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"OUR COUNTRY, AND OUR COUNTRY'S GOOD."

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Annual Report of the Secretary of the Treasury,  
on the State of the Finances.

In laying before Congress the Annual Report from the Treasury for the present year, the occasion is deemed a fit one, for presenting, in connexion with it, a brief retrospect of the principal financial operations and results of the three years preceding.

As preliminary, it may be proper to remark, that the receipts for the present year are likely to reach a sum greater than that at which they were estimated when Congress assembled last year: whilst the expenditures, always confined within limits prescribed by the law, have not gone beyond those limits. The only exception to this previous limitation upon expenditure, applies to the public debt, for the reduction of which, larger sums may be paid than are regularly set apart for the service of the year, provided there be surplus funds in the Treasury to admit of it. This has proved to be the case during the present year.

In the summary retrospect which it is proposed to give, the state of the public debt will claim the first attention. Such is the interest which the nation is known to take in its extinguishment, that what is done at the Treasury, from year to year, under the injunctions of the laws, towards this end, cannot be too distinctly set forth. Amongst the highest duties of a nation, is faithfully to keep to its pecuniary engagements; and there need be no better demonstration of its pecuniary ability, than when it is seen to pay off with promptitude and punctuality its funded debt.

There was paid in 1825, on account of the debt, the sum of twelve millions ninety-nine thousand and forty-four dollars and seventy-eight cents. This sum was not all derived, as will be seen hereafter, from surplus revenue. In 1826, there were paid eleven millions thirty-nine thousand four hundred and forty-four dollars and sixty-cents, all from surplus revenue; in 1827, ten millions one thousand five hundred and eighty-five dollars and ninety-eight cents, from surplus revenue; and, in 1828, there will have been paid by the close of the year, also from surplus revenue, twelve millions one hundred and sixty-three thousand five hundred and sixty-six dollars and ninety cents, making for the four years, forty-five millions three hundred and thirty thousand six hundred and forty-two dollars, twenty-six cents. Of this sum, thirty millions three hundred and seventy-three thousand one hundred and eighty-eight dollars and one cent, were applied to the principal, and fourteen millions nine hundred and thirty thousand four hundred and fifty-four dollars and twenty-five cents, to the interest of the debt: the whole of the former having gone towards the reduction of that part of it which bears an interest of six per cent.

The act of Congress of the third of March, 1817, commonly called the Sinking Fund Act, appropriates the annual sum of ten millions of dollars for the purpose of gradually sinking or paying off the public debt of the nation. This sum includes all payments on account of interest, which are invariably made from quarter to quarter, leaving the remainder to be applied, as far as it will go, to the reduction of the principal.—Up to the year 1825, the expectations of this act, had not in one sense, been always fully met. The annual interest was ever scrupulously paid as the quarter came around; but there had not been, during every year, a sufficient residue to be applied to the principal, to make up the entire sum of \$10,000,000. Sometimes, too, there was not a sufficient amount of debt redeemable under the laws, in the course of a year, to allow of the full payment of ten millions, even if the surplus funds of the Treasury had been equal to the operation. The inability of the Treasury, where it may have existed, to reduce the principal of the debt every year, by the precise amount contemplated in the Sinking Fund Act, neither broke faith nor caused complaint with the public creditor; for whatever the considerations of public policy that have made the rapid extinguishment of the debt a favourite object with the nation, it is known that the public creditor regards it, individually, as a hardship to be paid off. His reliance upon the faith and resources of the nation is so unbounded, that he prefers to let his capital stock remain in its hands, subject only to his calls for the interest. But since the close of 1825, such has been the state of the Treasury, from the increasing solidity of the national resources, that, not only has the annual requisition of the Sinking Fund Act been complied with, but still more has been done. At the beginning of that year, the whole sum paid under the act during the seven years of its operation, in reduction of the principal of the debt, (the operation of the act not having regularly commenced until 1818,) fell short by a sum exceeding three millions of dollars, of the amount that it would have reached had the full ten millions been paid in principal and interest during each of the seven years in question. Since the close of the year 1825, or, more correctly, since the commencement of 1826, this deficiency has been counterbalanced by such an excess of annual payments towards the principal of the debt, as to leave, in the language of the Treasury, no arrears now due to the Sinking Fund, or none of importance. In other words, looking back upon the whole time that has elapsed since the Sinking Fund Act went into operation, it can now be stated, that, taking one year with another, there have been made, (with the exception of a small fractional sum,) the full average payments of ten millions of dollars annually, in principal and interest, on account of the public debt. This result has been in a great degree produced by the payments which will have been made during the present year in reduction of the principal. Five millions four hundred and sixty-three dollars and twelve cents were paid on the 1st of July; and it is intended to pay four mil-

