

NOTES.

1. The sums marked *a*, in the column of remaining debts, are inserted upon recent official communications.
 2. Those marked *b*, are founded upon official statements, some time since received, and reported to the House of Representatives, on the ninth of January, 1790, adding interest for the subsequent period.
 3. Those marked *c*, are founded on informal information, but such as is deemed substantially authentic and accurate.
- The estimate for Rhode Island includes a sum not ascertained, which has been cancelled in consequence of former laws of the State, enjoining the creditors to bring in their certificates, and receive payment in paper money, but has been revived by a late law of the State, directing the sums paid to be liquidated, according to a certain scale, and deducted from the original amount.
4. That marked *d*, is founded on a report of a committee of the 11th November, 1791, to the House of Delegates of Virginia, compared with a former return to the treasury, and other information.
 5. That marked *e*, is founded upon a statement of the Comptroller of North Carolina, of 20th May, 1790.
 6. That marked *f*, is founded on a statement of the Treasurer of Georgia, of the 30th of April, 1790, compared with other information.
 7. The sums, expressed in round numbers, is not meant to be understood as precisely accurate, but as very near the truth.
 8. The foreign, as well as the domestic debt of the States, is included.

TREASURY DEPARTMENT, *January 25, 1792.*

ALEXANDER HAMILTON, *Secretary of the Treasury.*

2d CONGRESS.]

No. 34.

[1st SESSION.]

MANUFACTURES OF LEATHER.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, FEBRUARY 23, 1792.

Mr. BOUDINOT, from the committee to whom was referred sundry petitions of the farmers of New York, New Jersey, and Pennsylvania, made the following report:

That, having examined into the facts mentioned in the said petitions, the following appeared to your committee to be satisfactorily established;

That the manufacturing of leather is a very extensive and important branch of the manufactures of the United States.

That the different kinds of bark are essential raw materials in this manufacture.

That the average price of bark, for some years past, has been from three to four and a half dollars per cord.

That a patent has lately been granted by the Government of Great Britain to an individual, for the importation of bark into that kingdom, where it is used both in dyeing and tanning.

That the patentee has employed agents in the different States to purchase and prepare bark for exportation.

That the average price given for bark by these agents, when shaved, is stated to be from ten to thirteen dollars, per cord.

That great complaints are made by the tanners, that this rise in price will greatly injure, if not prevent the manufacture of leather in the United States.

On a careful examination into the state of this business, your committee are of opinion that the subject is of high national importance, and worthy the attention of Congress; but, as the demand for bark is a circumstance of very considerable importance to the landed interest of the United States, as well as that of the manufacturers of leather; and your treasury (from the proper reports of the year, not having yet come in) is unable to furnish proper and sufficient documents herein, so as to enable your committee to form a decisive judgment on the whole subject, viewed in all its consequences, they are of opinion that the subject matter of the petitions referred to them should lay over to the next session of Congress; and, in the mean time, your committee beg leave to recommend the following resolution, as the only present measure necessary to be adopted:

Resolved, That, from and after the _____ day of _____ next, the following additional duties shall be laid on all saddles, and leather tanned or tawed, $2\frac{1}{2}$ per centum ad valorem, except such as is or shall be otherwise rated.

On every pair of boots, ten cents.

On every pair of shoes, slippers, or golo shoes, made of silk, stuff, or leather, five cents.

2d CONGRESS.]

No. 35.

[1st SESSION.]

SPIRITS, FOREIGN AND DOMESTIC.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, MARCH 6, 1792.

In obedience to the orders of the House of Representatives of the first and second days of November last, the first directing the Secretary of the Treasury to report to the House such information as he may have obtained, respecting any difficulties which may have occurred, in the execution of the act "repealing, after the last day of June next, the duties heretofore laid upon distilled spirits, imported from abroad, and laying others in their stead, and, also, upon spirits distilled within the United States, and for appropriating the same," together with his opinion thereupon; the second directing him to report to the House whether any, and what, alterations in favor of the spirits which shall be distilled from articles of the growth or produce of the United States, or from foreign articles, within the same, can, in his opinion, be made in the act for laying duties upon spirits distilled within the United States, consistently with its main design, and with the maintenance of the public faith; the said Secretary respectfully submits the following report:

From the several petitions and memorials which have been referred to the Secretary, as well as from various representations which have been made to him, it appears that objections have arisen in different quarters against the

abovementioned act, which have, in some instances, embarrassed its execution, and inspired a desire of its being repealed; in others, have induced a wish that alterations may be made in some of its provisions.

These objections have reference to a supposed tendency of the act, first, to contravene the principles of liberty; secondly, to injure morals; thirdly, to oppress by heavy and excessive penalties; fourthly, to injure industry, and interfere with the business of distilling.

As to the supposed tendency of the act to contravene the principles of liberty, the discussions of the subject which have had place in and out of the Legislature, supersede the necessity of more than a few brief general observations.

It is presumed that a revision of the point cannot, in this respect, weaken the convictions which originally dictated the law.

There can surely be nothing in the nature of an *internal duty* on a *consumable* commodity, more incompatible with liberty, than in that of an external duty, on a like commodity. A doctrine which asserts, that all duties of the former kind (usually denominated excises) are inconsistent with the genius of a free government, is too violent, and too little reconcilable with the necessities of society, to be true. It would tend to deprive the Government of what is, in most countries, a principal source of revenue, and, by narrowing the distribution of taxes, would serve to oppress particular kinds of industry. It would throw, in the first instance, an undue proportion of the public burthen on the merchant and on the landholder.

This is one of those cases in which names have an improper influence, and in which prepossessions exclude a due attention to facts.

Accordingly, the law under consideration is complained of, though free from the features which have served in other cases, to render laws on the same subject exceptionable: and, though the differences have been pointed out, they have not only been overlooked, but the very things, which have been studiously avoided in the formation of the law, are charged upon it, and that, too, from quarters where its operation would, from circumstances, have worn the least appearance of them.

It has been, heretofore, noticed, that the chief circumstances which, in certain excise laws, have given occasion to the charge of their being unfriendly to liberty, are not to be found in the act which is the subject of the report, viz: first, a summary and discretionary jurisdiction in the excise officers, contrary to the course of the common law, and in abridgment of the right of trial by jury; and secondly, a general power, in the same officers, to search and inspect, *indiscriminately*, all the houses and buildings of the persons engaged in the business to which the tax relates.

As to the first particular, there is nothing in the act, even to give color to a charge of the kind against it, and, accordingly, it has not been brought. But, as to the second, a very *different power* has been mistaken for it, and the act is complained of as conferring that very power of indiscriminate search and inspection.

The fact, nevertheless, is otherwise. An officer, under the act in question, can inspect or search no house or building, or even *apartment* of any house or building, which has not been *previously entered and marked* by the possessor, as a place used for distilling or keeping spirits.

And even the power, so qualified, is only applicable to distilleries from foreign materials, and in cities, towns, and villages, from domestic materials; that is, only in cases in which the law contemplates that the business is carried on upon such a scale as effectually to separate the *distillery* from the *dwelling* of the distiller. The distilleries scattered over the country, which form much the greatest part of the whole, are in no degree subject to discretionary inspection and search.

The true principles of the objection which may be raised to a general discretionary power of inspection and search is, that the *domicil* or *dwelling* of a citizen ought to be free from vexatious inquisition and intrusion.

This principle cannot apply to a case in which it is put in his own power to separate the place of his *business* from the place of his *habitation*; and, by designating the former visible public marks, to avoid all intermeddling with the latter.

A distillery seldom forms a part of the *dwelling* of its proprietor, and even where it does, it depends on him to direct and limit the power of visiting and search, by marking out the particular *apartments* which are so employed.

But the requisition upon the distiller to set marks on the building or apartments which he makes use of in his business, is one of the topics of complaint against the law. Such marks are represented as a dishonorable badge; and thus a regulation, designed as much to conform with the feelings of the citizen, as for the security of the revenue, is converted into matter of objection.

It is not easy to conceive what maxim of liberty is violated, by requiring persons who carry on particular trades, which are made contributory to the revenue, to designate, by public marks, the places in which they are carried on. There can certainly be nothing more harmless, or less inconvenient, than such a regulation. The thing itself is frequently done by persons of various callings, for the information of customers; and why it should become a hardship or grievance, if required for a public purpose, can, with difficulty, be imagined.

The supposed tendency of the act to injure morals, seems to have relation to the oaths, which are, in a variety of cases, required, and which are liable to the objection, that they give occasion to perjuries.

The necessity of requiring oaths is, whenever it occurs, matter of regret. It is certainly desirable to avoid them as often and as far as possible; but it is more easy to desire than to find a substitute. The requiring of them is not peculiar to the act in question: they are a common appendage of revenue laws, and are among the usual guards of those laws, as they are of public and private rights in courts of justice. They constantly occur in jury trials, to which the citizens of the United States are so much and so justly attached. The same objection, in different degrees, lies against them in both cases, yet it is not perceivable how they can be dispensed with in either.

It is remarkable, that *both* the kinds of security to the revenue, which are to be found in the act, the oaths of parties, and the inspection of officers, are objected to. If they are both to be abandoned, it is not easy to imagine what security there can be for any species of revenue, which is to be collected from articles of consumption.

If precautions of this nature are inconsistent with liberty, and immoral, as there are very few indirect taxes, which can be collected without them, the consequence must be, that the entire or almost entire weight of the public burthens must, in the first instance, fall upon fixed and visible property, houses and lands—a consequence which would be found, in experiment, productive, of great injustice and inequality, and ruinous to agriculture.

It has been suggested by some distillers, that both the topics of complaint which have been mentioned, might be obviated by a fixed rate of duty, adjusted according to a ratio compounded of the capacity of each still, and the number and capacities of the cisterns employed with it; but this, and every similar method, are objected to by other distillers, as tending to great inequality, arising from unequal supplies of the material at different times, and at different places, from the different methods of distillation practised by different distillers, and from the different degrees of activity in the business, which arise from capitals more or less adequate.

The result of an examination of this point appears to be, that every such mode, in cases in which the business is carried on upon an extensive scale, would, necessarily, be attended with considerable inequalities; and, upon the whole, would be less satisfactory than the plan which has been adopted.

It is proved by the fullest information, that, in regard to distillers which are rated in the law, according to the capacity of each still, the alternative of paying, according to the quality actually distilled, is received in many parts of the United States as essential to the equitable operation of the duty. And it is evident, that such an alternative could not be allowed but upon the condition of the party rendering upon oath an account of the quantity of spirits distilled by him, without entirely defeating the duty.

As to the charge, that the penalties of the act are severe and oppressive, it is made in such general terms, and so absolutely without the specification of a single particular, that it is difficult to imagine where it points.

The Secretary, however, has carefully reviewed the provisions of the act, in this respect, and he is not able to discover any foundation for the charge.

The penalties it inflicts are in their nature the same with those which are common in revenue laws, and, in their degree, comparatively moderate.

Pecuniary fines, from fifty to five hundred dollars, and forfeiture of the article in respect to which there has been a failure to comply with the law, are the severest penalties inflicted upon delinquent parties, except in a very few cases: In two, a forfeiture of the value of the article is added to that of the article itself, and in some others, a forfeiture of the ship or vessel, and of the wagon or other instrument of conveyance, assistant in a breach of law, is likewise involved.

Penalties like these, for wilful and fraudulent breaches of an important law, cannot, truly, be deemed either unusual or excessive. They are less than those which secure the laws of impost, and as moderate as can promise security to any object of revenue which is capable of being evaded.

There appears to be but one provision in the law, which admits of a question whether the penalty prescribed may not partake of severity. It is that which inflicts the pains of perjury on any person who shall be convicted of "wilfully taking a false oath or affirmation in any of the cases in which oaths or affirmations are required by the act."

Precedents in relation to this particular, vary. In many of them, the penalties are less severe than for perjury, in courts of justice; in others, they are the same. The latter are, generally, of the latest date, and seem to have been the result of experience.

The United States have, in other cases, pursued the same principle as in the law in question. And the practice is certainly founded on strong reasons.

1st. The additional security which it gives to the revenue, cannot be doubted. Many who would risk pecuniary forfeitures and penalties, would not encounter the more disgraceful punishment annexed to perjury.

2d. There seems to be no solid distinction between one false oath in violation of law and right and another false oath in violation of law and right. A distinction in the punishments of different species of false swearing, is calculated to beget false opinions concerning the sanctity of an oath; and by countenancing an impression, that a violation of it is less heinous in the cases in which it is less punished, it tends to impair in the mind that scrupulous veneration for the obligation of an oath, which ought always to prevail, and not only to facilitate a breach of it in the cases which the laws have marked with less odium, but to prepare the mind for committing the crime in other cases.

So far is the law under consideration from being chargeable with particular severity, that there are to be found in it, marks of more than common attention, to prevent its operating severely or oppressively.

The 43rd section of the act contains a special provision, (and one which, it is believed, is not to be found in any law enacted in this country, prior to the present constitution of the United States) by which forfeitures and penalties incurred, without an intention of fraud or wilful negligence, may be mitigated or remitted.

This mild and equitable provision is an effectual guard against suffering or inconvenience, in consequence of undesigned transgressions of the law.

The 30th section contains a provision in favor of persons, who, though innocent, may accidentally suffer by seizures of their property, (as in the execution of the revenue laws sometimes unavoidably happens) which is, perhaps, entirely peculiar to the law under consideration. Where there has even been a *probable* cause of seizure, sufficient to acquit an officer, the jury are to assess whatever damages may have accrued from any injury to the article seized, with an allowance for the detention of it, at the rate of six per centum per annum of the value, which damages are to be paid out of the public treasury.

There are other provisions of the act which mark the scrupulous attention of the Government to protect the parties concerned from inconvenience and injury, and which conspire to vindicate the law from imputations of severity or oppression.

The supposed tendency of the act to injure industry, and to interfere with the business of distilling, is endeavored to be supported by some general and some special reasons, both having relation to the effect of the duty upon the manufacture.

Those of the first kind affirm generally, that duties on home manufactures are impolitic, because they tend to discourage them; that they are particularly so, when they are laid on articles manufactured from the produce of the country, because they have, then, the additional effect of injuring agriculture; that it is the general policy of nations to protect and promote their own manufactures, especially those which are wrought out of domestic materials; that the law in question interferes with this policy.

Observations of this kind admit of an easy answer. Duties on manufactures tend to discourage them, or not, according to the circumstances under which they are laid; and are impolitic or not, according to the same circumstances. When a manufacture is in its infancy, it is impolitic to tax it, because the tax would be both unproductive, and would add to the difficulties which naturally impede the first attempts to establish a new manufacture, so as to endanger its success.

But when a manufacture (as in the case of distilled spirits in the United States) is arrived at maturity, it is as fit an article of taxation as any other. No good reason can be assigned why the consumer of a domestic commodity should not contribute something to the public revenue, when the consumer of a foreign commodity contributes to it largely. And, as a general rule, it is not to be disputed, that duties on articles of consumption are paid by the consumers.

To the manufacture itself, the duty is no injury, if an equal duty be laid on the rival foreign article. And when a greater duty is laid upon the latter than upon the former, as in the present instance, the difference is a bounty on the domestic article, and operates as an encouragement of the manufacture. The manufacturer can afford to sell his fabric the cheaper, in proportion to that difference, and is so far enabled to undersell and supplant the dealer in the foreign article.

The principle of the objection would tend to confine all taxes to imported articles, and would deprive the Government of resources, which are indispensable to a due provision for the public safety and welfare, contrary to the plain intention of the constitution, which gives express power to employ those resources when necessary—a power which is found in all governments, and is essential to their efficiency, and even to their existence.

Duties on articles of internal production and manufacture, form, in every country, the principal sources of revenue. Those on imported articles can only be carried to a certain extent, without defeating their object, by operating either as prohibitions, or as bounties upon smuggling. They are, moreover, in some degree, temporary; for, as the growth of manufactures diminishes the quantum of duty on imports, the public revenue, ceasing to arise from that source, must be derived from articles which the national industry has substituted for those previously imported. If the Government cannot then resort to internal means for the additional supplies, which the exigencies of every nation call for, it will be unable to perform its duty, or even to preserve its existence. The community must be unprotected, and the social compact be dissolved.

For the same reasons that a duty ought not to be laid on an article manufactured out of the country, (which is the point most insisted upon) it ought not to be laid upon the produce itself, nor consequently upon the land, which is the instrument of that produce; because taxes are laid upon *land*, as the *fund* out of which the *income* of the proprietor is drawn; or, in other words, *on account of its produce*. There ought, therefore, on the principle of the objection, to be neither taxes on land, nor the produce of land, nor on articles manufactured from that produce. And if a nation should be in a condition to supply itself with its own manufactures, there could then be very little, or no revenue; of course, there must be a want of the essential means of national justice and national security.

