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NATIONAL INTELLIGENCER.

LETTER FROM THE
SECRETARY OF THE TREASURY,
Accompanying a REPORT, and sundry statements prepared in pursuance of the act supplementary to the act, intituled "an act to establish the Treasury Department."

TREASURY DEPARTMENT,
December 18th, 1801.

SIR,

I have the honor to enclose a report, prepared in obedience to the directions of the act, supplementary to the act intituled "an act to establish the Treasury Department."

I have the honor to be
Very respectfully,
Sir,
Your obedient servant,
ALBERT GALLATIN.

The honorable the Speaker of the House of Representatives.

REPORT.

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 and Estimates:

The permanent revenues of the U. States, according to the laws now in force, consist of—first. Duties on merchandise and tonnage 2d. Internal duties on stills and domestic distilled spirits, refined sugar, licences to retailers, sales at auction, and pleasurable carriages—3d. Proceeds of the sales of public lands—4th. Duties on Postage—5th, Dividends on shares in the Bank of the United States—6th. Incidental, arising from fees, fines and penalties, repayments in the treasury, and sales of public property, other than lands.

Duties on Merchandise and Tonnage

The receipts in the Treasury, arising from that source, have amounted, for the year ending on the 30th September, 1801, to dollars 10,126,213 93. If to this sum be added the drawbacks paid by collectors, on the exportation of domestic distilled spirits and refined sugar, which are a charge on the internal revenues, and that part of the additional duties laid in the year 1800, which did not operate during the year to which those receipts refer; the sum which would have been received, at the present rate of duties, cannot be estimated at less than 10,500,000 dollars. The amount of duties secured on the 30th September last, and falling due in the course of the year 1802, compared with that of preceding years, justifies an opinion, that, had the importations and exportations continued in the same proportion, those duties would have brought in the Treasury, during the year 1802, near eleven millions of dollars.

How far this branch of revenue may be affected by the restoration of Peace in Europe, is rather a subject of Speculative conjecture than of calculation: That it will be liable to sudden and considerable fluctuations, cannot be doubted; and for that reason a greater degree of correctness may be obtained, by forming an estimate for a number of years than for any one year.

The period, for which such an estimate should be made, being arbitrary so far as relates to the revenue; that of the eight years 1802—1809 is selected, principally in reference to the payments to be made on account of the public debt: the whole of the foreign debt being actually due within that term of years, and the eight per cent stock becoming redeemable the last year of the period.

The best data on which the estimate may be predicated, seem to be the actual consumption of imported articles, during former years, and the ratio of encrease of population, as ascertained by the census.

With a view to the first object, the statements A to H, have been abstracted from the records in the Treasury. They exhibit the value or quantities of imported articles, on which duties have been actually paid for each calendar year from 1790 to 1800, deducting from the gross amount imported each year, the value or quantities of articles re-exported during the same year, which were entitled to drawback.

Those statements do not, however, show correctly, principally for the last years, the actual annual amount of consumption, because, 1st. Exportations to a considerable, but not precisely ascertained amount, have taken place under such circumstances as did not entitle the articles exported to a drawback: and 2d, the amount of foreign articles remaining on hand at the close of the year 1800, was much greater in proportion to the respective population, than that on hand at the commencement of the year 1790. Those causes which affect to an inconsiderable degree the years, 1790 to 1792, and but partially those immediately succeding, would, however, render any deduction drawn from those documents, in relation to the years 1799 and 1800, altogether fallacious.

The preceding nine years may be divided into two distinct periods; the first, from the 1st day of January 1790, to the 31st day of December 1792, includes the three years which immediately preceded the European maritime war; the second includes the six first years of that war, viz. from the commencement of 1793, to the close of 1798.

In order to obtain a distinct view, for each of these two periods, of the annual average consumption of foreign articles, and of the annual average revenue which at the rate of the present duties, would have accrued thereon, the table [L.] has been prepared, which shews that the nett annual revenue, which, wold at the present rate of duties, have accrued during each of those two periods, amounts on an average, for the years 1790 to 1792, to 6,163,000 dollars: and for the years 1793 to 1798, to 8,350,000 dollars. These sums constitute not the receipts in the Treasury, but the revenue which would have accrued during the respective years to which they refer. The first may be considered as the revenue accruing during the year 1791; the last as that accruing during the year, ending 30th June 1796; and as on account of the credit given for the payment of duties, the revenue accruing during one year, constitutes nearly the receipts of the year ending nine months later, those two sums, and the receipts of the year ending on the 30th September 1801, as above stated, may, without material error, be considered as the receipts of three distinct years, four years and a half distant each from the other, viz.

