

deck seventy-seven thousand and five hundred dollars; the particulars of which computation are contained in the statement which accompanies this report.

The computed produce exceeds the sum which has been stated as necessary to be provided, by fifty thousand eight hundred and seventy-five dollars, and twenty seven cents; an excess, which if it should be realized by the actual produce, may be beneficially applied towards increasing the sinking fund.

The Secretary has been encouraged to renew the proposition of these duties, in the same in which they were before submitted, from a belief, founded on circumstances which appear in the different discussions of the subject, that collateral considerations, which were afterwards omitted, rather than objections to the measure itself, presented its adoption during the last session; from the impracticability which he conceives to exist, of deriving any substance equally conducive to the ease and merit of the community; and from an opinion that the extension of the plan of collection, which it contemplates to the duties already imposed on wine and distilled spirits, is necessary to a well-grounded reliance on their efficacy and productiveness.

The expediency of improving the resource of distilled spirits, as an article of revenue, to the greatest practicable extent, has been noticed upon another occasion. Various considerations might be adduced to those, to justify the detail. There is scarcely an attitude in which the object can present itself, which does not invite by all the movements of sound policy and public good, to take a strong and effectual hold of it.

The manner of doing it, or in other words, the mode of collection, appears to be the only point about which a difficulty or question can arise. If that suggested be liable to just objection, the nuptial information and wisdom of the legislative body, ensure the substitution of a more useful plan.

The Secretary, however, begs leave to remark, that there appear to him two leading principles; one or the other of which must necessarily characterize whatever plan may be adopted. One of them makes the security of the revenue to depend chiefly on the vigilance of the Public Officers; the other, rather, essentially, on the integrity of the individual, interested to a void the payment of it.

The first is the basis of the plan submitted by the Secretary; the last has prevailed most, if not all, the systems which have been hitherto practiced upon, in different parts of the United States. — The oaths of the dealers have been almost the only security for their compliance with the laws.

It cannot be too much lamented, that these have been found an inadequate dependence. But experience has, on every trial, manifested them to be such. Taxes, or duties, relying for their collection on that security, wholly, or almost wholly, are uniformly unproductive. And they cannot fail to be unequal, as long as men continue to be discriminated by unequal portions of rectitude. The most conscientious will pay most; the least conscientious, least.

The impolicy of such, always sufficiently strong acts with peculiar force in matters of this kind; is in respect to which a loose mode of thinking is too apt to prevail.

The want of a habit of applying, properly, the nature of the public rights, renders that impulse, in such cases, too frequently an overmatch for the sense of obligation: And the evasions, which are perceived or suspected to be practised by some, prompt others to imitation, by the powerful motives of self-defence. They infer, that they must follow the example, or be unable to maintain an advantageous competition in the business; an alternative very perplexing to all but men of exact probity, who are thereby rendered a great measure victims to a principle of legislation, which does not sufficiently accord with the bias of human nature.

And thus the law becomes sources of discouragement and loss to honest industry, and of profit and advantage to perjury & fraud.

It is a truth that cannot be kept too constantly in view, that all revenue laws, which are constructed as to involve a tax and defective execution, are instruments of oppression to the most meritorious part of those on whom they immediately operate, and of additional burdens on the community at large.

The last effect is produced in two ways. The deficiencies in the funds (which in the main afford only partial exception) must be supplied from other taxes. And the charges of collection, which, in most cases are nearly the same, whether a tax or duty yield much or little, occasion an accumulation of the ultimate expense of furnishing a given sum to the Treasury.

Another, and a very serious evil, chargeable on the system opposite to that proposed, is, that it leads to frequent and familiar violation of oaths, which by loosening one of the strongest bonds of society, and weakening one of the principal securities to life and property, offends not less against the maxims of good government and sound policy, than against those of religion and morality.

It may not be improper further to remark, that the two great objections to the class of duties denominated excises, are inapplicable to the plan suggested. These objections are, first, the summary jurisdiction confined to the officers of excise; in derogation from the course of the common law, and the right of trial, by jury: And secondly, the general power vested in the same officers of visiting and searching indiscriminately the houses, stores and other buildings of the dealers in excised articles. But by the plan proposed, the officers to be employed are to be clothed with no such summary jurisdiction, and their discretionary power of visiting and searching, is to be restricted to those places, which the dealers themselves shall designate by public insignia or marks, as the depositaries of the articles on

which the duties are to be laid. Hence it is one of the recommendations of the plan, that it is not liable to those objections.