Positions like these, however well meant by those who urge them, refute themselves, because they tend to the dissolution of government, by rendering it incapable of providing for the objects for which it is instituted.

However true the allegation, that it is, and ought to be, the prevailing policy of nations to cherish their own manufactures, it is equally true, that nations, in general, lay duties for the purpose of revenue, on their own manufactures; and it is obvious, to a demonstration, that it may be done without injury to them. The most successful nations in manufactures have drawn the largest revenues from the most useful of them. It merits particular attention, that ardent spirits are an article which has been generally deemed, and made use of, as one of the fittest objects of revenue, and to an extent, in other countries, which bears no comparison with what has been done in the United States.

The special reasons alluded to, are of different kinds:

1. It is said, that the act in question, by laying a smaller *additional* duty on foreign spirits than the duty on home-made spirits, has a tendency to discourage the manufacture of the latter.

This objection merits consideration, and, as far as it may appear to have foundation, ought to be obviated.

The point, however, seems not to have been viewed, in all its respects, in a correct light.

Before the present constitution of the United States began to operate, the regulations of the different States, respecting distilled spirits, were very dissimilar. In some of them, duties were laid on foreign spirits only; in others, on domestic as well as foreign. The absolute duty, in the former instances, and the difference of duty in the latter, was, upon an average, considerably less than the present difference in the duties on foreign and home-made spirits. If to this be added, the effect of the uniform operation of the existing duties throughout the United States, it is easy to infer, that the situation of our own distilleries is, in the main, much better, as far as they are affected by the laws, than it was previous to the passing of any act of the United States upon the subject. They have, therefore, upon the whole, gained materially, under the system which has been pursued by the National Government.

The first law of the United States on this head, laid a duty of no more than eight cents per gallon on those of Jamaica proof. The second increased the duty on foreign spirits to twelve cents per gallon, of the lowest proof, and by certain gradations, to fifteen cents per gallon, of Jamaica proof. The last act places the duty at twenty cents per gallon, of the lowest proof, and extends it, by the like gradations, to twenty-five cents per gallon, of Jamaica proof; laying, also, a duty of eleven cents per gallon on home-made spirits, distilled from foreign materials of the lowest proof, with a like gradual extension to fifteen cents per gallon of Jamaica proof; and a duty of nine cents per gallon on home-made spirits, distilled from domestic materials of the lowest proof, with the like gradual extension to thirteen cents per gallon, of Jamaica proof.

If the transition had been immediate from the first to the last law, it could not have failed to have been considered as a change in favor of our own distilleries, as far as the rate of duty is concerned. The mean duty on *foreign spirits*, by the first law, was nine cents; by the last, the mean *extra* duty on foreign spirits is, in fact, about eleven cents, as it regards spirits distilled from *foreign* materials, and about thirteen as it regards spirits distilled from *domestic* materials. In making this computation, it is to be adverted to, that the four first degrees of proof mentioned in the law, correspond with the different kinds of spirits usually imported, while the generality of those made in the United States, are of the lowest class of proof.

Spirits from domestic materials, derived a double advantage from the last law; that is, from the increased rate of duty on foreign imported spirits, and from a higher rate of duty on home-made spirits of foreign materials.

But the intervention of the second law has served to produce, in some places, a different impression of the business than would have happened without it. By a considerable addition to the duties on foreign spirits, without laying any thing on those of home manufacture, it has served to give to the last law the appearance of taking away a part of the advantages previously secured to the domestic distilleries. It seems to have been overlooked, that the second act ought, in reality, to be viewed only as an intermediate step to the arrangement finally contemplated by the legislature; and that, as part of a system, it has, upon the whole, operated in favor of the national distilleries. The thing to be considered is the substantial existing difference in favor of the home manufacture, as the law now stands.

The advantage, indeed, to the distillation of spirits from the produce of the country, arising from the difference between the duties on spirits distilled from foreign, and those distilled from domestic materials, is exclusively the work of the last act, and is an advantage which has not been properly appreciated by those distillers of spirits from home produce, who have complained of the law as hurtful to their manufacture.

Causes entirely foreign to the law itself, have also assisted in producing misapprehension. The approximation of the price of home-made spirits to that of foreign spirits, which has, of late, taken place, and which is attributed to the operation of the act in question, is in a great degree owing to the circumstances which have tended to raise the price of molasses in the West India market, and to an extra importation of foreign spirits prior to the first of July last, to avoid the payment of the additional duty which then took place.

It is stated in the petition from Salem, that, previous to the last act, the price of domestic to foreign spirits was as 1s. 9d. to 3s. 4d. of the money of Massachusetts, per gallon, and that, since that act, it has become as 3s. 3d. to 4s. 2d.

It is evident that a rise from 1s. 9d. to 3s. 3d. per gallon, which would be equal to twenty cents, is not to be attributed wholly to a duty of eleven cents. Indeed, if there were a concurrence of no other cause, the inference would be very different from that intended to be drawn from the fact, for it would evince a profit gained to the distiller of more than eighty per cent. on the duty.

It is, however, meant to be understood, that this approximation of prices, occasions a greater importation and consumption of foreign, and a less consumption of domestic spirits than formerly. How far this may, or may not be the case, the Secretary is not now able to say with precision, but no facts have come under his notice officially, which serve to authenticate the suggestion; and it must be considered as possible, that representations of this kind are rather the effect of apprehension than of experience. It would even be not unnatural, that a considerable enhancement of the prices of the foreign article, should have led to a greater consumption of the domestic article, as the cheapest of the two, though dearer itself than formerly.

But, while there is ground to believe, that the suggestions which have been made on this point, are, in many respects, inaccurate and misconceived, there are known circumstances, which seem to render advisable, some greater difference between the duties on foreign and on home made spirits. These circumstances have been noticed in the report of the Secretary, on the subject of manufactures, and an alteration has been proposed, by laying two cents in addition, upon imported spirits of the lowest proof, with a proportional increase on the higher proofs, and by deducting one cent from the duty on the lowest proof of home made spirits, with a proportional diminution in respect to the higher proofs.

This alteration would bring the proportion of the duties nearly to the standard which the petitioner, Hendrick Doyer, who appears likely to be well informed on the subject, represents as the proper one, to enable the distillation of Geneva to be carried on with the same advantage as before the passing of the act. He observes, that the duty on home made Geneva, being nine cents, the additional duty on foreign ought to have been twelve cents. By the alteration proposed, the proportion will be as ten to eight, which is little different from that of twelve to nine.

It is worthy of remark, that the same petitioner states, that, previous to the passing of the act of which he complains, he "could sell his Geneva sixteen and a quarter per cent. under the price of Holland Geneva, but that he cannot do it at present, and in future, lower than fourteen per cent." If, as he also states, the quality of his Geneva be equal to that of Holland, and, if his meaning be, as it appears to be, that he can now afford to sell his Geneva lower, by fourteen per cent. than the Geneva of Holland, it will follow, that the manufacture of that article is in a very thriving train, even under the present rate of duties. For a difference of fourteen per cent. in the price, is capable of giving a decided preference to the sale of the domestic article.

2. It is objected, that the duty, by being laid in the first instance upon the distiller, instead of the consumer, makes a larger capital necessary to carry on the business; and, in this country, where capitals are not large, puts the national distiller under disadvantages.

But this inconvenience, as far as it has foundation, in the state of things, is essentially obviated by the credits given. Where the duty is payable upon the quantity distilled, a credit is allowed, which cannot be less than six, and may extend to nine months. Where the duty is charged on the capacity of the still, it is payable half yearly. Sufficient time is, therefore, allowed, to raise the duty from the sale of the article: which supersedes the necessity of a greater capital. It is well known, that the article is one usually sold for cash, or at a short credit. If these observations are not applicable to distilleries in the interior country, the same may be said, in a great degree, of the objection itself. The course of the business, in that quarter, renders a considerable capital less necessary than elsewhere. The produce of the distiller's own farm, or of the neighboring farms, brought to be distilled upon shares, or compensations in the article itself, constitute the chief business of the distilleries in the remote parts of the country. In the comparatively few instances in which they may be prosecuted as a regular business, upon a large scale, by force of capital, the observations which have been made, will substantially apply.

The collection of the duty from the distiller, has, on the other hand, several advantages. It contributes to equality, by charging the article, in the first stage of its progress, which diffuses the duty among all classes alike. It better secures the collection of the revenue, by confining the responsibility to a smaller number of persons, and simplifying the process. And it avoids the necessity of so great a number of officers, as would be required in a more diffuse system of collection, operating immediately upon purchasers and consumers. Besides, that the latter plan would transfer whatever inconveniences may be incident to the collection from a smaller to a greater number of persons.

3. It is alleged that the inspection of the officers is injurious to the business of distilling, by laying open its secrets or mysteries.

Different distillers, there is no doubt, practice, in certain respects, different methods in the course of their business, and have different degrees of skill. But it may well be doubted whether, in a business so old and so much diffused as that of the distillation of spirits, there are at this day secrets of consequence to the possessors. There will, at least, be no hazard in taking it for granted, that none such exist in regard to the distillation of rum from molasses or sugar, or of the spirits from grain usually called whiskey, or of brandies from the fruits of this country. The cases in which the allegations are made with most color, apply to Geneva, and, perhaps, to certain cordials.

It is probable that the course of the business might and would always be such as, in fact, to involve no inconvenience on this score. But, as the contrary is affirmed, and as it is desirable to obviate complaint as far as it can be done consistently with essential principles and objects, it may not be unadvisable to attempt a remedy.

It is to be presumed, that, if any secrets exist, they relate to a primary process, particularly the mixture of the ingredients; this, it is supposable, cannot take a greater time each day, than two hours. If, therefore, the officers of inspection were enjoined to forbear their visits to the part of the distillery commonly made use of for such process, during a space not exceeding two hours in each day, to be notified by the distiller, there is ground to conclude that it would obviate the objection.

4. The regulations for marking of casks and vessels, as well as houses and buildings, also furnish matter of complaint.

This complaint, as it regards houses and buildings, has been already attended to. But there is a light in which it is made, that has not yet been taken notice of.

It is said, that the requiring the doors of the apartments, as well as the outer door of each building, to be marked, imposes unnecessary trouble.

When it is considered, how little trouble or expense attends the execution of this provision, in the first instance, and that the marks once set, will endure for a great length of time, the objection to it appears to be without weight.

But the provision, as it relates to the apartments of buildings, has for its immediate object the convenience of the distillers themselves. It is calculated to avoid the very evil of an indiscriminate search of their houses and buildings, by enabling them to designate the *particular apartments* which are employed for the purposes of their business, and to secure all others from inspection and visitation.

The complaint, as it respects the marking of casks and vessels, has somewhat more foundation. It is represented (and upon careful inquiry appears to be true) that, through long established prejudice, home-made spirits of *equal quality* with foreign, if known to be home-made, will not command an equal price. This particularly applies to Geneva.

If the want of a distinction between foreign and home-made spirits were an occasion of fraud upon consumers, by imposing a worse for a better commodity, it would be a reason for continuing it; but as far as such a distinction gives operation to a mere prejudice, favorable to a foreign, and injurious to a domestic manufacture, it furnishes a reason for abolishing it.

Though time might be expected to remove the prejudice, the progress of the domestic manufacture, in the interval, might be materially checked.

It appears, therefore, expedient to remove this ground of complaint, by authorizing the same marks and certificates both for foreign and for home-made Geneva.

Perhaps, indeed, it may not be unadvisable to vest somewhere a discretionary power to regulate the forms of certificates which are to accompany, and the particular marks which are to be set upon casks and vessels containing spirits, generally, as may be found convenient in practice.

Another source of objection with regard to the marking of casks is, that there is a general prohibition against defacing, or altering the marks, and a penalty upon doing it, which prevents the using of the same casks more than once, and occasions waste, loss, and embarrassment.

It is conceived that this prohibition does not extend to the effacing of old marks, and placing of new ones, by the officers of the revenue, or in their presence, and by their authority. But as real inconveniences would attend a contrary construction, and there is some room for question, it appears desirable that all doubt should be removed by an explicit provision to enable the officer to efface old marks and substitute new ones, when casks have been emptied of their former contents and are wanted for new use.

5. The requisition to keep an account from day to day of the quantity of spirits distilled, is represented both as a hardship, and impossible to be complied with.

But the Secretary is unable to perceive that it can justly be viewed either in the one or in the other light. The trouble of setting down, in the evening, the work of the day, in a book prepared for, and furnished to the party, must be inconsiderable, and the doing of it would even conduce to accuracy in business.

The idea of impracticability must have arisen from some misconception. It seems to involve a supposition that something is required different from the truth of the fact. Spirits distilled are usually distinguished into high wines, proof spirits, and low wines. It is certainly possible to express, each day, the quantity of each kind produced, and where one kind is converted into another, to explain it by brief notes, showing in proper columns the results in those kinds of spirits which are ultimately prepared for sale.

A revision is now making of the forms at first transmitted, and it is not doubted that it will be easy to obviate the objection of impracticability.

On full reflection, the Secretary is of opinion that the requisition in this respect is a reasonable one, and that it is of importance to the due collection of the revenue, especially in those cases where, by the alternative allowed in favor of country distilleries, the oath of a party is the only evidence of the quantity produced. It is useful in every such case to give the utmost possible *precision* to the object which is to be attested.

6. It is alleged as a hardship, that distilleries are held responsible for the duties on spirits which are exported, till certain things, difficult to be performed, are done, in order to entitle the exporter to the drawback.

This is a misapprehension. The drawback is at all events to be paid in six months, which is as early as the duty can become payable, and frequently earlier than it does become payable. And the Government relies on the bond of the exporter for a fulfilment of the conditions upon which the drawback is allowed.

An explanation to the several collectors, of this point, which has taken place since the complaint appeared, will have removed the cause of it.

The same explanation will obviate another objection, founded on the supposition that the bond of the distiller and that of the exporter are for a like purpose. The latter is merely to secure the landing of the goods in a foreign country, and will often continue depending after every thing relative to duty and drawback has been liquidated and finished.

7. It is an article of complaint that no drawback is allowed in case of shipwreck, when spirits are sent from one port to another in the United States.

There does not occur any objection to a provision for making an allowance of that kind, which would tend to alleviate misfortune, and give satisfaction.

8. The necessity of twenty-four hours' notice, in order to the benefit of drawback on the exportation of spirits, and the prohibition to remove them from a distillery after sunset, except in the presence of an officer, are represented as embarrassments to business.

The length of notice required appears greater than is necessary. It is not perceived that any inconvenience could arise from reducing the time to six hours.

But it is not conceived to be necessary or expedient to make an alteration in the last mentioned particular. The prohibition is of real consequence to the security of the revenue. The course of business will readily adapt itself to it, and the presence of an officer in extraordinary cases will afford due accommodation.

9. It is stated as a hardship, that there is no allowance for leakage and wastage, in the case of spirits shipped from one State to another.

The law for the collection of the duties on imports and tonnage allows two per cent. for leakage, on spirits imported. A similar allowance on home made spirits at the distillery, does not appear less proper.

10. It is mentioned as a grievance, that distillers are required to give bond, *with surety*, for the amount of the duties, and that the sufficiency of the surety is made to depend on the discretion of the chief officer of inspection.

The requiring of sureties can be no more a hardship on distillers, than on importing merchants, and every other person to whom the public afford a credit. It is a natural consequence of the credit allowed; and a very reasonable condition of the indulgence, which, without this precaution, might be imprudent, and injurious to the United States.

The party has his option to avoid it by prompt payment of the duty, and is even entitled to an abatement, which may be considered as a premium, if he elects to do so.

As to the second point, if sureties are to be given, there must be some person on the part of the Government to judge of their sufficiency, otherwise the thing itself would be nugatory; and the discretion cannot be vested more conveniently for the party, than in the chief officer of inspection for the survey.

A view has now been taken of most, if not of all, the objections of a general nature, which have appeared.

Some few, of a local complexion, remain to be attended to.

The representation signed Edward Cook, chairman, as on behalf of the four most western counties of Pennsylvania, states, that the distance of that part of the country from a market for its produce, leads to a necessity of distilling the grain, which is raised, as a principal dependence of its inhabitants; which circumstance, and the scarcity of cash, combine to render the tax in question unequal, oppressive, and particularly distressing to them.

As to the circumstance of equality, it may safely be affirmed to be impracticable to devise a tax which shall operate with exact equality upon every part of the community. Local and other circumstances will inevitably create disparities, more or less great.

Taxes on consumable articles have, upon the whole, better pretensions to equality than any other. If some of them fall more heavily on particular parts of the community, others of them are chiefly borne by other parts. And the result is an equalization of the burthen as far as it is attainable. Of this class of taxes it is not easy to conceive one which can operate with greater equality than a tax on distilled spirits. There appears to be no article, as far as the information of the Secretary goes, which is an object of more equal consumption throughout the United States.

