

AMERICAN STATE PAPERS.

FINANCE.

7th CONGRESS.]

No. 187.

[2d SESSION.]

STATE OF THE FINANCES.

COMMUNICATED TO THE SENATE, DECEMBER 20, 1802.

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

The permanent revenues of the United States, exclusively of fees, fines, and penalties, which, in a general view of the subject, may be omitted, consist of duties on merchandise and tonnage, proceeds of the sales of public lands, and duties on postage.

The duties on postage, which were, in the annual report of last year, estimated at \$50,000, have, during the year ending on the 30th day of September last, yielded 50,500 dollars. The decrease of ship letters, the extension of the establishment through unproductive roads, and the acceleration of the progress of the mail, may, however, cause some defalcation in the receipts of the ensuing year.

Three hundred and twenty-six thousand and fifty-two dollars and eight cents have been received, during the same year, on account of public lands; of which sum, 17,162 dollars and 50 cents were paid in the treasury, in evidences of the public debt, and 179,575 dollars and 52 cents in specie; the local situation of the land offices not having yet rendered it practicable to draw the balance from the receivers of public moneys.

Three hundred and forty thousand acres of land have been sold, for six hundred and eighty thousand dollars, during the year ending on the 31st day of October last; of which quantity near ninety-seven thousand acres were sold on account of pre-emptions claimed by purchasers under John Cleves Symmes, and two hundred and forty-three thousand acres are the result of current sales. The annexed statement A designates the quantities respectively sold in the several districts, and the annual payments receivable on account of the balance of nine hundred and sixty thousand dollars, due on these and the preceding sales.

From those several results it appears probable that the annual receipts under this head will not, on an average, fall short of the sum of four hundred thousand dollars, at which they have been estimated.

Although it had been anticipated that the receipts in the treasury, on account of duties on merchandise and tonnage, could not, for the present year, be affected by the restoration of peace in Europe, yet the sum actually paid has exceeded the most sanguine expectations. Twelve millions two hundred and eighty thousand dollars have been received, during the course of the year ending on the 30th day of September last—a sum larger, by two millions of dollars, than the amount received for the same duties, during the preceding or any other year; and which exceeds, by twelve hundred thousand dollars, the aggregate heretofore collected in any one year, on account of both the impost and the internal duties, repealed by an act of last session.

This excess, which had not been calculated upon, is considered, alone, as amply sufficient to cover any possible defalcation which might, during the next and ensuing year, reduce that branch of the revenue below last year's estimate of nine millions five hundred thousand dollars. Such defalcation is not, however, apprehended: for, although there are not yet sufficient data precisely to ascertain the effect of peace on the amount of duties, those which are in the possession of this Department tend to corroborate the presumption that that sum, at least, (nine millions and a half) will hereafter be annually received. The statement B, which exhibits a comparative view of that revenue for each quarter, during the last two years, shows that the amount of duties accrued during the nine first months of the present year exceeds eleven millions three hundred thousand dollars; and, after deducting three millions five hundred thousand dollars, amount of debentures issued during the same period, on account of re-exportations of foreign goods, leaves for those three quarters, a balance of more than seven millions eight hundred thousand dollars, subject to no other deduction but the expenses of collection; and from the knowledge already obtained of the importations, during the present quarter, as well as from the gradual diminution of re-exportations, no doubt remains that the nett revenue, accruing during the whole year, will exceed the estimate.

From present appearances, the whole of the permanent revenues of the United States may, therefore, be reasonably computed at ten millions of dollars; of which sum, seven millions three hundred thousand dollars are appropriated for the payment of the principal and interest of the public debt, and two millions seven hundred thousand dollars are applicable to the current expenses of Government.