Duties of the kind proposed are not novel in the United States, as has been intimated in another place. They have existed to a considerable extent, under several of the State governments, particularly in Massachusetts, Connecticut and Pennsylvania. In Connecticut, a State exemplary for its attachment to popular principles, not only all ardent spirits, but foreign articles of consumption, generally, have been the subjects of an excise, or inland duty.

If the supposition, that duties of this kind are attended with greater expense in the collection than taxes on land, should form an argument for rejecting the latter, it may be observed, that the facts ought not to readily be taken for granted. The state of things in England is sometimes referred to as an example on this point. But there the finalities of the collection of the land tax, is to be ascribed to the peculiar modifications of it, which proceeding without new assessment according to a fixed standard long since adjusted, totally disregards the comparative value of lands and the variations in their value. The consequence of this is an equality of palpable and extreme, as would be likely to be ill-defined by landholders of the United States. If in pursuit of greater equality, accurate periodical valuation or assessment were to afford a rule, it may well be doubted whether the expense of a land tax will not always exceed that of the kind of duties proposed.

The ingenuity, but ridiculous hypothesis, that all taxes on consumption, fall finally with accumulated weight on land, is now too generally and too satisfactorily exploded, to require to be combated here. It has become an acknowledged truth, that in the operation of these taxes, every species of capital and incumbrance contributes their proportion to the revenue; and consequently that as far as they can be made substitutes for taxes on lands, they serve to exempt them from an undue share of the public burden.

Among other substantial reasons, which recommend, as a provision for the public debt, duties upon articles of consumption, in preference to taxes on houses and lands, is this.—It is very desirable, if practicable, to reserve the latter for fees and occasions, which will more immediately interest the stability of the whole community, and more directly affect the public safety. It will be a consolatory reflection, that so capital a resource remains untouched by that provision, which while it will have a very material influence in favour of public credit, will be also conducive to the tranquillity of the public mind in respect to external danger, and will readily operate as a powerful guarantee of peace. In proportion as the estimation of resources is exalted in the eyes of foreign nations, the respect for us will increase; and this will beget a proportionate caution neither to insult nor injure us with levity. While on the contrary, the appearance of exhausted resources (which would perhaps be consequence of mortgaging the revenue to be derived from land, for the interest of the public debt,) might tend to invite both insult and injury, by inspiring an opinion, that our efforts to reform or repel them, were liable to be defeated.

It may not be unworthy of reflection, that while the idea of redressary rights, is so striking a particular, cannot fail to have many beneficial consequences; the suspension of taxes on real estate, cannot fail to be pleasing to the mass of the community; and it may reasonably be presumed, that so providers forwarde on the part of the government, will ensure a more cheerful acquiescence in that class of the community, immediately to be affected, whenever experience and the exigencies of conjecture shall dictate a resort to that species of revenue.

But so far, as he is liberty to perceive this salutary course, it is indispensable that an efficacious use should be made of those articles of consumption which are the most proper and the most productive, to which class distilled spirits very evidently belong: And a prudent energy will be requisite as well, in relation to the mode of collection, as to the quantity of the duty.

It needed scarcely be observed, that the duties on the great mass of imported articles, have, reached a point, which it would not be expedient to exceed.—There is, at least, satisfactory evidence, that they cannot be exceeded further without contravening the sense of the body of the merchants; and though it is to be admitted as a general rule, that this circumstance ought

to condone against the expediency of a public measure; yet when due regard is had to the disposition which that enlightened class of citizens has manifested towards the national government—to the anxiety with which they have hitherto seconded its operations: to the accommodating temper with which they look forward to those additional impositions on the objects of trade, which are to commence with the ensuing year; and to the greatness of the innovation, which, in this particular, has already taken place in the former state of things, there will be perceived, to exist the most solid reason against lightly raising the bounds which coincide with their impressions of what is reasonable and proper. It would be, in every view, suspicious to give occasion for a supposition, that trade alone is destined to feel the immediate weight of the hand of government, in every new emergency of the Treasury.

