at \$17,520,000. The amount of duties secured during the 1st, 2d, and 3d, quarters of the year 1820, is estimated at \$13,330,000; and that of the whole year may be estimated at 16,500,000 dollars. The amount of debentures outstanding on the 30th of September and payable during the year 1821, is estimated at \$1,162,146, which is subject to be increased by the amount issued in the present quarter and during the whole of the ensuing year, chargeable upon the revenue of that year. The annual average amount of debentures, bounties, and allowances, and expenses of collection, chargeable upon the revenue, has been ascertained to be nearly equal to 15 per cent of the annual average amount of the duties upon imports and tonnage, which accrued from the year 1815 to the year 1819, inclusive.

If this proportion be applied to the revenue bonds outstanding on the 30th of September last; and if the receipts from the tonnage of vessels, and on duties secured during the present and the two succeeding quarters, are assumed to be equal to any deficiency resulting from the want of punctuality in the discharge of the outstanding bonds, the receipts into the Treasury for the year 1821, from this source of revenue, may be estimated at \$14,080,000.

The receipts into the Treasury from the public land, during the three first quarters of the present year, are estimated at \$1,124,645 33, and those of the entire year will probably not much exceed \$1,600,000. The receipts from that source during the year 1821, will probably not exceed those of the present year, if no incentive to greater punctuality or inducement to make prompt payment should be presented to the public debtors, in the course of the present session of Congress.

The balances of internal duties and direct tax still outstanding, are so considerable as to justify an estimate of some extent, in calculating the receipts of the ensuing year, if the deficiency of enforcing payment of those states where the largest amount is due were not known to be great. Under these circumstances, the receipts from that source for the ensuing year, are estimated at 100,000 dollars.

According to the foregoing data, the receipts into the Treasury, for the ensuing year, may be estimated as follows, viz:

Customs, \$14,000,000 00
Public lands, exclusive of Mississippi Stock, 1,600,000 00
Arrears of internal duties and direct tax, and incidental receipts, 100,000 00
Third instalment from the Bank of the United States, 500,000 00
Bank dividends which may accrue during the year, estimated at 5 per cent, 350,000 00

Making an aggregate of 16,550,000 00

The appropriations for the same period, are estimated as follows, viz:

Civil, diplomatic, and miscellaneous, 1,769,850 04
Military department, including fortifications, ordnance, Indian department, military pensions and arrears prior to the 1st of Jan. 1817, 4,585,352 61
Naval department, 2,420,594 56

Making an aggregate of 8,775,797 21

But to determine the amount of the charge upon the treasury for the service of that year, the following additions must be made, viz:

1st. Civil, diplomatic and miscellaneous, the sum of 1,500,000 dollars: being an amount of appropriations of the present and preceding years, unexpended, and which may be expended during the year 1821; and the sum of 5,477,770 76, payable on account of the interest and reimbursement of the principal of the public debt during that year.

2d. The unexpended balances of appropriations for the war department, under the different heads already enumerated, and which have been deducted from the estimates, or not included in them, as supplementary appropriations, founded upon the average revenue of the preceding years, amounting to \$2,507,267 63 cents.

The annual appropriation of 200,000 dollars, for arming the militia, and the Indian annuities, not embraced by the estimates, amounting to 152,575 dollars.

3d. The annual appropriation of 4,000,000 dollars for the gradual increase of the navy, which will expire in the year 1823, and an unexpended balance on the same account, which may be expended in 1821, of 1,750,000 dollars.

According to the foregoing data, the expenditure of the year 1821, and which is chargeable upon the treasury during that year, may be estimated as follows, viz:

Civil, diplomatic and miscellaneous, 3,269,850 04
Public debt, 5,477,777 76
Military department, including fortifications, ordnance, Indian department, military & revolutionary pensions, arrears prior to the 1st of January, 1817, and arming the militia, & Indian annuities, 7,445,195 21
Navy department, including the sum of \$1,000,000, for the gradual increase of the navy, 5,170,594 56

Making an aggregate charge upon the treasury, for the year 1821, of 21,363,417 60

To which add the balance against the treasury on the 1st day of January, 1821, 2,638,169 17

Making 24,001,586 77

Leaving a balance of 7,451,596 83 cents, beyond the estimated means for which provision is to be made.

To determine whether a deficiency to this or any other amount will occur in succeeding years, is extremely difficult. The data furnished by the fiscal operations of the government since the peace must be principally relied upon, in making the calculations necessary to arrive at any general result upon the subject.

It has been ascertained that the net revenue which has accrued from imports and tonnage, from the year 1815 to 1819, inclusive, has amounted to \$120,260 052 46. If this be divided by the number of years in which it accrued the result will be an annual average revenue of \$24,052 000. But the revenue which accrued in 1815 greatly exceeded, not only that of any year previous to the war, but that of any year since that epoch. It is also admitted, that the quantity of

produce on hand at the close of the war, especially of cotton and tobacco, considerably exceeded the amount of the crop of those articles made during the preceding year. The ability of the community, therefore, to purchase an increased amount of foreign articles in the year 1815, exceeded in a corresponding degree, that of subsequent years. It has also been ascertained that the importation of foreign articles during the present year has been considerably less than in any year since the peace. To form an estimate of the average annual revenue which may accrue from imports and tonnage during the next four years, that will approximate towards accuracy, it will be necessary to embrace in the calculation the revenue which accrued from the year 1814 to 1819 inclusive, amounting to \$121,504,414 05, and that which shall have accrued in the year 1820, estimated at 14,000,000 dollars, making the aggregate sum of \$135,504,414 05, which gives the sum of 19,787,202 dollars as the annual average revenue for those seven years.

