

ANNUAL TREASURY REPORT.

TREASURY DEPARTMENT, December 1, 1820. SIR: I have the honor to enclose a report, prepared in obedience to the act, entitled "An act to establish the Treasury Department."

In obedience to the directions of the "Act supplementary to the act to establish the Treasury Department," the Secretary of the Treasury submits the following Report:

1. OF THE REVENUE.

The nett revenue arising from imports and tonnage, internal duties, direct tax, public lands, postage and other incidental receipts, during the year 1817, amounting to \$24,365,227 34

Customs, 17,524,775 15 Internal Duties, 2,676,882 77 Direct Tax, 1,833,737 04 Public Lands, exclusive of Mississippi Stock, 2,015,977 00 Postage & other incidental receipts, 313,855 38

That which accrued from the same sources during the year 1818, amounted to 26,095,200 65

viz: Customs, 21,828,451 48 Arrears of Internal Duties, 947,946 36 Arrears of Direct Tax, 263,926 01 Public Lands, exclusive of Mississippi Stock, 2,464,527 90 Postage, Dividends on Bank Stock, & other incidental receipts, 590,348 93

And that which accrued from the same sources during the year 1819, amounted to 21,435,700 69

viz: Customs, 17,116,702 96 Arrears of Internal Duties, 257,444 01 Arrears of Direct Tax, 80,850 61 Public Lands, exclusive of Mississippi Stock, 3,274,422 78 Postage and other incidental receipts, 61,280 33

First instalment from the Bank of the United States, and Dividends on Stock in that Bank, 675,000 00

It is ascertained that the gross amount of duties on merchandize and tonnage, which accrued during the three first quarters of the present year, exceeds thirteen millions three hundred and forty thousand dollars; and the sales of the public lands during the two first quarters of the year, exceed \$1,240,000.

The payments into the Treasury during the three last quarters of the year, are estimated to amount to 16,819,637 49

viz: Customs, 12,378,513 12 Public Lands, exclusive of Mississippi Stock, 1,124,645 32 Arrears of Internal Duties and Direct Tax, 104,769 20 Incidental receipts, 579,749 14 Monies received from loans, 2,545,431 47 Repayments, 86,529 24

And the payments into the Treasury during the 4th quarter of the year, from the same sources, are estimated at 3,430,000 00

Making the total amount estimated to be received into the Treasury, during the year 1820, 20,249,637 49

Which, added to the balance in the Treasury on the first day of January last, amounting to 2,076,607 14

Makes the aggregate am't of 22,326,244 63

The application of this sum for the year 1820, is estimated as follows, viz: To the 30th of Sept. the paym'ts have amounted to 16,908,413 88

viz: Civil, diplomatic & miscellaneous expenses, 2,078,573 25 Military service, including fortifications, ordnance, Indian department, revolutionary and military pensions, arming the militia, and arrears prior to the 1st of January, 1817, 6,043,068 90

Naval service, including the permanent appropriation for the increase of the Navy 2,946,762 00

Public debt, including 1,423,879 53, for the redemption of the Mississippi certificates 5,840,010 55

During the 4th quarter it is estimated that the payments will amount to 8,056,000 00

viz: Civil, diplomatic and miscellaneous expenses, 450,000 00 Military service, 900,000 00 Naval service, 806,000 00 Public debt, to the 1st of Jan. 1821, 4,900,000 00

Making the aggregate am't of 24,964,416 80

And leaving on the 1st of January, 1821, a balance against the Treasury, estimated at 2,638,169 17

2. OF THE PUBLIC DEBT.

The funded debt which was contracted before the year 1812, and which was unredeemed on the 1st October, 1819, amounted to \$23,668,234 71

And that contracted subsequent to the 1st day of January, 1812, and unredeemed on the 1st day of October, 1819, amounted to 68,060,336 29

Making the aggregate am't of 91,728,591 00

Which sum agrees with the amount as stated in the last Annual Report as unredeemed on the 1st of Oct. 1819, excepting the sum of \$63 49, which was then short estimated, and which has since been corrected by actual settlement.