However true, as a general position, that the consumer pays the duty; yet it will not follow, that trade may not be effectually diverted and injured, by carrying duties on importation to a height which it disproporionate in the mercantile capital of a country. It may not only be the case of diverting too large a share of it from the exigencies of business; but, as the requisite advance to satisfy the duties will, in many, if not most cases, precede the receipt from the sale of the articles on which they are laid, the consequence will be

ten to twelve times which the merchant may incur.

The inconveniences of exceeding the proportion, in this respect, which will be felt every where, will be the advantage of public banks, and will also be the pecuniary resources. Appearances do not justify such an estimate of the extent of the mercantile exportation of the United States, as to encourage a disregard of the duties on the mass of foreign importation.

Another motive for caution on this point, arises from the reflection, that the effect of a important augmentation made by a law of the last session is, either a mere speculative calculation and has not even begun to be tried.

It is presumable, too, that a still further augmentation would have an influence, the reverse of favourable to the public credit. The operation would be regarded as an act of hostility—as a diminution of public credit, but involving an absolute diminution of revenue. The distrust of the efficacy of the present provision might also be accompanied with a doubt of a better substitute hereafter. The inference would not be unnatural, that a defect of other means, or an inability to command them, could alone have given birth to so unpromising an effort to draw all from one source.

A diversification of the nature of the funds is desirable on other accounts. It is clear that less dependence can be placed on one species of funds, and that less liable to the vicissitudes of the contingencies, or interposition of foreign interests, than upon a variety of different funds formed by the nature of internal with external objects.

The inference from these various and important considerations, seems to be, that to attempt to extract wholly out of imported articles, the sum necessary to a complete provision for the public debt, would probably be both deceptive and pernicious;—it is impossible with the interests, not less of revenue than of commerce; that resources of a different kind may be explored; and that a selection of the end for objects is the only thing which ought to occupy inquiry.

Besides the establishment of supplementary funds, it is requisite to the support of the public credit, that some shall stand ready to meet upon a footing which will give all reason, the assurance of their effectual collection.

Another article enumerated in the act making further provision for the payment of the debts of the United States, are two revenues and teas, in regard to which some other regulations than have yet been adopted seem necessary to secure the revenue, and durable in the accommodation of the merchant. It is best, if possible, to defer the payment of the duties on wines, to eighteen months; and it respects other wines, to nine months; and that they may be collected on a plan similar to that proposed in relation to distilled spirits.

And that a 3d option (two being allowed by the present law) be given to the importers of tea, which shall be, to give bond with surety for the amount of the duty in each case payable in two years, spares following terms:

The tea to be deposited at the expense and risk of the importer in those houses to be agreed upon between him and the proper officer of the revenue; each house having two locks, the key of one of which to be in the custody of the importer or his agent, and the key of the other of which to be in the custody of an officer, whose duty it shall be made to attend, at all reasonable times for the purpose of delivery.

These deliveries, whether for home sale, or for exportation to a foreign country, to be warranted by permits from the chief officer of inspection of the place.

If for home sale, the permits to be granted after the duties shall have been paid or secured to be paid.

When the amount of the duties shall not exceed one hundred dollars, four months to be allowed for payment. When it shall exceed one hundred dollars, and not exceed five hundred dollars, the term of payment to be eight months; twelve months whenever the amount shall exceed five hundred dollars. Provided, That the credit shall not be extended beyond the period of two years, originally allowed for the entire sum. If the duties on the whole quantity deposited shall have been paid, or secured to be paid, before the expiration of that time, it shall be lawful for the proper officer to cause a sale to be made of so much as shall be sufficient to discharge what shall remain unfinished, in every case, it shall be at the option of the party applying for the permit, either to pay the amount of the duties on the quantity to be delivered, or to give bond for it, with one or more sureties, to the satisfaction of the officer, whose province it shall be to grant the permits.

If the deliveries are to be made for exportation, the permits shall be granted upon bond being entered into to secure and ascertain the exportation. This may require some alteration of form, on the manner of proceeding, relatively to the exportation of this article. All fees to be landed under the care of the inspecting officer, the chief and other packages containing them to be marked, and certificates which shall accompany them to be grained as in the case of distilled spirits.