lions fifty thousand seven hundred and eighty dollars and seventy-seven cents on the 1st of January; making, for the whole year, including a small balance of Treasury notes to be paid off, and a minute fraction of the old registered debt, nine millions sixty-one thousand four hundred and ninety-six dollars and nineteen cents. The committee on Finance of the Senate, in their valuable Report to that body in April last, on the state of the public debt, referring to the foregoing payment, which it was then in contemplation to make on the 1st of July, expressed their hope that a considerable reduction of the arrears due to the Sinking Fund, would probably be effected in the course of this year. The hope is amply realized. The large amount of the payment to be made on the first of January was justified, in the opinion of the Commissioners of the Sinking Fund, by the receipts into the Treasury since the payment in July was resolved upon, which were greater than had been anticipated, and by those that were reasonably anticipated for the fourth quarter of the year.

The total sum that will have been paid on account of the debt from the first of January, 1817, the year in which the Sinking Fund Act passed, to the first of January next, will be one hundred and forty-six millions, six hundred and sixty-nine thousand, seven hundred and seventy-three dollars forty eight cents. Of this sum eighty-eight millions eight hundred and thirty-four thousand one hundred and eight dollars and sixty-six cents were paid on account of principal, and fifty-seven millions eight hundred and thirty-five thousand six hundred and sixty-four dollars and eighty-two cents on account of interest. The extra payments on account of the principal, (more than could have been covered by the annual appropriation of ten millions,) comprehended sums obtained on loan at a lower interest than six per cent. to replace stock paid off at that interest, and sums that had accumulated in the Treasury in 1817, partly under the effect of the double duty system, before the prospective operation of the act began. The national debt has been positively lessened in amount by the sum of sixty-five millions one hundred and twenty nine thousand eight hundred and twenty nine dollars and thirty eight cents, since the first of January, 1817, by surplus funds. The whole of this last mentioned sum, so paid off, was borrowed at six per cent. or more than six, with the exception of a small amount of Treasury notes and some Mississippi stock. It is facts like these that attest the true character and value of a sinking fund. None can be effectively such, but where income exceeds expenditure, and where a clear surplus from the former is steadily applied to the diminution of the debt. Such is the sinking fund act of the U. States, and such have been the results of its operation; results which it cannot be otherwise than acceptable to the nation to learn. The whole remaining debt that the nation will owe on the first of January ensuing, will be, in its nominal amount, fifty-eight millions three hundred and sixty-two thousand one hundred and thirty-five dollars seventy-eight cents. But from this amount should be taken seven millions of dollars, being so much of apparent debt only, in the shape of subscription to the stock of the Bank of the U. States, the nation owning a like sum in the stock of the Bank, upon which dividends are punctually paid. Of the sum that will remain, namely, fifty one millions three hundred and sixty two thousand one hundred and thirty-five dollars and seventy-eight cents, the old revolutionary three per cents, constitute more than thirteen millions of dollars. By this exhibition of the state of the debt, it will be seen to how small an amount it has fallen under a faithful enforcement of the sinking fund act, in the space of eleven years. In the past effects of this act, we have the pledge of its future efficacy. As each successive year increases the proportion of principal that is paid off, diminishing that of interest, it is easy to anticipate in how short a time the nation, under the continued action of the fund, will be released from all charges whatever on account of the debt, by its final extinguishment. Assuming its stated appropriation of ten millions to be forever in the same proportion in future years as it has been this year, the debt will, in effect be totally paid off in little more than four years.

