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SPEECH OF MR. DAVIS.

HOUSE OF REPRESENTATIVES—MAY 4.

[CONTINUED.]

The gentleman from South Carolina, being aware that these objections are not easily surmounted, seems to have discarded the old theory as false, and has introduced a doctrine new in many of its features and consequences. I, for the first time, saw the substance of it in a document from his State, called "An Exposition and Protest," which emanated from the Legislature, and which I read with too much haste to remember with great accuracy. The theory is strenuously maintained, that duties are taxes, although goods are made cheaper under their operation; and to carry the doctrine out, it is asserted that the old idea that the consumer pays the tax, is founded in mistake, for it is the producer that bears the burden. Exports, says the gentleman, pay the duties on imports, and as merchants and factors are mere agents, the planter is the exporter of cotton, tobacco, and rice. Two-thirds of all the exports, he says, consist of these articles. The imports, he adds, are purchased with the exports, and two-thirds of them are paid for in these articles; and as the exporter pays the duty, it follows that the planters pay two-thirds of the whole revenue; that is, sixteen millions of dollars out of twenty four millions, which is about the annual amount of revenue. This burden, he says, falls on less than three millions of population, while the remaining nine millions pay only eight millions of revenue, because they export only to that amount.

If this be true, if sixteen millions of revenue are drawn from the earnings of less than three millions of our population annually, I agree that the burdens are greatly disproportionate—that the South are grievously oppressed, and it is the duty of this Government to afford immediate relief. But, sir, the very statement itself strikes the ear as incredible. Is it true? Can it be true, that less than three millions of persons pay sixteen millions of annual tax? If so, the planter has a business yielding such a profit as our people are unacquainted with. I say, no people since the foundation of the earth, ever did bear such a burden for a succession of years; and as the doctrine is at variance with all received notions, it ought to be sustained by strong proofs, before it gains credence. The gentleman says, it is self evident; but to my dull apprehension it is far from being so; and I regret that the evidence which makes it so clear to him, has not been more fully stated.

I will, if the Committee will lend me their patience, endeavor to point out some of the obstacles, which must be surmounted to establish the doctrine. To disembarass the question, I shall follow the example of the gentleman, by throwing out of the way the machinery of trade, and considering the planter as the exporter. Suppose then he ships a cargo of cotton for the English market, where it is sold. The theory of the gentleman is, that he must receive goods in pay, for he cannot command specie, and if these goods are subject to a duty, when they arrive in this country, the amount paid at the custom house is a tax upon the cotton itself, as a raw material, and the planter actually loses it, as much as if an excise were laid upon it, before it was shipped; and I understood him to say; and repeat, that it made no difference with the planter, whether the tax, as he called it, was imposed directly on the cotton in his hands before it was shipped, or on the goods, as it now is, at the custom house. This doctrine, he says, applies to all imported goods thus purchased, be they consumed by whom they may.

I will now state his reasons given in support of this theory, as I understood them. He said that if the manufacturer

in England could raise the price of his manufactured articles, as duties are imposed, he would then throw the burden on the consumer; but he finds himself unable to do this, and turns round on his heel, and takes the amount out of the grower of the raw material. The manufacturer says, you must receive your pay in goods, of some sort or other, in our markets; we cannot raise the price, and must take the duty out of the cotton; and thus the price of the raw material is reduced, and the earnings of the planter taken from him. Being aware that the assent of the holder of cotton is necessary to a bargain of this sort, the gentleman provided for that difficulty, by asserting, in unqualified terms, that the purchaser is enabled to accomplish this end, because he controls the market, and establishes the terms on which he will buy.

Now, let us look at this proposition, and see what consequences must follow, if it be well founded. The manufacturer in England controls the market, and assesses on the raw material shipped from this country whatever duties may be collected at our custom houses, on any kind of goods that may be purchased with the avails. Is it true, that the purchasers in the market control it? Every man who does business, feels that the market is controlled by another and greater power; he feels that commodities are dear or cheap, according as the supply is great or small, and that it is the supply which fixes the price, and not the will of the buyer, or the might as well purchase at one cent the pound as at twelve.

