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REPORT ON THE 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:

1. Of the Public Revenue and Expenditures.
The receipts into the Treasury from all sources, during the year 1832, were

The expenditures for the same year, including payments on account of the Public Debt, and including \$9,035 58 for awards under the first article of the Treaty of Ghent, were

Customs, (statement D.)	21,032,391 59
Loans (statement D.)	2,320,356 14
Incidental receipts, (E.)	490,000 00
Incidental receipts, (E.)	102,358 98
Making with the balance, an aggregate of the expenditures for the same year, were (F.)	\$30,599,821 80
VIZ:	\$4,585,281 53
Civil List, Foreign Intercourse and Miscellaneous	5,207,416 04
Military Services, including fortifications, ordnance, Indian Affairs, Pensions, arming the militia, and internal improvements	6,750,688 66
Naval Service, including the gradual improvement of the Navy	3,259,428 63
Public Debt	11,553,748 22

Leaving a balance in the Treasury on the 1st of January, 1831, of \$6,014,539 73

The receipts into the Treasury during the three first quarters of the present year, are estimated at \$28,000,412 87

and with the balance on the 1st of January, 1831, forming an aggregate of \$34,014,952 62

the expenditures for the three first quarters of the present year, are estimated at (I.) \$31,159,779 97

VIZ:
Civil List, foreign intercourse, and miscellaneous \$2,507,614 44
Military service, including fortifications, ordnance, Indian affairs, arming the militia and internal improvement. 5,640,017 23
Naval service, including the gradual improvement of the Navy 3,019,667 85
Public Debt 9,983,179 46

Expenditures for the fourth quarter, including \$5,205,810 21, on account of the public debt, are estimated on data furnished by the respective departments at 9,807,422 28

Making the total estimated expenditure of the year 30,967,201 23

and leaving in the Treasury on the 1st of Jan., 1832, an estimated balance, including \$439,375 13, on account of indemnity under the Danish Convention, of \$3,047,731 37

Which, however, includes the funds estimated at \$1,400,000, heretofore reported by this Department as not effective.

The appropriations remaining unsatisfied at the close of the year, are estimated at \$4,193,823 13, but of this amount, it is estimated by the proper Departments:

1. That the sum of \$3,423,525 87, only will be required for the objects for which they were appropriated:

2. That the sum of \$501,102 78, will not be required, and may therefore be considered as in excess of appropriation, and is proposed to be applied, without being re-appropriated, in aid of the service of the year 1832, as will more fully appear when the estimates for the appropriations for that year are presented.

3. That the sum of \$215,194 48 will be carried to the Surplus Fund, either because the objects for which it was appropriated, are completed, or because these moneys will not be required for, or will be no longer applicable to them.

2. Of the Public Debt:
The payments on account of the Public Debt, during the first three quarters of the year, have amounted, as has been already stated to \$9,983,479 46

VIZ:
On account of Principal, \$8,891,049 97
and of Interest, 1,092,429 49

and it is estimated that the payments to be made in the 4th quarter of the year will amount to 6,205,810 21

VIZ:
On account of principal, \$5,908,810 21
and on interest, 297,000 00

Making the whole amount of disbursements on account of the debt in eight hundred and thirty-one, \$16,189,289 67

This sum will be increased by purchases of stock which have been authorized, but which are not yet been fully reported.

Of the amount disbursed for the debt, \$10,000,000 were applied from the appropriation made for the year under the 2d section of the Sinking Fund Act of 1817, and the remaining \$6,189,289 67 were applied with the sanction of the President under the authority of the 1st section of the act of 24th May, 1830.

The mode of payment, by the application of that portion of the above sum disbursed on account of the principal, are as follows:

1. Of the Funded Debt.
The residue of the five per cent, created under the act of the 10th April, 1816, in payment of the U. States debt, and the residue of the 3d section of the act of the 24th May, 1830, the Bank of the U. States, (U. S. Bank) is authorized to pay, on the 3d of March, 1831, and a half per cent, per act of the 3d of March, 1831, the sum of \$1,539,586 16

The sum of \$1,000,000 were applied from the appropriation made for the year under the 2d section of the Sinking Fund Act of 1817, and the remaining \$539,586 16 were applied with the sanction of the President under the authority of the 1st section of the act of 24th May, 1830.