According to the estimates for the year 1803, those expenses will, exclusively of a sum of one hundred and eighty thousand dollars, wanted to cover the navy deficiencies of the years 1801 and 1802, but including sundry permanent appropriations, which make no part of the annual estimates, amount to two millions six hundred and sixty thousand dollars, to wit:

For the Civil Department, and all domestic expenses of a civil nature, - - - -	\$680,000
For expenses attending the intercourse with foreign nations, including prize causes and Barbary Powers, - - - -	250,000
For the Military and Indian departments - - - -	830,000
For the Naval establishment, calculated on a supposition that six frigates shall be kept in constant employment, - - - -	900,000
	<u>\$2,660,000</u>

Neither the payments due on account of the convention with Great Britain, and which will, for three years, amount annually to eight hundred and eighty-eight thousand dollars, nor the instalments and interest on account of the 200,000 dollars loan obtained from the State of Maryland, for the city of Washington, are included in that calculation, as they may be defrayed out of the following resources, which make no part of the permanent revenues, viz:

1st. The surplus of specie in the treasury, which, as the whole amount there will not, at the close of the present year, fall much short of five millions of dollars, far exceeds the sum which it is prudent to keep.

2dly. The uncollected arrears of the direct tax, estimated at four hundred thousand dollars. And,

3dly. The outstanding uncollected internal duties, amounting to near seven hundred thousand dollars.

The only embarrassment experienced during the course of last year, arose from the difficulty of procuring the remittances necessary to meet the large instalments of debt due in Holland. The impossibility of obtaining bills on that country, to the amount wanted by Government, and the loss which, on account of the rate of exchange, must be incurred by remitting circuitously through England, induced the Secretary of the Treasury to recommend, in a report to the commissioners of the sinking fund, marked C, a recourse to bank stock, as the most favorable mode of remitting.

Of the five thousand shares in the stock of the Bank of the United States, originally subscribed by the United States, 2,780 shares had been sold in 1796, by virtue of the act, entitled "An act making provision for the payment of certain debts of the United States," and for the purpose of discharging a part of the debt due to the bank. The remaining 2,220 shares were now, under the same authority, sold, at 45 per cent. advance. The 1,287,600 dollars which they produced, were, in conformity to the provisions of the said act, applied towards discharging an equal amount of that part of the debt which had become due to the bank before or during the year 1796; and the purchaser of the stock sold, at the same time, to the treasury, an equal sum in bills on Holland, at 41 cents per guilder, the securing of which large amount, at that rate, was the inducement, on the part of Government, to dispose of the bank stock on those terms. As the dividend usually received on the bank stock sold, and the annual interest payable on the debt due to the bank, thus extinguished, were nearly equal, the July half yearly dividend on the stock was, in fact, the premium paid for the purpose of effecting the remittance; and Government has thereby been enabled to obtain, without raising the price of exchange, the whole amount wanted to meet the payments due in Holland, till the month of September, 1803.

Exclusively of, and in addition to, the debt of 1,287,600 dollars, thus paid to the bank, out of the proceeds of the sales of bank shares, a sum of eight millions three hundred and thirty-four thousand seven hundred and fifty-seven dollars and eighty-nine cents, has been paid out of the treasury, during the year ending on the 30th day of September last, on account of the principal and interest of the public debt; and the payments, in part, of the principal of the debt made during the same period, have been as followeth:

1st. The payments on account of the principal and interest of the domestic debt, have been -	\$4,628,105 39
From which, deducting one year's interest on the same, - - - -	3,470,259 75
Leaves a sum, applied to the reimbursement of the principal of the six per cent. and deferred stocks, of - - - -	1,157,845 64
2d. Paid to foreign officers, and for the registered debt, - - - -	9,603 18
3d. Principal of domestic loans (exclusively of the 1,287,600 dollars paid out of the proceeds of bank shares) - - - -	202,400 00
4th. Evidences of public debt paid for lands, - - - -	17,162 50
5th. The payments on account of the principal and interest of the foreign debt, have been - - - -	3,310,874 32
From which sum, deducting one year's interest and charges, equal to - - - -	462,731 00
And, on account of the different rates at which bills have been purchased, and of sundry bills returned for non-payment, and now in suit, a further sum of - - - -	82,284 98
	<u>545,015 98</u>
Leaves, applicable to payment of the principal, - - - -	2,765,858 34
	<u>4,152,869 66</u>
Amounting, altogether, to four millions one hundred and fifty-two thousand eight hundred and sixty-nine dollars and sixty-six cents. And if to that sum shall be added the - - - -	1,287,000 00
Paid on account of the principal of the debt due to the bank, out of the proceeds of the sale of the bank shares, the total amount of debt extinguished during that year, will be found to exceed five millions four hundred and forty thousand dollars, - - - -	<u>5,440,469 66</u>

