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## The Tarborough Press,

BY GEORGE HOWARD,

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## POLITICAL.



### SPEECH OF

Hon. JOHN R. J. DANIEL, of N. C.

On the Tariff Bill: delivered in the H. of Representatives, July 5, 1842.

The House being in Committee of the Whole on the state of the Union, and the tariff bill being under consideration—

Mr. DANIEL addressed the committee as follows:

(continued from our last paper.)

Mr. Chairman, I have described the action and reaction of the banking and protective systems upon each other, upon the supposition that the banking system will be conducted as heretofore. If so I admit that the duties proposed by the bill under consideration may raise more revenue than a system of duties framed in the spirit of the compromise act. But if the principles of banking are beginning to be better understood, and the action and reaction of the two systems are beginning to engage public attention, (as is probably the case,) the natural tendency of the protective system to produce bank expansions, and thereby encourage importations, will, to some extent, be guarded against. Besides, I am not without hope that some means may be devised to subject the banks, if they continue to exist, to such restraints as will confine their issues to the business wants of society;—not, indeed, by a Bank of the United States, which, as all experience will attest, has generally taken the lead in expansions and contractions, and rendered them more extensive and more disastrous; but by the several State Legislatures subjecting the stockholders in their individual property to some extent, at least, for the liabilities of the banks; and excluding from circulation all notes below a certain denomination, with a view to enlarge our specie basis. Such policy, aided by the establishment of the independent treasury, or a suitable bankrupt law, would go far to remedy the evils, if practicable, incident to the paper system. If, from any cause, bank issues should be so regulated as to prevent expansions and contractions to any considerable degree, the high duties proposed by the bill will diminish importations to such an extent, that a system of duties, in accordance with the compromise act, will be no more likely to supply the wants of the treasury.

Sir, having considered the question of the currency, as calculated to effect the system of protective duties proposed to be established, and having passed in review some of the measures of the party in power, I now approach the more immediate consideration of the system of policy, the adoption of which the measures I have been considering have tended to insure.

If, sir, the currency should be rendered more stable, and the less expanded, from the management of the banks hereafter, the amount of dutiable imports assumed by the Secretary of the Treasury as the basis of his estimates, (\$93,817,985.)—and which, I understand, is the basis on which the present bill has been framed—may not be too low; but, otherwise, it may. But, if a more moderate system of duties should be adopted, whether the currency be less expanded hereafter or not, the dutiable imports may be assumed to be \$100,000,000 at least, with the list of free articles reported by the Secretary—some of which, however, might very well enter into, and enlarge, the list of dutiable imports. The average imports from 1834 to 1840, inclusive, were \$141,476,769. The average consumption for the same period (taken from a table, in which hundreds are not taken into the estimate) were \$122,483,000, and the domestic exports \$99,340,000. These data will warrant the assumption of at least \$100,000,000 as the amount of dutiable imports, after allowing for exports that may be entitled to drawback. Twenty per cent. upon that amount, for home valuation, (if it be not too high,) and twenty

per cent. upon the value thus ascertained, will yield twenty four millions gross; and deducting ten per cent. for collection, (which is more than the Secretary has allowed, exclusive of drawbacks and bounties,) and we shall have the net sum of twenty-one million six hundred thousand dollars; and with three millions, the proceeds of the public lands, the sum of twenty-four million six hundred thousand dollars. If, by a proper system of retrenchment and economy the expenditures of the Government should be brought down to eighteen millions of dollars, and one million and a half should be kept on hand for unforeseen emergencies, there will still be left a sum of five million one hundred thousand dollars to be applied to the payment of the principal and interest of the public debt.

But, sir, taking \$93,817,985 as the amount of imports, and \$28,943,335 as the amount to be raised, including the cost of collection, and excluding bounties and drawbacks, according to the bill reported by the Secretary, and something like the same amount is proposed to be raised by the bill under consideration, although the duties are somewhat varied, let me illustrate the probable effects. The gross amount of duties paid into the public treasury as taxes by the importers, for the license or privilege of selling their goods in our markets, is added to the foreign cost, as before observed; and, together with an additional sum, to cover charges and profits by each agent or salesman, from the importer, to the consumer constitute the cost of the goods to the consumers. Taking 25 per cent. for charges and profits of the importer, and 33 1/3 per cent. for the retail merchant, who sells to the consumer; and the following calculation will show the probable amount which the importers and intermediate agents will draw from the consumers of their goods, to reimburse themselves for the amount of the revenue they pay into the treasury, with their ordinary profits.

