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MR. CALHOUN'S REPORT—CONCLUDED.
Let us now inquire into the causes which may tend to diminish or increase this estimated receipt, during the next seven years, and their probable effects in the aggregate on the income from the customs.

The only cause, as is believed, that will tend to diminish the amount, as far as can now be foreseen, as the gradual reduction of one-tenth every two years, under the act of the 2d March, 1833, till the year 1841, as has been stated. It will be seen by reference to the statement from the Treasury already given, that this reduction last year on an importation of \$47,000,000 of dutiable articles amounted to \$850,000. If, however, instead of that amount, the importation of such articles had been \$54,133,000, as it is assumed they would have been, had not the derangement of the currency prevented, the reduction on account of the one-tenth would have increased in the same proportion, and would have of course, amounted to \$975,000.

Against this increased reduction, there must be set off a probable gradual increase of the domestic exports of the country; and with them, as a necessary consequence, a corresponding increase of the imports, and with them the receipts from the Customs. If we take the last six years from '28 to '34, the last included, the average annual increase of domestic exports in the period is nearly \$5,000,000, of which the increase in 1833 was \$7,200,000, and in 1834 \$9,500,000, making in the last two years an average increase of \$8,800,000; thus showing a much more rapid increase at the end, than at the beginning of the series. If to this fact we add the effect which the decrease of duties, under the act of the 2d March, 1833, must have on the exports, the growing demand for the great staple of the country, and the vast amount of fertile and fresh lands brought into market, within the last five years, in the region most congenial to the growth of cotton, it is believed that it may be safely assumed, that the average annual increase of our domestic exports for the next seven years will at least equal \$6,000,000. This increase must be followed by a corresponding increase of imports, and with them, as stated, of the receipts from the customs. Assuming that the proportion between the free and dutiable articles, in consequence of this increase of imports, will be as has been estimated, it will add to the receipts from the customs an annual increase of \$1,000,000—from which, however, must be deducted \$50,000, on account of the biennial reduction of one-tenth, which would reduce the increase to \$941,000. If this be deducted from the average reduction of one-tenth, as above ascertained, we shall have, taking the two causes together, the increase of the customs from increased imports, and the decrease from the biennial reduction of one-tenth, a decrease of revenue equal to \$34,000 annually; making in seven years \$238,000.

But it must be taken into the estimate, that the increase of revenue from increase of exports, is annually added, while the reduction on account of the one-tenth is biennially. Taking this into the estimate, the increase of revenue on account of the increase of the exports over the decrease, on account of the biennial reduction of one-tenth, will, in the seven years, equal \$5,295,000, from which take \$238,000, and it will leave an aggregate increase over the decrease of \$3,060,500.

This conclusion, however, rests on the assumption, that the proportion between the free and dutiable articles will remain during the period the same as is estimated for the last year, but it is probable that the reduction of the price of the free articles, in consequence of the repeal of the duties, will greatly increase their consumption, and of course have a corresponding effect in reducing the amount of the dutiable articles, and with them the receipts into the Treasury. It is, however, believed to be a safe estimate, that the reduction of the receipts from this cause will be more than counterbalanced by the excess of the increase of income from the increase of exports, over the reduction of one-tenth biennially, as has been shown, and that it may therefore be assumed with reasonable confidence, if no untoward event should intervene, that the average annual receipts from the customs will be equal to the sum of \$16,370,000, the sum which the commerce of last year ought

to have yielded, as has been shown, under ordinary circumstances.

Your committee will next inquire, what will be the probable amount of receipts from the public lands during the period in question. The receipts from that source, during the last year, according to a statement from the Treasury, equalled \$5,020,940. This, however, probably greatly exceeds the permanent receipts from that source, as it was caused, probably, by the great quantity of rich and valuable land thrown into the market during the year. The receipts of 1833, equalled \$3,967,682, and that of the last four years averaged \$3,705,405. If we take into the consideration with these facts, the rapid increase of our populations; the steady rise in landed property generally; the vast quantity of lands held by the Government; it is believed to be a safe estimate, that the average annual income from this source, during the period in question, will be at least equal to \$3,500,000.

Of the remaining sources of revenue, the bank dividends is the only one that requires notice. They amounted in 1833 to \$450,000; and it is probable that they will give an equal annual income till the expiration of its charter, 1836; after which time there will be a reduction from the income of the Government equal to the annual dividends; but it is believed by those, who are most familiar with the subject, that a retrenchment in the collection of the customs, by a reformation of that branch of the administration, may be effected, at least equal to this reduction. It cost the Government, it seems, \$1,350,000 to collect \$14,222,448, which is more than equal to nine per cent; a rate, considering the facility of collecting this branch of the revenue, and the decreased inducement to elude the duties, in consequence of the great reduction in the rate of duties, altogether extravagant.