The balance of specie in the treasury, which, on the first day of October, 1801, amounted to 2,948,718 dollars and 73 cents, had increased, on the first October, 1802, to the sum of 4,539,675 dollars and 57 cents; making a difference in favor of the treasury, of 1,590,956 dollars and 84 cents; which last sum, added to the above-mentioned payment of 4,152,869 dollars and 66 cents, made out of the treasury, on account of the principal of the public debt, makes an actual difference, in favor of the United States, of more than five millions seven hundred and forty thousand dollars, during that year.

The payments on account of the principal of the public debt, from the 1st day of April, 1801, to the 30th day of September, 1802, (exclusively of, and in addition to the bank debt, discharged out of the proceeds of bank shares) amounts to - - - -

Viz:	
On account of the domestic debt, - - - -	\$1,334,942 81
On account of the foreign debt, - - - -	3,302 543 63
And in re-payment of temporary loans, - - - -	702,400 00
	<u>\$5,339,886 44</u>

And if to that sum shall be added the increase of specie in the treasury, during the same period, which, (as the amount on the 1st April, 1801, did not exceed 1,794,044 dollars and 85 cents) amounts to - - - -

	<u>2,745,630 72</u>
The difference in favor of the United States, for those eighteen months, will be found equal to eight millions eighty-five thousand and five hundred and seventeen dollars and sixteen cents, - - - -	<u>\$8,085,517 16</u>

Of the annal appropriation of 7,300,000 dollars, for the principal and interest of the public debt, near three millions nine hundred thousand dollars will be wanted to pay the interest which falls due in the year 1803, and the residue, amounting to three millions four hundred thousand dollars, may be considered as the sum applicable, during that year, to the extinguishment of the principal of the debt.

From all which it results, that, so long as the United States shall not be afflicted by any unforeseen calamity, and whilst the public expenditures shall be kept within their present limits, there does not appear any necessity for increasing the public revenues.

All which is most respectfully submitted, by
ALBERT GALLATIN, *Secretary of the Treasury.*

TREASURY DEPARTMENT, *December 16th, 1802.*

A.

Statement of Lands sold in the districts of Cincinnati, Steubenville, Chillicothe, and Marietta, showing the moneys paid thereon, and the amount due on the 1st November, 1802.

Districts where sold.	Sales, when made.		Period.	Quantities of land.	Amo't of purchase-money.	Amt. of S. expenses.	Amt. paid on purchase.	Amt. due on purchase.	Amt. of forfeitures.
	From	To		Acres hdths	Dolls. Cts.	Dolls Cts.	Dolls. Cts.	Dolls. Cts	Dolls. Cts
Cincinnati, Pre-emption lands in do.	1801 1st Nov.	1802 1st Nov.	12 m'ths	47,506.00	95,012 00	451 00	33,218 06	61,793 94	71 92
Steubenville, do	do	do	do	96,689.50	193,379 00	1,415 45	56,068 60	137,310 40	
Chillicothe, do	do	do	do	164,145.62	328,291 24	1,551 00	113,116 25	215,174 99	70 00
Marietta, do	do	do	do	29,766.40	59,532 80	300 00	17,212 25	42,320 55	65 32
	do	1st July,	8 months	1,902.25	3,804 50	18 00	1,252 18½	2,552 31½	
				340,009.77	680,019 54	3,735 45	220,867 34½	459,152 19½	207 24

Periods of payment for the instalments due per the above Statement.

