

American

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WEDNESDAY, NOVEMBER 11, 1807.

REPORT of the SECRETARY of the TREASURY of the United States, communicated to Congress, November 6, 1807.

IN Obedience to the directions of the act supplementary to the act intituled "An act to establish the Treasury Department," the Secretary of the Treasury respectfully submits the following report and estimates.

REVENUE and RECEIPTS.

The net revenue arising from duties on merchandise and tonnage which accrued during the year 1805, amounted to 14,135,138

And that which accrued during the year 1806, amounted, as will appear by the statement (A) to 16,576,454

The same revenue, after deducting that portion which arose from the duty on salt, and from the additional duties constituting the Mediterranean fund, amounted during the year 1805, to 12,527,532

And during the year 1806, to 14,807,753

It is ascertained that the net revenue which has accrued during the three full quarters of the year 1807, exceeds of that the corresponding quarters of the years 1805 and 1806; and that branch of the revenue may, exclusively of the duty on salt, and of the Mediterranean fund, both of which expire on the 1st day of January next, be safely estimated for the present, and if no change takes place in the relations of the U. S. with foreign nations, at fourteen millions of dollars.

The statement (B) exhibits in the detail, the several species of merchandise and other articles from which the revenue was collected during the year 1806.

It appears by the statement (C.) that the sales of the publican likewise, during the year ending on the 1st of September, 1807, exceeded 284,000 acres. Some grounds are not yet received; and the proceeds of sales in the Mississippi Territory, after deducting the surveying and incidental expenses, appropriated in the first place to the payment of a sum of 1,250,000 dollars to the state of Georgia, have not been included, but are distinctly stated. The actual payments by purchasers have, during the same period, exceeded 600,000 dollars; and the receipts into the treasury from that source may, after charges and the per cent. reserved for roads, be estimated for the ensuing year, at 500,000 dollars.

The receipts arising from the permanent revenue of the United States may, therefore, without including the duties on postage and other incidental branches, be computed for the year 1808, at 14,500,000

And the payments into the treasury during the same year, on account of salt and Mediterranean duties previously accrued, are estimated at one million three hundred thousand dollars

1,300,000

Making in the whole an aggregate of fifteen million eight hundred thousand dollars, 15,800,000

LAST QUARTER OF THE YEAR 1807.

The balance in the treasury which, on the 30th day of September 1806, amounted to 5,496,159 dollars, 77 cents, did on the 30th day of September 1807, amount to 8,530,000

The receipts into the treasury from the 1st of October to the 31st day of December 1807, are estimated

at 4,000,000

12,530,000

The expences during the same period for all objects whatever, in public debt excepted, and including 600,000 dollars for the extraordinary expenditures of the Navy Department, of which the estimate has been transmitted, are estimated at 1,700,000

The ordinary payment on account of the public debt, including the interest on the Louisiana and Dutch debts, to the 1st of July 1807, are estimated at 1,700,000

A further sum of about 1,500,000 dollars should also be paid during this quarter, in order to complete the annual appropriation of eight millions of dollars. If the whole of this sum, which is applicable to the purchase of the eight per cent. stock, cannot be expended this year, the unexpended balance will form an additional expenditure for the year 1808, charging however the whole to this quarter.

Making an aggregate of

4,000,000 dollars, and will leave

in the Treasury at the close of the year a balance of about seven million six hundred thousand dollars,

7,600,000

EXPENDITURES OF THE YEAR 1808.

The permanent expences calculated on a peace establishment are estimated at 11,600,000 dollars, and consist of the following items, viz.

1. For the civil department, and all domestic expences of a civil nature, including invalid pensions, the light house and mint establishments, the expences of surveying public lands and the sea coast, the fifth instalment of the loan due to Maryland, and a sum of 200,000 dollars to meet such miscellaneous appropriations, not included in the estimate, as may be made by Congress.

2. For expences incident to the intercourse with foreign nations including the permanent appropriation for Algiers,

3. For the military and Indian department, including trading houses, and the permanent appropriation for certain Indian tribes,

4. For the naval establishment,

5. The annual appropriation of eight millions of dollars for the principal and interest of the public debt; of which sum not more than 4,000,000 dollars will for the year 1808 be applicable to the payment of interest.

8,000,000

11,600,000

To the permanent expences must be added for the year 1808, a sum of about 800,000 dollars, necessary

in addition to the annual appropriation of eight millions of dollars, to complete on the 1st January, 1808, the reimbursement of the 8 per cent stock, And for paying the balance of American claims, assumed by the French convention,

800,000

200,000

Making altogether 11,600,000 dollars for the expences of this year, 12,600,000

The receipt of that year having been estimated at 13,800,000

And the probable balance in the Treasury on the 1st of January, next, at 7,630,000

Making together 23,430,000

Would therefore probably leave in the Treasury on the 1st of January, 1809, a balance of near eleven millions of dollars,

10,830,000

23,430,000

PUBLIC DEBT.