If these calculations should prove correct, the average income of the Government, for the next seven years, not including incidental items, will equal \$20,320,000, making, in the whole period, the aggregate sum of \$142,240,000, to which, if we add the residue of the Government stock in the United States Bank, amounting to \$5,343,400, and which must be paid into the Treasury at the expiration of its charter, and the surplus in the Treasury on the 31st of December last, after deducting \$2,000,000, will amount to \$6,025,391. It will give an aggregate sum of \$148,679,391; which divided by seven, will make the average annual sum, subject to the disposition of the Government for the next seven years, amount to \$21,239,911.

Such being the probable average annual income and means of the Government for the seven ensuing years, the next question which presents itself for consideration is, what ought to be the average expenditure for the same period?

The expenditure for the year 1834, as taken from the annual report of the Secretary of the Treasury, equals \$19,431,373, and for the preceding year \$22,713,753, deducting, in both cases, the payments on account of the public debt. Your committee are, however, of the opinion, that these amounts far exceed what ought to be the expenditure, on a just and economical scale; and that it may be very greatly reduced without injury to the public service. They also are of opinion, that to this great and extravagant expenditure may be attributed, in no small degree, the disease which now threatens so seriously the body politic. That a just conception may be formed of this extraordinary increase, they have annexed a table of expenditures, from the year 1823 to 1833, deducting the payment on account of the public debt, by which it appears, that, in this short period of ten years, the expenditure has risen from \$9,784,000, to \$22,713,000, being an excess in the latter, over the former, of almost \$13,000,000, a sum exceeding, by nearly \$3,000,000, the whole expenditure of the Government in 1823, excluding, as stated, the public debt; and thus, too, during a period of profound peace, when not an event had occurred calculated to warrant any unusual expenditure. Of this enormous increase, the greater part occurred in the last three years; in which time the expenditure has risen nearly \$9,000,000, which may well account for the present dangerous symptoms.

Your committee have not time to give that minute attention to the expenditures, necessary to determine what particular items can, or ought to be, retrenched; nor do they deem it important, at present, to enter into so laborious an inquiry, even if time did not prevent. It is sufficient for their purpose to assume, that the expenditures of 1823 were, at the time, considered ample, to meet all the just wants of the Government, and that, so far from being a period distinguished by parsimony, the then Administration were thought by many to be unreasonably profuse, and were accordingly the object of systematic attack, on account of their supposed extravagance. Assuming then the expenditure of \$9,784,000 to have been ample at that period, the

*The amount of dividends for 1834, could not be obtained from the Treasury.

question which presents itself is, what ought it to be at present, taking into consideration the necessity of increased expenditures in consequence of increased population?

They have already shown that the Government cannot bear a permanent increase of expenditure, in proportion to the growth of the population, which may be estimated at about 3 per cent, without an increase of patronage that must in its progress inevitably prove fatal to the institutions and liberty of the country. On this principle, the expenditure, instead of increasing nearly 13,000,000 in ten years, as it has, ought to have increased much less than three, and ought not, in the opinion of your committee, to have exceeded 2,000,000 at the farthest. Assuming that sum as a liberal allowance, and adding it to the expenditure of 1823, we shall have the sum of \$11,784,000, beyond which the present expenditure ought not to have passed, including the pensions; and, excluding them, \$10,012,412, instead of \$22,713,000, the sum actually expended. Of the items which compose the present expenditure, that for pensions constituted, last year, the sum of \$3,341,577. Considering the advanced age of the pensioners, there ought to be, according to the annuity tables, a decrease by deaths of 14 per cent, annually, which, in seven years, would diminish the expenditure on pensions, from the sum above mentioned, to \$1,040,802, annually, giving an annual average reduction of \$328,725; and would reduce the expenditure on pensions, for the ensuing seven years, to an average sum of \$2,048,000. Add this sum to \$10,012,412, the sum beyond which the present expenditure ought not to extend, excluding the pensions, and we shall have \$12,060,412, as what the annual average expenditure for the next seven years ought to be.

Take this from the sum of \$21,239,911, which, as has been shown, will be the probable average annual means of the Government for the same period, and it would leave \$9,179,499; or, in round numbers, for the facility of calculation, 9,000,000, as the average surplus means, during the period, at the disposition of the Government, on the supposition that the expenditures will be reduced to the economical wants of the Government.

Having shown what will be the probable surplus revenue, should the expenditure be reduced to its proper limits, the committee propose next to consider, whether under existing circumstances the revenue can be reduced.