Again—If the buyer has the power to fix the price, and make such allowances and deductions as he pleases, for duties imposed on English manufactures by our tariff, that power will enable him to deduct any other duties or taxes to which his business may be subject; and he would, of course, deduct a duty of six per cent. upon cotton, which is imposed in England, and paid into the treasury of that kingdom. He can provide for this with much greater facility, than for the duties on the various kinds of goods, which are bought with the avails of cotton, and exported to this country. If he has the power to provide for the one, he surely has for the other. If the planter carries rice to the same market, it is subject to the same controlling influence, and the duties, which are three dollars and thirty-three cents the hundred, may be deducted from the value, and thrown upon him in the same way. So also of tobacco, which pays a duty of three shillings sterling on the pound, which is much more than the article is worth, and consequently the planter would, upon this theory, lose his produce, and be brought into debt for the balance of the duty. This singular theory discloses a new principle in finance, which must come into high estimation; for if the doctrine is well founded, a nation may so regulate its trade, as to draw all its revenues from the foreign States with which it deals.

The next consequence which obviously results from this doctrine, is, that our tariff bears with the same force upon all foreign countries which bring cotton, rice, and tobacco into the English market, as it does upon the Southern States.

The planter of the South meets, as competitors in that market, the planter of Brazil, the planter of Egypt, the planter of the East Indies, and the planter of the West Indies. If the duties are taken out of the raw material, because of our Tariff, then there ought to be a discrimination in the price of cotton from different portions of the world; and it should bear a higher or a lower price according as the duties on manufactured articles are higher or lower in the country from which it is brought. If, for example, the duties in Brazil on British merchandise are fifteen per cent. then American cotton ought to sell much lower than Brazilian. So, if there be no duty on British merchandise in her own colonies of the East and West Indies, then the difference ought to be still greater. But no such discrimination exists; for cotton of the same quality bears in the market the same price, from whatever country it may come; and it follows, that if the tariff causes such a heavy loss on the raw material to the planter of the United States, it depresses the cotton of

Brazil and Egypt in the same ratio; nay, it occasions the same disastrous consequences to the colonies of England herself, for it levels all cotton to the same standard. Upon this principle, if Brazil were to run her duties on imports above ours, her laws would at once bear upon this country and reduce the price still lower. If then the planter of the South, as the gentleman says, is borne down and ground into the dust by the tariff; if he is robbed of the fruits of his honest labour and driven to desperation, it produces the same pernicious effect upon the planters of other countries—for they get the same price and no more; and that price is measured out and regulated by our tariff. This, I believe, is giving a wider scope to the operation of our laws, and diffusing their power more broadly than has ever been imagined by the most enthusiastic opposer of the tariff.

[Mr. McDuffie rose to explain, because he perceived, he said, that the gentleman from Massachusetts intended to answer his argument fairly. The gentleman had stated, that cotton of the same price, one from where it might, cost the same price—said but the southern planter receives goods which he pays a duty of two hundred and fifteen per cent. while the planter of Brazil gets goods on which he pays only fifteen per cent.; that is the reason why the Southern planter is ground down and the other is not.]