In particular districts, a greater use of cider may occasion a smaller consumption of spirits; but it will not be found, on a close examination, that it makes a material difference. A greater or less use of ardent spirits, as far as it exists, seems to depend more on relative habits of sobriety or intemperance than on any other cause.

As far as habits of less moderation, in the use of distilled spirits, should produce inequality any where, it would certainly not be a reason with the Legislature either to repeal or lessen a tax, which, by rendering the article dearer, might tend to restrain too free an indulgence of such habits.

It is certainly not obvious how this tax can operate particularly unequally upon the part of the country in question. As a general rule it is a true one, that duties on articles of consumption fall on the consumers, by being added to the price of the commodity. This is illustrated, in the present instance, by facts. Previous to the law laying a duty on home-made spirits, the price of whiskey was about thirty-eight cents; it is now about fifty-six cents. Other causes may have contributed in some degree to this effect, but it is evidently to be ascribed chiefly to the duty.

Unless, therefore, the inhabitants of the counties which have been mentioned are greater consumers of spirits than those of other parts of the country, they cannot pay a greater proportion of the tax. If they are, it is their interest to become less so. It depends on themselves, by diminishing the consumption, to restore equality.

The argument, that they are obliged to convert their grain into spirits, in order to transportation to distant markets, does not prove the point alleged. The duty on all they send to those markets will be paid by the purchasers. They will still pay only upon their own consumption.

As far as an advance is laid upon the duty, or as far as the difference of duty, between whiskey and other spirits, tends to favor a greater consumption of the latter, they, as greater manufacturers of the article, supposing this fact to be as stated, will be proportionably benefitted.

The duty on home-made spirits from domestic materials, if paid by the gallon, is nine cents. From the communications which have been received, since the passing of the act, it appears that, paying the rate annexed to the capacity of the still, and using great diligence, the duty may be, in fact, reduced to six cents per gallon. Let the average be taken at seven and a half cents, which is probably higher than is really paid.

Generally speaking, then, for every gallon of whiskey which is consumed, the consumer may be supposed to pay seven and a half cents; but for every gallon of spirits, distilled from foreign materials, the consumer pays, at least, eleven cents, and for every gallon of foreign spirits; at least twenty cents. The consumer, therefore, of foreign spirits, pays nearly three times the duty, and the consumer of home-made spirits, from foreign materials, nearly fifty per cent. more duty, on the same quantity, than the consumer of spirits from domestic materials, exclusive of the greater price, in both cases, which is an additional charge upon each of the two first mentioned classes of consumers.

When it is considered that $\frac{3}{7}$ parts of the whole quantity of spirits consumed in the United States are foreign, and $\frac{4}{7}$ are of foreign materials, and that the inhabitants of the atlantic and mid-land counties are the principal consumers of these more highly taxed articles, it cannot be inferred that the tax under consideration bears particularly hard on the inhabitants of the Western country.

This may serve as an exemplification of a general proposition, of material consequence, namely, that, if the former descriptions of citizens are able, from situation, to obtain more for their produce than the latter, they contribute proportionally more to the revenue. Numerous other examples, in confirmation of this, might be adduced.

As to the circumstance of scarcity of money, as far as it can be supposed to have foundation, it is as much an objection to any other tax as the one in question. The weight of the tax is not certainly such as to involve any peculiar difficulty. It is impossible to conceive that nine cents per gallon on distilled spirits, which is stating it at the highest, can, from the magnitude of the tax, distress any part of the country, which has an ability to pay taxes at all—enjoying, too, the unexampled advantage of a total exemption from taxes on houses, lands, or stock.

The population of the United States being about four millions of persons, and the quantity of spirits annually consumed between ten and eleven millions of gallons, the yearly proportion to each family, if consisting of six persons, which is a full ratio, would be about sixteen gallons, the duty upon which would be less than *one dollar and a half*. The citizen who is able to maintain a family, and who is the owner or occupier of a farm, cannot feel any inconvenience from so light a contribution; and the industrious poor, whether artisans or laborers, are usually allowed spirits, or an equivalent, in addition to their wages.

The Secretary has no evidence to satisfy his mind that a real scarcity of money will be found, on experiment, a serious impediment to the payment of the tax any where. In the quarter where this complaint has particularly prevailed, the expenditures, for the defence of the frontier, would seem, alone, sufficient to obviate it. To this, it is answered, that the contractors for the supply of the army operate with goods, and not with money. But this still tends to keep at home whatever money finds its way there. Nor is it a fact, if the information of the Secretary be not materially erroneous, that the purchases of the contractors of flour, meat, &c. are *wholly* with goods. But, if they were, the Secretary can aver, that more money has, in the course of the last year, been sent into the Western country, from the treasury, in specie, and bank bills, which answer the same purpose, for the pay of the troops and

militia, and for quartermaster's supplies, than the whole amount of the tax in the four western counties of Pennsylvania and the district of Kentucky, is likely to equal in four or five years. Similar remittances are likely to be made in future.

Hence, the Government itself furnishes, and, in all probability, will continue to furnish, the means of paying its own demands, with a surplus which will sensibly foster the industry of the parties concerned, if they avail themselves of it, under the guidance of a spirit of economy and exertion.

Whether there be no part of the United States in which the objection of want of money may truly exist, in a degree to render the payment of the duty seriously distressing to the inhabitants, the Secretary is not able to pronounce. He can only express his own doubt of the fact, and refer the matter to such information as the members of any district, so situated, may have it in their power to offer to the legislative body.

Should the case appear to exist, it would involve the necessity of a measure, in the abstract, very ineligible, that is, the receipt of the duty in the article itself.

If an alternative of this sort were to be allowed, it would be proper to make it the duty of the party paying, to deliver the article at the place in each county, where the office of inspection is kept, and to regulate the price according to such a standard as would induce a preference of paying in cash, except from a real impracticability of obtaining it.

In regard to the petition from the district of Kentucky, after what has been said with reference to other applications, it can only be necessary to observe, that the exemption which is sought by that petition is rendered impracticable by an express provision of the constitution, which declares that "all duties, imposts, and excises, shall be uniform throughout the United States."

In the course of the foregoing examination of the objections which have been made to the law, some alterations have been submitted for the purpose of removing a part of them. The Secretary will now proceed to submit such further alterations as appear to him advisable, arising either from the suggestions of the officers of the revenue or from his own reflections.

1. It appears expedient to alter the distinction respecting distilleries from domestic materials in cities, towns, and villages, so as to confine it to one or more stills worked at the same distillery, the capacity or capacities of which together do not fall short of four hundred gallons.

The effectual execution of the present provisions respecting distilleries from home materials in cities, towns, and villages, would occasion an inconvenient multiplication of officers, and would, in too great a degree, exhaust the product of the duty in the expense of collection. It is also probable that the alteration suggested would also conduce to public satisfaction.

2. The present provisions concerning the entering of stills are found, by experience, not to be adequate, and, in some instances, not convenient.

It appears advisable that there shall be one office of inspection for each county, with authority to the supervisor to establish more than one, if he shall judge it necessary for the accommodation of the inhabitants; and that every distiller, or person having or keeping a still, shall be required to make entry of the same at some office of inspection for the county, within a certain determinate period in each year. It will be proper, also, to enjoin upon every person, who, residing within the county, shall procure a still, or who, removing into a county, shall bring into it a still, within twenty days after such procuring or removal, and before he or she begins to use the still, to make entry at the office of inspection. Every entry, besides describing the still, should specify in whose possession it is, and the purpose for which it is intended, as, whether for sale or for use in distilling; and in the case of a removal of the person from another place into the county, shall specify the place from which the still shall have been brought. A forfeiture of the still ought, in every case in which an entry is required, to attend an omission to enter.

This regulation, by simplifying the business of entering stills, would render it easier to comprehend and comply with what is required, would furnish the officers with a better rule for ascertaining delinquencies, and, by avoiding to them a considerable degree of unnecessary trouble, will facilitate the retaining of proper characters in the offices of collectors.

3. It is represented that difficulties have, in some instances, arisen, concerning the persons responsible for the duty. The apparent not being always the real proprietor, an opportunity for collusion is afforded; and without collusion, the uncertainty is stated as a source of embarrassment.

It also, sometimes, happens, that certain itinerant persons, without property, complying with the preliminary requisitions of the law as to entry, &c. erect and work stills for a time, and before a half yearly period of payment arrives, remove and evade the duty.

It would tend to remedy these inconveniencies; if possessors and proprietors of stills were made jointly and severally liable, and if the duty were made a *specific lien* on the still itself; if, also, the proprietor of the land upon which any still may be worked should be made answerable for the duty, except where it is worked by a lawful and bona fide tenant of the land of an estate not less than for a term of one year, or unless such proprietor can make it appear, that the possessor of the still was, during the whole time, without his privity or connivance, an intruder or trespasser on the land; and if, in the last place, any distiller, about to remove from the division in which he is, should be required, previous to such removal, to pay the tax for the year, deducting any prior payments, or give bond, with approved surety, conditioned for the payment of the full sum for which he or she should be legally accountable to the end of the year, to the collector of the division to which the removal shall be, rendering proof thereof, under the hand of the said collector, within six months after the expiration of the year.

As well with a view to the forfeiture of the stills for non-entry, as to give effect to a *specific lien* of the duty, (if either or both of these provisions should be deemed eligible) it will be necessary to enjoin it upon the officers of the revenue to identify, by proper marks, the several stills which shall have been entered with them.

4. The exemptions granted to stills of the capacity of fifty gallons and under, by the 36th section of the law, appear, from experience, to require revision.

Tending to produce inequality, as well as to frustrate the revenue, they have excited complaint. It appears, at least, advisable, that the obligation to enter, as connected with that of *paying duty*, should extend to stills of all dimensions, and that it should be enforced, in every case, by the same penalty.

5. The 28th section of the act makes provision for the seizure of spirits, unaccompanied with marks and certificates, in the cases in which they are required; but as they are required only in certain cases, and there is no method of distinguishing the spirits, in respect to which they are necessary, from those in respect to which they are not necessary, the provision becomes nugatory, because an attempt to enforce it would be oppressive. Hence, not only a great security for the due execution of the law is lost, but seizures very distressing to unoffending individuals must happen, notwithstanding great precaution to avoid them.

It would be, in the opinion of the Secretary, of great importance to provide, that all spirits whatsoever, in casks or vessels of the capacity of twenty gallons and upwards, should be marked and certified, on pain of seizure and forfeiture, making it the duty of the officers to furnish the requisite certificates *gratis*, to distillers and dealers, in all cases in which the law shall have been complied with.

In those cases in which an occasional recurrence to the officers for certificates might be inconvenient, blanks may be furnished, to be accounted for. And it may be left to the parties themselves, in the like cases, to mark their own casks or vessels in some simple manner, to be defined in the law. These cases may be designated generally. They will principally relate to dealers, who, in the course of their business, draw off spirits from larger to smaller casks, and to distillers, who pay according to the capacities of their stills.

As a part of a regulation of this sort, it will be necessary to require, that, within a certain period, sufficiently long to admit of time to know and comply with the provision, entry shall be made, by all dealers and distillers, of all spirits in their respective possessions, which shall not have been previously marked and certified, according to law, in order that they may be marked and certified as old stock.

The regulations here proposed, though productive of some trouble and inconvenience in the outset, will be, afterwards, a security both to individuals and to the revenue.

6. At present, spirits may not be imported from abroad in casks of less capacity than fifty gallons. The size of these casks is smaller than is desirable, so far as the security of the revenue is concerned, and there has not occurred any good objection to confining the importation to larger casks, that is to say, to casks of not less than ninety gallons. Certainly, as far as respects rum from the West Indies, it may be done without inconvenience, being conformable to the general course of business. The result of examination is, that the exception as to this particular, in favor of gin, may be abolished. Should any alteration on this subject take place, it ought not to begin to operate till after the expiration of the year.

7. There is ground to suppose, that the allowance of drawback, without any limitation as to quantity, has been abused. It is submitted that none be made on any less quantity than one hundred and fifty gallons.

8. There is danger that facility may be given to illicit importations, by making use of casks which have been once regularly marked, and the certificates which have been issued with them, to cover other spirits than those originally contained in such casks. Appearances which countenance suspicion, on this point, have been the subjects of representation from several quarters.

The danger may be obviated by prohibiting the importation in such marked casks, on pain of forfeiture both of the spirits and of any ship or vessel in which they may be brought. A prohibition of this sort does not appear liable to any good objection.

9. The duty of sixty cents per gallon of the capacity of a still was founded upon a computation that a still of any given dimensions, worked *four* months in the year, which is the usual period of country distillation, would yield a quantity of spirits, which, at the rate of nine cents per gallon, would correspond with sixty cents per gallon of the capacity of the still. It will deserve consideration, whether it will not be expedient to give an option to country distillers, at the annual entry of their stills, to take out a licence for any portion of the year, which they may respectively think fit, and to pay at the rate of twelve and a half cents per gallon of the capacity, per month, during such period. This to stand in lieu of the alternative of paying by the gallon distilled; it would obviate in this case the necessity of accounting upon oath, and would leave it in the power of each distiller to cover the precise time he meant to work his still with a licence, and to pay for that time only. A strict prohibition to distill at any other time than that for which the licence was given would be of course necessary to accompany the regulation as far as regarded any such licensed distiller.

The only remaining points which have occurred, as proper to be submitted to the consideration of the Legislature, respect the officers of the revenue.

It is represented that, in some instances, from the ill humor of individuals, the officers have experienced much embarrassment, in respect to the filling of stills with water, to ascertain their capacity, which, upon examination, is found the most simple and practicable mode. The proprietors have, in some instances, not only refused to aid the officers, but have even put out of their way the means by which the filling might be conveniently accomplished.

It would conduce to the easy execution of the law, and to the very important purpose of retaining and procuring respectable characters as collectors, if the proprietors and possessors of stills were required to aid them in the execution of this part of their duty, or to pay a certain sum as a compensation for the doing of it.

The limits assigned in the law, respecting compensations, are found in practice essentially inadequate to the object.

This is so far the case, that it becomes the duty of the Secretary to state, that greater latitude in this particular, is *indispensable to the effectual execution of the law*.

In the most productive divisions, the commissions of the collectors afford but a moderate compensation. In the greatest part of them, the compensation is glaringly disproportioned to the service; in many of them, it falls materially short of the expense of the officer.

It is believed that, in no country whatever, has the collection of a similar duty been effected within the limit assigned. Applying in the United States to a *single* article only, and yielding consequently a less total product than where many articles are comprehended, the expense of collection must of necessity be proportionally greater.

It appears to the Secretary, that seven and a half per cent. of the total product of the duties on distilled spirits, foreign as well as domestic, and not less, will suffice to defray the compensations to officers, and other expenses incidental to the collection of the duty. This is to be understood as supplemental to the present custom house expenses.

It is unnecessary to urge to the House of Representatives, how essential it must be to the execution of the law, in a manner effectual to the purposes of the Government, and satisfactory to the community, to secure, by competent, though moderate rewards, the *diligent services* of respectable and trust-worthy characters.

All which is humbly submitted.

ALEXANDER HAMILTON,
Secretary of the Treasury.

TREASURY DEPARTMENT, *March 5, 1792.*

2d CONGRESS.]

No. 36.

[1st SESSION,

ADDITIONAL SUPPLIES FOR 1792.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, MARCH 17, 1792.

TREASURY DEPARTMENT, *March 16, 1792.*

The Secretary of the Treasury, pursuant to a resolution of the House of Representatives, of the 8th instant, directing the said Secretary to report to the House his opinion of the best mode of raising the additional supplies, requisite for the ensuing year, respectfully submits the following report:

The sum which is estimated to be necessary for carrying into effect the purposes of the act for making further and more effectual provision for the protection of the frontiers of the United States, beyond the provision made by the act making appropriations for the support of Government, for the year 1792, is \$675,950 08.

The returns which have been received at the treasury, subsequent to the Secretary's report of the 23d of January last, among which are those of some principal ports, afford satisfactory ground of assurance that the quarter, ending the last of December, was considerably more productive than it was supposed likely to prove, authorizing a reliance that the revenues, to the end of the year 1791, will yield a surplus of \$150,000, which may be applied, in part, of the sum of \$675,950 08 cents, above stated to be necessary.

Provision remains to be made for the residue of this sum, namely, \$525,950 08 cents.

Three expedients occur to the option of the Government, for providing this sum.

One, to dispose of the interest to which the United States are entitled in the Bank of the United States. This, at the present market price of bank stock, would yield a clear gain to the Government, much more than adequate to the sum required.

