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WILLIAM W. HOLDEN,
EDITOR AND PROPRIETOR.

THE CONSTITUTION AND THE UNION OF THE STATES—THEY MUST BE PRESERVED.
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REPORT
Of the Secretary of the Treasury.
Treasury Department, Dec. 6, 1843.
Sir: By the act of Congress approved May 10th, 1830, it is made the duty of the Secretary of the Treasury, "to digest, prepare, and lay before Congress, at the commencement of every session, a report on the subject of finance, containing estimates of the public expenditures, and plans for improving or increasing the revenues from time to time." By the act of 26th August, 1842, the fiscal year of the Treasury is directed to commence on the first of July in each year, beginning with that day in the year 1843; and it is provided, that the report and estimate required to be prepared and laid before Congress at the commencement of each session by the Secretary of the Treasury shall be a report and estimate for each fiscal year, commencing, as aforesaid, and terminating on the thirtieth day of June, in the succeeding calendar year.
In obedience to these laws, the following report is submitted:
The act of 1842 contemplates that estimates of the receipts and expenditures of the fiscal year commencing 1st July, 1843, should be furnished at the commencement of the present session of Congress. They have accordingly been prepared, and are herein presented.
The estimates for the current fiscal year, commencing 1st July, 1843, were made in December, 1842, so much in advance of the time to which they related, that they were necessarily conjectured to a great extent. They can now be rendered more exact by a knowledge of the true state of the Treasury at the commencement of the fiscal year, and by a better acquaintance with the necessities of the various branches of the public service. Accordingly, the different Departments have been requested to revise their respective estimates. Upon the information thus obtained, a corrected account of the actual and estimated receipts and expenditures of the current fiscal year, commencing the 1st July last, has also been prepared and is now submitted.
In order to fill the chasm in the accounts between the 31st of December, 1842, and the 1st day of July, 1843, caused by the change in the fiscal year, and to ascertain the true balance in the Treasury on the 1st July, 1843, it becomes necessary to exhibit a statement of the receipts and expenditures during that time, which is accordingly presented herein. It will be seen that the expenditures exceeded, and the receipts fell short of the estimates for that period. An account of the actual receipts and expenditures of the calendar year 1842, is also annexed to this report, a part of them only having been hitherto submitted to Congress; in which the expenditures will be found classed under general, yet distinctive, heads of appropriation, so as to exhibit, briefly, and intelligibly the subjects to which they have been applied. It is an abstract of the warrants issued to the Treasurer pursuant to the appropriations by Congress, and paid by him. It does not embrace the trust funds or indemnities, although it does include what are actually called outstanding warrants, which, in fact, are not outstanding, but are merely unsettled, having been paid by the Treasurer to the parties who presented them, by checks and drafts on the public depositories, and receivers, but which had not been returned at the time of the settlement of his accounts, although most, if not all of them, had in fact been paid.
The statements of the receipts and expenditures for the half year, between the 1st of January and the 1st of July, 1843, and for the first quarter of the new fiscal year, are also founded upon the entries in the books of the Register of the Treasury, and make no distinction between warrants settled or unsettled. These statements, therefore, show accurately the payments that have been made, according to the appropriations by Congress, although all the evidence of those disbursements, required by the auditing officers, may not have reached their offices.
This mode of exhibiting the state of the Treasury, has not always been observed. The money, apparently in the hands of the Treasurer, has sometimes been so stated, as to leave the impression, that it was an available balance. The average of outstanding warrants, as they are called, for a series of years, has been deducted from the apparent balance, instead of deducting the exact amount that remained unsettled. But when a warrant has been issued to the Treasurer, and paid by him, the amount is effectually disposed of, and cannot be reached by Congress, whether the Treasurer's account of such payment is settled or not. The mode now pursued, therefore, is deemed the proper one, to exhibit the amount in the Treasury subject to appropriation. This explanation is made, to account for discrepancies that may appear between the statements and tables herewith presented, and those in former reports.
These accounts and estimates present a connected series from the 1st of January, 1842, to the 1st of July, 1845, and exhibit the operations of the Treasury for the last two years, (with the exception of the present quarter), in its present condition, and its future prospects. The results deduced from them and the views they suggest will now be presented in the order of time, in respect to the different periods to which they relate:

counts, on the first day of January, 1842, there was in the Treasury	\$28,685,111 80
From which is to be deducted as not available:	
Amount deposited with the States	\$28,101,644 91
Balances of trust funds, 1st January, 1842,	374,521 18
	28,476,166 09
The outstanding warrants at the close of the year 1841, were	813,268 40
Total liabilities	29,289,434 55
Deficiency of means to meet warrants	604,323 47
	\$29,289,435 35

Instead of any available balance in the Treasury on the 1st of January, 1842, there was, therefore, a deficiency to meet the outstanding warrants of \$604,323 47.

