



AND

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Vol. XVI.

ANNUAL TREASURY REPORT.

I. Of the probable demands on the Treasury.

The amount of the civil, diplomatic, and miscellaneous expenses is estimated at the sum of 1,800,000

The amount of the military expenses is estimated at the sum of 14,549,246

For the military establishment of 1816, 5,112,159

For the arrears of 1815, beyond the amount of the appropriations, 9,437,087

14,549,246

The amount of the naval expenses (supposing them to be reduced on the peace establishment to one half of the amount appropriated for 1815, and adding the annual appropriation of 200,000 dollars for the purchase of timber,) is estimated at the sum of 2,716,510

The amount of the payments required on account of the public debt is estimated at the sum of 23,818,513

For the interest and annual reimbursement of the principal of the funded debt prior to the war, 3,460,000

For the interest on the funded debt created since the war, estimated on a capital of 70,000,000 of dollars, 2,000,000

For the balance of principal and interest on treasury notes of every denomination now due and payable in 1815 and 1816, or estimated to be paid in those years by being received for duties, taxes, as set forth in the annexed table marked I., 15,453,513

For the amount of temporary loans due to the State Bank of Boston, (500,000 dollars), and the Mechanics' Bank of New-York, (300,000 dollars), 800,000

23,918,513

From this aggregate of the demands for 1816, the charges of a temporary nature being deducted, to wit: Deduct the amount of the arrears for the military service of 1815, 9,437,087

And the amount of floating debt to be liquidated in 1816, 16,158,513

29,383,000

There will remain, as the probable annual expenditure of the peace establishment, independent of any addition to the sinking fund, the sum of 17,288,500

2. Of the Revenue for 1816, estimated according to the laws now in force.

By the laws now in force, the revenue arising from customs, during the year 1816, will be affected in the following manner: the present rates of duties continue until the 18th of Feb. 1816, when the duty on salt imported will cease, and the rates of duties on merchandize of every description, imported in American vessels, will fall to one half of the existing amount, with the exception of certain manufactured articles, being of the same kinds as the manufactured articles on which internal duties have been imposed; the duties on the imported articles continuing at the existing rates, so long as the existing internal duties shall be continued upon the corresponding articles of domestic manufacture. On the 18th of Feb. the extra duty on merchandize imported in foreign vessels, which is now 15 per cent. on the amount of the duty in American vessels, will fall to 10 per cent. on that amount, and the tonnage duty on foreign vessels, which is now 2 dollars per ton, will fall to fifty cents per ton. The extra duty is also liable to be affected by the operation of the act for abolishing all discriminating duties upon a basis of national reciprocity. By the laws now in force, the revenue arising from internal duties will be affected in the following manner: The duties on bank notes, on notes discounted by banks, and bills of exchange, (commonly called the stamp duties,) and the duty on refined sugar, will cease on the 18th day of February, 1816. All the other internal duties, together with the direct tax and the increased rates of postage will continue.

The sums actually receivable into the treasury during the year are estimated as follows:

Table with 2 columns: Source, Amount. From customs, 20,000,000; Internal duties, 6,500,000; Direct tax, including arrears of 1815, 8,500,000; Sales of public lands, 1,000,000; Postage and incidental receipts, 400,000.

The effective ways and means of 1816 will produce, in the whole, the sum of 39,400,000

But as the demands upon the treasury for the same year will amount, as above stated, to 42,884,269

There will be left a deficit, to be supplied by means other than the revenue, of the sum of 3,484,269

4. Of the Revenue for 1816, estimated according to the Modification which will be respectfully submitted.

From the review of the financial measures of the government, in reference to the recent state of war, which constitutes the first part of the present report, it appears that the almost entire failure of the customs, or duties on importations, and the increasing necessities of the treasury, rendered it necessary to seek for pecuniary supplies, in a system of internal duties; but both in respect to the subjects of taxation, and to the amount of the several taxes, the return of peace has always been contemplated, as a period for revision and relief. In the fulfilment of that policy, a reduction of the direct tax, a discontinuance of taxes, which, upon trial, have proved unproductive, as well as inconvenient; and, above all, the exoneration of domestic manufactures from every charge that can obstruct or retard their progress, seem to be the objects that particularly invite the legislative attention.