DISTRICTS WHERE PAYABLE.	YEAR WHEN PAYABLE.				TOTAL.
	Amt. in 1803.	Amt. in 1804.	Amt. in 1805.	Amt. in 1806.	
Cincinnati, - - -	\$42,398 10	\$66,855 96	\$70,954 30	\$18,895 98	\$199,104 34
Steubenville, - - -	18,056 88	65,202 50½	78,427 10½	53,488 50	215,174 99
Chillicothe, - - -	1,440 00	13,842 57	14,199 23	12,838 75	42,320 55
Marietta, - - -	18 94	951 12½	951 12½	631 12½	2,552 31½
Add—instalments due per statement, for 1801, - - -	181,221 47½	199,107 48	170,689 68	-	551,018 63½
	243,135 39½	345,959 64	335,221 44	85,854 35½	1,010,170 83
Deduct—paid in anticipation for lands purchased previous to Nov. 1, 1801, - - -	- -	- -	- -	-	50,558 50½
				Dollars,	959,612 32½

TREASURY DEPARTMENT, *Register's Office, December 6, 1802.*

JOSEPH NOURSE, *Register.*

B.

A Statement exhibiting the amount of Revenue accrued on account of Duties on Importations, for each quarter, from the 1st day of October, 1800, to the 30th day of September, 1802.

QUARTERS ENDING	DUTIES ON			DEBENTURES ISSUED.	BOUNTIES AND ALLOW- ANCES.	GROSS REVE- NUE.(a)	PAYMENTS.		OUTSTANDING AT END OF EACH QUARTER.		
	Merchandise.	Tonnage.	Passports and clearances.				In the Treasury.	Debentures.	Bonds.	Debentures.	Nett Revenue.
31st December, 1800,	\$4,291,216	\$37,393	\$3,314	\$1,379,937	\$5,246	\$2,946,740	\$2,090,769	\$1,362,583	\$11,952,834	\$2,256,132	\$9,696,702
31st March, 1801, -	2,746,225	29,564	4,616	1,445,411	77,215	1,257,779	2,172,630	1,323,772	11,017,357	2,377,771	8,639,586
30th June, 1801, -	6,231,092	49,957	5,316	1,906,244	7,077	4,373,044	2,868,068	1,468,474	12,817,838	2,815,541	10,002,297
30th September, 1801,	6,245,774	45,968	3,786	2,233,320	7,645	4,054,563	2,994,747	1,801,194	14,167,515	3,247,667	10,919,848
31st December, 1801,	4,803,985	43,644	3,740	2,275,133	10,933	2,565,803	2,715,334	2,082,484	14,067,868	3,440,316	10,627,552
(b) 31st March, 1802, -	2,688,302	31,698	3,116	1,259,976	87,077	1,376,063	2,859,479	1,768,294	11,759,528	2,931,998	8,827,530
(b) 30th June, 1802, -	5,153,384	41,616	4,490	1,422,944	6,718	3,769,828	3,208,883	1,591,248	12,081,392	2,763,694	9,317,698
(b) 30th September, 1802,	3,408,248	36,899	2,440	778,883	7,687	2,661,067	3,515,242	1,443,858	10,670,822	2,098,669	8,572,153

(a) This column shows the true amount of gross revenue accruing during each quarter, (after deducting from the total amount of duties, the amount of debentures, bounties, and allowances, granted for, or in lieu of, drawback on the re-exportation of foreign articles) and subject to no other deductions but the expenses of collection,

(b) The accounts for several small ports, for these three quarters, are on estimate,

C.

At a meeting of the Commissioners of the Sinking Fund, on the 7th of June, 1802,

Present: The Secretary of State, the Secretary of the Treasury, the Attorney General of the United States.

The Secretary of the Treasury reported to the Board, that provision has already been made to meet nearly all the demands which will become due in Holland during the course of the present year; but that it is necessary to make immediate provision for the payments on account of principal and interest, which fall due there, during the first five months of the year 1803, and amounting to four millions four hundred and thirty-nine thousand eight hundred and thirty guilders, and payable at the following periods, viz:

1st of January,	-	-	-	-	872,700 guilders.
1st of February,	-	-	-	-	986,350
1st of March,	-	-	-	-	601,090
1st of June,	-	-	-	-	1,979,780

That, from the great diminution of trade between this country and Holland, he has ascertained, during his late excursion to New York and Philadelphia, that it is impracticable to obtain bills on Holland to that amount; that the rate of exchange is already forty-one cents per guilder, and that any attempt, on the part of the Government, to procure the large amount now wanted, would indubitably raise, considerably, the rate of exchange.