The two great sources of revenue are lands and customs. The others (not including the post office, which is a particular fund) are of small amount. After a careful investigation, your committee are of opinion, that the act of 2d March, 1833, has reduced the duties on imports, with some exceptions, as far as is practicable under existing circumstances, consistently with the intent and spirit of the act.

The act provides, among other things, that, after the 31st day of December, 1833, in all cases where the duties shall exceed 20 per cent, ad valorem, one-tenth part of such excess shall be reduced, and in like manner one-tenth part every two years, till the 21st of December, 1839; and that on the 31st of December, 1841, one-half of the residue of such excess shall be deducted; and on the 30th of June, 1842, the residue. It also provides that, until the 30th June, 1842, the duties imposed by the then existing law shall remain unchanged, except as provided in the 6th section.

Your committee do not deem it necessary to inquire whether the circumstances under which it passed, involves any thing in the nature of a pledge or contract, which would forbid any alterations of its provisions. It is sufficient for their purpose to state the fact, that the act is the result of a compromise between great sectional interests, brought into conflict under circumstances which threatened the peace and safety of the country; and that it continues to be the only ground on which the adjustment of the controversy can stand. Under these circumstances, to disregard the provisions of the act would be to open a controversy which your committee hope is closed forever; a controversy which, if renewed, would do more to increase the power and influence of the Executive than any other event that could occur. With the impressions, then, that the provisions of the act cannot be disturbed without endangering the peace of the country, and adding greatly, by its consequences, to Executive patronage, your committee have limited their inquiries to the reduction of the duties on such articles, as by the provisions of the act are subject to be reduced; and after a careful investigation, they are of opinion, that all the reductions which can be effected consistently with the spirit of the compromise are inconsiderable, and that to make those that might be made, would require too much time and investigation to permit it to be done at this session, as will appear by a reference to the letter of the Secretary of the Treasury herewith annexed; but in order that the subject may be taken up with full information at the next session, they have instructed their

Chairman to submit a resolution for the consideration of the Senate, directing the Secretary of the Treasury to report, at the commencement of the next session, what duties under 20 per cent, ad valorem may, with a due regard to the manufacturing interests of the country, be repealed or reduced, with an estimate of the probable amount of reduction.

In turning from the customs to the public lands, your committee find that the difficulty of reducing the revenue from that source is not less considerable than that from the customs. They fully agree in that liberal policy in relation to the public lands, that regards them as the means of settlement, as well as a source of revenue; and that they should be disposed of accordingly, in the manner best calculated to diffuse a flourishing and happy population over the vast regions placed under our dominion; a policy, the wisdom of which is best illustrated by the wonderful success with which it has been accompanied. It is an essential maxim of this noble and generous policy, that the price of public lands should be fixed as low as to be accessible to the great mass of the citizens, and at the same time so high as not to subject them to the monopoly of the great capitalists of the country. Your committee are of opinion that this happy medium is attained by the present price; and, judging from many indications of late, no considerable reduction can be made in the price, without making them the prey of hungry and voracious speculators and monopolists, to the great injury of the honest and industrious portion of the community, as well as to the portion of the country where the lands may be situated. Be this, however, as it may, it is at least certain, that the immediate effect of reduction would be to increase, rather than diminish the revenue from lands, and, of course, to augment, instead of reducing the public income.

To this may be added another, and, under ordinary circumstances, conclusive objection against the reduction. The reduction of the price of public lands, while it would act in effect as a bounty to the purchasers from the Government, by enabling them to acquire more land for the same sum of money, would act at the same time as a tax upon the entire body of land holders who constitute the great mass of our population—a tax on them immeasurably greater than the bounty to the purchasers.

The Government of the United States is, in fact, the great land holder of the country, and, as such, has the power, by raising or reducing the price of its lands, to reduce or raise, in a greater or less degree, the value of lands every where; and, of course, to affect in the same degree the property of land-holders throughout the Union. To what extent any given reduction of the price of public lands may affect the price of lands generally, would be difficult, if not impossible to ascertain. It would be greater or less, according to the circumstances. The price of land in the adjacent portion of the country, or that from which emigration principally flowed, would be reduced nearly in the same proportion with that of the public lands; that is, if the price of public lands be reduced one-half, lands adjacent, or lying in the emigration portion of the country, would generally fall one-half, while the more remote would be less affected in proportion to distance and the absence of emigration.