An evidence of the stable resources of a country, actual and prospective, is to be found in the prices which its funded debt bears in the money market. A financial exposition and review, like the present, naturally embraces some general allusion to this point. The stocks of the United States keep at an elevation above par, indicative of the high credit of the Government; the more remarkable from the consideration that they are redeemable at short periods, and quickly redeemed in face, as the periods arrive. The three per cents, being those which, it is presumed, will be redeemed last, a circumstance known always to enhance the value of stock where public confidence attaches to it, stand, accordingly, at the highest rate, being a favourite stock abroad as well as at home. For the last four years, this portion of the public stock has been at a price ranging in the main, from 80 to 85; nor has it been always obtainable, such is the demand for it, even at that rate. The heavy fall of stocks in England, towards the close of 1825, affected those of this country less than might have been anticipated from the connexions of business, between the two countries, and serves to show the value of those of this Government, even under untoward occurrences in that great centre of the commercial world.

The precise amount and kinds of stock of which the public debt will consist on the first of January next, with the periods of redemption, will be seen in detail in the document No. I. annexed to this report. It is not deemed necessary to say any thing more under this head, except barely to add, that the five millions four hundred and sixty-three dollars and twelve cents, that were paid off on the first of July last, consisted of two millions seven hundred and forty-four thousand four hundred and twenty-three dollars ninety-one cents of the six per cent stock created by the act of Congress of the eighth of

February, 1813, being all that was left of that stock; and of two millions two hundred and fifty six thousand and thirty-nine dollars and twenty-one cents, of the six per cent. stock created by the act of the 24th of March, 1814. The four millions fifty thousand seven hundred and eighty dollars and seventy-seven cents, intended to be paid at the close of the present year, consist of the six per cent. stock also created by the last mentioned act, but denominated the loan of the 22d August, 1814; being in like manner, all that remains unpaid of that particular loan.

The general state of the Foreign Commerce of the country will next be given. This will best make known the surplus productions of its soil, and those other sources of its industry which constitute the basis of its foreign commerce.—The importations into the United States, during the last four years, amount, in value, to three hundred and fifty millions two hundred and two thousand four hundred and sixty-nine dollars.—Those for a portion of the present year, are here given by probable estimate, rather than certain knowledge. The exportations for the same four years, calculated in the same way, amount to three hundred and thirty-seven millions two hundred and two thousand four hundred and twenty-six dollars. Of the latter, two hundred and thirty-three millions six hundred and thirty-five dollars, were of domestic produce and manufacture, and one hundred and four millions one hundred and thirty-three thousand three hundred and ninety-one dollars, were re-exportations of foreign commodities. The importations for the four years preceding, or from 1821 to 1824, both inclusive, amounted to three hundred and three millions nine hundred and fifty-five thousand five hundred and thirty-nine dollars; and the exportations to two hundred and eighty-seven millions eight hundred and twenty thousand three hundred and fifty dollars. Of the latter, one hundred and ninety-one millions three hundred and fifty thousand eight hundred and eighty-one dollars, were of domestic produce and manufactures, and ninety-six millions four hundred and sixty-nine thousand four hundred and sixty-nine dollars, re-exportation of foreign articles.