There will still remain, however, a sufficient scope for the operation of a permanent system of internal duties, upon those principles of national policy, which have already been respectfully suggested. As an equivalent to the diminution of the revenue by the contemplated abolition or reduction of some of the duties and taxes; and in observance of the public faith, which is pledged, in the case of such abolition or reduction, to provide and substitute other duties and taxes equally productive; it is intended respectfully to recommend a continuance of the duty on imported salt, and a competent addition to the permanent rates of the duties on merchandize imported. In the general tariff, which has been directed by a resolution of the House of Representatives to be prepared, and which will be submitted to Congress, soon as the materials for forming it shall be digested and arranged, the subject will be more distinctly as well as more satisfactorily presented, but, as it is not probable, that this measure can be matured, so as to go into operation on the 18th of February next, it becomes necessary to suggest the expediency of continuing the present rates of duties until the 30th of June; when the new rates, with all the necessary details to give effect to that system, may be introduced, and sufficient notice be given to the merchants, to regulate their commercial operations accordingly.

In relation, then, to the internal duties, it is intended respectfully to recommend, that the duties imposed at the last session of Congress on various articles manufactured within the U. States shall be abolished on the 18th day of April next, which will complete the year commencing from the time the duties went into operation; that the duties imposed during the last session of Congress on spirits distilled within the United States, shall be abolished on the 30th June next; but that at the same time there be added one hundred per cent. on the rate of the duty which had been charged on licenses to distill spiritsuous liquors in the year 1815; that the duty on household furniture, and on gold and silver watches, be abolished on the 31st day of March next; that the additional duty imposed during the last session of Congress on licenses to retail wines, spirituous liquors, and foreign merchandize, be abolished on the 31st day of December next; and that

the duties on refined sugar and stamp duties, be continued. And finally, in relation to the direct tax, it is intended respectfully to recommend, that on the 31st day of March next it be reduced to one half its present amount, that is, to the annual amount of three millions of dollars.

The subtraction from the revenue by these charges and reductions in the direct tax and the internal duties, is estimated at the annual sum of 7 millions of dollars. But the substitutes for supplying the equivalent amount, are estimated to produce; 1st, from the increase of the duty on licenses to distillers and continuance of the stamp duties and duties on refined sugar, the annual sum of 1,500,000 dollars; 2d, from the continuance of the duty on imported salt, the annual sum of 500,000 dollars; and 3dly, from an increase upon the permanent rates of duties on the importation of foreign merchandize, the annual sum of 5,000,000 of dollars.

The full effect of the alterations which have been stated, will not be developed until some time after the year 1816; but if they be adopted, the state of the revenue for that year in the two views of which it is susceptible; 1st, of revenue accruing during the year; and 2d, of money receivable into the treasury during the year; may be estimated as follows:

1. The revenue which will accrue in 1816, may be estimated, From customs, 17,000,000; Internal duties, 4,500,000; Direct tax, (net product to the treasury), 2,700,000; Sales of public lands, 1,000,000; Postage and incidental receipts, 400,000; 25,600,000

2. The money which will be actually receivable into the treasury, from revenues, in 1815, may be estimated, From customs, 21,000,000; Internal duties, 5,000,000; Direct tax (including arrears of 1815), 6,000,000; Sales of public lands, 1,000,000; Postage and incidental receipts, 400,000; 33,400,000

If to the sum thus estimated to be receivable into the treasury from the revenue during the year 1816, 25,600,000

There be added, the money which will probably be in the treasury at the beginning of the year, 3,000,000

The aggregate will be the sum of 36,400,000

And the demands being estimated as above at 42,884,269

There will be a deficit of 6,484,269

It is here, however, to be recollected, that the estimate of the demands on the treasury comprehends the gross amount of the arrears of the war department, and a provision for the whole of the floating public debt; and although for the purposes of a legislative appropriation, the aggregate of the expenditures to be authorized for the year 1816, is necessarily made the basis of the official estimates, yet the uniform experience of the treasury evinces, that the demands for a considerable portion of the annual appropriation will not be made during the year.