The importers will pay for duties	- - - - -	\$28,943,335
Add for charges and profits 25 per cent.	- - - - -	7,235,833 1/2
		36,179,168 1/2
Add for retail merchants 33 1/3 per cent.	- - - - -	12,059,722 1/2
Making	- - - - -	\$48,238,891 1/2

Which is \$19,295,556 more than the amount to be paid into the treasury.

Before I proceed further, it becomes important to fix upon the probable effect of the duties in the home market; on the one hand, it has been held that a duty will not enhance the price at home, but will diminish the cost in the foreign market to the extent of the duty; on the other, that it will increase the price in the home market to the same extent. If the first position be true, the idea of protection is a humbug; and, according to the other, the notion of countervailing duties is a gross delusion. The truth is, no doubt, that the duties are felt both in the home and foreign markets, but more sensibly in the former. The relative extent must be, in a great degree, conjectural. The proposed duties will average about 35 per cent., and upon many protected articles range from 40 to 60 and 70 per cent., and, in some cases, amount as high as from 100 to 150, and, perhaps, 200 per cent.; and will probably be equivalent, on an average, to more than 20 per cent. in the home market. But, not to err against the other side of the question, I will say 20 per cent.

Assuming, then, that, but for the duties on articles coming in competition with home manufactures they might be purchased by the retail merchants, who supply the consumers, for at least 20 per cent. less, it is clear they will have that effect upon domestic character. Now, the value of the domestic manufactures, according to the last census, has been variously estimated—but generally at more than four hundred millions of dollars; but I will take it to be that amount, after deducting the value of the exported manufactures. Twenty per cent. off, will be sixty-six millions and two thirds, which sum will be added, by the effect of the duties in our market, to what would otherwise be the market value of our domestic fabrics; and is the bounty likely to result to the manufacturers from the proposed bill. But this is not the whole extent to which the community will be affected. The 400,000,000 (the estimated value of the domestic manufactures) must be regarded as the cost in the hands of the retailers, for whom 33 1/3 per cent. may be added for charges and profits paid by consumers; and, of course, 33 1/3 per cent. added to the \$66,666,666 2/3 being \$22,222,222, and making, in the aggregate, the sum of \$88,888,888 2/3, will show the probable extent to which the consumers will be affected in regard to domestic manufactures—nearly \$5 per head for every human being in the United States. I have proceeded upon the supposition that all of the manufactured articles are protected by the duties to the extent of 20 per cent.

Some would have but little competition, if the effect of the duties were removed; but, as most of the protected articles, in all probability, derive a greater benefit than 20 per cent. in the home market, a fair allowance for such manufactures as are protected to a very limited extent will not, I persuade myself, materially vary the general result. The estimates I have ventured to submit give some idea of the whole extent to which the people of the United States will likely be affected in the manufactures they use, by the enormous duties proposed by the bill. The difference between that amount, and what would result from a system of duties in conformity with the compromise act, will furnish some probable conclusion as to the extent to which we shall be affected by a departure from that act. I think I may safely assume that the proposed duties will produce an effect upon the home market beyond that which duties, according to the compromise, would produce—equivalent to 10 per cent. If so, \$44,444,444 1/2 is the sum to which we shall be subjected, over and above that which would be the incidental effect of the compromise; and, together with upwards of seven millions in the imports consumed, make, in the whole, more than fifty millions as an approximation of the onerous effects of the system of duties now proposed. The amount seems to be large, but it is short of the truth; the premises upon which the calculation is based being, in general, much too favorable to the manufacturers. Of that, however, every one will judge for himself. If it be asked, why has not a similar system produced more obvious effects upon the face of society, I answer, in the first place, that it is a fact exhibited by the public records, that the amount of revenue paid into the public treasury from the 4th of March, 1789, to the 31st of December, 1840, exclusive of the public lands, is \$803,865,487 09, (see Account of Receipts and Expenditures for 1840, pages 242 and 243;) and that, although we know that amount has been paid by the people, together with the charges and profits of the merchants upon the amount derived from customs, (\$746,923,302 02.) and has been expended among the public creditors, and those engaged in the public service, yet none have been able to perceive and point out very distinctly the effects upon the face of society, though they have been more or less felt at different times in the progress of the Government. But I insist that sufficient symptoms have been exhibited, under the operation of the system, in the depressed condition of the Southern portion of the Confederacy, and in the accumulated wealth of the manufacturing districts of Massachusetts and Rhode Island, to show that the system is unequal and unjust in its operation. Besides, the bounties it confers upon some branches are counteracted by the burdens it imposes in favor of others.