But, it may be safely assumed, taking the whole country, that the actual fall in the value of lands generally, in the hands of the holders, would greatly exceed the actual reduction of the price of public lands. To illustrate: if the price of the latter be reduced one-half, that at present would be sixty-two and one-half cents per acre, lands generally throughout the country would be reduced in value per acre, much more than that sum; and, if the far greater quantity held by the whole body of land proprietors, compared to the quantity sold by the Government, be taken into the estimate, some idea may be formed how great the aggregate loss of the proprietors, generally, would be, on any reduction of price, compared with the aggregate gain of the purchasers. As great, however, as it must be, none, who know the public spirit and enlightened patriotism of that great and respectable portion of our citizens, can doubt their cheerful acquiescence in the sacrifice, should the public interest, or the fundamental maxim, which ought to govern in the disposition of the public lands, require it; but, otherwise, it would be a plain and palpable sacrifice of one, and that the largest portion of the community, to the other, without a corresponding benefit. In presenting this view, it is not the intention of your committee to offer any opinion on the propriety of a graduated reduction, as a measure of general policy, in the price of such lands as have remained long in the market unsold, and of which there is no immediate prospect of making sale at the present price, because of their inferior quality—there case is distinguishable from that of the great body of the public lands—because the immediate effects of such reduction would obviously be to raise instead of reducing the

revenue, and would of course increase instead of diminishing the difficulty under consideration.

Having now shown that no other reduction of the revenue can be effected under existing circumstances, than the progressive reduction already provided for by the act of 2d March, 1833, in either of the great sources of our public income, with the exceptions already stated, your committee will next proceed to inquire whether executive patronage can be reduced by reducing the expenditures of the Government.

The result of their investigation on this point is, that for reasons, which will hereafter be offered, a reduction of expenditure, under existing circumstances, would tend to increase, instead of reducing Executive patronage. But, if it were otherwise, it would be found utterly impracticable for reasons already assigned, to reduce the expenditure much below the income. Experience has abundantly proved, that so long as there is a large surplus in the Treasury, the interests in favor of its expenditure will ever be stronger than those opposed to it; and that no prudential consideration, arising from the necessity of accumulating funds to meet future wants, or the hazard of enlarging Executive patronage, or the danger of corrupting the political and public morals of the country by useless and profuse expenditure, or any other whatever, are sufficient to resist the temptation to expend.

If one unworthy object of appropriation is defeated, another, with no greater claims on the public bounty, or justice, will ever stand ready to urge its claims, till the frugal and patriotic are wearied out with incessant and useless efforts to guard the Treasury. But were it practicable, with an overflowing Treasury, to bring the expenditures within proper limits, such is the present condition of things, that to reduce expenditure, would, as has been stated, increase the patronage of the Executive, and that to an extent so great, that no object of expenditure can be suggested, having a plausible claim on the justice, or bounty of the public, which would tend half so much to increase his patronage, as leaving the public money unexpended to accumulate, as surplus revenue in the Deposit Banks.

To realize the truth of this remark, it must be borne in mind, that the deposits are under the exclusive control of the Executive; that they are deposited in banks selected by him; that they have the free use of them without compensation to the public, and they may be continued or dismissed, as depositaries of the public funds, at the pleasure of the Executive.

With these facts before us, the result must be obvious. To accumulate a permanent surplus revenue in the banks, is, in fact, but to add so much additional bank capital—capital, in this case, exclusively under Executive control, without check or limitation; and with its increasing amount, daily giving to him a greater control over the Deposit Banks, and, through them, over the banking institutions of the country, generally; thus adding the deep and wide spread influence of the banks to the already almost overwhelming patronage of the Executive.

As the expenditure cannot be reduced, the next inquiry is, whether some object of general utility, in which every portion of the country has an interest, may not be selected, as a fixed and permanent subject on which to expend the surplus revenue.

Your committee admit that if such an object of expenditure could be selected, under a well regulated system of disbursements, established by law, much of the patronage incident to the present loose and unregulated disbursements, might be curtailed, but they are at a loss to find such an object. Internal improvement approaches the nearest, but there is opposed to it, with the object in view, insuperable objections. To pass by the formidable difficulty, the long established diversity of opinion as to its constitutionality, which divides the two great sections of the country, experience has shown that there is no expenditure so little susceptible of being regulated by law; none calculated to excite deeper competition, or to enlist a greater number in its favor, in proportion to the amount expended; and, of course, calculated to add more to Executive patronage. To these, an additional objection of a recent origin may be added. Your committee allude to the Executive veto, as applied to internal improvements, the effect of which has been to increase very considerably his power and patronage in reference to this branch of expenditure. The Executive, in his Veto Message, assumes the ground, that internal improvements may, or may not, be constitutional, according to each particular object; the distinction to be determined by him in the exercise of his constitutional function, of giving or withholding his approval to acts of Congress; the practical effect of which, is to draw within its control the power and influence, which appertain, not only to the administration, but also to the enactment of law; and, of course, to increase in the same

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