From the accompanying statement (A.) it appears that the receipts into the Treasury during the year 1842, exclusive of trust funds, and of the avails of Treasury notes and loans, were \$19,643,966 40

The expenditures of the same year, exclusive of the sums paid on the redemption of Treasury notes and interest on them, and on recent loans, and on account of the old public debt, was 23,921,037 60

The excess of expenditures over revenue was 4,277,071 20

The amount paid on account of the old public debt, Treasury notes, and interest on them and on loans, was 8,477,868 94

To supply the deficiency in the revenue, and to provide means for the redemption of Treasury notes, others were issued and loans obtained to the amount of 14,808,735 64

And a balance was thus left in the Treasury on the 1st of January, 1843, exclusive of deposits in the States, indemnities, and trust funds, and deducting outstanding warrants, subject to appropriation, of 1,449,472 03

Receipts, Expenditures, &c., of the first six months of 1843.

The balance in the Treasury on the 1st of January, 1843, exclusive of deposits with the States, trust funds, and outstanding warrants, was \$1,449,472 03

By the accompanying statement (B.) it appears that the receipts between the 1st of January and the 1st of July, 1843, exclusive of the avails of Treasury notes and loans, were 8,065,325 46

And the expenditures, exclusive of the sums paid on account of the public debt 10,898,390 83

Excess of expenditure over revenue 2,833,065 37

The amount paid for redemption of Treasury notes and for principal and interest on the public debt, was 861,607 47

To supply the deficiency and to provide means for the redemption of Treasury notes, others were issued and loans obtained to the amount of 5,543,708 36

And a loan was made under the act of March 3, 1843, of seven millions, of which nearly the whole was received during the quarter 6,934,000 00

Which left a balance on the 1st of July, 1843, of 10,434,507 55

This large apparent balance arises from the circumstance that while nearly the whole proceeds of the seven millions loan were paid in during the half year, the amount of notes redeemed by those proceeds does not appear in the accounts of that period, but is contained in those of the next quarter. The real balance, excluding the loans and the notes subsequently redeemed, was about \$3,370,000.

Revised Estimate of the Receipts and Expenditures for the fiscal year, commencing July 1st 1843.

The accounts of the first quarter of the present fiscal year, that is, from July 1st to September 30th, 1843, exhibit the following results:

Receipts.	
From customs	\$6,182,272 09
Sales of public lands	388,870 22
Miscellaneous and incidental	26,871 43
Total revenue received	6,548,013 74
Residue of subscription to loan of seven millions	66,000 00
Total	6,614,013 74
Balance in the Treasury 1st July, 1843	10,434,507 55
Total means	17,048,521 29

Expenditures.

Civil, miscellaneous, and foreign intercourse	\$1,016,257 17
Army proper	858,785 15
Fortifications, ordnance, arming militia, &c.	610,400 90
Indian Department	880,171 88
Pensions	806,800 04
Naval establishment	2,049,387 36
Interest, &c., on public debt	95,555 48
Total, exclusive of redemption of Treasury notes and interest	6,317,357 98
Paid on redemption of Treasury notes and interest	6,902,031 54
Total payments for the quarter	13,219,389 52
Leaving a balance on the 1st October, 1843, of	\$3,829,131 77

Estimates for the remaining three quarters of the fiscal year.

Balance at the end of the first quarter, 30th September, 1843,	\$3,829,131 77
Estimat. receipts, 2nd quarter—	

from customs	\$3,100,000
from lands	537,000
Estimat. receipts, 3rd quarter—	
from customs	4,600,000
from lands	500,000
Estimat. receipts, 4th quarter—	
from customs	3,600,000
from lands	520,000
Miscellaneous	50,000
Total means	\$16,736,131 77

Of the specific appropriations already made by law applicable to the service of the last and the current fiscal year, there remains unexpended 19,509,635 89

Of this balance there will not be required, to be expended during the year, but will be required during the next year, for the civil list, foreign intercourse, and miscellaneous 352,387 41

Military establishment 2,255,638 65

And which will not be required and may be carried to the surplus fund 504,940 73

3,112,966 79

Leaving of the specific appropriations, which, according to the data furnished by the respective Departments, will be required during the year 16,396,669 00

