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Documents accompanying the President's Message.

REPORT ON FINANCES.

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

I. Of the Public Revenue and Expenditures.

The receipts into the Treasury, from all sources of revenue, during the year 1827, were

22,966,363 96

The expenditures for the same year, including the public debt, were

22,656,764 04

The balance in the Treasury, on the 1st of January, 1828

6,668,286 10

The receipts from all sources during the year 1828, were

24,789,463 61

Viz.

Customs 23,205,323 64

Lands (state-ment D) 1,018,308 75

Dividends on Bank Stock 453,000

Incidental Receipts (E) 110,631 22

Making an aggregate of the expenditures for the year 1828, were (F)

25,485,313 90

Viz.

Civil, Diplomatic, & Miscellaneous 5,676,052 64

Military service, including fortifications, ordnance, Indian affairs, pensions, and arming the militia 5,719,956 06

Naval service, including the gradual improvement of the Navy 3,925,867 13

Public debt 12,163,438 07

Leaving a balance in the Treasury, on the 1st of Jan'y. 1829,

5,972,435 81

The receipts into the Treasury, during the three first quarters of the present year, are estimated to have amounted to

19,437,250 98

Viz.

Customs 17,770,744 59

Lands (G) 972,059 33

Bank dividends 490,000 00

Miscellaneous (H) 204,427 06

The receipts for the 4th quarter are estimated at

5,165,000 00

Making the total estimated receipts of the year

24,602,250 98

And, with the balance on the 1st of January, 1829, forming an aggregate of

30,574,686 79

The expenditures for the three first quarters of the present year, are estimated to have amounted to

18,919,114 05

Viz.

Civil, diplomatic, & miscellaneous 2,482,415 50

Military service, including fortifications, ordnance, Indian affairs, pensions, and arming the militia, and internal improvements 5,155,256 44

Naval service, including the gradual improvement of the Navy 4,685,443 04

Public debt 2,565,979 24

Making together 18,532,869 93

From the above statement it is apparent, that the sinking fund, as hereafter estimated at \$11,500,000, for the year 1830, and subsequently at an average of \$12,000,000, can only be applied to the reimbursement of those stocks which are not redeemable at pleasure, as follows:

In 1830, to the payment of principal

8,017,695 51

Interest 1,251,437 35

and, in 1831, to the payment of principal

5,018,900 72

Interest, say 1,687,080 08

7,705,980 80

In 1832, to the payment of principal

7,227,363 97

Interest, say 1,186,115 04

8,413,479 01

In 1833, to the payment of principal

2,227,366 98

Interest, say 1,085,883 66

3,313,250 64

In 1834, to the payment of principal

4,735,296 30

Interest, say 985,652 29

5,720,948 59

The inconvenience to which the Treasury will be exposed by this course, may be averted by redeeming the stock subscribed to the bank of the United States, and authorizing the commissioners of the Sinking Fund to purchase the three per cents, when in their opinion, the terms on which such purchase can be made, will render it as favourable to the U. States as the payment of other stocks, then redeemable. This stock is now quoted in the market at about 87 1/2. An unlimited authority to redeem it, would no doubt somewhat enhance the price; but this effect would, in a great degree, be counteracted by the option to redeem other stocks. If however, the revenues can, in the opinion of Congress, be more advantageously reduced or otherwise disposed of, when the other stocks shall be redeemed, the payment of the three per cents may be postponed, subject to the operation of a small Sinking Fund, to be applied conditionally, viz. when the stock can be bought at a reasonable price, to be fixed by law. In such case it will be necessary to the full employment of the present Sinking Fund, to give the Commissioners power to purchase the five and four and a half per cents at their market price.

III. Of the Estimates of the Public Revenue and Expenditures for the year 1830.

The amount of duties on imports and tonnage, which accrued from the 1st of January to the 30th September, 1829, is estimated at \$31,821,500, being \$2,621,500, less than that which accrued in the corresponding period of the preceding year. This deficiency has arisen almost entirely in the last quarter of the present year, and was probably caused by the extensive importation which had been made in the early part of 1829, in anticipation of the increased duties. In the 2d and 3d quarters of the year however, the imports have so augmented, that accruing duties secured in those quarters are but \$49,500 less than those secured in the 2d and 3d quarters of the preceding year. This improvement still continues, and there is reason to believe that the duties accruing in the 4th quarter will nearly equal those of the 4th quarter of last year. It is worthy of remark that the accruing revenue of the three first quarters of the year 1829, though so much below that of 1828, is only 270,200 less than that of the same period of the year 1827.

The duties issued during the three first quarters of 1829, were 3,059,630 23, which exceeds the amount issued during the corresponding period of the year 1828, by 96,475 70.