	Dolls.
For the year ending 30th Sept. 1792,	6,163,000
For the year ending 30th March 1797,	8,350,000
For the year ending 30th September 1801,	10,500,000

The ratio of encrease during the whole period of nine years, exceeds seventy per cent. whilst that of population, during the same time was hardly more than thirty per cent.

The ratio of increase during the first period of four years and a half, is near 35 1-2 per cent, and during the last more than 25 1-2 per cent; whilst that of population, for each period, was only at the rate of 14 per cent. The greater ratio of increase during the first, than during the last period of four years and a half, is owing to the comparison, in the first, being between a period of European peace, and a period of European war, and in the last, between two periods of European war.

The ratio of increase of population, being ascertained by the census to be at the rate of 34 per cent. for ten years; if the encrease of consumption shall be supposed to be hereafter precisely the same as that of population, the annual receipts of the eight years, 1802—1809, may be estimated as nearly fifty per cent greater than those of the years 1790—1792, or at a sum of near 9,250,000 dollars, if that period be assumed as the basis on which to predicate the estimate. But if the calculation shall be grounded on the revenue of the years 1793—1798, the annual receipts of the years 1802—1809 should be estimated as about 30 1 2 per cent greater than those of that period, or at about 10,900,000, dollars.

It seems that those two respective sums may reasonably be considered as the two extremes, which the *average* annual receipts of the eight ensuing years will not exceed. The first calculation of 9,250,000 dollars appears to be below the probable result, since, being predicated on the consumption of the three years preceding the European maritime war, without any other addition than that resulting from the ascertained increase of population, it rests on the supposition, that the permanent wealth of the United States has not, during that war, encreased in any greater proportion than their population; and that the whole of the external commerce acquired during the same period, must necessarily be lost by the return of peace amongst foreign nations.

Although, therefore, it be presumable that the receipts of some of these years will, from temporary causes, fall below that sum, it is believed that, taking the whole period of eight years, the duties on merchandize and tonnage may safely be averaged at a sum not less than 9,500,000 dollars.

As a minute investigation of the several rates of duty now paid by the several species of foreign merchandize may, perhaps, suggest some advantageous modifications, a table of those rates is annexed to this report.

Without any view to an increase of revenue, but in order to guard as far as possible against the value of goods being underrated in the invoices, it would be eligible to lay specific duties on all such articles, now paying duties ad valorem, as may be susceptible of that alteration. Amongst such, the following have been suggested: Fruits and spices, pickled and dried fish, oil, glue, several species of drugs, watches, gun-powder and segars.

Legislative provisions seem necessary in order better to define the restrictions, under which the intercourse with the adjacent British and Spanish possessions shall be carried on, in conformity with treaties; under which the articles of the growth or manufacture of the United States may be imported free of duty by the way of New-Orleans, from the western parts of the union to the ports of the Atlantic states, and from these to the interior districts of collection on the Western Waters; and under which drawbacks shall be allowed on the exportation of foreign articles.

Permanent Internal Duties.

The annual statement prepared by the commissioner of the revenue, and which will be completed in a few days, precludes the necessity of exhibiting here all the details pertaining to this branch of revenue.

The statement [M] is an abstract of its amount for the year 1800, during which the duties on spirits and stills, refined sugars, licences to retailers, sales at auction, and pleasurable carriages, produced a nett sum of 576,898 dollars and 80 cents. The duties on stamps, which, as under the existing laws they will cease after the 4th day of March, 1803, are not included amongst the permanent revenues, amounted for the same year to 209,853 dollars and 32 cents; both together constitute an item of dollars 786,742 12-100ths.

The receipts in the Treasury from all the internal revenues, have amounted for the year ending on the 30th September, 1801, to 919,719 dollars and 16 cents: deducting from this sum, 65,000 dollars, being the estimated amount of drawbacks, paid during that year, out of the proceeds of the external revenues, on the exportation of domestic distilled spirits and refined sugar, leaves a nett sum of about 854,000 dollars, and an increase of near 70,000 dollars beyond the revenue of 1800.