TREASURY DEPARTMENT, *Register's Office*, November 15, 1792.

I certify that the foregoing statement by Doyle Sweeny, clerk in the Auditor's office, of an account current between Samuel Meredith, agent to the trustees, named in the act passed the 8th May, 1792, and the United States, is a true copy of the original, filed in this office.

JOSEPH NOURSE, *Register*.

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TREASURY DEPARTMENT, *Auditor's Office*, November 13, 1792.

I hereby certify, that I have examined and adjusted an account between the United States and Samuel Meredith, Esquire, agent to the trustees named in the act of Congress, passed on the 2d day of May, 1792, for reducing the domestic debt, for purchases of said debt, made from the 29th to the 31st of October, 1792, inclusive, and find that, by the statement of his account of purchases, up to the 25th of April last, a balance remained due to him, as agent aforesaid, the sum of

\$62,673 90

I also find that a warrant No. 1864, dated June 30th, 1792, was drawn in his favor to discharge the balance due to him, on the purchases made up to the 25th April, 1792,

\$62,673 90

And that the following purchases have been made by the said agent, within the period above mentioned, viz: In deferred six per cent. stock, purchased at thirteen shillings and four pence on the pound,

241 20

Ditto purchased at thirteen shillings and five pence on the pound,

27,804 95

In deferred six per cent. stock, assumed debt, purchased at thirteen shillings and five pence on the pound,

10,668 36

Amounting to

\$38,714 51

For which amount, in the several kinds of stock before mentioned, the trustees for the reduction of the public debt have obtained credits on the books of the treasury. And for which purchases the said agent has paid in specie, at the rates before mentioned, agreeably to a particular statement of his account, herewith transmitted, the sum of

\$25,969 96

Leaving a balance due to the said agent, in specie, on account of purchases made by him, up to the 31st October, 1792, and for which he is to be credited in a future settlement of his accounts, the sum of

\$25,969 96

The statement and vouchers on which this report is founded are herewith transmitted, for the decision of the Comptroller of the Treasury thereon.

R. HARRISON, *Auditor*.

To OLIVER WOLCOTT, Jr. Esq. *Comptroller of the Treasury*.

TREASURY DEPARTMENT, *Comptroller's Office*, November 14, 1792.

Admitted and certified.

OLIVER WOLCOTT, Jr. *Comptroller*.

TREASURY DEPARTMENT, *Register's Office*, 15th November, 1792.

I certify that the foregoing is a true copy of the original, on file in this office.

JOSEPH NOURSE, *Register*.

2d CONGRESS.]

No. 39.

[2d SESSION.

SPIRITS, FOREIGN AND DOMESTIC.

COMMUNICATED TO CONGRESS, NOV. 22, 1792.

UNITED STATES, November 22d, 1792.

Gentlemen of the Senate
and of the House of Representatives:

I send you, herewith, the abstract of a supplementary arrangement, which has been made by me, pursuant to the acts of the third day of March, 1791, and the eighth day of May, 1792, for raising a revenue upon foreign and domestic distilled spirits, in respect to the subdivisions and officers which have appeared to me necessary, and to the allowances for their respective services to the supervisors, inspectors, and other officers of inspection, together with estimates of the amount of compensations and charges.

GEO. WASHINGTON.

Arrangement made by the President of the United States, pursuant to the act of Congress passed the third day of March, 1791, entitled "An act repealing, after the last of June next, the duties heretofore laid upon spirits imported from abroad, and laying others in their stead; and also upon spirits distilled within the United States, and for appropriating the same;" and to the act of Congress, passed the eighth day of May last, entitled "An act concerning the duties on spirits distilled within the United States."

Maryland has been subdivided into three surveys. No. 1 comprehends all the counties on the western side of Chesapeake Bay, except Montgomery, Washington, Frederick, and Alleghany; that is to say, St. Mary's, Calvert, Charles, Prince George's, Anne Arundel, Baltimore, and Harford. No. 2 continues to comprehend the counties of Montgomery, Frederick, Washington, and Alleghany, and remains under the inspection of Phillip Thomas. No. 3 comprehends all the counties on the Eastern side of Chesapeake Bay, namely, Worcester, Somerset, Dorset, Tal-

bot, Queen Ann's, Kent, and Cecil. The compensations of the inspector of the third survey, when appointed, are to be the same as those in the second survey; that is, a salary of four hundred and fifty dollars per annum, and a commission of one per centum; but at present the duties of the inspector of the third survey are executed by the supervisor, who also performs the services of inspector for the first survey. The extent and number of the counties in the District of Maryland, lying on the eastern side of Chesapeake Bay, their natural separation from the remainder of the district, the difficulty and delay of communication with the supervisor, in the winter season, and the number of seaports therein, are the principal considerations which induced the erection of them into a third survey.

Measures have been taken to open one office of inspection in every county of the several districts, pursuant to the 2d section of the act concerning the duties on spirits distilled in the United States; and authority has been given to the supervisors to appoint officers for that purpose, denominated "auxiliary officers," in every county of a division, in which county a collector does not reside, whose services are to be compensated out of the emoluments of the collectors of the revenue, in aid of whom they shall respectively act, a small allowance for rent and fuel only being made to them out of the fund granted by law, as will hereinafter appear.

The compensations have been established as follow:

The supervisors and inspectors of surveys are to charge their commission on the gross amount of the revenue collected within their respective districts and surveys, which variation, while it formed a part of the increase of their compensations, in conformity with the enlargement of the fund assigned by law, was calculated to produce facility and promptitude of adjustment in the public accounts.

The commission of the supervisors of New Hampshire, Connecticut, Vermont, New York, New Jersey, and Pennsylvania, have been advanced to one per cent. being the same as was, heretofore, allowed to those of Virginia, North Carolina, South Carolina, and Georgia. The commissions of the supervisors of Maryland, North Carolina, and South Carolina, have been advanced to one and one half per cent., and the commission of the supervisors of Georgia and Delaware have been advanced to two per cent.

An addition of one hundred dollars per annum has been made to the salaries of each of the supervisors of Rhode Island, New York, Maryland, and South Carolina; and an addition of two hundred dollars per annum has been made to the salaries of each of the supervisors of Massachusetts and Virginia.

The salary of the inspector of the second survey of South Carolina has been advanced to four hundred and fifty dollars, and his commissions have been reduced to one per cent. it having been deemed expedient to render the compensations of the inspectors in that district similar and equal.

There are to be allowed to the inspectors of surveys, and to the supervisors acting as inspectors, for signing certificates to accompany domestic distilled spirits, two and one half cents; and to the collectors of the revenue, for issuing the same, and marking the casks or packages, two and one half cents. There have also been allowed for gauging domestic distilled spirits, six cents, unless the same shall be performed by an officer of inspection authorized to mark the casks containing the spirits, or to sign certificates accompanying the same, in which case only two cents and one half are allowed.

The sum of fifty cents is to be allowed to the collectors of the revenue, for measuring and marking every still.

The commissions on spirits distilled from native materials, in places other than cities, towns, and villages, allowed to the collectors, have been advanced to five per centum.

The supervisors have been authorized to allow, if it shall appear really necessary, a sum not exceeding forty dollars each, to any ten collectors in the district of Massachusetts; the sum of fifty dollars each, to any two collectors in the district of New Hampshire; the sum of sixty dollars to one collector in Rhode Island.

The sum of sixty dollars each to	2 in Vermont.
In Connecticut, do.	4
In New Jersey, do.	5
In New York, do.	2
In Pennsylvania, do.	14
In Delaware, do.	3
In Maryland, do.	9
In Virginia, including Kentucky, do.	24
In North Carolina, do.	14
In South Carolina, do.	8
In Georgia, do.	3

This allowance is made, with a view to the compensation of the collectors in divisions which are not yet productive, and in those wherein the revenue may be exposed to injury, without the timely establishment of a few offices for the prevention thereof, after the manner adopted by the Legislature in the arrangement of the impost.

The auxiliary officers are to be allowed the sum of twenty dollars per annum, for the considerations before mentioned, and the distribution of those officers has been made as follows, if the public service shall appear to require them. There may be,

In the district of New Hampshire,	2
In Rhode Island and Providence Plantations,	1
In Massachusetts, including Maine,	10
In Vermont,	4
In New York,	10
In Pennsylvania,	5
In Maryland,	2
In Virginia, including Kentucky,	20
In North Carolina,	11
In South Carolina,	10
In Georgia,	6

For the services of the inspectors of the revenue for the ports, and of the persons deputed by them, (being the officers of the customs) some additional compensation has been deemed necessary. For signing, issuing, and checking certificates to accompany teas, wines, and foreign distilled spirits, the sum of two cents and one half has been allowed, which will accrue to the inspectors of the revenue for ports, except in regard to the certificates for foreign distilled spirits, for signing of which, one cent is to be allowed to the supervisors or inspectors of surveys; and for marking each cask or package of teas, wines, and foreign distilled spirits, the sum of two and one half cents has been allowed, which will accrue to the deputies of the inspectors of the revenue for the ports.

The paper E, which accompanies this statement, contains the estimate of the distribution of the fund assigned by law, for compensations and expenses, on which the foregoing arrangement was founded.

The compensations have been made retrospective to the year following the 30th of June, 1791, in regard to domestic spirits, only so far as relates to the increase of the rate of commissions to certain of the supervisors, and to the collectors; the allowance of the commissions of the supervisors and inspectors of surveys on the gross revenue; the addition to the salaries of certain of the supervisors, and the measuring and marking of stills; but not as to the allowances of the several sums of forty, fifty, and sixty dollars to the collectors in certain situations and circumstances, nor the allowance for auxiliary officers, nor for marking domestic spirits, nor for gauging the same.

The compensations have also been made retrospective to the year following the 30th of June, 1791, so far as regards the sum allowed for signing, issuing, and checking certificates for foreign distilled spirits, wines, and teas, but not as to the sum allowed for marking the same.

The paper A, which accompanies this statement, contains the estimate of the distribution of a part of the fund assigned by law, as it has been made retrospectively, to the year following the last day of June, 1791.

GEO. WASHINGTON.

E.

AN ESTIMATE for the compensations for, and contingent expenses on, the collection of the revenue on domestic distilled spirits, for one year following the 30th June, 1792; to which are added the compensations for, and expenses of, the inspection, marking, and certifying, teas and wines, for the same, by the officers of the revenue, pursuant to law.

ARTICLE 1.	Compensations to Supervisors.		
	NEW HAMPSHIRE.		
	Supervisor's salary, as before	\$ 500	
	Commissions, one per cent. on the gross revenue, in lieu of $\frac{1}{2}$ per cent. on the sum received, on 3,000 dollars	30	\$530
	MASSACHUSETTS.		
	Supervisor's salary, in lieu of 800 dollars	1,000	
	Commissions, $\frac{1}{2}$ per cent., as before, on the gross revenue, instead of a commission on the sum received, on 150,000 dollars, at $\frac{1}{2}$ per cent.	750	1,750
	CONNECTICUT.		
	Supervisor's salary, as before	600	
	Commissions, one per cent. on the gross revenue, in lieu of $\frac{1}{2}$ per cent. on the sum received, 15,000 dollars, at one per cent.	150	750
	RHODE ISLAND.		
	Supervisor's salary, in lieu of 500 dollars	600	
	Commissions on gross revenue, in lieu of commission on the sum received, 50,000 dollars, at $\frac{1}{2}$ per cent.	250	850
	NEW YORK.		
	Supervisor's salary, in lieu of 800 dollars	900	
	Commissions on gross revenue, in lieu of commissions on money received, and at 1 per cent., in lieu of $\frac{1}{2}$ per cent. on 30,000 dollars	300	1,200
	VERMONT.		
	Supervisor's salary, as before	400	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., in lieu of $\frac{1}{2}$ per cent., on 2,000 dollars	20	420
	NEW JERSEY.		
	Supervisor's salary, as before	400	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., in lieu of $\frac{1}{2}$ per cent., on 3,000 dollars	30	430
	PENNSYLVANIA.		
	Supervisor's salary, as before	1,000	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., in lieu of $\frac{1}{2}$ per cent., on 80,000 dollars	800	1,800
	DELAWARE.		
	Supervisor's salary, as before	400	
	Commissions on gross revenue, in lieu of commissions on money received, at two per cent., in lieu of one per cent., on 1,000 dollars	20	420
	MARYLAND.		
	Supervisor's salary, in lieu of 700 dollars	800	
	Commissions on gross revenue, in lieu of commissions on money received, at $\frac{1}{2}$ per cent., in lieu of one per cent., on 20,000 dollars	300	1,100
	VIRGINIA.		
	Supervisor's salary, in lieu of 1,000 dollars	1,200	
	Commissions on gross revenue, in lieu of commissions on money received, at former rate of one per cent. on 80,000 dollars	800	2,000
	NORTH CAROLINA.		
	Supervisor's salary, as before	700	
	Commissions on gross revenue, in lieu of commissions on money received, at $1\frac{1}{2}$ per cent., in lieu of one per cent., on 10,000	150	850
	SOUTH CAROLINA.		
	Supervisor's salary, in lieu of 700 dollars	800	
	Commissions on gross revenue, in lieu of commission on money received, at $1\frac{1}{2}$ per cent., in lieu of one per cent., on 10,000 dollars	150	950

	GEORGIA.		
	Supervisor's salary, as before	500	
	Commissions on gross revenue, in lieu of commissions on money received, at two per cent., in lieu of one per cent., on 1,000 dollars	20	520
ARTICLE 2.	<i>Compensations to Inspectors of Surveys.</i>		13,570
	MASSACHUSETTS.		
	Salaries of two inspectors, as before, 500 dollars each	1,000	
	Commissions on gross revenue, in lieu of commissions on money received, at $\frac{1}{2}$ per cent., as before, on 150,000 dollars	750	1,750
	PENNSYLVANIA.		
	Salaries of three inspectors, as before	1,350	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., as before, on 60,000 dollars	600	1,950
	MARYLAND.		
	Salary to one inspector, as before	450	
	Salary to one inspector for the Eastern Shore, No. 3, when appointed	450	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., as before, on $\frac{1}{4}$ of the product of the district, <i>i. e.</i> 5,000 dollars	50	
	Commissions to inspector No. 3, when appointed	50	1,000
	VIRGINIA.		
	Salaries of seven inspectors, as before, at 450 dollars	3,150	
	Commissions on gross revenue, in lieu of commissions on money received, at one per cent., as before, on 80,000 dollars	800	3,950
	NORTH CAROLINA.		
	Salaries to the inspectors of survey, Nos. 4 and 5, as before, at 450 dollars	900	
	Commissions to do. on gross revenue, in lieu of commissions on money received, at one per cent., as before, on 6,000 dollars	60	
	Commissions of the inspectors of survey, Nos. 1, 2, and 3, on the gross revenue, in lieu of commissions on the money received, at two per cent., as before, on 4,000 dollars	80	1,040
	SOUTH CAROLINA.		
	Salary of the inspector of survey No. 3, as before, at 450 dollars	450	
	Salary of the inspector of survey No. 2, in lieu of 300 dollars	450	
	Commissions to the first named, on gross revenue, in lieu of commissions on the money received, at one per cent., as before, supposed on 7,500 dollars	75	
	Commissions to the last named, on gross revenue, in lieu of commissions on money received, at one per cent., in lieu of two per cent., on 5,000 dollars	50	1,025
ARTICLE 3.	<i>Compensations to the Collectors of the Revenue.</i>		10,715
	NEW HAMPSHIRE.		
	Two collectors, at 50 dollars each, an addition to commission (or such part thereof as shall be deemed necessary by the supervisor)	100	
	MASSACHUSETTS.		
	Two collectors, to receive among them 400 dollars, additional (as proposed by supervisor)	400	
	RHODE ISLAND.		
	Two collectors, at 50 dollars (or such part thereof as shall be deemed necessary by supervisor)	50	
	GEORGIA, SOUTH CAROLINA, NORTH CAROLINA, VIRGINIA, MARYLAND, DELAWARE, PENNSYLVANIA, NEW JERSEY, NEW YORK, CONNECTICUT, AND VERMONT.		
	Eighty-eight collectors, at 60 dollars each, additional (or such part thereof as may be deemed necessary by the supervisors)	5,280	
	Commissions to the collectors, of the sum of 205,000 dollars, computed as the gross product of the revenue in the districts of Georgia, North and South Carolina, Virginia, Maryland, Delaware, Pennsylvania, and New Jersey, at a medium of five per cent.	10,250	
	Commissions to the collectors, of the sum of 250,000 dollars, computed as the gross product of the revenue in the districts of New York, Connecticut, Vermont, Rhode Island, Massachusetts, and New Hampshire, at two per cent., on spirits from foreign materials, and four per cent., on spirits from domestic materials	7,500	
	Measuring and marking stills, in the year following June, 1792, computed to be not more than 4,000 dollars; at 50 cents, is	2,000	

	Compensations to eighty auxiliary officers of inspection, at 20 dollars, is	1,600	
	Gauging forty thousand casks of spirits in the United States, at a medium compensation of four cents	1,600	28,780
ARTICLE 4.	<i>Contingent Expenses, viz:</i>		
	1st. For stationary, printing certificates, marking implements, &c., including those foreign spirits, wines, and teas, which issue, by law, from the revenue offices		
	New Hampshire	160	
	Rhode Island and Providence Plantations	400	
	Massachusetts	800	
	Connecticut	400	
	Vermont	100	
	New York	800	
	New Jersey	160	
	Pennsylvania	1,200	
	Delaware	60	
	Maryland	800	
	Virginia	900	
	North Carolina	400	
	South Carolina	600	
	Georgia	100	
		6,880	
	2d. For marking and certifying domestic spirits, three million gallons, in casks of sixty gallons each, on a medium, is fifty thousand casks, at five cents dutied per gallon of spirits	2,500	
	And for marking and certifying distilled spirits, produced by stills, dutied on their capacity, in casks of thirty gallons each, is eighty thousand casks, at five cents	4,000	
		13,380	
ARTICLE 5.	<i>Compensations for Port Inspectors of the Revenue, and their deputies, for marking and certifying foreign Distilled Spirits, Wines, and Teas.</i>		
	Forty thousand casks, of one hundred gallons each, at five cents, one-half to the officer of inspection for the certificate, and one half to the persons marking and making return	2,000	
	Ten thousand seven hundred packages of teas, of various kinds, at five cents, to be divided in like manner	535	
	Twenty thousand casks and packages of wines, at five cents, to be divided in like manner	1,000	
		3,535	
		69,980	

TREASURY DEPARTMENT, *Revenue Office, July 25, 1792.*TENCH COXE, *Commissioner of the Revenue.*

A.