The amount of duties outstanding on the 30th of September last, and chargeable upon the revenue of 1830, was \$1,111,156, exceeding by \$65,992 the amount chargeable on the same day in 1828 on the revenue of 1829.

The value of domestic articles, exported from the United States, for the year ending on the 30th of September last, is estimated at \$35,800,000 being 5,156,331 more than the value of those exported during the same period, in the preceding year.

The amount of Custom house bonds in suit on the 30th September last, was 6,391,714 20, being \$1,967,435 45 more than on the same day in the preceding year. It may be observed, that the great increase of this item, for several years past, has arisen from the heavy failures in the China trade; in which series of bonds falling due from the same houses, commence in one year, and terminate in another.

From a view of all these facts and considerations the receipts for the year 1830 are estimated at \$23,840,000

Viz.

Customs 22,000,000

Lands 1,200,000

Bank Dividends 490,000

Incidental receipts, including arrears of internal duties, direct tax, and canal tolls 150,000

To which is to be added the balance estimated to be in the Treasury on the 1st of January, 1830 4,410,071 09

Making an aggregate of

28,250,071 69

The expenditures for 1830 are estimated at

23,753,526 67

Viz.

Civil, Diplomatic, & Miscellaneous 2,473,225 64

Military service, including fortifications, ordnance, Indian affairs, pension, and internal improvements 5,325,189 95

Naval service, including the gradual improvement of the Navy 4,685,443 04

Public Debt 2,565,979 24

Making together 28,049,837 87

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Interest 1,251,437 35

9,269,132 86

Naval service, including the gradual improvement of the Navy

4,685,443 04

Public Debt 2,565,979 24

11,500,000 00

Which will leave an estimated balance in the Treasury, on the 1st of January, 1831, of

4,494,548 62

If the foregoing estimate of the revenue and expenditure be correct, the sum at the disposal of the Commissioners of the Sinking Fund, for the year 1830, will be \$11,500,000, and when the increase of population is considered, may probably be safely computed at \$12,000,000 for the four succeeding years. This sum will complete the payment of the whole Public Debt, within the year 1834, without applying to bank shares.

Should it be determined to reduce the revenue so as to correspond with the existing expenditure, it will require the exercise of a wise forecast on the part of the Legislature to avert serious injury. Merchants having goods on hand, liable to be effected in price by a change in the fiscal system of the government, have a just right to expect from it a reasonable notice, corresponding with the magnitude of the change proposed. In accordance with these views, it is respectfully suggested, that, whatever diminution of duties shall be determined upon, it be made to take effect prospectively and gradually.

It will, in such case be proper, at an early period, to select the articles upon which to commence the reduction. As auxiliary to this undertaking the annexed tables M. and N. have been prepared. Table M. exhibits the amount of duties accruing on such articles of importation, as are generally of foreign production. Table N. exhibits the tariff of duties imposed by foreign Governments, on such articles as are produced in, or exported from the United States, as far as has been ascertained at the Treasury Department.

The precise effect of a reduction of duties on the revenue, can only be ascertained by experience; but, as the imports will be somewhat increased by the operation, it is not apprehended that a gradual reduction, commencing at an early day, would sensibly prolong the total extinguishment of the public debt.

The various duties devolved on the Treasury Department, in relation to Custom Houses, and Land Offices have led to the exercise of powers not sufficiently defined by law. These are liable to be enlarged by successive gradations, under special exigencies, without legislative sanction, until the powers of the Department to perform indispensable duties are derived from usage, rather than the statutes. Of this nature, are those exercised in the payments for contingent expenses of the Cutter service, repairs of Custom Houses, Wharves, and Warehouses, belonging to the United States, expenses to inspectors employed in special services, in addition to their per diem compensation; in the allowances to persons instructed to investigate transactions of Custom House and Land Offices; to assistant counsel, and for costs in suits and prosecutions; and for various services of less magnitude. The payments for these objects are usually made by Collectors and Receivers of Public Monies, or by drafts on them from the Treasury Department, being considered as incidental to these branches of revenue. It is desirable that such payments should be as specifically sanctioned by law as those made out of monies in the Treasury.

The Secretary of the Treasury deems it proper to make known to Congress, that the duties imposed upon woollen goods, under the act of the 19th May, 1828, have, in pursuance of an instruction from the Treasury Department, dated the 15th of October 1828, been charged upon the value of such goods, without the addition of 20 per centum on the cost of those imported from the Cape of Good Hope, or any place beyond the same, or from beyond Cape Horn; or 10 per centum on those from any other place or country.

The law it is believed, may admit of a different construction; but, as the orders for the importations, since the instruction above referred to, were given with a knowledge of its operation, now to add the 20 or the 10 per cent, to the cost of such goods, would probably transfer the whole of them into a class higher than was fairly contemplated by the importer, and increase the duty very prejudicially to his interest. Under these circumstances, and as there may be some doubt as to the intention of the law, it has been deemed proper not to disturb the existing construction, but to submit the matter to the consideration of Congress.