Other views derived from the fiscal operations of the government will be found to accord with this result, the average product of the duties upon imports and tonnage which accrued from the year 1801 to 1807 inclusive, may be stated at \$13,640,000; and that which accrued from the former period to 1813 inclusive, amounted to the annual sum of \$11,570,000. The increase of population in the United States has been estimated at 24 per cent in ten years. If the increase of consumption has corresponded with that of population, the revenue of the year 1820, according to the result furnished by the first seven years, would exceed \$20,000,000; & would fall but little short of \$17,000,000 according to the data furnished by the whole period. During the former period, the principal states of Europe were involved in wars, which not only gave to our shipping the principal part of the carrying trade, but created an unusual demand for every article of exportation, and greatly enhanced their value. Any estimate founded upon the average revenue of these years, would be upon a false basis, as these duties were increased in 1816, the objections to such an estimate are, in some degree, diminished. From the year 1808 to 1813 inclusive, the United States were engaged in a state of commercial or actual warfare. The disadvantages to which their commerce was subjected by that warfare, more than counterbalanced the peculiar advantages it enjoyed in the seven years immediately preceding. An estimate for the next four years, founded upon an average of the whole term, would, more probably, fall short of, than exceed the sum which would be received into the Treasury, notwithstanding the duties were higher, during two years of that term than at present.

In the investigation of a subject of such complexity, affecting so deeply the interest of the community, every fact and circumstance connected with it ought to be considered. Since the year 1807, new interests have arisen, which claimed a prominent place in this consideration. From time immemorial household manufactures have existed in every part of the United States. The mechanical arts; those branches of manufacture without which society, even in a very imperfect state of civilization, could not exist, though differing in some degree from those properly denominated household, have long existed in the United States. Since the year 1807, those branches of manufacture have been greatly extended and improved. Others have been established, and a large amount of capital has been invested in manufacturing establishments, which promise to furnish, in a short time, an ample supply of cotton and woollen manufactures, and most of those of iron, glass, and various other articles of great value.

As commerce has been properly designated to be an exchange of equivalent value, it is probable that the failure on our part, to receive from foreign nations the accustomed supply of those articles which can now be produced in our domestic establishments, the articles which they have been accustomed to receive from us will lose something of the value which they would otherwise have commanded, until new channels of intercourse shall be discovered, and different articles of merchandize shall be substituted for those formerly received.

The capacity of a nation to consume foreign articles depends upon the value of its exports, and not upon its

ability to furnish every article of primary or secondary necessity. The precious metals are never imported into any country, when commodities which will command a profit, can be obtained for importation. Giving full weight to the fact, that cotton, woollen, iron, and various other articles, which are now furnished by our domestic establishments, will be hereafter received from foreign nations only to a small amount, \$17,000,000 of revenue may be assumed as the minimum, and 20,000,000 as the maximum, which will be annually received from imports and tonnage during the next four years. The decrease which has occurred in the last and present years furnishes no ground to distrust the correctness of the foregoing conclusion. The customs produced in 1815 a net revenue of \$36,022,514, and that which shall have accrued in the year 1820, estimated at 14,000,000 dollars, making the aggregate sum of \$50,022,514, which gives the sum of 12,505,628 26, as the annual average revenue from the customs amounted to \$21,828,431 48.

The multiplication of banks, the state of the currency, and the high price which all exportation articles commanded until the end of 1818, strongly invited to extravagance of every kind, and particularly in the consumption of foreign merchandize. The resources of individuals had been, by these seductions, in a great degree, anticipated during the first years which succeeded the peace. The sudden reduction the value of all exportable articles, which occurred about the commencement of 1819, not only prevented in a great degree further purchases, but rendered the discharge of engagements previously contracted impracticable. The pressure thus produced upon the community, reacted upon the vendors of every species of merchandize, whether foreign or domestic; who, without thoroughly investigating the cause of their distress, have sought for relief in measures calculated rather to aggravate than alleviate the public embarrassment. The issue and payment of a larger amount of debentures, in the present year, in proportion to the existing state of the treasury, would be ready sale of foreign and domestic articles now in the market, show that the importation of foreign goods is upon the eve of being regulated by the demand for them for consumption.

It has been stated, that the receipts from the public land, during the year 1821 cannot be estimated at more than 1,600,000 dollars, unless some greater incentive to punctuality, or inducements to make prompt payments, should be offered by the measures which may be adopted in the course of the present session of Congress. The act of the 24th of April last, which abolished credit on all purchases of land, and reduced the minimum price from 200 to 125 cents per acre, furnishes, it is respectfully conceived, equitable ground for legislative interference in favor of purchasers under the ancient system. By that system the price could be reduced to 16 2/3 cents per acre by prompt payment. If the act abolishing credit had fixed the minimum price at 16 2/3 cents instead of 125 cents, no equitable ground for legislative interference could exist. It is not contended that the vendor of an article under ordinary circumstances, does an injury to a purchaser by subsequently selling the same article to others at a lower rate. But if he has in his possession such a quantity of the article sold as to enable him, for an indefinite time, to determine the price of the article, he affects the interest of every previous purchaser by such reduction, who may be constrained, from any cause whatever, to sell that article. The extent of the national domain will for ages enable the government to determine the price of unimproved lands, similarly situated. It is admitted that the government has been induced to adopt this measure by the most grave considerations. The most prominent of these was the necessity of preventing the further increase of a debt, then about 22,000,000 dollars, strongly affecting the interests and feelings of a great number of citizens. If its increase was an object of deep solicitude, its diminution by an act of grace, founded upon equitable principles, will be in strict accordance with the motives in which that measure originated. Difficulties may occur in executing the measure presented as a simple act of grace.