To these more direct expedients for the support of public credit, the institution of a National Bank, presents itself as a necessary auxiliary. This the Secretary regards as an indispensable engine in the administration of the finance. To prevent this important object in a more difficult and more comprehensive light, he has concluded to make it the subject of a separate report.

which he begs leave here with to submit, No. II.

All which is humbly submitted,

ALEXANDER HAMILTON,

Secretary of the Treasury.

Estimate of the probable product of the Funds proposed in the annexed Report.

	Dollars
4,000,000 gallons of distilled spirits imported from foreign countries, at 8Cents per gallon,	320,000
3,500,000 gallons of spirits distilled in the United States from foreign materials, at 14 cents per gallon,	385,000
3,000,000 gallons, distilled from materials of the United States, at 9 cents per gallon,	270,000
Total dollars, Deduct for draw back and expense of collection, 10 per cent.	975,000
Net product, Dollars.	877,500

PROCEEDINGS OF CONGRESS.

THIRD SESSION.—PHILADELPHIA.

HOUSE OF REPRESENTATIVES.

TUESDAY, December 26.

THE bill for determining how far the owners of vessels shall be liable to the freight of goods, was read a second time, and referred to a committee of the whole, and made the order of the day for Friday next.

A memorial and remonstrance of the public creditors of Burlington, Trenton and other places in the state of New Jersey, expressing their disapprobation of part of the act making provision for the support of public credit, and praying alterations thereto, was read and ordered to lie on the table.

Mr. Lee of the committee appointed, moved in a bill directing the mode of renewing the credits of the union of the United States, that may have been or may be due to him. And moved that the committee be directed to consider of the petition presented by William Robinson. The petition was withdrawn.

A bill to enable the collectors of the port of Philadelphia, to permit the landing of goods below the city, when the navigation is impeded by ice, was read, referred a committee of the whole, and made the order of the day for to-morrow.

Mr. Tucker, of the committee appointed to bring in a bill for the establishment of a national militia, for instructions, and wished to know on what principles the bill should be framed. To obtain the vote of the house on the most important point, viz. in what the power of determining who should compose the militia, should reside, he proposed the following resolution: "That the militia of the several States of the Union, as it should be enrolled by the States respectively, shall be organized, armed and disciplined as follows:

Non-resident lands formerly belonging to Shelburne, Lot No. 40, 41, & 72, owned by J. Barnard, 3 f. d. 9.

Lot No. 70, owned by Nathan Cattin, 3 f. d. 2.

Lot No. 63, owned by Col. E. Hinckle, 3 f. d. 1.

Lot No. 5, laid to Nathaniel Hawks, 3 f. d. 1.

Lot No. 6, laid to Thomas Childs, 3 f. d. 1.

Lot No. 6 laid to Thomas Well's ad heirs, 3 f. d. 1.

Lot No. 8 laid to Samuel Belding, 3 f. d. 1.

Lot No. 10 laid to J. Atherton's heirs, 3 f. d. 1.

Lot No. 12 laid to Samuel Hinckle, 3 f. d. 1.

Lot No. 24 laid to Joseph & Seth Childs, 3 f. d. 1.

Sept. 23 laid to Oliver Root, 3 f. d. 1.

Lot No. 24 laid to Abner Nim's heirs, 3 f. d. 1.

Lot No. 25 laid D. & A. Childs' heirs, 3 f. d. 1.

The following are taxes that were assed in the year 1778 & 1779, State, Town and Minister, consolidated into silver pieces, viz.

Lot No. 33 laid to Samuel Hinckle, 3 f. d. 3.

Lot No. 24 laid to Samuel Barnard, 3 f. d. 3.

Lot No. 50 laid to Mary Wells, 3 f. d. 1.

Lot No. 54 laid to J. Cattin, 3 f. d. 0.

At the life of France, Captain Crownfield saw a Madras paper of the 28th April last which contained the report of the Secretary of the Treasury on the subject of land offices, for the purpose of disposing of the lands to the west and south of the Ohio. The committee reported projects, and voted to lay it on the table for consideration to-morrow.

The house resolved itself into a committee of the whole, to take into further consideration the report of the Secretary of the Treasury on the subject of land offices, for the purpose of disposing of the lands to the west and south of the Ohio. The committee reported projects, and voted to lay it on the table for consideration to-morrow.

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