Another subject, somewhat similar in character, has been for special reasons, differently disposed of. A deduction of five per cent, on the invoices of broad cloths, for measurement, has become an established usage of trade. This usage was particularly noticed in an instruction issued by the Treasury Department, on the 9th September, 1828, but which had been differently construed by the Custom House Officers at different ports: at the measurement, and at others from the cost, by which different rates of duties were imposed. It was deemed not only a legal, but Constitutional obligation, so far as the powers vested in the Department would admit, to render the duty uniform throughout the United States. In preparing the necessary regulations for this purpose, it was considered that the five per cent, deduction was originally intended, as it purports to be a measurement, and not on price. This usage was also recommended by another and more important consideration, viz. the uniformity of its effect. The allowance being made for measurement, the merchant pays duty on the number of yards purporting to be imported, but if made on price it is arbitrary, except the cloths are thereby transferred from a higher to a lower class, in which case it diminishes the duty by the amount of the difference between the duties charged on such classes. An instruction was accordingly issued on the 6th of August, 1829, directing the allowance of the five per cent, to be made on the measurement only. But this unavoidably deprived a number of importers, whose orders had been previously given, of the expected benefit of the deduction, in determining the classes of articles to which their cloths belonged; such cloths are consequently, subjected to a rate of duty higher than was contemplated when the orders were given. The regulation has, therefore, injuriously affected the interest of these importers, and their case is submitted to the favourable consideration of Congress, who alone can give the proper relief.

The Secretary of the Treasury respectfully invites the attention of Congress to some modification of the existing revenue laws, as well for the convenience of those employed in commerce and navigation, as for the better security of the revenue.

The law in relation to licenses for coasting and fishing vessels, operates unequally and injuriously upon some branches of that business, it requires, upon every change of structure of the vessel, or of ownership, by the transfer of the right of one partner, the taking out of a new license, and the payment of a new duty.

The bounty allowed on vessels employed in the cod fisheries is understood to be unlawfully obtained by some of those engaged in the mackerel fisheries. It is believed that a bounty on the fish procured or exported, without reference to the origin of the fish, would better promote whatever encouragement may be considered as proper to be given to the fisheries. It is believed that a bounty on the fish cured or exported, without reference to the origin of the fish, would better promote whatever encouragement may be considered as proper to be given to the fisheries; this could be graduated to any scale, and, being more simple in its form, would be less liable to abuse.

It is found that the present mode of compensating Custom House officers operates unequally, and not in proportion to the service rendered. As striking instances of this inequality, Inspectors, in many places, receive more than double the compensation of the Collectors who employ them, and, at some ports, Custom Houses are built, or purchased by the Government, while at others, they are provided at the expense of Collectors.

The fees of office are liable to be variously computed, and are a constant source of embarrassment in the transaction of business. These, it is believed, may be generally abolished, and the mode of compensation by salary, beneficially substituted; retaining, however, those on manifests, clearances, entries, and permits, and that class of service which makes it the interest of the officers to require a strict observance of those acts on the part of masters of vessels, and shippers, which may be deemed essential to the security of the revenue.

The commissions now allowed to collectors, on bonds put in suit, might be advantageously divided between them and the District Attorneys. The former would thereby be more interested in taking proper security, and the latter have a salutary stimulus to the discharge of their duties.

Some additional provisions of law is deemed necessary to compel the surrender of public books and papers of District Attorneys, Marshals, Custom houses and Land Officers, in pursuance of orders from the proper department.

The labors of the appraisers of imported goods have been greatly increased by the act in alteration of the several acts imposing duties on imports, passed 19th May, 1828. To give the proper efficiency to that branch of service, it is necessary to have warehouses and offices, conveniently adapted for the examination, measuring and repacking of goods; and that the persons employed by appraisers should be more immediately under their control. In the port of New York where nearly half the importations into the United States are made, the whole labor of appraising devolves on two officers, who are exclusively responsible for that duty; and yet, all the assistance which can be provided for them is supplied indirectly, under an implied power. To avoid the embarrassment that must arise from sickness, or other necessary absence of one or both of these officers, an additional appraiser at that port seems indispensable. It is also deemed advisable that the commissioned appraisers at all the ports should be authorized under proper restrictions, to employ persons to act as assistants, under a regular official responsibility, these being distributed upon the different classes of business, could not fail to increase the power of the appraisers for an efficient and faithful performance of their duties, and without any material increase of expense.

The present system of paying goods for de-benture, or in security for duties, may, it is believed, be beneficially modified. Goods are now stored under various circumstances; if Tea may, at the option of the importer,

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