In the fourth quarter of the year, there was added to the above sum, for Treasury Notes brought into the Treasury and cancelled, the following sums, viz: In 6 per cent stock, \$4,152 18 In 7 per cent stock, 10,525 00

14,677 18

Making 91,743,268 18

From which deduct Louisiana 6 per cent, reimbursed on the 21st of Oct 1819, 2,601,871 14

And deferred stock reimbursed between the 1st of Oct. 1819, & 1st of Jan. 1820, 242,063 47

2,843,934 61

Making the public debt which was unredeemed on the 1st of January, 1820, 88,899,333 57

From the 1st of Jan'y. to the 30th of Sept inclusive, there was, by funding Treasury Notes and issuing 3 per cent stock, for interest on the old registered debt, added to the public debt, the amount of 34,550 19

And by the loan authorized by act of May 15, 1820, 2,454,431 47

2,579,981 66

Making 91,479,315 23

From which deduct the amount of stock purchased during that period, 40 34

And the estimated reimburse't of deferred stock, 253,752 78

253,793 12

Making on the 1st of October, 1820, the sum of 1,225,522 11

To which add, in the fourth quarter of 1820, on account of the loan of May 15th, 1820, 454,567 66

91,680,089 77

Making There will be reimbursed of the principal of the deferred stock, on the 1st of Jan. 1821 249,444 16

Since the 30th of Sept. last, the residue of the Louisiana Stock, has become redeemable, amounting to 2,216,408 78

2,465,852 94

Which, if discharged before the 1st of January, 1821, will leave the public debt unredeemed on that day, as estimated, 89,214,236 83

The Treasury Notes yet in circulation, are estimated at 27,656 00

The whole of the awards made by the Commissioners appointed under the several acts of Congress for the indemnification of certain claimants of Public Lands, amount to 4,282,151 12

Of which there has been received at the Gen'l Land Office, 2,439,308 31

And there was paid at the Treasury 66 per cent on \$1,731,635 69, 1,142,879 55

3,582,187 86

Leaving outstanding on the 30th Sept 1820, 699,963 26

3. Of the Estimates of the Public Revenue and Expenditures, for the year 1821.

In forming an estimate of the receipts into the Treasury for the year 1821, the amount of revenue bonds outstanding on the 30th September last; the sum due for public land; the ability and disposition of the community to purchase, and especially the quantity and quality of land intended to be exposed at public auction in

the course of the year, present the data on which the calculations must be made. As a portion of the duties which accrue in the fourth quarter of the present year, and in the first and second of the next, forms a part of the receipts into the Treasury for the latter year, the amount received will exceed or fall short of the estimate by the difference between the duties which actually accrue in those quarters, and are payable within the year, and the amount at which they had been estimated.

The receipts into the Treasury may, also, considerably exceed or fall short of the sum estimated, in consequence of the issue of a greater or less amount of debentures, payable during the year 1821, than had been estimated.

The degree of punctuality with which the revenue bonds are discharged, upon which the estimate is formed, must necessarily affect the amount that will be received into the Treasury.

If the accruing revenue of the present and two succeeding quarters should exceed that of the corresponding quarters of the present and last year; if the amount of debentures which may be issued and made payable so as to affect the receipts of the year, should be less than that of preceding years, since the peace, compared with the gross amount of duties secured within those years respectively; and if greater punctuality in the payment of revenue bonds now outstanding should be observed than during the last mentioned period, the receipts from the customs will exceed the estimates now presented; and they will fall short of it should all those contingencies be unfavorable, as has been the case during the present year.

The revenue bonds outstanding on the 30th of September last, are estimated at \$18,770,000; of this sum \$3,130,000 are in suit; of which about \$1,250,000 will not be collected on account of the insolvency of the debtors; leaving the amount of bonds outstanding, upon which collections are to be made, estimated at \$17,520,000. The amount of duties secured during the 1st, 2d, and 3d quarters of the year 1820, is estimated at 13,350,000 dollars; and that of the whole year may be estimated at 16,500,000. The amount of debentures outstanding on the 30th of September, and payable during the year 1821, is estimated at \$1,162,114 16, which is subject to be increased by the amount issued in the present quarter and during the whole of the ensuing year chargeable upon the revenue of that year. The annual average amount of debentures, bounties, and allowances, and expenses of collection, chargeable upon the revenue, has been ascertained to be nearly equal to 15 per cent. of the annual average amount of the duties upon imports and tonnage, which accrued from the year 1815 to the year 1819, inclusive.

If this proportion be applied to the revenue bonds outstanding on the 30th of September last; and if the receipts from the tonnage of vessels, and upon duties secured during the present and the two succeeding quarters, are assumed to be equal to any deficiency resulting from the want of punctuality in the discharge of the outstanding bonds, the receipts into the Treasury for the year 1821, from this source of revenue, may be estimated at 14,000,000 dollars.