An estimate of the compensations for, and contingent expenses on, the collection of the revenue on domestic distilled spirits for one year following the 30th June, 1791; to which are added the compensations for, and expenses of, the inspection of foreign distilled spirits, teas, and wines, for the same term, by the officers of the revenue, pursuant to law.

Article 1.	Compensations to supervisors, as in the estimate E, relative to the permanent arrangement made by the President, on the 4th day of August, 1792		13,570
2.	Ditto to inspectors, as per the same	9,675	
	Deduct for 3d survey, Maryland, not in operation	500	9,175
3.	Commissions to the collectors, of the sum of 90,000 dollars, computed as the gross product of the revenue in the districts of Georgia, North and South Carolina, Virginia, Maryland, Delaware, Pennsylvania, and New Jersey, at a medium of five per centum		4,500
	Commissions to the collectors, of the sum of 297,500 dollars, computed as the gross product of the revenue, in the districts of New York, Connecticut, Vermont, Rhode Island, Massachusetts, and New Hampshire, at two per cent. on spirits from foreign materials, and four per cent. on ditto, from domestic ditto		6,550
	Measuring and marking stills, in the year following June 30, 1791, computed to be not more than 2,000, at 50 cents, is		1,000
4.	Contingent expenses, viz: 1st, for stationary, printing certificates, marking implements, &c., including those for foreign spirits, wines, and teas, which issue, by law, from the revenue offices, in the proportions in estimate E, abovementioned		8,000
	For certifying domestic spirits, dutied per gallon thereof 50,000 casks, at 2½ cents		1,250
5.	Compensations to port inspectors of the revenue, and their deputies, for certifying foreign distilled spirits, wines, and teas, 40,000 casks, of 100 gallons each, 2½ cents, to the officer of inspection, for the certificate		1,000
	10,000 packages of teas, of various kinds, at 2½ cents for the same		250
	20,000 casks and packages of wine, at 2½ cents for the same		500
		\$ 45,795	

TREASURY DEPARTMENT, *Revenue Office, September 12th, 1792.*TENCH COXE, *Commissioner of the Revenue.*

was indicated first, by an intimation from our bankers in Holland that a distinction might prove an embarrassment, (being a novelty, the reason of which would not be obvious to the money lenders.) Secondly, by the consideration that, if the loans were made upon both acts indiscriminately, their application could be regulated as circumstances, from time to time, should render advisable.

These documents fulfil, as far as is practicable, the third and fourth objects of the order.

Statement G, shewing the probable unappropriated surplus of the public revenue, during the year 1792.

This fulfils, as far as can now be done, the last of the objects comprised in the order of the Senate.

But, by way of explanation, I beg leave to refer to the printed statement, D,* which accompanied the estimate for the service of the present year, reported to the House of Representatives on the 14th of November last, and which is herewith transmitted.

The books, Nos. 1 and 2, the papers contained in the files A, B, C, and D, and those marked AB, Nos. 1, 2, 3, are originals. They are sent, rather than transcripts, to avoid delay, as it is understood that the statements called for have reference to the deliberations of the Senate on the bill making appropriations for the service of the current year.

I suppose it would be most agreeable to the Senate, to be enabled, as soon as possible, by the receipt of the information they have required, to proceed to a decision on that important subject; and, exposed as I am, to very perplexing dilemmas, for the want of the requisite appropriations, in consequence of arrangements which it was my duty to enter into, to be able to keep pace with the exigencies of the public service, I could not but feel a solicitude to hasten the communication.

As the originals which have been mentioned are necessary documents of office, I request that the Senate will be pleased to cause them to be returned as soon as they shall have answered the purpose for which they have been required.

With the most perfect respect, I have the honor to be, &c.

ALEXANDER HAMILTON, *Secretary of the Treasury.*

The VICE PRESIDENT of the United States and President of the Senate.

No. 1.

Sales of Government bills on Amsterdam, at the Office of Discount and Deposit in New York, viz: 225,000 guilders, at $36\frac{4}{11}$ ninetieths of a dollar per guilder, on a credit of six months, with interest for the last four months.

WHEN SOLD.	TO WHOM SOLD.	AMOUNT IN GUILDERS.	AMOUNT IN DOLLARS.	WHEN PAID.	AMOUNT OF INTEREST.	SUMS PAID.
1792. April 25	Rowlett & Corp,	162,000	65,454 54	Oct. 15	1,201 36	66,655 90
26	Norman Butler,	8,000	3,232 32	August 6	21 54	3,253 86
May 4	William Edgar,	1,000	404 04	July 4		404 04
10	Samuel Ward & Brothers,	26,000	10,505 05	Nov. 13	215 35	10,720 40
13	George Scriba,	28,000	11,313 13	21	231 92	11,545 05
		225,000	90,909 08		1,670 17	92,579 25

Errors excepted.

JONATHAN BURRALL, *Cashier.*

OFFICE OF DISCOUNT AND DEPOSITE, *New York, January 12th, 1793.*

N. B. The Secretary of the Treasury gave permission to receive payment of the notes that were on interest, at any time before they became due.

No. 2.

Sales of Government Bills on Amsterdam, at the Office of Discount and Deposit in New York, viz: 250,000 guilders, at 40 cents 7 mills per guilder, payable the one half in two months, and the other half in four months, with interest.

When sold.	To whom sold.	Amount in Guilders.	Amount in Dollars.	When paid.	Amount of interest.	Sums paid.
1793. July 27	Samuel Ward & Brothers, } do. do. do. }	25,000	{ 5,087 50 { 5,087 50	Sept. 29 Nov. 28	53 37 104 29	5,140 87 5,191 79
	Obadiah Bowen, } do. do. - }	25,000	{ 5,087 50 { 5,087 50	Sept. 29 Nov. 28	53 37 104 29	5,140 89 5,191 79
August 7	Nicholas Cook & Co. } do. do. - }	25,000	{ 5,087 50 { 5,087 50	Oct. 9 Dec. 8	53 37 104 29	5,140 89 5,191 79
	Josiah Adams & Co. } do. do. - }	25,000	{ 5,087 50 { 5,087 50	Oct. 9 Dec. 8	53 37 104 29	5,140 87 5,191 79
21	Jacob & Philip Mark, } do. do. do. }	25,000	{ 5,087 50 { 5,087 50	Oct. 23 Dec. 23	53 41 104 29	5,140 91 5,191 79
27	John Murray, } do. do. - }	15,000	{ 3,055 00 { 3,050 00	Oct. 29 Dec. 27	32 07 62 53	3,087 07 3,112 53
Sept. 3	Daniel Badcock, } do. do. - }	25,000	{ 5,087 50 { 5,087 50	Nov. 4 1793. Jan. 5	53 42 104 30	5,140 92 5,191 80
4	Matthew Clarkson, } do. do. - }	10,000	{ 2,035 00 { 2,035 00	1792. Nov. 5 1793. Jan. 5	20 35 40 70	2,055 35 2,075 70
	Le Roy & Bayard, } do. do. - }	25,000	{ 5,087 50 { 5,087 50	1792. Nov. 5 1793. Jan. 5	50 87 101 74	5,138 37 5,189 24
5	Van Horne & Clarkson, } do. do. - }	25,000	{ 5,087 50 { 5,087 50	1792. Nov. 7 1793. Jan. 6	53 41 104 29	5,140 91 5,191 79
7	Nicholas Hoffman, } do. do. - }	3,000	{ 610 50 { 610 50	1792. Nov. 9 1793. Jan. 8	6 40 12 51	616 90 623 01
10	John P. Mumford & Co. } do. do. - }	22,000	{ 4,477 00 { 4,477 00	1792. Nov. 12 1793. Jan. 12	47 01 91 77	4,524 01 4,568 77
		250,000	101,750 00		1,569 71	103,319 71

Errors excepted.

JONATHAN BURRALL, *Cashier.*

OFFICE OF DISCOUNT AND DEPOSITE, *New York, January 12, 1793.*

* For this statement see No. 46, page 199.

AB.

ACCOUNT of Treasury Bills on Amsterdam, sold by the Bank of the United States and Offices of Discount and Deposit.

Date of sale.	Guilders and stivers.	Purchasers Names.	Moneys Received.		Notes remaining unpaid.		Remarks.
			Amo't of Note.	Interest on ditto.	Amount.	When payable.	
1792.							
April 25.	88,053 1	Matthew McConnell,	35,577	931 4			
27.	156,543 15	Jonathan Williams,	63,250	1,326 30			
	5,403 4	Anthony Butler, -	2,183 16	43 66			
28.	225,000	Office at New York					
	25,000	Thomas Fitzsimons,	10,101 2	314 91			
July 2.	24,000	Pragers & Co. -	9,758	156 52			
21.	50,000	Office of New York					
	25,000	Office of Baltimore					
31.	612	Samuel Meredith,	249 9	6 91			
	25,000	Joseph Anthony & Son,	10,175	152 62			
	25,000	Ward & Brothers,	10,175	152 62			
			105 7	93			Paid \$105 at the time of purchase
	15,000	Anthony Butler,	6,000 5				
August 1.	24,000	William Bell, -	9,768	146 52			
	50,000	Office of New York					
2.	25,000	Do. Baltimore					
9.	1,386	William McPherson,	564 2	8 78			
10.	8,332 10	Henry Hill, -	3,391 33	52 11			
14.	50,000	Office of New York					
15.	3,000	Bake & Co. -	1,221	18 33			
16.	50,000	Office of New York					
21.	2,000	Leonard Jacoby,	814	12 24			
	12,658 10	Fred. W. Stanman,	5,152	79 85			
	2,000	Cash,	814				
22.	12,000	Do.	4,884				
24.	10,000	Bohlen, -	4,070	59 5			
31.	50,000	Office at New York					
	20,000	Thomas Ketland,	8,140	126 16			
Sept. 5.	12,000	George Meade, -	4,884	75 70			
14.	25,000	George Sweetman,	10,175	157 71			
15.	25,000	Nixon & Foster,	10,175	157 71			
29.	25,000	George Ord, -	10,175	157 71			
	25,000	Thomas M. Willing,	10,175	157 71			
	6,000	Leonard Jacoby,	1,221	13	1,221	Jan. 29.	
Oct. 2.	15,000	George Harrison,	3,052 50	32 4	3,052 50	do.	
	6,800	F. W. Stanman,	1,383 80	14 52	1,383 50	Feb. 2.	
3.	25,000	{ Willing, Morris, and } { Swanwick, }	5,087 50	53 40	5,087 50	" 3.	
4.	10,000	Joseph Anthony & Son,	2,035	21 36	2,035	" 4.	
6.	13,000	T. Dalton, -	2,645 50	27 77	2,645 50	" 7.	
	15,000	George Bickham,	3,052 50	32 4	3,052 50	" "	
	12,211	John Donaldson,	2,484 94	26 7	2,484 94	" "	
10.	7,116	{ Conyngham, Nesbitt, } { & Co. }	1,448 11	15 20	1,448 11	" 8.	
	25,000	Pragers & Co.	5,087 50	53 41	5,087 50	" "	
	25,000	F. & J. West, -	5,087 50	53 41	5,087 50	" "	
	25,000	James & W. Miller,	5,087 50	53 41	5,087 50	" "	
11.	3,000	John Donaldson,	610 50	6 40	610 50	" 10.	
13.	15,289	Berthier & Co.	3,111 32	32 67	3,111 32	" 12.	
	20,000	Robert Morris,	4,070	42 72	4,070	" "	
	15,000	Lewis Deblois,	3,434 59	146 67	1,669 67	" "	\$146 67 is the am't of the whole interest, on the two periods of 60 and 120 days, for bills sold L. Deblois.
	120,000	Cash, -	48,840				
15.	5,000	John Nixon,	1,017 50	10 68	1,017 50	" 14.	
	16,000	Anthony Butler,	3,256	34 18	3,256	" "	
	8,595	Cash,	3,498 17				
17.	1,000	do.	407				
18.	35,000	do.	14,245				
19.	34,000	do.	13,838				
	10,000	do.	4,070				
20.	10,000	do.	4,070				
24.	10,000	do.	4,070				
26.	15,000	do.	6,105				
	1,600,000		384,292 27	5,056 11	51,408 4		

Total amount of guilders sold at the office at New York, is 475,000
 Total amount of guilders sold at the office at Baltimore, 50,000

Amount of moneys received at the Bank of the United States for Amsterdam bills, to the 15th January, 1793, as above, 384,292 27
 Interest received on ditto, as above, 5,056 11
 ----- 389,348 38

Amount of moneys received at the office of discount and deposit at New York, per account No. 1, 92,579 25
 Do. do. do. do. per account No. 2, 103,319 71
 ----- 195,898 96

Amount of moneys received at the office of discount and deposite, at Baltimore, per account No. 3,	20,635 74
Total amount of moneys received by the bank and offices for Amsterdam bills,	605,883 8
There still remain due on account of Amsterdam bills, notes payable at bank, as above,	51,408 4
N. B. As these notes are not always paid the day they fall due, the interest is not carried out.	
BANK OF THE UNITED STATES, <i>January 15th, 1793.</i>	

DAVID S. FRANKS, *Assistant Cashier.*

No. 3.

Account Sales of 50,000 Guilders, Government Bills, on Amsterdam, at the Baltimore Office of Discount and Deposite.

Date.	Nos.	Purchasers.	Amount guilders.	Price per guilder.	Time of Credit.	Principal.	Interest.	Total.
1792. July 26.	653	Ghequeire & Holmes,	4,000	Cts. M. at 40 7	60 days.	1,628 00	16 28	1,644 28
"	654	Ditto,	4,000	do.	120 do.	1,628 00	32 56	1,660 56
"	{ 631	} George Grundy,	8,000	do.	60 and 120 do.	3,256 00	29 34	3,285 34*
"	641							
"	685	William Van Wyck,	3,000	do.	60 and 120 do.	1,221 00	18 31	1,239 31
"	660	Ratien & Konecke,	6,000	do.	60 and 120 do.	2,442 00	36 63	2,478 63
Aug. 6.	664	Henry Schroeder,	4,000	do.	60 and 120 do.	1,628 00	24 42	1,652 42
"	664	William Taylor,	5,000	do.	60 and 120 do.	2,035 00	30 52	2,065 52
"	696	Adrian Valck,	7,000	do.	60 and 120 do.	2,849 00	42 74	2,891 74
"	713	Nicholas Slubey & Co.	9,000	do.	60 and 120 do.	3,663 00	54 94	3,717 94
			50,000			\$20,350 00	\$285 74	\$20,635 74†

* Of which 1,300 dollars was paid at the time of sale, which is the reason for the interest on this appearing less than on the same sum, immediately above.

† Total, and paid agreeably to the credit given.

BALTIMORE OFFICE OF DISCOUNT AND DEPOSITE, *January 12, 1793.*

DAVID HARRIS, *Cashier.*

E.

Statement of Balances in the several Offices of Discount and Deposite.