Whether the immense amount transferred from the consuming portion of our population, who are not benefited by the system, to the manufacturers, who are, will render their pursuits more profitable than those that are unprotected, is a controverted point. The argument on the part of the manufacturers is, that the protective duties proposed by the bill are necessary to enable them to do as well. Now, admitting the proposition to be true, is it not clear that the vast amount transferred by the subtle and indirect operation of the system, from the unprotected to the protected classes, is so much of the profits, or, rather, production of the capital and labor of the former, taken and given to the latter, to enable them to do what would otherwise be a sinking business, to that extent? For is it not the effect of the protective system to enjoin upon all consumers to purchase of the manufacturers goods to the amount of at least \$400,000,000; which, but for the system of duties proposed by the bill, in the present state of the manufactures of the world, might be procured for something like eighty-eight millions of dollars less annually; and, according to duties based on the compromise, for something like forty four millions less? If my premises are not more unfavorable to the manufacturing interest than the truth will warrant, the conclusion is inevitable. The great question, then, presents itself to the statesman and the political economist, whether the benefits dispensed by the system are equivalent to the loss to which the capital and labor of the unprotected classes are subjected—to say nothing of the injustice of making their capital and labor tributary to the manufacturers.

The advantages claimed for the system are these: that it cheapens the manufactured article; that it gives us a home market for our surplus productions; and that, in the contingency of war, it will enable us to procure such articles as necessarily enter into our consumption, and some of which may then be indispensable, which otherwise we might be unable to obtain except upon very unfavorable terms.

It is true that the prices of most articles manufactured in the country are lower than they were when the protective policy com-

menced. But to ascribe this to the system, would be inconsistent with the main ground upon which its advocates ask for protective duties. Far more important causes have been the chief element that have led to this result. Since the termination of the wars consequent upon the French Revolution, and during the progress of our protective policy, there has been a vast accession of labor and capital to manufactures, as well as all the other peaceful pursuits, not only in Great Britain, but upon the continent of Europe. In France, Holland, Belgium, Switzerland, and in some of the German states, (particularly Saxony,) under the wise provisions and benign influence of the Prussian commercial league, manufactures have been prosecuted to a considerable extent. Russia, Spain, and some of the Italian States, have, for some years, paid more attention to the subject than formerly. During the same period, the progress of the arts and sciences has introduced wonderful improvements in the labor saving machinery connected with manufacturing pursuits. The enlarged production and cheapness of the raw material, too, which enters into many of the most important fabrics, and the superior facilities of transportation, not only between different countries, but different parts of the same country, are among the chief causes which have reduced the prices of manufactured articles even lower in other countries than they are with us—as the fact that protective duties are claimed for our domestic manufactures incontestably proves.

The argument in favor of a home market is generally much overrated. The idea is sought to be impressed upon the country, that, in case the protective policy is abandoned, the manufacturing establishments must be discontinued, and all those of our population employed in manufactures and trades—amounting to 791,739 persons—be thrown upon the other pursuits, (chiefly agriculture,) thereby overstocking them, and rendering them unprofitable. The idea ceases to have weight, as soon as it is attentively considered. For it must be observed that, in the array of numbers held up to our view, are included all sorts of tradesmen and artisans—such as house carpenters, ship-builders, cabinet-makers, stone-masons, bricklayers, painters, and a great number of tradesmen not dependent upon the system, but who, in common with others, are subjected to its burdens; and that those employed in the occupations which it is its principal object to favor, are comparatively few. Connect with this consideration the fact, that, in many of the manufacturing pursuits, the greatest number, by far, consists of women and children, and the idea so assiduously pressed upon the public attention is seen to be a mere scarecrow. The other pursuits have nothing to fear, even if manufactures should be abandoned. Only a small additional number would be distributed among the various other pursuits: all would consume as much then as now.

That the agriculturists in the immediate neighborhood of the manufacturing establishments find a convenient market for their surplus productions, is a fact which I readily concede; but this advantage is over-estimated, and diminishes, as the distance from the various establishments increases, until the benefits of the market are a poor equivalent for the burdens which the system imposes. In a national view, the system is, upon the whole, pre-judicial to the market for our staple productions—especially of cotton, and perhaps of flour. The price of such productions must be mainly governed by the market price of the commercial world; for if the price, in any country, becomes so high as to afford a better profit (cost of transportation, insurance, &c., being considered) than our own market, such country will be sought by our surplus productions; and, on the contrary, should our markets offer similar inducements, they will attract the surplus produce of foreign countries; so that a general level will be preserved. And this is felt in the interior of the several commercial countries having intercourse with each other; for, should a supply of flour be needed by an extensive manufacturing establishment, (in Maine or New Hampshire, for instance,) &c. could not be purchased in the neighborhood for the market-price in Boston or New York, including cost of transportation, &c., (now inconsiderable, on account of the multiplied and improved facilities of internal communication,) it would likely be ordered from one or the other of those places. So that the established prices of the great exporting and importing cities, which govern & control the market-prices of their respective countries, and are themselves regulated by the markets of the commercial world, will, in general, form the standard of prices at the manufacturing establishments. Now, when it is considered that it is the very object of the protective system to shackle trade and limit importations, it is obvious that it tends greatly to depress the price of our surplus productions in foreign markets, and to reduce the general standard of prices by which the products furnished to the manufacturing