To which is to be added amount of permanent and indefinite appropriations, which will be required 2,577,713 88

Additional appropriations necessary 289,012 96

\$19,263,395 94

This sum is composed of the following items:

Civil list, foreign intercourse, and miscellaneous	4,759,037 09
Army proper	2,775,328 06
Fortifications, ordnance, arming militia, &c.	2,674,906 91
Indian Department	1,642,482 71
Pensions	954,578 46
Naval establishment	5,053,070 76
Interest on public debt	1,403,791 94
Total	\$19,263,395 94

The means in the Treasury, as above stated, are 16,736,131 77

Deficiency \$2,527,264 17

It will be seen that a sum exceeding two millions and a half is deducted from the appropriations already made, on the ground that it will not be required to be paid out during the fiscal year. Being actually appropriated by Congress, and liable to be used even during its expiration, the undersigned has hesitated to deduct the amount from the expenditures, and although this has been done in conformity with usage, this explanation is necessary to prevent mistake. Notwithstanding this deduction, it will be perceived that there will be a deficiency of more than two millions five hundred thousand dollars. To this deficiency must be added the amount of such special appropriation as Congress may make during the present session, in addition to the appropriations for which estimates are submitted in another report. It is a duty also to remark, that the credit of the Treasury, the facility of its operations, and the necessity of guarding against unforeseen contingencies, have usually induced Congress to make provision for a small surplus. There is nothing in the circumstances of the present year to induce a departure from such a prudent course, and for that purpose a million and a half of dollars ought to be added to the deficiency above stated. The whole amount to be provided for the services of the present fiscal year, beyond the means now existing or estimated, would therefore be about \$4,000,000.

Estimate of Revenues and Expenditures for the fiscal year commencing July 1, 1844, and terminating June 30, 1845.

Revenue—From Customs	\$20,000,000 00
From sales of public lands	2,250,000 00
From miscellaneous sources	50,000 00
Total	\$22,300,000 00

Expenditures—According to the data furnished by the different Departments, there will be required the balance of former appropriations 2,608,026 06

Permanent and indefinite appropriations 2,318,189 92

Specific appropriations for the services of the year 21,950,844 11

\$26,877,059 19

This sum is composed of the following items:

Civil list, foreign intercourse, and miscellaneous objects	\$4,659,904 98
Army proper	3,926,096 07
Fortifications, ordnance, arming militia, &c.	4,478,112 19
Indian Department	2,330,355 14
Pensions	1,555,844 57
Naval establishment	8,894,007 22
Interest, &c. on public debt	1,032,739 02
Total	\$26,877,059 19

Probable deficiency, independent of other specific appropriations that may be made by Congress \$4,577 059 19

The estimate of the proceeds of the sales of public lands is founded upon the expectation that all the Miami lands in Indiana, or those in the Choctaw cession of 1830, in Mississippi, will be brought into market.

If both tracts should be offered for sale, the amount from that source may be increased four hundred thousand dollars. If neither should be offered, the estimated amount will be reduced two hundred and fifty thousand dollars.

The preceding estimates are made on the assumption of the continuance of the existing laws for the collection of duties on imports and ton-

nage, and for the sale of the public lands, and of course will be affected by any changes in those laws. The fluctuations of commerce forbid an implicit reliance upon any prospective calculations for a long term. Those now presented have been made from the best information that could be obtained, and from a comparison with the receipts of previous years. The large amount of eighteen millions received in 1842 from customs, is not to be wholly credited to the business of that year. It includes \$4,808,666 11—the amount of duties which had accrued in 1841, and was secured by bonds, that were paid in 1842 and also \$567,000 of Treasury notes redeemed by the collectors in the former year, but which were credited in 1842, thus leaving the actual receipts from the duties of the year at less than thirteen millions. It will be perceived that there was a decided improvement in the duties on imports during the year 1843; for, during the three first quarters of that year, the receipts exceeded thirteen millions, and from returns already received, it is quite certain, those of the fourth quarter will amount to more than three millions, making a total of more than sixteen millions for the calendar year.

Various general considerations, and particularly that the stocks of imported goods were, during the last two years, nearly exhausted, induce the belief that the revenue from this source will continue to augment under the present laws for the next two years, but it is doubted whether this increase will exceed three or four millions.