It may also be observed, that to raise a revenue by the imposition, or even by the continuance of taxes adequate to the immediate discharge of every unliquidated demand upon the treasury at the close of an expensive war, seems hardly to be necessary, under the present circumstances of the country. The product of the revenue arranged in the manner which has been stated, may be estimated, after the year 1816, at an annual amount of nearly four millions greater than the sum required for the interest on the public debt, and for the probable expenses of the peace establishment. If the public debt, therefore, were increased in the year 1816, by a sum equal to the whole amount of the deficit as above stated, an equivalent reduction could be effected in less than two years. The unexecuted authority to borrow money & issue treasury notes, already provided by the acts of congress, is sufficient to enable the treasury to meet the deficit in either of these modes, and, consequently, no further legislative aid, (except, perhaps, in the modification of the issues of treasury notes) appears at this time to be required.

III. Propositions for the improvement and management of the Revenue, and for the support of the Public Credit.

The propositions which are now to be respectfully submitted, relate, 1st, to the revenue; 2d, to the sinking fund; and 3d, to the national circulating medium.

1. Propositions relating to Revenue.

The changes contemplated in the revenue on the estimates of a peace establishment, having been already stated as the intended objects of recommendation, it is now only necessary to submit to the consideration of Congress, the measures requiring their sanction for carrying the plan into effect.

First. It is respectfully proposed, that the act of the 1st July 1813, imposing an additional duty of 100 per cent. upon the permanent duties on goods, wares and merchandize, imported into the United States from any foreign port or place, and the act on the 29th of July, 1813, imposing a duty upon imported salt, be continued in force until the 30th day of June, 1816.

Second. It is respectfully proposed, that the act of the 24th of July, 1813, imposing a duty on sugar refined within the United States, and the act of the 2d of August, 1813, imposing a duty on bank notes, notes discounted, and bills of exchange, be continued by law in force, without limitation, but with proper amendments, to render the collection of the duties more equal and more certain: And that the act of the 15th of December, 1814, imposing duties on carriages and the harness used therefor; and that so much of the act of the 23d of December, 1814, as relates to the duties on sales at auction, and to the increasing of the rates of postage, be allowed to remain in force.

Third. It is respectfully proposed, that there be a reduction or modification in the following taxes and duties: 1. That the direct tax be reduced from six millions to three millions of dollars, for the year 1816, and for each succeeding year.

2. That the duties on distilled spirits be discontinued after the 30th day of June, 1816; and that the duty on licenses to distillers be raised on that day, to double the amount fixed by the act of the 24th of July, 1813.

3. That the duties on licenses to retailers, of wines, spirituous liquors, and foreign merchandize, be reduced to the rates of the year 1813, with proper regard to the periods when licenses commence and expire.

Fourth. It is respectfully proposed that the act of the 18th of January, 1815, and the act of the 27th of February, 1815, imposing duties on various articles manufactured or made for sale within the United States, and the act of the 18th of January, 1815, imposing duties on household furniture and watches, be absolutely and entirely repealed.

Fifth. It is respectfully proposed, that the act of the 3d of March, 1815, further to provide for the collection of the duties on imports and tonnage; & the act of the 3d of March, 1815, to fix the compensation and increase the responsibility of the collectors of the direct tax and internal duties, and for other purposes connected with the collection thereof, as far as it relates to the compensation of the collectors of the direct tax and internal duties, be continued in force without limitation.