Mr. DAVIS resumed. I shall consider that by and by. I said, if the position of the gentleman is well founded, he proves that our tariff bears on all cotton growing countries with the same weight as on the Southern States, because the price of all cotton of the same quality, come from where it may, is the same. Now, if the duties are deducted from the raw material, and paid as the gentleman asserts by the grower, because the purchaser controls the market; then it is clear, that less would be deducted from Brazilian cotton than from ours, and there would be a discrimination in the price—a difference in the value; but I have shown that there is no difference, and the gentleman admits it. It would seem, therefore to follow, that our duties on British merchandise do not regulate the price of cotton, and have little to do with it. [Mr. McDuffie again interposed to explain. His argument was not that the Brazilian grower could not raise his price, but that the American grower could not.] I fear I do not fully comprehend the gentleman from South Carolina. I was endeavoring to follow out his argument, and to show some of the difficulties he must surmount to maintain it. I understood him to state, in the outset, that exports pay the duties on imports; and to deduce as an inference from the fact, that the South paid into the Treasury two-thirds of the revenue of the United States, because the cotton, rice and tobacco raised and sent abroad by that portion of the Union, constitutes two-thirds of the exports. I understood him also to declare, in the commencement of his speech, that the old notion, that the consumer of imported merchandise pays the duties, by giving an increased price for what he buys, was founded in mistake and misapprehension. In confirmation of these declarations, I understood him to say, and repeat, that it made no difference whether cotton, rice, and tobacco, were taxed to the amount of sixteen millions of dollars in the hands of the growers, before they were shipped, or that sum was collected on imported merchandise, bought in foreign markets with the avails of these articles, for in either case the whole loss fell on the planter. From the assumption of these grounds by the gentleman, I thought I was justified in inferring, that he meant to declare, that the consumer did not pay the duty, but the grower of the raw material did, for I could not persuade myself into the belief that he meant to assert that less than three millions of inhabitants consumed forty millions worth of imported articles, while the remaining nine millions consumed only to the amount of twenty millions. I was led to this conclusion, because the gentleman said, that the manufacturer of England would throw the duty upon the consumer, by raising the price of the articles on which the duty was imposed, if he could, but he could not do it, because he could not raise the price. Indeed, the whole course of his reasoning appeared to me to be based on the hypothesis, that the price of the raw material is reduced in the market by the tariff, and thus the

planter is subjected to great loss. I am not able to comprehend how the argument can be explained upon any other supposition, than that the price of the exports is reduced in the foreign market in the manner I have described; for this be not the case, I am at a loss to understand how the gentleman can maintain, that the South paid sixteen millions, or two-thirds of the annual revenue, for if the burden be not forced upon them in this manner, then they pay as consumers only; but the gentleman has repudiated this as a false notion. He must be aware also, that the ratio of consumption and exportation is widely different; for admitting that less than three millions of our population furnish two-thirds of the exports, yet every body knows that the whole Nation are consumers of imports, and probably the nine millions of persons who export none of the cotton, rice, and tobacco, are the greatest consumers of foreign merchandise, as they live in a colder climate, and have more wants. But allowing that they consume only an equal quantity, the argument of the gentleman fails, for, instead of consuming forty millions out of sixty, the South would then consume only fifteen millions out of that amount. I say, therefore, that the main proposition that the South pays two-thirds of the revenue, because they grow two-thirds of the exports, falls to the ground, unless it can be shown that they pay it in some other way than as consumers.

But I will, for the present, dismiss this part of the subject, and proceed to point out other obstacles, which must be surmounted in establishing the doctrine which the gentleman appeared to contend for, and which is surely set up by the Exposition and Protest of the Legislature of his State.

If the purchaser of raw cotton, and other exports in the English market, has the power imputed to him of controlling the market, in such a manner as to reduce the value of our exports forty-five per cent. as is alleged, because we collect forty-five per cent. on imports in this country; if he can thus, at pleasure, cut down the value of our staples, then it follows, that he pockets the enormous profit of forty-five per cent. on all the vast consumption of cotton goods in the British dominions, for on this consumption there is no apology for reducing the price of the raw material which enters into it, because of our tariff. The reduction is to meet the duties here, and here only; but as it reaches all cotton, it produces this result:—If it be true, as has been asserted, that the tariff causes a decline in the value of exports of forty-five per cent.; and if it be true, as the gentleman from New York, (Mr. CAMBERLENG,) has alleged, in his report on commerce, that it gives to the British manufacturer a premium of \$11 60 on every piece of broad-loth worth \$2 the yard: the law of 1828, which seems to be in bad odour in England, ought to be esteemed by the people of that country as more precious and valuable than the acquisition of the mines of South America. Yet, with all their sagacity in trade, they are so stupid as to overlook these vast advantages, and actually complain of our policy as narrow, selfish, and illiberal. They must be either short sighted, or they view the matter differently from gentlemen here.