Dates of Return.	Offices of Discount and Deposite.		Balances.
1793. January 5.	Boston,	Amount of drafts not yet paid,	\$156,028 67 70,375 00 <hr/> 85,653 67
January 5.	New York,	Received for bills sold on Amsterdam,	224,734 51 190,700 78 <hr/> \$415,435 29
		Drafts unpaid,	60,000 00
		Invested in the public debt,	50,000 00 <hr/> 110,000 00
January 5.	Baltimore,	Amount of drafts not yet paid,	55,058 64 10,000 00 <hr/> 45,058 64
1792. December 22.	Charleston,	Amount of drafts not yet paid,	93,015 85 63,350 00 <hr/> 29,665 85
			Dollars, 465,813 45

TREASURY DEPARTMENT, *January 6, 1792.*

ALEXANDER HAMILTON.

F.

A Statement shewing the surplus of the revenue appropriated to the purchase of the public debt, by the act of Congress of the 12th of August, 1790.

	Nett amount of duties arising from imports and tonnage, from the first day of August, 1789, to the last day of December, 1790, inclusively,		\$3,131,667 94
	Amount of moneys received from Nathaniel Gilman, late receiver of Continental taxes,		3,225 70
			<u>\$3,134,893 64</u>
	APPROPRIATIONS, VIZ:		
1789.			
August 20,	An act providing for the expenses which may attend negotiations or treaties with the Indian tribes, and the appointment of commissioners for managing the same,	20,000 00	
Sept. 29, 1790.	An act making appropriations for the present year,	639,000 00	
March 26,	An act making appropriations for the support of Government, for the year 1790,	*754,658 99	
July 1,	An act providing the means of intercourse between the United States and foreign nations,	80,000 00	
do.	An act to satisfy the claims of John McCord against the United States,	1,309 71	
July 22,	An act providing for holding a treaty, or treaties, to establish peace with the Indian tribes,	20,000 00	
August 4,	An act to provide more effectually for the collection of duties, imposed by law on goods, wares, and merchandise,	10,000 00	
" 10,	An act authorizing the Secretary of the Treasury to finish the lighthouse on Portland head, in the District of Maine,	1,500 00	
" 11,	An act for the relief of disabled soldiers and seamen, lately in the service of the United States, and of certain other persons,	548 57	
" 12,	An act making certain appropriations therein mentioned,	233,219 97	
			1,760,237 24
	Surplus of the revenue on the last day of December, 1790,	- -	<u>\$1,374,656 40</u>

A Statement of the sums which have been applied to the purchase of the Public Debt.

The amount heretofore reported to Congress, by the commissioners for purchasing the public debt, down to the 17th of November, 1792, is, in specie,	\$967,821 65
Since that date, there has been applied to the same purpose, through the agency of Samuel Meredith, the sum of	15,098 11
And through Jonathan Burrall, in New York,	50,000 00
	<u>Total amount in specie, \$1,032,919 76</u>

TREASURY DEPARTMENT, *January 16, 1793.*

G.

A Statement showing the probable surplus of the revenue of the United States, for the year 1792.

Nett product of duties on imports and tonnage, from the 1st of January to the 31st of December, 1792, as estimated, (a.)	- -	\$3,900,000 00
Ditto on home-made spirits, as estimated,	- -	400,000 00
		<u>4,300,000 00</u>
APPROPRIATIONS.		
Interest on the public debt, for the year 1792,	\$2,849,194 73	
For the support of Government for the same year, appropriated by the act of the 23d of December, 1791,	600,000 00	
Towards carrying into execution the act, entitled "An act making farther and more effectual provision for the protection of the frontiers," appropriated by the act of the 2d of May, 1792,	523,500 00	
To defray any expense incurred, in relation to the intercourse between the United States and foreign nations, appropriated by the act of the 8th of May, 1792,	50,000 00	
		4,022,694 73
Surplus,	- -	<u>\$277,305 27</u>

(a.) This sum is estimated by adding to the ascertained product of the year 1791, an ascertained excess of product of the first two quarters of the year 1792, beyond the product of the first two quarters of the year 1791, being 252,319 dollars and eleven cents, and the estimated product for a half year, of the additional duties on imports, laid during the last session of Congress, and commencing on the 1st of July last, being 261,750 dollars. According to the information hitherto received at the treasury, there is every probability that the amount of the duties for the last half year of 1792, will fully equal this calculation of their product; if in the ratio of the first half year, will exceed it.

TREASURY DEPARTMENT, *January 16, 1793.*

ALEXANDER HAMILTON.

* The amount of the expenses arising from, and incident to, the sessions of Congress, which happened in the year 1790, being \$203,167 and 28 cents, is included in this sum.

[2d CONGRESS.]

No. 45.

[2d SESSION

SPIRITS, DOMESTIC.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, JANUARY 28, 1793.

UNITED STATES, *January 23d*, 1793.

*Gentlemen of the Senate
and of the House of Representatives:*

Since my last communication to you on the subject of the revenue on distilled spirits, it has been found necessary, on experience, to revise and amend the arrangements relative thereto, in regard to certain surveys, and the officers thereof, in the district of North Carolina; which I have done accordingly, in the manner following:

1st. The several counties of the said district originally and heretofore contained within the first, second, and third surveys, have been allotted into, and are now contained in, two surveys, one of which, (to be hereafter denominated the first) comprehends the town of Wilmington, and the counties of Onslow, New Hanover, Brunswick, Johnston, and Wayne; and the other of which (to be hereafter denominated the second) comprehends the counties of Currituck, Camden, Pasquotank, Perquimans, Chowan, Gates, Hartford, Tyrrel, Bertie, Carteret, Hyde, Beaufort, and Pitt.

2dly. The several counties of the said district originally and heretofore contained within the fifth survey of the district aforesaid, has been allotted into, and is contained in, two surveys, one of which (to be hereafter denominated the third) comprehends the counties of Mecklenburgh, Rowan, Iredel, Montgomery, Guilford, Rockingham, Stokes, and Surry; and the other of which (to be hereafter denominated the fifth) comprehends the counties of Lincoln, Rutherford, Burke, Buncombe, and Wilkes.

3dly. The duties of inspector of the revenue, in and for the third survey, as constituted above, is to be performed, for the present, by the supervisor.

4thly. The compensations of the inspector of the revenue for the first survey, as above constituted, are to be a salary of two hundred and fifty dollars per annum, and commissions and other emoluments similar to those heretofore allowed to the inspector of the late first survey, as it was originally constituted.

5thly. The compensations of the inspector of the revenue for the second survey, as above constituted, are to be a salary of one hundred dollars per annum, and commissions and other emoluments heretofore allowed to the inspector of the late third survey, as it was originally constituted.

6thly. The compensations of the inspector of the revenue for the fifth survey, as above constituted, are to be a salary of one hundred and twenty dollars per annum, and the commissions and other emoluments similar to those heretofore allowed to the inspector of the late fifth survey, as it was originally constituted.

GEO. WASHINGTON.

TREASURY DEPARTMENT, *Revenue Office, April 10th*, 1793.

SIR:

It has been discovered that an omission has been made by one of the clerks, in this office, in transcribing, for signing, the communication of the President of the 23d day of January last, relative to the arrangement of the district of North Carolina. The names of six counties, viz: Bladen, Duplin, Anson, Richmond, Moore, and Cumberland, were omitted in the enumeration of those which were intended to compose the present first survey. You will be pleased to cause this letter to be filed with the communication of the President, in order that the correction of this inaccuracy, produced by the clerk, may be known when there is occasion to recur to the papers.

I am, sir, very respectfully, your obedient servant,

TENCH COXE, *Commissioner of the Revenue.*SAMUEL A. OTIS, Esquire, *Secretary of the Senate.*

[2d CONGRESS.]

No. 46.

[2d SESSION.

LOANS.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, FEBRUARY 4, 1793.

*In the House of Representatives of the United States,*WEDNESDAY, *January 23*, 1793.

Resolved, That the President of the United States be requested to cause to be laid before this House, copies of the authorities under which loans have been negotiated, pursuant to the acts of the 4th and 12th of August, 1790, together with copies of the authorities directing the application of the moneys borrowed.

Resolved, That the President of the United States be requested to cause this House to be furnished with the names of the persons by whom and to whom the respective payments of the French debt have been made in France, pursuant to the act for that purpose; specifying the dates of the respective drafts upon the commissioners in Holland, and the dates of the respective payments of the debt: A similar statement is requested, respecting the debts to Spain and Holland.

Resolved, That the Secretary of the Treasury be directed to lay before this House an account, exhibiting half monthly the balances between the United States and the Bank of the United States, including the several branch banks, from the commencement of those institutions to the end of the year 1792.

Resolved, That the Secretary of the Treasury be directed to lay before this House an account of all moneys which may have come into the sinking fund, from the commencement of that institution to the present time; specifying the particular fund from which they have accrued, and exhibiting, half yearly, the sums uninvested, and where deposited.

Resolved, That the Secretary of the Treasury be directed to report to this House the balance of all unapplied revenues at the end of the year 1792; specifying whether in money or bonds, and noting where the money is deposited: That he also make report of all unapplied moneys which may have been obtained by the several loans authorized by law, and where such moneys are now deposited.

*Report of the Secretary of the Treasury, in pursuance of the foregoing resolutions.*TREASURY DEPARTMENT, *February 4th, 1793.*

SIR:

I have lost no time in preparing, as far as has been practicable, consistently with the course of facts, the several statements required by the resolutions of the House of Representatives of the 23d of last month; and I have concluded to add to them such further statements as appeared to me necessary to convey fully the information which is understood to be the object of those resolutions. It was my first intention to submit these statements collectively, with such explanatory remarks as the occasion might demand; but finding, on experiment, from the extent and variety of the matter involved in the resolutions, that more time will be requisite for a full development of it than I had anticipated, considerations of weight in my mind have determined me to present the different parts of the subject successively. Among other advantages, incident to this course of proceeding, will be that of having it in my power to give a more accurate and mature view of the entire subject, without too great a dereliction of the current business of the Department. In executing the task I propose to myself, I shall rely on the indulgence of the House to a latitude of observation corresponding with the peculiar circumstances of the case.

The resolutions, to which I am to answer, were not moved without a pretty copious display of the reasons on which they were founded. These reasons are before the public, through the channel of the press. They are of a nature to excite attention; to beget alarm; to inspire doubts. Deductions of a very extraordinary complexion may, without forcing the sense, be drawn from them.

I feel it incumbent upon me to meet the suggestions which have been thrown out, with decision and explicitness. And while I hope I shall let fall nothing inconsistent with that cordial and unqualified respect which I feel for the House of Representatives; while I acquiesce in the sufficiency of the motives that induced on their part the giving a prompt and free course to the investigation proposed; I cannot but resolve to treat the subject with a freedom which is due to truth and to the consciousness of a pure zeal for the public interest.

I begin with the last of the four resolutions, because it is that which seeks information relating to the most delicate and important of the suggestions that have been hazarded.

Here, however, I have to regret the utter impossibility of a strict compliance with the terms of the resolution. The practicability of such a compliance would suppose nothing less than that, since the last day of December, 1792, all the accounts of all the collectors of the customs and other officers of the revenue, throughout the whole extent of the United States, could be digested, made up, and forwarded to the treasury; could be examined there, settled, and carried into the public books, under their proper heads: in a word, that all the accounts of the revenues, receipts, and expenditures, of this extensive country, could have passed through a complete exhibition, examination, and adjustment, within the short period of twenty-three days.

It was made (as I presume from the result) satisfactorily to appear to a committee of the House of Representatives, who were charged during the last session with framing a direction to the treasury for bringing forward an annual account of receipts and expenditures, that the course of public business would not admit of the rendering of such an account in less than nine months after the expiration of each year; in conformity to which idea, their report was formed, and an order of the House established.

I need do nothing more, to evince the impracticability of an exact compliance with the resolution in question, than to observe, that it is even more comprehensive (though with less detail) than the order of the House to which I have alluded.

To evince, nevertheless, my readiness to do all in my power towards fulfilling the views of the House, and throwing light upon the transactions of the Department, I shall now offer to their inspection sundry statements, marked A, AB,* B, C, D, E, F, which contain, as far as is at this time possible, the information desired, and with sufficient certainty and accuracy to afford satisfaction on the points of inquiry involved in the resolution.

The statement A shews in abstract the whole of the receipts into, and expenditures from, the treasury, commencing with the first of January, and ending with the last of December, 1792, corresponding with the accounts of the treasurer. These accounts have been regularly settled up to the end of September, and copies have been laid before the two Houses of Congress. The account for the quarter terminating with the year has not yet passed through the forms of settlement, but is under examination, and will, no doubt, be settled as it stands; the manner of conducting the business, and the usual care and accuracy of the officer concerned, leaving very little room to apprehend misstatement or error. A copy of this account is herewith submitted, in the schedule marked C.

This statement takes up the balance of the general account of receipts and expenditures to the end of the year 1791, as reported to the House of Representatives within the first week of the present session, and continuing it down to the end of 1792, shews a balance then in the treasury of seven hundred and eighty-three thousand four hundred and forty-four dollars and fifty-one cents.

The statement B is a more comprehensive document. It is a general account of INCOME and expenditure. It shews not merely the actual receipts of money into the treasury, but the whole amount of the national revenues, from the commencement of the present Government, to the conclusion of the year 1792, as well *out-standing* as collected; the proceeds of domestic loans; the whole amount of the sums which have been drawn into the United States, on account of the foreign loans; and all other moneys, from whatever source, which have accrued within the period embraced by the statement.

These items form the debit side of the account, amounting to seventeen millions eight hundred and seventy-nine thousand eight hundred and twenty-five dollars and thirty-three cents.

The credit side consists of two items: 1. The whole amount of the actual expenditures to the end of the year 1791, as stated in the general account of receipts and expenditures before referred to. 2. The whole amount of the actual expenditures during the year 1792, as specified generally in the statement A, and particularly in the several quarterly accounts of the treasurer, amounting to twelve millions seven hundred and sixty-five thousand one hundred and twenty-eight dollars and eighty-three cents.

The balance of this account of income and expenditure is consequently five millions one hundred and fourteen thousand six hundred and ninety-six dollars and fifty cents; which corresponds with the excess of the public income (including the proceeds of loans, foreign and domestic) beyond the actual expenditure, or more properly speaking, *disbursement*, to the end of the year 1792. This of course is exclusive of those parts of the proceeds of foreign loans which have been left in Europe, to be applied there; the amount, application, and balance of which, are exhibited, as far as they are yet known at the treasury, in the statement No. 1, of my late report on foreign loans.

This balance, as noted in the statement B, is composed of the following particulars:

1. Cash in the treasury, per statement A,	\$783,444 51
2. Cash in the Bank of the United States, and the offices of discount and deposite of New York and Baltimore, not yet passed to the account of the treasurer, per statement AB,	605,883 08
3. Proceeds of Amsterdam bills remaining in deposite in the Bank of North America, including the sum of one hundred and fifty-six thousand five hundred and ninety-five dollars and fifty-six cents, advanced by the bank, without interest, which is credited in the general account of receipts and expenditures, statement A,	177,998 80
4. Proceeds of Amsterdam bills sold, but not yet received,	614,593 02
5. Cash in hands of collectors of customs, per abstract D,	151,851 25
6. Bonds unpaid at the end of the year one thousand seven hundred and ninety-two. on account of the duties on imports and tonnage, and falling due between that time and May, one thousand seven hundred and ninety-four, per abstract E,	2,442,069 15
7. Uncollected residue of duties on spirits distilled within the United States, per abstract F,	341,057 19

Making, together,

\$5,116,897 00

* For statement AB, see No. 44, page 188.

This aggregate somewhat exceeds the balance of the account, but, in a case where estimates must necessarily supply the deficiency of ascertained results, differences of this nature are of course. It is at the same time satisfactory to observe, that the estimates which have been heretofore communicated are proved, by the official documents already received, to have been essentially correct.

It will no doubt readily occur to the House, that a very small part of the excess which has been stated, is a real surplus of income. There remain to be satisfied, numerous objects of expenditure, charged upon the fund by the appropriations which have been made, that cannot fail ultimately to exhaust it, probably within four or five hundred thousand dollars; which will be embraced in the appropriations for the service of the year one thousand seven hundred and ninety-three. A further explanation on this point is reserved for future communication.

A due comprehension of the statements now presented must obviate every idea of a balance unaccounted for, in whatever sense the allegation may have been intended to be made.

If there was before any obscurity on the subject, it was certainly not the fault of this Department. Till the last resolutions, no call has been made upon it which rendered it proper to exhibit a general view of the public moneys and funds, or to shew the amount and situation of such as were unapplied. Particular calls for particular objects were made, which, as I conceive, were complied with; but they were not comprehensive enough to embrace a disclosure of that nature.