It is believed that habits of economy are prevailing among our fellow-citizens, stimulated and strengthened by the sad consequence of overtrading, and a spirit of speculation. The disposition to husband their means, prevents the purchase of many superfluous articles of foreign manufacture which were formerly in extensive use. Many fabrics which were heretofore imported, and nearly all those which are necessary to our comfort, excepting those composed of silk, are manufactured within our own borders as well, and are furnished as cheap as the productions of other countries. This cause has for several years gradually reduced the consumption of foreign merchandise, and will continue to operate; and in connection with a more healthful economy will probably affect the revenue. The estimates of receipts from customs for the ensuing eighteen months, have been framed in reference to these considerations.

A table has been prepared under my direction, which accompanies this report, (C) exhibiting the value of foreign merchandise, imported and re-exported from 1821 to 1842, and showing the value of articles consumed or left on hand during each year. By a comparison of this table with another, (I) also hereto annexed, showing the value of merchandise imported, and the duties accruing thereon for each year, during the same period, it will be perceived, as a general result, that the duties were the greatest during the years when the largest amounts of imported goods were either consumed or left on hand. A comparison of these for the several years will afford a very good idea of the average consumption of foreign goods, and the balances that must have been left on hand and will justify the conclusion that the largest amount of duties were founded upon the excess of importation over consumption; or in other words that the regular and steady consumption of the country did not furnish the means from which those excessive revenues were derived. The inference to be drawn from these results is, that we are not to expect such amounts of duties as characterized the years 1831, 1832, 1833, 1836, and 1839, without the existence of the same cause—importations beyond our wants. And indeed a more general inference may be drawn, that without the intervention of some extraordinary causes—which there is now no reason to anticipate, we cannot rely upon more than a very moderate increase of duties from customs, bearing a proportion to the increase of population, for years to come.

With a view to furnish the information collected in this Department, respecting the course and fluctuations of our foreign commerce, in a convenient form for examination and reference, several very valuable tables have been prepared, which are annexed to this report. Among them, besides those already mentioned, is a statement of our exports of domestic produce and of foreign goods, distinguishing those subject to duty from those that were free; also, tables of the most important articles imported from those countries with which we have the most intercourse, designating them respectively; and, also, of our exports to the same countries. There is also a table showing the gross revenue of each year, the expenses chargeable upon it, and the net proceeds. All these embrace the period from 1821, when the statistical reports were first made, to the year 1842.

The proceeds of the sales of the public Lands have been estimated from the best elements within reach. The demand for these lands is steady, while it is moderate, and there is no reason to anticipate the wild and excessive rage for purchases which at one time prevailed. If the tide of emigration should take its course towards the shores of the Pacific, it might materially affect the Government sales of land. The tracts set apart to the new States and located by them, being, or likely to be, in the market, will also have an influence upon this question. These and other considerations not of equal magnitude, but having a bearing upon the result, have induced the undersigned to doubt whether the receipts from the sales of lands will be equal to the estimates submitted, which have been obtained from the General Land Office, and are founded upon large purchases being made of tracts that will be brought into market.

The expenditures for the next eighteen months will be diminished to a considerable extent, in consequence of the distribution of the proceeds of the sales of public lands having ceased, of no appropriations being necessary for new purchases of Indian lands, of various public buildings, heretofore authorized, being completed, and, it is hoped, of the claims of militia and volunteers being nearly satisfied.

Yet from the present appearances it seems certain that the deficiencies above stated will exist during the present and the next fiscal year. They are but continuances of similar deficiencies which commenced immediately after the deposits were made with the States, and have continued for the last seven years. The accompanying table (C) exhibits the receipts from the various sources accruing between the first of January, 1837, and the 30th September, 1843, the expenditures, exclusive of payments for principal or interest of the public

debt, those made on that account, and the actual balances in the Treasury.

It will be seen that the deficiency has been diminishing during the last three years, having been at the rate of seven hundred thousand dollars less per year during that time than during the preceding four years. The average rate of revenue per annum accruing between the first of January, 1837, and the 31st December, 1840, was twenty-one millions of dollars, while that between the first of January, 1841, and the 30th September, 1843, was eighteen millions two hundred thousand dollars per year.