Another objection to this kind of reasoning is, that it is utterly impracticable to take the duties on imported merchandise out of exports, and apply them in the way supposed. The whole scheme is founded on the idea that he who exports the products of this country to foreign markets must receive his pay in merchandise. Without stopping to question the soundness of this position, I will ask the attention of the Committee to one or two considerations, which will show that no such process of reduction in price can take place. A cargo of cotton is shipped to England, and there sold to a manufacturer of that material. The trade is not for goods, but for money, which is perhaps to be expended in merchandise of fifty different kinds—some subject to no duty, some to a low one, and some to a high one. Now, Sir, can any thing be plainer than that the purchaser enters into negotiation about those duties; that he makes no terms of purchase conforming to them? Can any thing be more obvious, than that it is a matter of utter indiffer-

ence with him how the avails are expended? Can any thing be more apparent than that the manufacturers of woollens and silks, if the avails should be expended in these articles, would in respect be benefitted by this reservation of forty-five per cent. in the pocket of the purchaser of the cotton? Can any thing be more evident than if such a deduction were made and reserved by the purchaser, it would be clear gain to him without aiding in any manner to pay the duties on such merchandise as the owner of the cotton might see fit to take in return? If the manufacturer of cotton paid in cotton goods, he might afford them cheaper; but he cannot compel others to sell their goods cheaper because he has reserved to himself forty-five per cent. out of the cargo.

I will not weary patience by pursuing this matter further, for if I do not greatly mistake, I have shown enough to prove the unsoundness of the doctrine, that exports pay the duty on imports—that the planters of the south pay two-thirds of the revenue, because they export two-thirds of the amount of produce which goes out of the country.

I have felt much solicitude to understand the gentleman from South Carolina, (Mr. McDuffie,) correctly, for I thought, he put forth a new doctrine, such as I have been commenting upon. He has risen twice to explain, and by his explanation has placed the question on ground somewhat different from my understanding of the general tenor of his argument. As I am about passing from this part of the subject to another, I will state how I now understand him, and hope he will correct me if I am wrong. I understand him to say, that the price of cotton is not affected in the foreign market by the tariff, but still the planters are burdened with the payment of two-thirds of the revenue, under the operations of the tariff in some other way. I have already intimated, that if his argument could not be maintained by showing the planter suffered a loss in the sale of his produce, the only disputable ground left was upon the question whether he suffers to the amount alleged as a consumer of foreign merchandise. The gentleman after laboring at great length to prove that the duties fell on the growers of cotton, rice and tobacco, said the evil did not stop here, if it did, the country would not bear a system so unjust and ruinous in its operation a moment. But, said he, forty-five per cent. of our labor is arrested at the custom house, and disbursed as a bounty among the manufacturers of the United States. If the doctrine be true, which was thrown out in the argument of the gentleman, that the manufacturer of England reduces the price of raw cotton, because he cannot raise the price of goods, and thus takes the duty out of the planter, it would destroy this argument respecting bounties; for if the tariff does not raise the price of English merchandise here, but leaves it where it was before the passage of the law, it is difficult to see how it affords a bounty to the manufacturers of this country; indeed, we have the declaration of the gentleman himself, that the manufacturers are right when they say the price of goods has not increased much. I will not, however, press this argument, as it seems now to be admitted that the duties are not taken out of the raw produce, but will dismiss it with one remark; if the duties are paid on the raw produce, they are not paid also by the consumer; it is therefore necessary either to abandon the ground, that the English manufacturer controls the market, and reduces the price, because he cannot raise the price of his goods, or to give up the position that the manufacturers here receive a bounty, as a bounty, as it is called, rests entirely on the supposition, that foreign merchandise is made dearer in our market by the duties; and that the consumer pays the difference. One argument proves that the planter as producer pays the duties, the other that the consumer pays them—thus they are twice paid, if both arguments are well founded.

Leaving then the first branch of the subject, I come to this doctrine of bounties. The gentleman says in substance, that the good will of a majority of the American people is secured by the disbursement of forty-five per cent. of the whole fruits of the labor of the South among them; and how are these dis-