The receipts into the Treasury from the public land, during the three first quarters of the present year, are estimated at \$1,124,645 32, and those of the entire year will probably not much exceed \$1,600,000. The receipts from that source during the year 1821, will probably not exceed those of the present year, if no incentive to greater punctuality or indcement to make prompt payment should be presented to the public debtors, in course of the present session of Congress.

The balances of internal duties and direct tax still outstanding, are so considerable as to justify an estimate of some extent, in calculating the receipts of the ensuing year, if the difficulty of enforcing payment in those states where the largest amount is due, were not known to be great. Under these circumstances, the receipts from that source for the ensuing year, are estimated at 100,000 dollars.

According to the foregoing data, the receipts into the Treasury, for the ensuing year, may be estimated as follows, viz: Customs \$14,000,000 00

Public Lands, exclusive of Mississippi Stock, 1,600,000 00

Arrears of internal duties and direct tax, and incidental receipts, 100,000 00

Third instalment from the bank of the United States, 500,000 00

Bank dividends which may accrue during the year, estimated at 5 per cent. 350,000 00

Making an aggregate of 16,550,000 00

The appropriations for the same period, are estimated as follows, viz: Civil, diplomatic, and miscellaneous, 1,769,850 04

Military department, including fortifications, ordnance, Indian department, military pensions and arrears prior to the 1st Jan 1817, 4,585,352 61

Naval department, 2,420,594 56

Making an aggregate of 8,775,797 21

But, to determine the amount of the charge upon the Treasury for the service of that year, the following additions must be made, viz: 1st. Civil, diplomatic, and miscellaneous, the sum of 1,500,000 dollars; being an amount of appropriations of the present and preceding years, unexpended, and which may be expended during the year 1821; and the sum of 5,477,770 76, payable on account of the interest and reimbursement of the principal of the public debt during that year.

2d. The unexpended balances of appropriations for the war department, under the different heads already enumerated, and which have been deducted from the estimates, or not included in them, (as in the case of revolutionary pensions, because the balance of that appropriation is estimated to be equal to the expenditure on that object during the ensuing year,) amounting together to dollars 2,507,267 63.

The annual appropriation of 200,000 dollars, for arming the militia, and the Indian annuities, not embraced by the estimates, amounting to 252,575.

3d. The annual appropriation of dollars 1,000,000 for the gradual increase of the Navy, which will expire in the year 1823, and an unexpended balance on the same account, which may be expended in 1821, of dollars 1,750,000.

According to the foregoing data, the expenditure of the year 1821, and which is chargeable upon the Treasury during that year, may be estimated as follows, viz: Civil, diplomatic, and miscellaneous, \$3,269,850 04

Public debt, 5,477,777 76

Military department, including fortifications, ordnance, Indian department, military and revolutionary pensions, arrears prior to the 1st of Jan. 1817, and arming the militia, & Indian annuities, 7,445,195 24

Navy department, including the sum of \$1,000,000 for the gradual increase of the navy, 5,170,594 56

Making an aggregate charge upon the Treasury, for the year 1821, of 21,363,417 60

To which add the balance against the Treasury on the 1st day of Jan. 1821, 2,638,169 17

Making 24,001,586 77

Leaving a balance of \$7,451,586 77 beyond the estimated means for which provision is to be made.

To determine whether a deficiency to this or any other amount will occur in succeeding years, is extremely difficult. The data furnished by the fiscal operations of the government since the peace must be principally relied upon, in making the calculations necessary to arrive at any general result upon the subject.

It has been ascertained that the nett revenue which has accrued from imports & tonnage, from the year 1815 to 1819, inclusive, has amounted to \$120,260,052 46. If this be divided by the number of years in which it accrued, the result will be an annual average revenue of \$24,052,000. But the revenue which accrued in 1815 greatly exceeded not only that of any year previous to the war, but that of any year since that epoch. It is also admitted, that the quantity of produce on hand at the close of the war, especially of cotton and tobacco, considerably exceeded the amount of the crop of those articles made during the preceding year. The ability of the community, therefore, to purchase an increased amount of foreign articles in the year 1815, exceeded, in a corresponding degree, that of subsequent years. It has also been ascertained that the importation of foreign articles during the present year has been considerably less than in any year since the peace. To form an estimate of the average annual revenue which may accrue from imports and tonnage during the next four years, that will approximate towards accuracy, it will be necessary to embrace in the calculation the revenue which accrued from the year 1814 to 1819 inclusive, amounting to dollars 124,510,414 05, and that which shall have accrued in the year 1820, estimated at 14,000,000 dollars, making the aggregate sum of \$138,510,414 05, which gives the sum of \$19,787,202 as the annual average revenue for those seven years.