It could not therefore with propriety have been alleged, that there was a balance unaccounted for; to infer it from documents, which contained only a part of the necessary information, was not justifiable. Nor could it otherwise happen, than that conclusions, wholly erroneous, would be the consequences of taking such imperfect data for guides.

It may be of use, by way of elucidation, to point out some of the most palpable features of the error which has been entertained.

The following items are stated as the basis of the supposed deficiency:

Residue of the proceeds of the foreign bills supposed to be unapplied (after deducting the sums furnished for St. Domingo, and the amount of the debt to the foreign officers)	\$1,668,190
Surplus of sinking fund, meaning, I presume, that part of the surplus of the revenue to the end of the year 1790, which had not been applied in purchases,	400,000
Surplus of revenue of the year 1792, as reported,	277,385
	<hr/>
	2,345,575

Deduct, in bank, meaning, I presume, the balance of the treasurer's cash account,

790,642

Balance, not accounted for,

1,554,933

It appears, in the first place, to have been overlooked, that, in statement No. 3, of my late report concerning foreign loans, mention is made that, on the 3d of January, there remained *to be received* of the proceeds of the foreign bills, six hundred and thirty-two thousand one hundred and thirty-two dollars and two cents; consequently, that sum could not be considered as in the treasury, and ought to be deducted from the supposed deficiency.

Among the official papers, which it is intimated were consulted, was an original account, rendered by the Bank of the United States, of the sales of Amsterdam bills, shewing a sum of six hundred and five thousand eight hundred and eighty-three dollars and eight cents, as having been received by the bank and two of its offices of discount and deposit, for the proceeds of those bills. Had the document been understood, it would have been known, that this sum was in bank over and above the balance of the treasurer's cash account; and this also would have served to account for a large part of the supposed deficiency; namely, six hundred and five thousand eight hundred and eighty-three dollars and eight cents. The course of this transaction will be hereafter explained.

But, among the misconceptions which have obtained, what relates to the surplus of revenue of the year 1792, is not the least striking. The *laws* inform (and consequently no information on that point from this Department could have been necessary) that credits are allowed upon the duties on imports, of four, six, nine, twelve months, and, in some cases, of two years. Reason dictates, that a *surplus*, in such case, must be considered as postponed in the collection or receipt, till all the appropriations upon the fund have been first satisfied. The account of receipts and expenditures to the end of 1791, in possession of the House, shews that, at that time, no less a sum than one million eight hundred and twenty-eight thousand two hundred and eighty-nine dollars and twenty-eight cents of the antecedent duties were outstanding in bonds. How then could it have happened, that the surplus of 1792 was sought for in the treasury, *at the very instant of the expiration of the year?* I forbear to attempt to trace the source of a mistake so extraordinary!

Let me, however, add, that, of the surplus in question, one hundred and seventy-two thousand five hundred and eighty-four dollars and eighty-two cents are not payable till April and May, 1794, as will be seen by the abstract E.

Thus have I not only furnished a just and affirmative view of the real situation of the public account, but have likewise shewn, I trust in a conspicuous manner, fallacies enough in the statement, from which the inference of an unaccounted for balance is drawn, to evince that it is one tissue of error. In this I might have gone still further, there being scarcely a step of the whole process which is not liable to the imputation of misapprehension. But I wish not unnecessarily to weary the patience of the House.

Another circumstance, to which importance has been given, and which was noticed in connexion with the suggestion last discussed, is a disagreement between a memorandum in the treasurer's bank-book, and the statement reported by me of the amount of bills drawn at the treasury upon the foreign fund. A disagreement no doubt exists, and to the extent of five millions seven hundred and sixty thousand one hundred and thirty-eight florins or guilders.

But the following circumstances contain the solution of this disquieting appearance.

There will be found in the statement A two several credits, each for two millions of dollars, as for moneys received into the treasury, with corresponding debits of equal sums, as for moneys paid out of the treasury.

But neither the one nor the other did in reality take place. The whole is a mere operation, to accomplish the purposes of the eleventh section of the "act to incorporate the subscribers to the Bank of the United States," without an inconvenient and unnecessary displacement of funds.

That section authorizes a subscription to the stock of the bank, on account of the Government, not exceeding in amount two millions of dollars, and provides for the payment of it out of the moneys which should be borrowed by virtue of either of the acts of the fourth and twelfth of August, 1790; the first making provision for the public debt, the last for reducing it; enjoining, at the same time, that a loan should be made of the bank to an equal amount, to replace the moneys which were to be applied to the payment of the subscription.

It is evident, that nothing could have been more useless, (at the same time that it would have been attended with obvious disadvantages to the Government) than *actually* to draw from Europe, out of the moneys borrowed there, the sum necessary for the payment of the subscription to the bank, and again to remit, out of the loan which was to be obtained of the bank, a sufficient sum to replace such moneys, or such part of them as may have been destined for the foreign object. Loss upon exchange, in consequence of over-stocking the market with bills; loss in interest, by the delays incident to the operation; and which would necessarily have suspended the useful employment of the funds for a considerable time: these are some of the disadvantages to the Government. To the bank alone could any benefit have accrued; which would have been in proportion to the delay in restoring or applying the fund to its primitive destination. Such an operation, therefore, could only have been justified by an indisposition on the part of the bank to facilitate the principal object, without the intervention of actual payment.

But no such disposition existed. On this, as on every other occasion, a temper liberal towards the Government has characterised the conduct of the directors of that institution.

It was accordingly proposed by me, and agreed to by them, that the object to be accomplished should be carried into effect by a merely formal arrangement. In this, however, it was necessary to consult the injunctions of law, and the principles of the constitution of the treasury department.

These points then were to be effected: a payment of the subscription money, to vest the government with the property of the stock; possession of the means of paying it, which were to be derived from the foreign fund, and of course were first to be in the treasury before payment could be made; the replacing what should be taken from that fund, by a loan of the bank.

The following plan for these purposes was devised and executed, by previous concert:

The treasurer drew bills upon our commissioners in Amsterdam for the sums requisite to complete the payment on account of the subscription. These bills were purchased by the bank, and warrants in favor of the treasurer upon the bank served, to place the proceeds in the treasury. Warrants afterwards issued upon the treasurer, in favor of the bank, for the amount of the subscription money, which was receipted for on the part of the bank, as paid. Other warrants then issued in favor of the treasurer upon the bank, for equal sums, as upon account of a loan to the Government, which warrants were satisfied by a re-delivery to the treasurer of the bills that had been drawn upon the commissioners. In the last place, warrants were drawn upon the treasurer, to replace the moneys supposed by the arrangement to be drawn from the foreign fund, which perfected the operation. But, from the detail which has been given, it will be seen that, *in fact*, no moneys were either withdrawn from, or returned to, that fund. The bills were cancelled, annexed to the warrants, and are lodged in the treasury as vouchers of the transaction.

These bills were for two separate sums, each two millions four hundred and seventy-five thousand guilders, equal to a million of dollars; the payment having been divided into two parts, upon certain equitable considerations, relative to the dividend of the first half year.

This transaction explains four millions nine hundred and fifty thousand guilders, of the sum which forms the disagreement between the memorandum in the treasurer's bank book, and the statement reported by me.

The residue is thus explained: The sum of one million two hundred and thirty-seven thousand five hundred guilders, directed to be drawn for, on the thirtieth of November, was directed to be comprised in one or more bills, as the bank should desire. It was at first placed in one bill; but this bill was afterwards returned, with a request that it might be converted into smaller sums. The bill returned was cancelled; and, in lieu of it, there had been furnished, prior to the 1st of January, of the present year, nine hundred and thirty-four thousand five hundred guilders; the balance, three hundred and three thousand, then remaining to be furnished. The sum of nine hundred and thirty-four thousand five hundred guilders, consequently appears twice in the memorandum.

These two sums, of four millions five hundred and ninety thousand, and nine hundred and thirty-four thousand guilders, exceed the difference in question, by one hundred and twenty-four thousand three hundred and sixty-two guilders.

The treasurer informs me, that there are two bills not included in the memorandum; one for one hundred and twenty-three thousand seven hundred and fifty, and the other for six hundred and twelve guilders; which make up the above mentioned excess. The former of these two bills was furnished to the Secretary of State for the purpose contemplated by the third section of the act of the last session, entitled "An act making certain appropriations therein specified."

Is it not truly matter of regret, that so formal an explanation, on such a point, should have been made requisite? Could no personal inquiry, of either of the officers concerned, have superseded the necessity of publicly calling the attention of the House of Representatives to an appearance, in truth, so little significant? Was it seriously supposable that there could be any real difficulty in explaining that appearance, when the very disclosure of it proceeded from a voluntary act of the head of this department?

With perfect respect, I have the honor to be, sir, your most obedient and most humble servant,

ALEXANDER HAMILTON,
Secretary of the Treasury.

The Hon. JONATHAN TRUMBULL, Esq.
Speaker of the House of Representatives.

P. S. Another statement of income and expenditure having been made, which presents the subject under another aspect, but agreeing in the result with the statement B, is herewith also submitted, marked B a.

The rate of interest, for the credits allowed upon the bills, was six per cent.; the mean interest paid upon the fund, five per cent.; producing, consequently, a gain of one per cent.

With regard to the payments to France, if the current rate of exchange between Paris and Amsterdam, at the moment of each remittance or payment, were to govern, a large profit would result to the United States; but certain equitable considerations will produce deductions, which will greatly lessen this advantage; yet, making a liberal allowance for them, there is ground to calculate that a saving may be made in this particular, more than sufficient to indemnify for the loss of interest.

Hence any positive advantage which will have been otherwise gained, will probably be undiminished by that circumstance.

I proceed, in the next place, to state the views which prevailed, respecting the sums that have been from time to time drawn for, the purposes they have hitherto answered, and the further advantages to be expected from the measure.

The direct object of all the sums drawn for, prior to July, 1792, was the purchase of the debt. A collateral consideration, which operated in the first stages of drawing, has also been mentioned. It has likewise been stated, that the early purchases of the debt are to be ascribed to the instrumentality of the fund derived from the loans. This idea shall now be explained.

Two mistakes appear to have influenced the impressions which have been entertained in relation, directly or indirectly, to this subject. First, it seems to have been all along forgotten, that a considerable part of the duties is always outstanding, on account of the credits which are given; whence the assertion, that the sinking fund has continually overflowed from domestic resources. Second, it seems to have been taken for granted that the proceeds of the loans have remained apart, distinct from the mass of the money in the treasury; while, in truth, the course of the business has been to turn them over to the treasurer, by warrants, as they have been received, so as to form a part of the aggregate, from time to time, appearing in his hands and in his accounts. The banks have been the agents employed for selling the bills. Sometimes warrants, on account, have issued upon them, for the sums accruing from the sales; at other times the warrants have been deferred till the whole proceeds of any parcel have been received, and the accounts of the bank settled at the treasury; as the state of the treasury has happened to render the one or the other most convenient.

The banks of North America and New York were the agents for the sale of all the bills which were sold prior to April, 1792, amounting to 1,006,526 dollars and 36 cents. Of this sum, 361,391 dollars and 34 cents were passed over to the treasury, in 1791; 327,136 dollars and 22 cents, in March, 1792; and 140,000 dollars, in June following; the residue having remained, as heretofore stated, in deposit with the Bank of North America, upon a special consideration. This is exclusive of certain bills furnished for the use of the Department of State, amounting to 78,766 dollars and 67 cents.

The remainder of the bills which have been sold, beginning in April, 1792, were sold by the Bank of the United States, and its branches at New York and Baltimore. The accounts of the sales had just been made out for settlement when the present inquiry began, but warrants had not yet issued for placing the proceeds in the treasury. It will be remarked, that, from the terms of credit allowed, they only began to be receivable in October last, the 26th day of which month, the first return made by the bank shews a sum of 127,225 dollars and 53 cents received, and that the collection had not been completed when the accounts of the sales were rendered.

There are different views of the subject, which will enable the House to perceive that the possession of the fund in question was necessary to enable the treasury to furnish the means of making all the purchases which were made prior to July, 1792.

It is true, that there was a surplus of revenue to the end of the year 1790, equal to 1,374,656 dollars and 40 cents, which was appropriated to purchases of the debt; and, from the credits then given upon the duties, this surplus would naturally come into the treasury, in the course of the year 1791.

But the Legislature, foreseeing that the revenue of 1791, from the same cause, could not actually be in the treasury, within that year, to face the appropriations upon it, (which, it is to be observed, were nearly commensurate with the fund) inserted a clause in the law appropriating the surplus of 1790 to the purchase of the debt, which authorized a reservation of so much of that surplus as might be necessary to make the payments of interest during 1791, in case of a deficiency in the receipts into the treasury, on account of the current revenue of the year.

It will appear to the House, upon a recurrence to the treasurer's quarterly account, ending the 30th September, 1791, that the balance of cash; then on hand, was 662,233 dollars and 99 cents.

At that time, there had been paid into the treasury, upon warrants, from the proceeds of the bills drawn upon the foreign fund, 361,391 dollars and 34 cents; consequently, the balance of cash, had it not been for that auxiliary, would have been only 300,842 dollars and 65 cents, considering the whole balance in the treasury as representing an equal sum of the proceeds of the bills.

Even in a time of complete peace, in a country where a small extent of moneyed capital forbids a reliance upon large pecuniary aids to be suddenly obtained, a prudent administrator of the finances could not feel entirely at ease with a less sum, at all times, in the certain command of the treasury, than 500,000 dollars, for meeting current demands and extra exigencies, which, in the affairs of a nation, are every moment to be expected. But, with a war actually on hand, and a possibility of its extension to a more serious length, he would be inexcusable in leaving himself with a less sum at command, unless from an impracticability of doing otherwise. It would be always his duty to combine two considerations—the chance of extra calls for money, and a possibility of some failure in the receipts which were expected. Derangements of various kinds may happen in the commercial circle, capable of interrupting, for a time, the punctual course of payments to the treasury. It is necessary, to a certain extent, to be prepared for such casualties.

But, during the year 1791, there was a circumstance which operated as an additional reason for keeping a respectable sum always on hand. The loans of the domestic debt were going on, till the last of September of that year; while, at the same time, the interest was in a course of payment. It was, therefore, always uncertain what sum would be payable at the end of a quarter, this depending on the eagerness or backwardness of the public creditors in bringing forward their subscriptions, or their claims as non-subscribers. The omissions, at the end of a preceding quarter, might be expected to fall upon a subsequent one; and it was necessary to be prepared for that possibility; of course, to keep in hand a larger fund for contingent demands. This necessity extended to the termination of the period for receiving subscriptions; because the treasury was to be prepared on the supposition that the whole of the domestic debt would then be in a state to receive interest, either as *subscribed* or *unsubscribed*. But this did not, in fact, happen. A part of the sums, which were presented, were crowded into the last days of the quarter, and were too late for a dividend. A considerable sum remained, ultimately, in a form which, according to the terms of the provision, did not entitle it to interest, either as *subscribed* or as *unsubscribed* debt.

Hence the cash in the treasury, on the 1st of October, 1791, was, by a considerable sum, greater than was to have been counted upon, or than might have happened.

The conclusion which results from the foregoing observations, is this: that the purchases which preceded the 1st of October, 1791, and which amounted to 699,984 dollars and 23 cents in specie, could not have been hazarded, but for the aid of the sums which had actually accrued from the proceeds of the bills, and the expectation of those which were to accrue from the yet uncollected proceeds of others.

Had it not been for this aid, the treasury would have been left more bare than was consistent with the security of public credit and the certain execution of the public service.

There is, however, a later period in the state of the treasury, which will more completely illustrate the idea intended to be established. This is the 2d of July, 1792.

On that day, the balance of cash in the treasury, comprehending the deposits in all the banks, and including a sum of 200,000 dollars, received on loan, of the Bank of the United States, together with a sum of 220,900 dollars in bills drawn upon domestic funds, the proceeds of which had not been received, was 623,133 dollars and 61 cents.

Prior to this period, a further sum of 545,902 dollars and 89 cents, arising from the sales of foreign bills, had been placed in the treasury, by warrants, making, with the former sums placed there, from the same source, \$907,294 23.

Had it not been for this auxiliary, and that of the loan from the bank, the treasury would then have been in arrear 484,160 dollars and 62 cents. It, therefore, necessarily follows, that, for the purchases to that period, which amounted, in specie, to 942,672 dollars and 54 cents, at least 484,160 dollars and 62 cents must have come from the foreign fund.

But, when it is considered, for the reasons which have been stated, and which will hereafter be fortified by others; tending as I conceive to give them conclusive force, that the sum in the treasury at the period in question, was barely what ought to have been there for safety, and for a due supply of current demands; it will follow that the whole, or nearly the whole of the purchases, which were made previous to July, 1792, were made by the means or instrumentality of the foreign fund.