The receipts into the Treasury during the last four years, these being always chiefly dependent upon the importations amount to ninety-seven millions nine hundred and fifty-seven thousand five hundred and fifty-nine dollars and eighty-six cents. Those for the present year are here also given, in part, by estimate. The estimates may deviate from accuracy; but not to an extent to thwart the general conclusions that are in view. The expenditures for the same time, calculated in the same way, may be stated at ninety-five millions five hundred and eighty-five thousand five hundred and eighty-eight dollars and eighty-five cents. Of this sum, besides what was applied to the public debt, about fourteen millions will have been expended on internal works, designed to improve the condition of the country, or otherwise, on objects not belonging to the mere annual support of Government, in its civil, military, and naval establishments. The receipts for the four years that preceded, were eighty-four millions seven hundred and twenty-eight thousand and ten dollars and seventy-one cents; and the expenditures eighty-three millions nine hundred and seventy-nine thousand eight hundred and seventy-four dollars and seventy-nine cents. Ten millions of dollars obtained by loans, are included in the receipts of the four years last mentioned; and five millions, so obtained, came into the Treasury during the first year of the other series, viz. in 1825. This loan of five millions was procured, under an act of Congress of May, 1824, at four and a half per cent. not from any deficiency of revenue, but for the purpose of paying off an equal amount of the public debt at six per cent. It explains what was said of the payment that was made on account of the debt in 1825, not having all been from surplus revenue. The loans, amounting to ten millions, embraced in the first series of four years, were obtained with a view (exclusive of the sum applied to the purchase of Florida) to similar changes in the debt. It has been the policy of the Treasury Department to recommend, from time to time, these changes of stock from a high, to stock bearing a lower rate of interest; it appearing to be unjust to the nation, that, under an entire alteration of circumstances since the time when it may have borrowed money, it should continue to pay more in the shape of interest than individuals pay, the credit of the nation transcending that of individuals as much as do its resources. This remark necessarily implies the right, on the part of the Government, so to change its stock, from the time of redemption having arrived, of that which bears a high interest; and which may, therefore, without objection, be paid off by a new loan obtained at a reduced interest.

Deducting the amount of receipts from these beneficial loans during the two periods reviewed, the absolute increase of revenue during the second period is found to exceed eighteen millions of dollars. The whole of this increase has been in the customs. It amounts in each year to an average of more than twenty-four per cent.—Whilst the increase in receipts has been at this rate, the increased expenditure, aside from what has been paid towards the reduction of the debt, has been less than ten per cent. and the latter has been chiefly caused by internal improvements. The increase in receipts may be accounted for, in part, but not at all to this extent, by the increased duties under the Tariff of 1824. The imports during the four years ending with 1823, exceed those of the preceding four years, by an average of more than fifteen per cent. in each year. The exports of domestic produce for the four years ending with 1828, exceed those of the four years ending with 1824, by an average of more than twenty-one per cent. in each year. The increase in the consumption of foreign articles during the same time, has been, on an average, upwards of eighteen per cent. in each year.

It is believed that the shipping of the United

States will be found to have increased during the last four years, in a fair ratio with their commerce and revenue. The returns under this head are not sufficiently complete, at the present moment, to speak with precision. It is certain that the whole mercantile shipping of the Union, including that employed in the coasting trade, as well as all that is embarked in foreign commerce and the fisheries, exceeds at this time, fifteen hundred thousand tons. That of no other nation is probably as large, England excepted. In 1818, the tonnage of the Union was but little more than twelve hundred thousand.—Its greatest increase since that year, was in one of the years under examination, viz. 1826. The profits of freight upon this large amount of tonnage, the ships of the United States being almost exclusively the carriers of the commerce of the nation, centre at home, and make a large addition to the stock of capital at home.

