

5th CONGRESS.]

No. 142.

[3d SESSION.]

EQUALIZATION OF THE DUTIES ON IMPORTS FROM INDIA.

COMMUNICATED TO THE SENATE, FEBRUARY 28, 1799.

The Secretary of the Treasury, to whom was referred, by order of the Senate of the United States, on the 24th of May, 1798, the petition of William Gray, Jr. and other merchants of the State of Massachusetts, respectfully submits the following report:

The petitioners are merchants concerned in trade between the United States and the British East Indies; the stock exported by them from the United States consisted principally of Spanish milled dollars; these dollars were invested, at Calcutta, in merchandise, at the rate and exchange of two hundred and fifteen sicca rupees for one hundred Spanish dollars. By the 40th section of the collection law, passed on the 4th of August, 1790, the *rupee of Bengal*, by which the *sicca rupee*, a coin of India, is supposed to have been intended, is valued at fifty-five and a half cents, in money of the United States.

The collector of the customs at Salem required the petitioners to exhibit the original cost of the merchandise imported by them, in *sicca rupees*, to which he added twenty per cent.; pursuant to the direction in the 39th section of the collection law, and upon this amount of rupees, reduced to money of the United States, at the rate of fifty-five and a half cents per rupee, the *ad valorem* duty of twelve and a half per cent. has been demanded.

The petitioners represent the value of the rupee, as declared in the collection law, to be excessive; and as the goods imported by them were in fact purchased with Spanish dollars, they request that they may be allowed to exhibit the cost of the said goods in dollars, and to pay duties accordingly. They further represent, that this indulgence has been granted in some ports of the United States, and that they have been injured by the unequal construction of the law, in different officers.

The Secretary has examined the subject, and is satisfied that the petition contains a candid statement of all the facts within the knowledge of the petitioners.

The following is an illustration of the mode of calculation adopted by the collector, and also of the proposed substitute.

1st. By the rule adopted by the collector, the Spanish dollars were reduced to rupees, at the current market value;	
or, as in the case stated in the petition, 100 dollars were valued, in rupees, at	R. 215 00
To which 20 per cent. was added, according to the 39th section of the collection law, or	43 00
	R. 258 00

The above sum of 258 rupees, reduced to money of the United States, at fifty-five and a half cents per rupee, is equal to	\$143 19
Upon which a duty of twelve and a half per cent. being computed, produced to the revenue, for the proceeds of 100 dollars, invested in merchandise, at the exchange of 215 rupees per 100 dollars, the sum of	17 90

2d. But the rule suggested by the petitioners would give the following result:

Original investment, in dollars,	100 00
To which add twenty per cent. according to the 39th section of the collection law,	20 00
	\$120 00

The rate of duty, at twelve and a half per cent. computed on 120 dollars, would give to the revenue only	15 00
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The question under consideration is important, both to the revenue and to the merchants: for, if the principles assumed by the petitioners are correct, an excess, amounting to nearly one-fifth of the legal duties, has been demanded.

The Secretary, in the course of his inquiries on this subject, has ascertained the following facts:

1st. That *dollars* are not considered as *money* in Bengal, and that the price is variable; that, of late, dollars have been worth from 212 to 215 sicca rupees per 100 dollars.

2d. That there are various kinds of money known in India, under the general denomination of *rupees*; of which the sicca rupee, a real coin, is understood to be the standard.

3d. That, by assays at the mint of the United States, the extrinsic value of the sicca rupee, when compared with money of the United States, is found to be forty-seven cents.

4th. That the *current rupee* is an *ideal* money of *account*, the value of which is sixteen per cent. *below* that of the *sicca rupee*.

5th. That the accounts of the East India Company are kept in *current rupees*; that formerly, invoices sent to the United States were made out in the same currency, but that, latterly, invoices are made out in sicca rupees, it having been understood that the duties imposed by the laws of the United States were granted with reference to that description of money.

6th. That bills of exchange on London, payable from six to fifteen months after sight, have of late years been negotiated at Bengal, at various rates, from two shillings to two shillings and sixpence sterling, per *current rupee*.

7th. That the pagoda of India is valued, in the collection law, at one dollar and ninety-four cents, whereas, the intrinsic value of this coin is found, by assays at the mint, to be no more than one dollar and seventy cents.

The Secretary is of opinion that, notwithstanding the rupee and pagoda of India are estimated above their intrinsic value, when compared with coins of the United States, yet, that the rule now established cannot be *inequitable*, because it is from its nature *invariable*, and must at all times subject merchants, who purchase goods of the same quality, at one price, in India, to the payment of the same amount of duties in the United States. If these coins should be estimated at a less value than at present, no other consequence would follow than a reduction of the present established rates of duties, which, considering the nature of the trade, cannot be deemed excessive.

The rule suggested by the petitioners, of considering the value of *our money*, or *even of foreign money*, in the *United States*, as the criterion for determining the cost of merchandise in *foreign countries*, appears to be inadmissible; gold and silver, when exported, can be considered in no other light than as *merchandise*, without subverting that principle of the revenue laws which has established *foreign currencies*, or *moneys of account*, as the *criteria* for computing the duties *ad valorem*. The consequences of an abandonment of this principle might, on some occasions, exceedingly embarrass commerce, by causing a sudden exportation of the specie capital of the country; at any rate, the revenue would fluctuate with the course of exchange and the variations of the prices of our exports in foreign markets.

The Secretary finds that a few entries were admitted at New York, on which the invoice prices of India merchandise were computed in dollars; the mistake was, however, soon discovered, and corrected. As, therefore, the petitioners will, in future, have nothing to apprehend from an unequal operation of the law, the Secretary is of opinion that the interposition of the Legislature, in this case, is not expedient.

All which is respectfully submitted.

OLIVER WOLCOTT.

TREASURY DEPARTMENT, February 27, 1799.