It appears by the statement (D.) that the payments on account of the principal of the public debt, have, during the year ending the 30th day of September 1807, exceeded 4,600,000 dollars ... making the total of public debt reimbursed from the 1st of April, 1801, to the 1st of October, 1807, about 25,380,000 dollars, exclusively of more than six millions, which have been paid during the same period, in conformity with the provisions of the treaty and convention with Great Britain, and the Louisiana convention.

Of the two, five millions of dollars, which, according to the preceding estimates, may be paid on account of the public debt between the 31st September, 1807, and the 1st January, 1808, about eight millions

will be on account of the principal. It must, however, be observed, that the unascertained result of the proposition made to the public creditors for the modification of the debt, may affect the amount payable during the year 1808, on account of both principal and interest.

On the 1st day of January, 1808, the principal of the debt will, if the proposed modification be not assented to by the public creditors, amount to fifty seven millions and five hundred thousand dollars. The subsequent annual payments thereon on account of principal and interest, will not, exclusively of occasional purchases, exceed 4,600,000 dollars: and the whole of the debt, the nineteen millions of three per cent. stock only excepted, will be reimbursed in 15 years.

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An annual large appropriated surplus of at least three millions of dollars, may henceforth be relied upon with great confidence.

The receipts of the year 1808 have been estimated at 15,800,000 and the expences at 12,600,000 dollars.

The permanent revenue has been computed at 14,500,000 dollars, and the permanent expences predicated on an annual payment of eight millions of dollars on account of the debt, have been stated at 11,600,000 dollars; and as this should take place, be reduced to less than 8,500,000, the annual surplus would then amount to six millions of dollars.

Nor are the seven millions and an half of dollars, which will remain in the treasury at the end of the present year, included in the calculation.

What portion of that surplus may be wanted for necessary measures of security and defence; what portion should be applied to internal improvements, which, whilst increasing and diffusing the national wealth, will strengthen the bonds of union, are subjects which do not fall within the province of the Treasury Department—but it is not impossible, that after making ample provision for both those objects considerable surpluses, and which can no longer be applied to the redemption of the debt, may still accumulate in the treasury.

The previous accumulation of treasure in time of peace might, in a great degree, defray the extraordinary expences of war, & diminish the necessity of either loans or additional taxes. It would provide, during periods of prosperity, for those adverse events to which every nation is exposed, instead of increasing the burdens of the people at a time when they are least able to bear them, or impairing by anticipations the resources of ensuing generations—and the public monies of the U. S. not being locked up and withdrawn from the general circulation; but on the contrary deposited in banks, and continuing to form a part of the circulating medium, the most formidable objection to that system, which has nevertheless been at times adopted with considerable success in other countries, is thereby altogether removed.

It is also believed that the renewal of the charter of the Bank of the U. S. may, amongst other advantages, afford to government an opportunity of obtaining interest on the public deposits, whenever they shall exceed a certain amount.

Should the United States, contrary to their expectation and desire, be involved in a war, it is believed that the receipts of the year 1808 will not be materially affected by the event, inasmuch as they will principally arise from the revenue accrued during the present year. The amount of outstanding bonds due by importers after deducting the debentures issued on account of re-exportations, exceeds, at this time, sixteen millions of dollars. The deductions to be made from these on ac-

count of subsequent re-exportations, would, in case of war, be less than usual; for exports will then be checked, as well as imports, and in proportion as these will decrease, a greater home demand will be created for the stock on hand, and the necessity of re-exporting be diminished.

It has already been stated, that the specie in the treasury at the end of this year, together with the surplus of the year 1808, will amount to near eleven millions of dollars...a sum probably adequate to meet the extraordinary expences of the war for that year. It will also be recollectec, that in the estimated expences of the year 1808, the reimbursement of near five millions and a half of the principal of the debt is included. The only provision therefor which may render any contingencies necessary for the extraordinary service of that year, in order to cover any deficiency of revenue or increase of expenditure beyond what has been estimated, will be an authority to borrow a sum equal to that reimbursement.

That the revenue of the U. S. will, in subsequent years, be considerably impaired by a war, neither can or ought to be conceded. It is on the contrary, necessary, in order to be prepared for the crisis, to take an early view of the subject and to examine the resources which should be selected for supplying the deficiency, and defraying the extraordinary expences.