A similar view, extended to the subsequent quarter, will exhibit this point in a still clearer light. The balance then in the treasury, including a further loan from the bank of 100,000 dollars, was only 420,914 dollars and 51 cents.

What, then, it may be asked, became of the surplus revenue to the end of the year 1790? what was the office performed by that fund during the period in question?

The answer is, that it served exactly the purpose which was anticipated by the Legislature. It came in aid of the current receipts for satisfying the current expenditures of 1791, with particular reference to the interest of the debt. This will easily be comprehended when it is recollected that the appropriations made during 1791, upon the revenues of that year, and some small surpluses of antecedent appropriations, amounted to three millions six hundred and thirty-seven thousand and fifty-eight dollars and thirty-four cents; that the revenues themselves amounted to no more than three million five hundred and fifty-three thousand one hundred and ninety-five dollars and eighty-eight cents; and that, at the end of 1791, there were outstanding, in bonds for the duties on imports, besides the chief part of the proceeds of the duties on spirits distilled within the United States, then also uncollected, 1,828,269 dollars and 28 cents.

On this point, likewise, of the surplus of revenue to the end of 1790, it is presumable a misapprehension has been entertained. It seems to have been supposed, that that surplus, as well as the proceeds of the foreign fund, have been kept separate and distinct from the common mass of the moneys appearing from time to time to be in the treasury.

It has been already observed, that this was not the case with regard to the foreign fund. It is now proper to add, that it has not been the case, either, with regard to the surplus in question. That surplus, as received by the collectors of the customs, has regularly passed into the treasury, and appears in the quarterly accounts of the Treasurer for the periods to which they relate.

It is the course of the treasury, resulting from the constitution of the department, for all moneys from whatever source, to be brought into it, to constitute an aggregate, subject to the dispositions prescribed by law. The moneys to be employed in the sinking fund, have consequently only been separated, as they have been called for, for *actual investment*. The only exception to this, relates to that part of the sinking fund which is created by the interest of the debt purchased. This has been included in the quarterly dividends, and covered by the warrants, in favor of the cashiers of the banks for paying those dividends, after which, they have passed into a distinct account, in the books of the bank opened with Samuel Meredith, as agent to the commissioners of the sinking fund.

To the foregoing representation, it may seem an objection, that the purchases to the end of 1791 appear to have been carried to the account of the surplus at the end of 1790.

The ultimate form which it has been judged convenient to give to the transaction, in the accounts of the treasury, cannot change what was truly the course of facts. The proceeds of the above mentioned surplus and of the foreign loans formed together the fund for purchases. In the accounts of the treasury, the thing was susceptible of various modifications at pleasure. The two parts of the fund might have been united in one account, or divided into distinct accounts. Being separated, moneys issued for purchases might have been legally carried to either of them.

It was judged most advisable, in the forms of the treasury, to place the purchases to the end of 1791, to the account of the domestic fund, because it was calculated to give greater latitude and energy to the sinking fund. Had not this course been pursued, the business would have taken the following shape: the foreign fund, to the extent of the purchases, would have been exhausted: the whole, or the greater part of the surplus of 1790, would have continued wrapt up in the expenditure of 1791, not liable to be liberated till the receipts into the treasury should yield a correspondent surplus beyond the *actual disbursements*—which could not have been the case, while the war with the Indians continues to call for extraordinary expenditures.

From the form into which the thing has been thrown, the foreign fund has been set free to be applied to further purchases; and a necessity produced of anticipating the outstanding duties, by temporary loans for the current service.

I trust there can be no doubt that the course pursued was regular, and within the discretion of the Department. I hope, also, that it will appear to the House to have been the most eligible. The expediency of giving the earliest and greatest possible extent and activity to whatever concerns the sinking fund, will, it is presumed, unite all opinions.

What has been said hitherto respecting the employment of the foreign fund is applicable only to that part of it which was drawn for prior to April, 1792; the residue standing in a different situation, and requiring a separate examination.

From the statement which has been given, it may be perceived that the fund in question has neither been idle nor useless. A confirmation of this will be found in the following details:

The whole sum successively received on account of Amsterdam bills, up to the 17th of August, 1791, was 361,391 dollars and 34 cents. The amount of the moneys invested in purchases prior to that day, was 350,000 dollars, chiefly by anticipation of those receipts.

The whole sum successively received on account of Amsterdam bills, from August 17, 1791, to March 1, 1792, was 408,722 dollars and 69 cents. The amount of the moneys invested in purchases between those periods, was 349,984 dollars and 23 cents, chiefly in the month of September, and by anticipation of those receipts.

The whole sum successively received on account of Amsterdam bills, subsequent to the 1st of March, and prior to July, 1792, was 235,412 dollars and 33 cents. The amount of the moneys invested in purchases between those periods, was 242,688 dollars and 31 cents.

It was stated in my first letter, that 177,998 dollars and 80 cents, of the proceeds of the foreign bills, were left in deposit with the Bank of North America; and in a note upon statement B, accompanying that letter, the occasion of it was shewn to be an advance without interest, made by that bank, for the use of the Department of War; which could not yet be covered, in consequence of a doubt still remaining, whether the fund appropriated for satisfying that object was adequate to it—the sufficiency of that fund depending in part on certain unexpended residues of antecedent appropriations, which it was expected would not be finally necessary for satisfying the purposes of those appropriations.

It is to be remarked, that the delay of the employment of this part of the proceeds of the foreign fund, has been compensated by a saving of interest on the sum advanced by the bank, which otherwise must have been procured upon a loan with an allowance of interest, probably at the time of the advance, at a rate of 6 per cent.; so that, even in this particular, the fund, though temporarily suspended from its destination, has not been idle or unproductive. I reserve for another place some additional observations and statements, which will be calculated to shew that opportunities of investing the moneys at any time on hand, applicable to purchases of the debt, were not suffered to pass unimproved, and that as much in this respect was done as the state of the treasury and the state of the market would permit.

It has been said, that a distinct examination would be proper with regard to the bills which have been drawn upon the foreign fund, subsequent to March, 1792. I proceed now to this examination.

The expediency of what has been, in this respect, done, seems to have been called in question, under a suggestion that an application of the fund to purchases had ceased to be advantageous.

The drawing of these bills has been at different periods influenced by various considerations. A leading motive was always the purchase of the debt. And a correct view of the subject will, I doubt not, satisfy the House, that the measure was recommended by an adequate prospect of advantage.

It is to be observed, that all these drafts were predicated upon the two four per cent. loans; being, as already stated, real $4\frac{1}{2}$ per cent. loans.

There was good ground to presume, that opportunities would be found of investing the moneys drawn for in purchases which would yield at least 5 per cent. with a possibility of doing still better. The difference of $\frac{1}{2}$ per cent. was alone an object of importance; but it would be coupled with the further benefit of reducing a principal sum materially exceeding the sum invested. When the three per cents are purchased at 12s. in the pound, there is not only a redemption of an annuity of 5 per cent. but a sinking of a capital of 20s. for 12. And though this might not be material, if the market rate of interest should never fall below 5, because in that case the three per cents might always be purchased at the same rate; yet if it should at any time happen, that interest fell below 5, it would be a gain to the Government to have purchased at 5, in exact proportion to the difference between 5 and the then market rate. Add to this, that the 3 per cents have generally a value in the market more than proportioned to the income they produce, which arises from the capacity of the capital to appreciate even to par. These observations are also for the most part applicable to the deferred, with this circumstance in addition, that, when interest begins to be payable on that species of stock, the money invested, and which, in the mean time, would have produced five, would then begin to produce to the Government 6 per cent. with the advantage of having anticipated the redemption of a species of stock of right only gradually redeemable. Combining these considerations, it appears to be clearly and even eminently for the interest of the Government to purchase within the limit suggested, with a fund which does not cost more than $4\frac{1}{2}$ per cent.

That this was the view of the subject which governed, is deducible not only from the circumstances of the fact, but from my letter of the 2d of April, 1792, to Mr. Short, announcing my intention to draw, in which I assign as the ground of that intention, "that I considered it for the interest of the United States to prosecute purchases of the public debt with moneys borrowed on the terms of the last loan," meaning the loan of the 1st of January, 1792, at 4 per cent.

If the event be taken as a criterion, the anticipation will be more than justified, the present juncture offering an opportunity for purchases peculiarly advantageous.

But, without insisting on a state of things occasioned by extraordinary circumstances, it was morally certain that the common course of events would render the operation a beneficial one. And it would not argue peculiar foresight, if a calculation was even made on the effect which the situation and probable progress of affairs in Europe might produce upon our market. A pretty general war there, by extending the demand for money, would naturally divert from our stocks a portion of what might otherwise be employed upon them, and affect injuriously their prices. It is, also, a familiar fact, that, during the winter, in this country, there is always a scarcity of money in the towns—a circumstance calculated to damp the prices of stock.

A consideration, which collaterally influenced the drawing of the latter bills, was the situation of the French colony of St. Domingo.

This not only produced an early application for a considerable advance, which was promised, but it was to be foreseen, that still further aids would be indispensable.

Indeed, sundry letters from Mr. Short, the first dated at Paris, the 28th December, 1791, announced the daily probability of an arrangement, requiring an advance here of 800,000 dollars for the use of that colony. A sum of 4,000,000 livres has in fact been successively stipulated for that object, the greatest part of which has been actually furnished.

It is known that these supplies could proceed from no other source than the foreign fund.

The payment to the foreign officers of near 200,000 dollars, by which an interest of 6 per cent. would be released, was another object for which provision was to be made out of the same fund.

These several purposes conspired with the object of purchasing the debt to induce the latitude of drawing, which took place.

But there was still a further inducement which came in aid of the others. The time for reimbursing the first instalment of the two millions of dollars due to the bank was approaching, when, by positive stipulation, the Government would have to pay two hundred thousand dollars, for which there was no domestic fund that could be spared from the current exigencies. I thought it incumbent upon this department to have an eye to placing within the reach of the Legislature the means of fulfilling this engagement; the object of which bore a strict analogy to that for which the two millions authorized by the act making provision for the reduction of the public debt were to be borrowed.

I did not even scruple to take into the calculation, that if, from the extent of the draughts upon the foreign fund, there should happen to be found on hand a larger sum than was necessary for, or could be advantageously employed towards the several purposes which were the immediate and direct objects of the operation, the surplus would facilitate to the Government a measure manifestly and unequivocally beneficial—an additional payment to the bank, on account of a debt, upon which an annual interest of 6 per cent. was payable; a measure by which a certain saving of one per cent. to the extent of the payment that might be made would be accomplished.

The possibility of this application of the fund afforded a perfect assurance, that the public interest could in no event fail to be promoted.

I felt myself the more at liberty to do it, because it did not interfere with a complete fulfilment of the public engagements in regard to the foreign debt. It could be done consistently with a full reimbursement of all arrears and instalments which had accrued on account of that debt.

The detail which has been given, comprehends a full exposition of the views and motives that have regulated the conduct of this Department in relation to those parts of the proceeds of the foreign loans which have been transferred to the United States, except as to the last sum of one million two hundred and thirty seven thousand five hundred florins, directed to be drawn for on the 30th of November last; in regard to which, circumstances of a special nature co-operated, as is explained in a note upon the copy of my letter of the 26th of that month, to Mr. Short, forming a part of the communication herewith made by order of the President of the United States.

The House will perceive, that the variety of matter comprised in this letter has not been collected and digested into its present form, without much labor and unavoidable expense of time. I trust they will be sensible, that no delay has been unnecessarily incurred. It is certain that I have made every exertion in my power, at the hazard of my health, to comply with the requisitions of the House as early as possible. And it has even been done with more expedition than was desirable to secure the perfect accuracy of the communication.

Yet I have still to regret that some part of the subject must remain to be presented in a subsequent letter. To lessen, however, the inconvenience of this further delay, I shall transmit with the present letter, the statements required by the first and second of the resolutions of the 23d of January, which will be found in the schedules herewith, marked No. I to V.; those required by the last of the resolutions having been already forwarded.

There remain, however, some particulars to complete the information contemplated by those resolutions, that must be reserved for another communication. This I may venture to assure the House will not be deferred beyond the present, or at least the first day of the ensuing week.

With perfect respect, I have the honor to be, sir, your most obedient and most humble servant,

ALEXANDER HAMILTON,
Secretary of the Treasury.

The Honorable the SPEAKER of the House of Representatives.

13th February, 1793.

No. I.

A statement of the appropriation for reducing the Public Debt, constituted by the act of Congress, passed on the 12th day of August, 1790.

	Dolls. Cts.		Dolls. Cts.
To the surplus of the products of duties on imports and tonnage, to the last day of December, 1790, after reserving a sufficient sum from said products to satisfy the appropriations made during the first and second sessions of Congress, as ascertained at the treasury,		1790.	
		Dec. 15. By warrant No. 776, on the Treasurer, in his favor, to be applied in purchases of the public debt,	200,000 00
		1791.	
		Jan. 26. By warrant No. 856, do. do. do.	50,000 00
		Feb. 5. By do. 869, do. in favor of B. Lincoln, do.	50,000 00
		By do. 870, do. in favor of Wm. Heth, do.	50,000 00
		Sept. 30. By do. 1265, do. in his favor, do.	149,984 23
		By do. 1266, do. in favor of Wm. Seton, do.	200,000 00
		1792.	
		Mar. 31. By do. 1605, do. in his favor, do.	28,915 52
		June 30. By do. 1864, do. do. do. do.	62,673 90
		By do. 1867, do. in favor of Wm. Seton, do.	151,098 89
		Dec. 29. By do. 2328, do. in his favor, do.	15,098 11
			957,770 65
		Balance, being the difference between the surplus of duties appropriated and the sum drawn therefrom,	406,885 75
	1,374,656 40	1,374,656 40	

A. HAMILTON,
Secretary of the Treasury.

TREASURY DEPARTMENT, *February 13, 1793.*

No. II.

A Statement of the application of the funds drawn on the appropriation of the surplus of duties to the end of the year 1790, for the reduction of the Public Debt.

To appropriation for reducing the public debt, constituted by the act of Congress, passed on the 12th day of August, 1790, for the amount drawn from said appropriation by warrants on the Treasurer, from December 15th, 1790, to December 29th, 1792, viz:		By Samuel Meredith's account of purchases to the 7th day of December, 1790, as reported to Congress by the commissioners for reducing the public debt, on the 21st day of December 1790,	\$150,239 24
1790. Dec. 15. No. 776, in favor of Samuel Meredith, to be applied in purchases of the public debt,	200,000 00	By sundry purchases reported by said commissioners to Congress, on the 7th day of November, 1791, viz:	
1791. Jan. 26. No. 856, do. do. do.	50,000 00	By Samuel Meredith, from the 7th Dec. 1790, to 19th Sept. 1791,	248,984 71
Feb. 5. 869, do. of Benjamin Lincoln, do.	50,000 00	By William Seton, from the 19th August, 1791, to 12th Sept. 1791,	200,000 00
870, do. of Wm. Heth, do.	50,000 00	By William Heth, from the 24th Feb. 1791, to 2d April, 1791,	49,934 09
Sep. 30. 1265, do. of S. Meredith, do.	149,984 23	By Benjamin Lincoln, from the 22d Feb. 1791, to 3d March, 1791,	50,005 51
1266, do. of Wm. Seton, do.	200,000 00	By interest from January 1st, to July 1st, 1791, on stock purchased by Samuel Meredith, in August and September, 1791,	548,924 31
1792. Mar. 31. 1605, do. of S. Meredith, do.	28,915 52	By sundry expenses attending purchases of public debt, charged by William Heth, and admitted to his credit,	760 28
June 30. 1864, do. of do. do.	62,673 90	By sundry purchases reported by said commissioners to Congress, on the 17th day of November, 1792, viz:	4 15
1867, do. of Wm. Seton, do.	151,098 89	By Samuel Meredith, from the 21st March to 25th April, 1792,	91,589 42
Dec. 29. 2328, do. of S. Meredith, do.	15,098 11	By William Seton, from 2d to the 17th April, 1792,	151,098 89
To this sum, invested in purchases by Benjamin Lincoln, being in part of a sum of interest received by him on stock purchased,	\$957,770 65	By purchases by Samuel Meredith, from the 15th to the 22d December, 1792, as per account settled at the treasury,	242,688 31
	5 51	By balance, being money remaining in the hands of William Heth, of the sum advanced to him for making purchases, and for which he is accountable,	15,098 11
			61 76
			\$957,776 16
	\$957,776 16		\$957,776 16

TREASURY DEPARTMENT, February 13, 1793.

A. HAMILTON, Secretary of the Treasury.

1793.1

LOANS.

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