establishments must be mainly regulated. In a national point of view, the effect is greater to depress than to elevate prices, and occasions a national loss, independent of the burdens which, in other respects, it imposes.

It is certainly a matter of some importance that we should be able to manufacture, for ourselves, such articles as are indispensable in time of war—the implements, machinery, and supplies necessary to arm, equip, and support armies, fleets, and navies. If a reduction of the duties to a revenue standard, for an economical administration of the Government, should bring about an abandonment of the manufacture of such articles, the question would present itself, whether it would be good policy to submit to the unequal and oppressive exactions of the system forever; or, by descending to a mere revenue standard for an economical administration, (say nineteen or twenty millions, including the proceeds of the public lands,) to throw ourselves upon other nations for our supplies of such articles. But the state and condition of our manufactures of the necessary articles in time of war are such as to forbid the belief that any such consequence would follow; and, when connected with the advantages of our local situation for peace, and the pacific character of our policy, deprive the argument of that force which, in the infancy of our manufactures, it might, to some extent, have possessed. Being in close proximity with but two powers, (the one on our Northern, and the other on our Southern border,) and possessing with the one a kindred feeling, with similar institutions, and prosecuting a similar policy; and with the other carrying on a most extensive commerce, and capable of injuring each other to the greatest extent, and having, therefore, the strongest motives to preserve the relations of peace,—the prospect of frequent annoyance by the evils of war is too remote to induce us to tolerate such a system. Such, sir, is a just view of the favored policy of gentlemen to whom I stand opposed, upon the ground on which they themselves are disposed to place it. The supposed advantages are delusive; while there can be no doubt that it will subject the community, except the manufacturers, (and, indeed, even a portion of them,) as I shall insist, unnecessarily to the payment of an immense sum annually—amounting, probably, to not less than fifty millions, in the vast quantity of goods consumed.

But, Mr. Chairman, it is not true that the high duties proposed by the bill are necessary to enable the manufacturers to prosecute their business, as I shall now attempt to show. It is the tendency of high duties to induce many who are disadvantageously situated to embark in manufacturing pursuits. They are without capital, perhaps; and their eagerness to embark in the pursuit leads them to borrow, and to select sites combining so few advantages in reference to water power, building materials, and the materials which enter into the composition of their manufactures, or are necessary in their production—which, but for the eagerness thus excited, would have been overlooked. This is probably the case in the manufacture of iron, more than in any other branch in which the distance of the site selected from the ore to be used, the quantity and richness of the ore, and the advantages and disadvantages of procuring the requisite supply of fuel, have the most important influence upon the profit and loss. To many now engaged in some branches of manufacture, and who may be induced to engage in them, under such disadvantages, their business will prove unprofitable, notwithstanding the proposed duties; and, as to some, in all probability, no system of duties can prevent an ultimate failure. They can never compete with home competition. It is from such quarters among the manufacturing community that the cry of distress is first heard—which, when likely to influence the legislation of Congress, from motives of interest is re-echoed by others. In every general system of duties, (and perhaps more so in regard to one framed with an eye to protection, as is the case before us,) in some branches, the duties imposed to protect them are counterbalanced, (and, in some instances, more than counterbalanced,) by other duties for the protection of other branches, upon such articles as enter into the composition of the manufactured article. To illustrate my position, as it is a simple case, I will take the manufacture of shot. Those engaged in the manufacture of that article have a duty of four cents per pound upon shot, to enable them to get a better price than they could otherwise command, to reimburse them for the additional cost to which they may be subjected by the duty of three cents per pound on lead in favor of the lead miners; and to which the four cents upon shot, allowing for loss in running the lead, is supposed to be about equal. It is very obvious that a reduction of the duty upon shot would be of no moment to those engaged in that manufacture, if a corresponding reduction upon the lead they use should accompany