The accruing revenue stated in the table embraces all the receipts into the Treasury during the periods referred to, excepting those from debts and other funds existing prior to 1837, in reference to the first mentioned period, and with a like exception of receipts from similar funds which existed before 1841, in reference to the second period, and excepting in both cases the means derived from loans and Treasury notes. This view is taken for the purpose of exhibiting the actual revenue, independent of accidental and extrinsic additions. Thus, during the first four years the deficiency in the ordinary revenue was supplied by the balance in the Treasury on the 1st of January, 1837, of \$16,057,278 88; by receipts from debts and other funds existing before the 1st of January, 1837, to the amount of \$8,576,697 63; and by Treasury notes. During the last two years and nine months, the deficiency was partly supplied by the balance in the Treasury on the first of January, 1841, \$1,196,627 63; by receipts from funds existing before the last mentioned day, to the amount of \$720,723 99; and the residue by loans and Treasury notes.

It will be perceived also that the expenditures for the four years, for all purposes other than the public debt, averaged at the rate of twenty-eight millions one hundred and twenty-five thousand dollars per year; while those of the same character for the last two years and nine months averaged at the rate of twenty-four millions four hundred and forty-eight thousand dollars per annum. The reduction in expenditures for the last mentioned period was much greater than the diminution of revenue.

The payments on account of the principal and interest of the old public debt, and the interest on loans and Treasury notes during the last mentioned period, exceeded two millions, while those between 1837 and 1840, were less than seven hundred thousand dollars.

From the preceding estimates and statements, it appears that there will be required for the service of the present fiscal year beyond the means in the Treasury \$4,000,000 00

And for the service of the fiscal year commencing 1st July, 1844, beyond the probable revenue, at least \$4,500,000 00

The loan of 1841, becoming due 1st January, 1845, amounts to 5,672,976 88

The balance of the Treasury notes which were outstanding on the 3d March, 1843, and not redeemed by the last loan, amounts to 4,656,387 45

With respect to the last item, the balance of unredeemed Treasury notes, it is supposed that adequate provision for the present is made by existing laws, which authorize the funding such notes in a ten years' stock, or the reissue of them before the 1st of July, 1844. Some observations will be found in a subsequent part of this report explanatory of the views and course of this Department in regard to these Treasury notes. In this place it is deemed proper only to express the opinion that no legislation will be necessary to provide for this amount of more than four millions and a half, other than the continuance by Congress of the provisions of the act of March 3d, 1843.

The loan made under the act of 21st July, 1841, in terms redeemable at the option of the Government after the 1st of January, 1845; yet it is not doubted that the understanding of the lenders at the time was, as it always is in respect to loans on similar terms, that it would be redeemed at the specified time. In the opinion of the undersigned, the practice of rendering loans indefinite or uncertain as to times of payment, ought not to be indulged when it can possibly be avoided. A postponement supposed to be temporary from year to year embarrasses the operations of the Treasury by the uncertainty of the demands which may be made upon it. In the present abundance of money, it is believed that a new loan might be obtained, on a ten or fifteen years' stock, on terms more favorable to the Government than those on which that about to become due was procured.—This course is recommended also by the consideration that the probable deficiency in the revenues of the next fiscal year to meet the ordinary expenditures will be sufficient to call forth all our resources without encountering this additional amount.

The remaining eight millions five hundred thousand dollars, the estimated expenditures over the receipts of the present and next fiscal year, must be avoided in whole or in part by a reduction of the public expenditures, or provision must be made to meet them by an increase in the revenue. Both these topics, therefore, demand consideration.

First, a reduction in the expenses of the Government.

The subjects for retrenchment are peculiarly within the province of the legislative branch of the Government, particularly those of a general character. There are some, however, which are necessarily better known to the Departments having charge of collecting the revenue, the expenses of them. It is believed that the abolition of some collection districts, and of some offices in other districts, which have ceased to be useful, and by a more exact regulation of the compensation of those officers who may be retained. The subject has heretofore been brought to the attention of Congress, and it is again respectfully submitted to its consideration. Any additional information that has been obtained, and the views of the Department in detail, will cheerfully be communicated to the appropriate committee.

A large and unnecessary expense is frequently incurred in the proceedings to obtain judicial condemnation of goods of small value, which have been seized as having been illegally imported.—In one collection district, and in a single quarter, out of forty-three cases of seizure, balances of costs were paid by the United States in thirty-nine

of them, averaging fifty-four dollars in each suit. This is probably an extreme case, but the evil is known to be very general. If no claimant ventures to appear, the conclusion seems irresistible that no defence exists. It is submitted, therefore, whether a more prompt and economical mode of proceeding may not be adopted consistent with the rights of all. Congress has made liberal provision for the remission of forfeitures where they have been incurred without fraudulent intent, by a short and simple process, which saves to the applicant the costs of a trial.—It would seem but just that a similar principle should apply in favor of the Government. In cases where the appraised value of the goods seized shall be less than one hundred dollars, an ample public notice might be given requiring claimants to appear and give security for costs in case of failure, and in default of a claim, the goods might be sold at public auction, and the proceeds deposited in the Treasury for a convenient period prior to final distribution, to be refunded in the proper cases.