2. Of the Unfunded Debt, (exclusive of \$228 64 conscripted into 3 per cent Stock.)
The old Registered Debt, 40 00
Treasury Notes, 8 00
Mississippi Stock, 683 00

Altogether these payments the public debt of the 2d of January, 1832, will be as follows, viz:

1. Funded Debt.
Three per cent, per act of the 4th of August, 1790, redeemable at the pleasure of Government, 13,296,626 21

Five per cent, per act of 3d of March, 1831, redeemable after the 1st of January, 1835, 4,735,296 30

Five per cent, (Exchanged) per act of the 20th April, 1832, one third redeemable annually after the 31st of December, 1830, '31, and '32, 56,704 77

Four and a half per cent, per act of the 24th May, 1824, redeemable after the 1st day of January, 1832, 1,739,524 01

Four and a half per cent, (Exchanged) per act of the 26th May, 1824, one half redeemable after the 31st day of December, 1832, the residue after the 31st day of December, 1833, 4,454,727 93

2. Unfunded Debt.
Registered debt, being claims registered prior to the year 1793; for services and supplies during the Revolutionary War, 27,919 83
Treasury Notes, 7,116 00
Mississippi Stock, 4,320 09

Making the whole amount of the public debt of the U. States, \$24,322,235 18

3. Of the Estimates of the Public Revenue and Expenditures for the year 1832.
The great commercial activity prevailing in the United States has contributed not only to enlarge the revenue from Customs, but will probably carry that of the next year to a still higher amount. The importations for the year ending on the 30th of September last, are estimated at \$97,032,858, and the exports at \$80,372,360; of which \$62,048,233 were domestic, and \$18,324,333 foreign products.

The duties which accrued during the first three quarters of the present year are estimated at \$27,319,000, and those for the fourth quarter at \$6,000,000. Some deduction, however, will be made from these, before they can reach the Treasury, on account of the reduction in the duties on coffee, tea, cocoa and salt, by the acts of the 20th and 29th of May, 1830, and which may be estimated to affect the duties on those articles remaining in store on the 1st of January, 1832, to the amount of about \$750,000.

The receipts from the public land during the present year, it will be perceived, have likewise exceeded the estimates, and indeed have gone beyond all former example. It is believed that, notwithstanding the large amount of scrip and forfeited land stock that may still be absorbed in payment for lands, yet, if the surveys now projected be completed, the receipts from this source of revenue will not fall greatly below those of the present year.

From all the information which the Department has been able to obtain, the receipts into the Treasury during the year 1832, may be estimated at \$30,100,000

VIZ:
Customs, 26,500,000
Public Lands, 3,000,000
Bank Dividends, 490,000
Incidental receipts, including arrears of internal duties and direct taxes, 110,000

The expenditures for the year 1832, for all objects other than the public debt, are estimated at 13,365,202 12

VIZ:
Civil, Foreign intercourse, and Miscellaneous, 2,809,484 26
Military service, including fortifications, ordnance, Indian Affairs, arming the militia and Internal Improvements, 6,648,099 19
Naval service, including the gradual improvement of the Navy, 3,007,618 71

Which, when deducted from the estimated receipts, will leave a balance of \$16,734,797 84

An exhibition of the transactions of the Treasury will show that this Department has endeavored to carry into effect the policy indicated by the laws and the views of the President in regard to the early extinguishment of the public debt.—Upwards of forty Millions will have been applied to that object from the 4th of March, 1829, to the 2d of January, 1832, inclusive, of which about sixteen millions and a half will have been drawn from the Treasury during the present year.

The occasion is deemed a propitious one to bring before the Legislature the subject of the debt, with a view to its redemption, at a period not only earlier than has been heretofore anticipated, but before the termination of the present Congress.

The entire public debt on the 31 of January next, as has been already shown, will amount to \$24,322,235 18

The amount of the receipts into the Treasury during the year 1832, after satisfying all the demands of the year, other than on account of the public debt, are estimated as above, at 16,734,797 84

To this may be added the balance in the Treasury on the 1st of Jan. 1832, estimated (exclusive of the ineffective funds and the Danish indemnity) at 1,208,276 24

From this aggregate of 17,943,074 08 After deducting the amount of the unsatisfied appropriations already estimated at 3,423,525 87

There will remain a surplus in the year 1832, of \$14,519,548 21

Which unless Congress should enlarge the appropriations for other objects, may be applied to the public debt.