The foregoing statements indicate a steady advance in the national prosperity. The reality of this advance is only to be measured by aggregate results, ascertained at proper intervals of time. It is useful to present such results. They show the general condition of the country, viewed not in parts, but under one undivided whole. They attest the positive growth of its riches, and the rapidity of the growth by comparison. They afford resting points for doubtful opinions, when all desire to arrive at those that may appear best supported by results. No single eye can take them all in, unassisted by the authentic returns which it is the province of the Government, and chiefly of the Department of the Treasury, to watch over and promulgate, endeavouring also to trace them to their causes. A State whose natural resources and territory are abundant, whose institutions are free, and whose interests are diversified, may witness occasional and temporary pressure upon some of those interests, whilst all the great branches of its industry are in course of sure development. But transient inconvenience is lost in the aggregate prosperity, and must, in the end, participate in that prosperity. It is thus that great States, under successful systems of legislation, go onward in their career of riches and power. Not only has there been a marked increase of importations and revenue in the United States during the last four years, and of exportation of domestic commodities, but a like diminution in re-exportations. The latter is very striking, and justifies the inference not merely of an increased desire to import for the purpose of meeting the contingencies of trade or speculation, but of an increased ability in the country to purchase and use foreign fabrics. The increased consumption of the latter, and the increase in revenue have exceeded the ratio of the increase of duties under the tariff of 1824, and the presumed increase of population also. The exports of domestic products have increased more than four fold faster than the increase of population, as given by the census at periods the most favourable. These facts cannot mislead. They point to an unequivocal increase, so far, in the prosperity of the nation. Statistical testimonials, for a single year, or for more than one, may rise or fall in amount, from causes that postpone all permanent conclusions; but where they are seen to go on in an increasing train throughout a succession of years, it is rational to ascribe them to causes beginning to assume a fixed character. If we review the last four years as a period of time in commercial history, we find little in the circumstances of the world, either from general war or otherwise, to affect foreign markets beyond the ordinary fluctuations incident to trade at all times. The extraordinary operations in the cotton market that fell upon the first of these years, viz. 1825, are not conceived to impair the applicability of the remark, because there has been time enough for diminished exportations, as a consequence of the large exportations of that year.—No term indeed, of eight years, since the establishment of the Government, has been as exempt from the influence of external events that disturb the regular operations of national industry and commerce, as the last eight. None, therefore, could be fairly taken for the comparative statements that have been made.

It does not escape recollection that from 1791 to 1815, there were epochs when the foreign commerce of the country advanced with even more rapidity than is here stated, when it was greater, absolutely, and therefore greater in proportion to the population of the country. But during that long interval, there prevailed in Europe, with scarcely a perceptible interruption, desolating wars, which created an unparalleled demand for our staple productions, and brought them up to extravagant prices. This, with our neutral attitude, which gave to our carrying trade a scope almost unbounded, raised exportations and importations to an artificial pitch, that can never be required to as a standard of comparison for commerce under circumstances more ordinary and regular. It is known that during portions of that interval, our trade in foreign produce far exceeded that in domestic. It is wholly otherwise now. The mere profits on our tonnage at that early day of the Republic, by the capital which it introduced, gave, of itself, the capacity for an enlarged consumption of foreign articles on a comparatively smaller basis of population.

The increased consumption of foreign articles in the United States, during the last four years, as compared with the four that preceded, may, it is believed, be ascribed in no inconsiderable degree to the advances which home labour has been making in various ways in the country since 1824. The creation and subdivision of home labour must bring new wealth to this country, as they ever have to other countries; and with it an increased ability to buy articles of all kinds.—The reports from this Department within these four years have respectfully, but earnestly, urged upon Congress the expediency of fostering manufacturing labour, under the conviction deeply entertained, that in its success is largely to be found the true ground work of financial power. It will ultimately unfold the means of providing revenue for the public wants when war, or other external events not to be controlled, may abridge fo-

reign commerce. How difficult it has been heretofore to obtain any efficient supplies of revenue from sources of internal industry and wealth, when such vicissitudes have happened, the financial history of the country in times past sufficiently makes known, imparting admonition for the future.—The Department has no less strenuously inculcated the policy of important amendments in our commercial code, by lowering the duties upon foreign articles that were indicated, especially teas; by removing the shackles which bind down the merchant in his trade of re-exportation; and by a liberal extension of the warehousing system, which, with the abolition of all transit duties, might more and more tend to bring the productions of all parts of the world into deposit at our ports, thence to be distributed, and principally by our own ships, wherever markets might invite them.