There are no data from which the extent of the defalcation can at this moment be calculated, or even estimated. It will be sufficient to state, that if it appears necessary to provide a revenue at least equal to the annual expences of a peace establishment, the interest of an existing debt, and the interest on the loans which may be raised. 2. That those expences together with the interest of the debt, will after the year 1808, amount to a sum less than seven millions of dollars, and therefore, that if the present revenue of 14,500,000 dollars will not be diminished more than necessarily by the war, it will still be adequate to the object, leaving only the interest of war to be provided for.

Whether taxes should be raised to a greater amount, or loans be altogether relied on for defraying the expences of the war is the next subject of consideration. Taxes are especially the greatest mass of the expenses, and most directly affect citizens, every individual of a community. Loans are supplied by capitals previously accumulated by a few individuals. In a country where the resources of individuals are not generally and immediately affected by the war, it is practicable and wise to raise by taxes the greater part, at least of the annual supplies. The credit of the nation may also, from various circumstances, be at times so far impaired as to have no resource but taxation. In both respects the situation of the U. S. is totally dissimilar.

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What portion of that surplus may be wanted for necessary measures of security and defence; what portion should be applied to internal improvements, which, whilst increasing and diffusing the national wealth, will strengthen the bonds of union, are subjects which do not fall within the province of the Treasury Department—but it is not impossible, that after making ample provision for both those objects considerable surpluses, and which can no longer be applied to the redemption of the debt, may still accumulate in the treasury.

The credit of the U. S. is also unimpaired either at home or abroad, and it is believed that loans to a reasonable amount may be obtained on eligible terms.

Measures have been taken to ascertain to what extent this may be effected abroad; and it will be sufficient here to suggest, that the several banks of the U. S. may find it convenient after the ensuing year, and as the diminished commerce of the country may require less capital, to loan or go eminent a considerable portion of their capital stock, now computed at about forty millions of dollars.

It might be premature to enter into a particular detail of the several branches of revenue which may be selected, in order to provide for the interest of war loans, and to cover deficiencies in case the existing revenue should fall below seven millions of dollars. A general enumeration seems at present sufficient.

I. Not only the duty on salt and the Mediterranean duties may be immediately revived; but the duties on importation generally may, in case of war, be considerably increased, perhaps doubled, with less inconvenience than would arise from any other mode of taxation. Without resorting to the example of other nations, experience has proven that this source of revenue is, in the U. S. the most productive, the easiest to collect, and the least burthensome to the great mass of the people. In time of war the danger of smuggling is diminished, the scarcity of foreign articles prevents the

duty ever falling on the importer; the consumers are precisely those members of the community who are best able to pay the duty; and the increase of Domestic Manufactures which may be indirectly affected, is in itself a desirable object.

2. Indirect taxes, however ineligible, will doubtless be cheerfully paid as War Taxes, if necessary. Several modifications of the system formerly adopted, might however be introduced, both in order to diminish some of the inconveniences which were experienced, and particularly to ensure the collection of the duties.

3. Direct taxes are liable to a particular objection arising from the unavoidable inequality produced by the general rule of the constitution. Whatever difference may exist between the relative wealth, and consequent ability of paying, of the several states, still the tax must necessarily be raised in proportion to their relative population. Should it, however, become necessary to resort to that resource, it is believed that the tax raised upon that species of property in each state which, by the state laws, is liable to taxation, as had originally been contemplated by Congress, would be preferable to a general assessment laid uniformly on the same species of property in all the states, as was ultimately adopted.

All which is respectfully submitted,

ALBERT GALLATIN,
Secretary of the Treasury.

Nov. 5, 1807.

David H. Hutchison John Harrington
James Homes Parry Hall
Wm. Hall Martha Howard
James Hart Mary L. Holliday
Wm. R. Howerton Jonathan Hipsley
Benjamin M. Hill Charles Hallstock
Eustacia Honeywell R. I. Hanson
James High Ann Hartley
Ann Hart Lydia Huncey
Perly Holden Derrham Heath
John Huger John Hooper
Prissey Howard Caleb Hannah
John Cooke George Horner
John Cooke Francis Helveti
Samuel Hutton Mary Hewitt
John Hunter Vincent Hackett
Neal Hunt John Hancock
John Hancock Linda Haistup

I Betsy Johnson Charles Johnson
Margaret Jackson John Jones
Robert Joyce

K Robert Krown Grace Knox
Joseph Kudo John Kyle
Daniel Keighler

L Nicholas Leigh Jane Lee
James Lovell Andrew Lovell
Chas. Lovell John Lee, Jr.
F Lewis Sally Latting Mrs. Leaven
Rebecca Leander Edward Leesland
Mary Lombard Lawrence & Kurtz
John Linton John Linton
Archibald Love

M Catharine Miller Mary Morris
John Miller Miss Morris
John Martin, Jr. Nancy Murphy
G. Mornewick, 2 Lewis Mastayer

John Moppes Win. Mathews