The interest on the debt, during the year 1832, may be estimated at 500,000 00

Leaving for the principal in that year \$14,019,548 21

Which being applied to that object, will leave the total amount of the public debt at the close of the year 1832, \$10,302,686 97

The Government, however, has other means which if Congress see proper may be applied towards the payment of the debt, viz: the shares in the Bank of the United States, amounting at par to \$7,000,000; but which, as will be presently explained, may be estimated at not less than \$8,000,000 00

In that event the amount of the debt on the 1st of Jan. 1833, would be but \$2,302,686 97

Which sum, together with a fair allowance for the cost of purchasing at the market price, the stocks not redeemable in the course of the proposed operation, might be supplied in the months of January and February, 1833 by the application from the revenues of that year of a sum equal to 2-12th of the amount applied from the ordinary revenues to the debt in the year 1832, say \$2,503,238 02

It may be further observed, that should any diminution take place in the estimated revenue, or should the expenditure exceed the estimated amount, the deficiency which either event might produce in the means of the Treasury applicable to the debt, would be supplied by the amount reserved in this estimate for the unsatisfied balances of appropriations.

For, although that sum constitutes a legal charge on the Treasury, to be met as occasion requires, yet in any estimate of present means, it may be considered rather as a nominal than a real charge.

It will be likewise perceived, that the Government has the means, if properly employed, of reimbursing the whole of the public debt by

purchase or otherwise on or before the 3d of March, 1833.

The moral influence which such an example would necessarily produce throughout the world, in removing apprehension and inspiring new confidence in our free institutions, cannot be questioned. Seventeen years ago our country emerged from an expensive war, encumbered with a debt of more than one hundred and twenty-seven millions, and in a comparatively defenceless state. In this short period it has promptly repaid all the direct and internal taxes which were imposed during the war—relying mainly upon revenue derived from imports and sales of the public domain. From these sources, besides providing for the general expenditure, the frontier has been extensively fortified, the naval and maritime resources strengthened, and part of the debt of gratitude to the survivors of the revolutionary war discharged. We have, moreover, contributed a large share to the general improvement, added to the extent of the Union by the purchase of the valuable Territory of Florida, and finally acquired the means of extinguishing the heavy debt incurred in sustaining the late war, and all that remains of the debt of the revolution.

The anxious hope with which the people have looked forward to this period, not less than the present state of the public mind, and the real interests of the community at large, recommend the prompt application of these means to that great object, if it can be done consistently with a proper regard for other important considerations.

Of these means, as has already been above shown, the shares owned by the Government in the Bank of the U. States are an indispensable part; and that for the reimbursement of the debt within the period contemplated, it will be necessary to effect a sale of them for a sum not less than eight millions of dollars.

The Stock created by the United States for their subscription to the Bank having been actually paid previously to the 1st of July last, their interest in that institution has ceased to be nominal merely, and the shares form a part of the fiscal resources applicable to the public demands.

The objects connected with the early reimbursement of the public debt are more important than the interest of the Government as a mere Stockholder; and it is therefore respectfully recommended to Congress to authorize the sale of those shares for a sum not less than \$8,000,000.

A sale of so large an amount in the public market, could not be expected to produce more than the par value; and if attempted under circumstances calculated to shake public confidence in the stability of the institution, would, in all probability, prove wholly abortive. For these reasons, it is deemed advisable to effect a sale to the Bank itself—a measure believed to be practicable on terms satisfactory both to the United States and that institution.

In submitting this proposition to the wisdom of Congress, it is not intended that its adoption should be founded on any pledge for the renewal of the charter of the Bank. Considering, however, the connection of the proposition with the Bank, and viewing the whole subject as a necessary part of the plans for the improvement and management of the revenue and for the support of public credit, the undersigned feels it his duty to accompany it with a frank expression of his opinions.

The act of Congress to establish the Treasury Department, makes it the duty of the Secretary of the Treasury, to digest and prepare plans for the support of public credit, and for the improvement and management of the revenue. The duties enjoined, as well by this act as by the subsequent one of the 10th of May, 1800, requiring the Secretary to digest, prepare, and lay before Congress, at the commencement of every Session, a report on the subject of finance, containing estimates of the public revenue and public expenditures, and plans for improving or increasing the revenues, from time to time, for the purpose of giving information to Congress in adopting modes of raising money requisite to meet the public expenditure, have been supposed to include, not merely the application of the resources of the Government, but the whole subject of the currency, and the means of preserving its soundness.

On this supposition, the first Secretary of the Treasury, in his memorable reports of January and December, 1790, recommended a National Bank as "an institution of primary importance to the finances and of the greatest utility in the operations connected with the support of public credit," and various communications, since made to Congress, show that the same views were entertained of their duties by others, who have succeeded him in the Department.

The performance of the duties thus enjoined by law upon the Secretary of the Treasury, implies, however, no commitment of any other Department of the Government, each being left free to act according to the mode pointed out by the Constitution.

The important charge committed to the Treasury Department, and on which the operations of the Government essentially depend, is the improvement and management of the revenue, and the support of public credit, and of transferring the public moneys to all parts of the United States, in conformity with the laws of the Government in that relation, which