It was believed, that, with the establishment of manufactures at home, foreign commerce would ultimately expand; but it continues to be believed that the latter will never get to its full height in the United States until aided by the laws in the ways recommended. The merchant, like the manufacturer, requires, at proper junctures, the helping hand of Congress, and may suffer without it. Hence it has been the object, as it was the duty of the Department, to invoke legislative favour for both these great interests, under the belief that they flourish most when they flourish together; that in proportion as both flourish, in conjunction with agriculture, the inviolable feeder of both, is the public treasury most likely to be kept full, and that all plans of finance that does not take the co-operating prosperity of these three primary interests of the State as their foundation, must prove fallacious or short-lived. Such were the counsels of a departed statesman whose name peculiarly lives in the records of this Department; who was first placed at its head; directing its operations with a forecast so luminous as still to throw a guiding light over the path of his successors. His comprehensive genius, looking into futurity, and embracing in its survey all the interests that go to make up the full strength and riches of a great empire, saw the truth now in course of corroboration by our own experience, that the protection and increase of manufacturing labour, far from stopping the springs of our commercial power, would but multiply and diffuse them.

Enough of time has not elapsed to warrant any decided judgment upon the practical operation of the tariff of 1828. There seems no present reason for supposing that it will lessen exportations. If not, no scale of duties which it has created will diminish the foreign trade or the revenue of the nation. It is manifestly what we send abroad that must, in the end, give the true measure of what we are to receive from abroad.

The moneys received into the Treasury during the last four years, amount, as has been already estimated, to more than ninety-seven millions of dollars. It belongs to this retrospect to state, that, in the application of the whole of this sum to the various objects of expenditure designated by the laws, no embarrassments or delays injurious to the public service have happened. All moneys have been paid at the time and at the place, where they were required to be paid, and to the persons entitled to receive them. This capacity in the Treasury to apply the public funds at the proper moment in every part of a country of such wide extent, has been essentially augmented by the Bank of the United States. The Department feels an obligation of duty to bear its testimony, founded on constant experience during the term in question, to the useful instrumentality of this institution in all the most important fiscal operations of the nation. In faithful obedience to the conditions of its charter, and aided by its branches, it has afforded the necessary facilities for transferring the public moneys from place to place, concentrating them at the point required. In this manner, all payments on account of the public debt, whether for interest or principal; all on account of pensions; all for the civil list; for the army, for the navy, or for whatever other purpose wanted in any part of the Union, have been punctually met. The Bank is also the depository, with its branches, for the public moneys from whatever sources of revenue received, aiding, too, in their collection, thereby giving safety to the keeping as well as promptitude and certainty to the disbursement of the public treasure. It receives the paper of the State Banks paid on public account in the interior, as well as elsewhere, and by placing it to the credit of the United States as cash, renders it available wherever the public service may require. By this course, a course not enjoined by its charter, it widens the field of business and usefulness to the State Banks. Such, also, is the confidence reposed in the stock of the Bank of the United States, that it serves as a medium of remittance abroad in satisfaction of debts due from our citizens to those of other countries, which otherwise would make a call upon the specie of the country for their discharge. Nor are these all the uses of this institution in which the Government participates. It is the preservation of a good currency that can alone impart stability to property, and prevent those fluctuations in its value, hurtful alike to individual and to national wealth. This advantage the bank has secured to the community by confining within prudent limits its issues of paper, whereby a restraint has been imposed upon excessive importations, which are thus kept more within the true wants and capacities of the country. Sometimes (judiciously varying its course) it enlarges its issues, to relieve scarcity, as under the disastrous speculations of 1825. The State Banks following, or controlled by its general example, have shaped their policy towards the same salutary ends, adding fresh demonstrations to the truth, that, under the mixed jurisdiction and powers of the State and National systems of government, a National Bank is the instrument alone by which Congress can effectually regulate the currency of the Nation. When the Congress of the Revolution, under the severest pressure of financial difficulty, established, in 1781, the Bank of North America; when the Superintendent of