That, if it shall be attempted to remit, by the way of England, the loss will be also considerable; the present rate of exchange with that country being now above par, and raising, and would indubitably be enhanced, should Government come into the market for large purchases; and the rate of exchange between England and Holland being, by the last advices, ten guilders eight stivers per pound sterling, nor likely to become more favorable, which, supposing the whole amount in bills on England to be procurable (which is not believed to be the fact) at 168, would, including the commission of one per cent. in England, amount to forty-three and a half cents per guilder.

That the Bank of the United States having been applied to, has refused to undertake to contract for making the necessary remittance; and that the two only considerable offers made to the Secretary, are now submitted to the Board, viz:

The Manhattan Company offer to remit the whole, at the rate of forty-three cents per guilder.

Alexander Baring offers to remit guilders 3,140,487 16½, payable in Amsterdam, at the following dates, viz:

1st of January, 1803,	-	-	-	-	605,000 guilders.
1st of February,	-	-	-	-	685,000
1st of March,	-	-	-	-	425,000
1st of June,	-	-	-	-	1,425,487 16½

And at the rate of forty-one cents per guilder: Provided, however, that the United States shall sell to him the two thousand two hundred and twenty shares of the Bank of the United States, owned by the United States, at forty-five per cent. advance, or at the rate of five hundred and eighty dollars per share; which last proposition is recommended by the Secretary of the Treasury as the most eligible; as, exclusively of the advantageous rate of exchange thereby secured, the transaction will not have any unfavorable effect on the rate of exchange generally, and, by so considerably diminishing the demand, will enable the United States to obtain what is still wanted, at a reasonable rate; and because, in his opinion, the price obtained for the Bank shares, is more than could be obtained were they thrown in the market for sale, and more than their intrinsic value. Whereupon, it was

Resolved, by the Board, "That the Secretary of the Treasury be authorized to sell the shares of the stock of the Bank of the United States, belonging to the United States, and that the proceeds thereof be applied to the payment of the capital or principal of any part of the debt of the United States, which had become due to the Bank of the United States before or during the course of the year 1796, and which remains still unpaid, in conformity to the provisions of the act, entitled 'An act making provision for the payment of certain debts of the United States,' passed on the 31st day of May, 1796."

JAMES MADISON, *Secretary of State.*
ALBERT GALLATIN, *Secretary of the Treasury.*
LEVI LINCOLN, *Attorney General.*

Attest,

EDWARD JONES, *Secretary to the Board of Commissioners of Sinking Fund.*

7th CONGRESS.]

No. 188.

[2d Session.]

REMISSION OF DUTIES.

COMMUNICATED TO THE HOUSE OF REPRESENTATIVES, DECEMBER 22, 1802.

Mr. SAMUEL SMITH, from the Committee of Commerce and Manufactures, to whom was referred the petition of John Holland, Jr. of Boston, made the following report:

That it appears from the proofs submitted, that the petitioner arrived in the port of Boston, in the schooner Hannah, on Sunday, the twentieth of September, one thousand eight hundred and one; that, on Monday, the twenty-first, he entered the said schooner at the custom house, being himself the owner and commander; that, on the night of the same day, his schooner caught fire below the cabin floor, and the fire increasing, the said schooner was scuttled, by order of the fire wards, and sunk; by which the cargo suffered great damage.

The petitioner, therefore, prays a remission of duty on the said cargo, in proportion to the damage sustained.

The committee are of opinion, that, as no part of the cargo had been landed, the prayer of the petition ought to be granted, and recommend the following resolution:

Resolved, That the collector for the port of Boston and Charlestown be. and he is, hereby, authorized to have ascertained the rate of damage sustained by John Holland, Jr. on the goods which were on board the schooner Hannah, when she caught fire, and remit to the said John Holland the duties, in proportion to the damage sustained by the goods damaged as aforesaid.