The act regulating the amount of compensation to be retained, out of their fees by clerks of district and circuit courts, when the same person officiates in both capacities, has received a construction by one of the circuit courts which defeats the purpose that Congress seems to have had in view, and requires amendment, if it is intended that the surplus of fees beyond the given amount shall belong to the Treasury.

Considerable expense might be saved by a modification of the act of June 12, 1840, which would allow the consolidation of two or more surveying districts, whenever the remaining surveys therein could, in the opinion of the Department, be completed under the Surveyor General of one of them; and by authorizing the discontinuance of land offices whenever their expenses exceed twenty per cent. of the annual amount of sales, and annexing the lands unsold to some other office.

The acts making permanent and indefinite appropriations might, with great propriety, be revised with a view of ascertaining whether justice to the country, as well as economy, does not require the repeal of some of them, or at least a limitation of the time for which they shall remain, or of that in which applications shall be made and the proofs completed. The expenses charged upon the Judiciary fund call for examination and regulation, and will be the subject of a special report.

Secondly, it becomes the duty of the undersigned to examine the remaining question presented, whether any and what provisions can be made to meet the contemplated deficiencies or such portion of them as may exist after the reductions which Congress may direct. The alternatives which suggest themselves are, direct taxation, an augmentation of the proceeds of the sales of public lands, the increase of existing duties on imports, and the imposition of duties upon articles now free.

It is presumed that direct taxation of real or personal property would not be attempted until all other resources have failed. The undersigned has therefore nothing to suggest on this subject. It is not believed that any modification of the land laws can be made by which any permanent increase of revenue from the public domain can be secured. Some temporary accession might be obtained by reducing the price of land offered for sale, but it would be with the hazard, if not certainty, of destroying a rich fountain, whose regular and steady stream is kept up by maintaining a moderate price adapted to the circumstances of our fellow-citizens and yet not inviting speculative investments. Our ultimate resources, then, must be the duties on imports; and when it is considered how large a portion of the expenditures of the Government is caused by our light-houses, by our foreign intercourse; by our navy and other means to protect and extend our commerce with foreign nations; and with how much more equality and equity a tax upon the importation of foreign merchandise operates upon all classes than any other mode of raising revenue; with how much more ease it is collected, and how it entirely avoids all collision with the State sovereignties respecting the subjects of taxation, this mode of supplying the wants of the Government will commend itself to favorable consideration.

Sufficient information has not yet been obtained respecting the practical operation of the act of 20th August, 1842, establishing the existing rates of duties on foreign importations, to authorize an accurate opinion of the probable results of its different provisions. The commercial statistical statement required by law, embracing the returns from the 30th of September, 1842, to the 30th June, 1843, is in course of preparation by all the force that can be applied to it, and it is hoped will be laid before the two Houses of Congress in the course of the ensuing month. As it will embrace the first nine months during which the present tariff has been in operation, it will probably contain the desired information. But the undersigned feels bound to say, that from the examination of reports he has caused to be made from the principal ports, and from a general view of our commerce, after the best consideration which he could give to the subject, he has not been able to discover any of the existing duties which can be increased with any reasonable prospect of augmenting the revenue. The danger from this source is, that articles upon which high duties are levied, will either be clandestinely introduced or not imported at all. It is believed that to the great vigilance which has prevailed during the past season along the coast and on our extended inland frontier, it is mainly owing, that the fraudulent importations which have been anticipated by some, have been prevented. The temptation, however, should not be carried so far that success in one enterprise will remunerate for the losses in several failures.

On the other hand, looking at the subject exclusively in its bearings upon the revenue, the undersigned is not prepared to specify any very important rates of duty that will bear reduction, unless the deficiency be supplied by duties upon other articles. Those levied on glass, particular kinds of iron, coal and sugar, are considered many too high for revenue purposes. Should the statistical information before referred to, exhibit such a result in respect to these or any other articles, they will doubtless arrest the attention of Congress.

Assuming, what will probably be found to be the case, that no essential improvement of the revenue is likely to be effected, at least for the present, by an increase of them, it becomes necessary, or by a reduction of them, it becomes necessary to inquire whether any articles now free of duty can with propriety be subjected to a moderate im-