Other views derived from the fiscal operations of the government, will be found to accord with this result. The average product of the duties upon imports and tonnage, which accrued from the year 1801 to 1807 inclusive, may be stated at 13,640,060 dollars; and that which accrued from the former period to 1813 inclusive, amounted to the annual sum of 11,570,000 dollars. The increase of population in the United States has been estimated at 34 per cent. in ten years. If the increase of consumption has corresponded with that of population, the revenue of the year 1820, according to the result furnished by the first seven years, would exceed 20,000,000 dollars; and would fall but little short of 17,000,000 according to the data furnished by the

whole period. During the former period, the principal states of Europe were involved in wars, which not only gave to our shipping the principal part of the carrying trade, but created an unusual demand for every article of exportation, and greatly enhanced their value. Any estimate founded upon the average revenue of those years, the duties upon imports remaining the same, would most probably not be realized; but as these duties were considerably increased in 1816, the objections to such an estimate are, in some degree, diminished. From the year 1808 to 1813 inclusive, the U. S. were engaged in a state of commercial or actual warfare. The disadvantages to which their commerce was subjected by that warfare, more than counterbalanced the peculiar advantages it enjoyed in the seven years immediately preceding. An estimate for the next four years, founded upon an average of the whole term, would, more probably, fall short of, than exceed the sum which would be received into the Treasury notwithstanding the duties were higher during two years of that term than at present.

In the investigation of a subject of such complexity, affecting so deeply the interest of the community, every fact and circumstance connected with it ought to be considered. Since the year 1807, new interests have arisen, which claimed a prominent place in this consideration. From time immemorial household manufactures have existed in every part of the United States. The mechanical arts; those branches of manufacture without which society, even in a very imperfect state of civilization, could not exist, though differing in some degree from those properly denominated household, have long existed in the United States. Since the year 1807, these branches of manufacture have been greatly extended and improved. Others have been established, and a large amount of capital has been invested in manufacturing establishments, which promise to furnish, in a short time, an ample supply of cotton and woollen manufactures, and most of those of iron, glass, and various other articles of great value.

As commerce has been properly defined to be an exchange of equivalent value, it is probable that the failure on our part, to receive from foreign nations the accustomed supply of those articles which can now be produced in our domestic establishments, the articles which they have been accustomed to receive from us will lose some thing of the value which they would otherwise have commanded, until new channels of intercourse shall be discovered, and different articles of merchandize shall be substituted for those formerly received.

The capacity of a nation to consume foreign articles depends upon the value of its exports, and not upon its ability to furnish every article of primary or secondary necessity. The precious metals are never imported into any country, when commodities which will command a profit can be obtained for importation. Giving full weight to the fact, that cotton, woollen, iron, and various other articles which are now furnished by our domestic establishments, will be hereafter received from foreign nations only to a small amount, 17,000,000 dollars of revenue may be assumed as the minimum, & 20,000,000 as the maximum, which will be annually received from imports and tonnage during the next four years. The decrease which has occurred in the last & present years furnishes no ground to distrust the correctness of the foregoing conclusion. The customs produced in 1815 a nett revenue of \$36,306,022 51, in 1816, 27,484,100 36, and in 1817, 17,524,776 15. This last year was considered at the time as the period of the greatest reaction. Accordingly, in 1818, the nett revenue from the customs amounted to \$21,828,451 48.

The multiplication of banks, the state of the currency, and the high price which all exportable articles commanded until the end of 1818, strongly invited to extravagance of every kind, and particularly in the consumption of foreign merchandize. The resources of individuals had been, by these seductions, in a great degree anticipated during the first years which succeeded the peace. The sudden reduction in the value of all exportable articles, which occurred about the commencement of the year 1819, not only prevented in a degree further purchases, but rendered the discharge of engagements previously contracted impracticable. The pressure thus produced upon the community, reacted upon the vendors of every species of merchandize, whether foreign or domestic; who, without thoroughly investigating the cause of their distress, have sought for relief in measures calculated rather to aggravate than alleviate the public embarrassment. The issue and payment of a larger amount of debentures, in the present year, in proportion to the exportations of the last; the increased amount of specie, and diminished amount of foreign merchandize imported during the present year; and the ready sale of foreign and domestic articles now in the market, shew that the importation of foreign goods is upon the eve of being regulated by the demand for them, for consumption.

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