2. Propositions relating to the Sinking fund.

The sinking fund, as it is at present constituted, amounts to the annual sum of 8,000,000

It is charged in the first instance with the payment of the interest and the annual reimbursement of the principal of the old funded debt, which will require, for 1816 and each of the two ensuing years the sum of 3,460,000

And it is charged with the payment of the interest and the eventual reimbursement of the principal of the new funded debt. The interest computed on a capital of 70,000,000 of dollars, will require for the year 1816, and each subsequent year, the sum of 4,200,000

The total present charge on the sinking fund, on account of the funded debt, being the annual sum of 7,660,000

In the year 1818 the fund will be released from the annual charge of 1,580,000 dollars, arising upon the

old six per cent. stock, as the stock will be then paid and extinguished; but in the same year it will be subjected to a charge of 3,000,000 dollars, for the first instalment of the principal of the Louisiana stock, which will then become payable. In each of the two succeeding years a similar sum will be payable; and in the year 1821 such sum will be payable as may be necessary to complete the reimbursement of that stock, and which is estimated at 1,928,500.

The sinking fund is also, at present charged with the payment of the principal and interest of the treasury notes issued under the act of the 4th March, 1814, and prior acts; and of certain temporary loans obtained under the loan acts of 1812, and of subsequent years. The several acts charging these payments on the sinking fund have directed that such sums, in addition to the annual appropriation of 8,000,000, should be taken from any funds in the treasury not otherwise appropriated, as should be necessary to meet and satisfy the demands. The temporary loans and treasury notes will therefore probably be paid or absorbed in 1817; and it is deemed unnecessary, for the present purpose, to include them in the consideration of the form and extent which it is proposed to give to the sinking fund in that year.

In 1803, when the sinking fund was established on its present footing, the principal of the public debt was about 86,000,000 of dollars, and the interest annually payable upon it, about 4,500,000 dollars. At that time there was assigned to the sinking fund out of the public revenue 3,000,000 of dollars, of which about 3,500,000 dollars were annually applicable to the reduction of the principal of 86,000,000 of dollars. At the commencement of the year 1817, it is estimated that the principal of the funded debt will amount to 110,000,000 of dollars, requiring the sum of 6,150,000 dollars for the payment of its annual interest. If a sum applicable to the reduction of the principal of the debt, were now to be assigned, bearing the same proportion to that principal which the sum assigned in 1804 then bore to the principal, it would amount to about 4,350,000 dollars. When it is added, therefore, to the sum of 6,150,000 dollars, which is necessary for the payment of the interest, there would be required for the amount now to be set apart to constitute the sinking fund the sum of 10,500,000 dollars per annum. It is proposed, however, to carry the amount only to the sum of 10,000,000 of dollars, which will allow about 3,850,000 dollars as applicable to the reduction of the principal of the debt; a sum sufficient, if strictly and regularly applied without interruption, upon a compound principle, to pay off the whole of the funded debt in a period less than eighteen years.

Upon these grounds, then, the Secretary of the Treasury respectfully submits the following PROPOSITION.

That in the year 1817, and annually in every subsequent year, there be appropriated the sum of 200,000 dollars in addition to the sum of 8,000,000 of dollars now annually appropriated for the payment of the interest and principal of the public debt; that the payment of this additional sum be made out of the proceeds of the revenue derived from the customs, the sales of public lands, and the internal duties, or from either of them, available after the payment of the sums for which they are now respectively pledged or appropriated; and that the said additional sum of 2,000,000 of dollars annually, be payable to the commissioners of the sinking fund, to be applied by them in the same manner as the moneys which they are now entitled by law to receive; that is to say, 1st—To the payment of the interest on the public funded debt; 2d—To the reimbursement of the principal, from time to time, as the same, or any portion of it, shall become reimbursable, according to the terms of the contracts by which it has been created; 3d—After having answered these purposes, if there shall remain a surplus at their disposal, to the purchase of such parts of the funded public debt as shall appear to them to be most for the advantage of the United States, in the manner prescribed by law and at a rate not exceeding the par value.

(To be concluded in our next.)