The accounts of the last nine months being yet but partially rendered, it is not practicable to ascertain to what class of duties the encrease belongs, nor particularly to discriminate between the encrease of the revenue arising from stamps, and that of the permanent internal revenues. Yet it is believed that these, exclusively of the stamp duties, may safely be estimated, for the average of the years 1802—1809, at an annual sum not less than 650,000 dollars.

In order, however, to secure that amount, a revision of the system, so far as it relates to country stills, is essentially necessary. Whilst the owners of small distilleries, in some parts of the union, complain of the operation of a tax, raised on the capacity of their stills; that same regulation has enabled all those whose capitals are larger, and local situation more advantageous, especially in the middle states to reduce the actual duty on the quantity of spirits, distilled from grain, to about three cents per gallon.—But improvements have lately been introduced, which, by accelerating the process of distillation, will, according to the estimate of the commissioner of the revenue, reduce the duty on stills to about three-fifths of a cent per gallon of distilled spirits. The effect of these on the revenue has already been sensibly felt in one of the most productive districts of the United States; and, unless it shall be counteracted, either by restricting laws, or by an increase of the duty on the capacity of the stills, or by a change of the subject of taxation, a considerable defalcation must be expected.

Whatever mode may be adopted, it is respectfully submitted, whether the revenue may not be benefited, and just grounds of complaint removed by a repeal, or modification, of the clause which compels a yearly entry of stills in the month of June, under a penalty of 250 dollars; by a permission to persons who take short licences to continue distilling beyond the time limited in their licences, on paying a proportionate duty; and, by reducing into one act, all the laws in relation to duties on stills and domestic distilled spirits.

It will appear by the same statement, [M,] that whilst the expences of collection on merchandize and tonnage, which are defrayed out of the revenue, do not exceed 4 per cent; those on the permanent internal duties, amount to almost 20 per cent. This, however, is an inconvenience which, on account of the great number of individuals on whom the duties are raised, and of their dispersed situation throughout the whole extent of the United States, must, more or less attach to the system of internal taxation, so long as the wants of government shall not require any considerable extension, and the total amount of revenue shall remain inconsiderable.

Sales of Public Lands.

The only data on which to calculate the annual revenue, which may probably be derived for the ensuing 8 years, from those sales, are the quantity of land at the disposal of government, compared with the probable annual demand; and the actual sales, which have taken place since the several land offices have been opened.

The precise quantity cannot be ascertained, all the surveys not being yet completed, and the western boundary line of the Virginia reservation, from the head spring of the Little Miami, northward, being neither surveyed, nor even the principle on which its course must depend, determined by the terms of cession, accepted by Congress.

The estimate [N] may, however, be considered so far correct as to render it certain, that the quantity of public lands north west of the Ohio, within the Indian boundary line, and not yet disposed of, amounts to very near nine millions of acres.—A general map of those lands, including the Virginia reservation, and the grants to the Ohio company, and to John C. Symmes, which has been compiled from the survey of the Indian boundary line, and from the draughts returned to the Treasury Department, will be transmitted to Congress, and will more clearly explain their relative situation than could be done by any written description.

The statement [O] shows the actual sales which have taken place in the several land offices, to the 31st day of October last. By this it appears that 398,646 acres have been sold, for 834.887 dollars; of which sum 248,461 dollars have been paid, and 586,426 remain due; being payable under the law in installments, bearing interest from the date of sales, and which will become due in the years 1802—1805, in the proportions exhibited in the statement.

The quantity of land sold either at the public sales of the three land offices, of Marietta, Chilicothe and Cincinnati, or at private sale at Steubenville, when the land office was first opened, cannot afford any just data, on which to predicate an estimate of the probable annual sales, as these may be supposed to have been greater when the lands were first offered for sale than at subsequent periods.

Rejecting therefore the result of the whole of the public sales, and that of the first two months private sales at Steubenville; it appears that there have been sold at private sale 122,673 acres at Steubenville during a period of 14 months, ending the 31st day of October last; 64,205 acres at Chilicothe during a period of five months, ending on the same day; 42,656 acres at Cincinnati during a period of six months, ending on the same day; and 1,544 acres at Marietta during a period of sixteen months, ending on the same day; which gives in the whole a result of 345,000 acres, annual sales, in all the land offices. The reservations in the grants to the Ohio Company, and to J. C. Symmes, and in the townships formerly sold at New York; the surplus of the tract appropriated for military bounties, after the same shall have been satisfied; and a tract of near one million of acres, lying north of Symmes's patent, and contained between the Great Miami and the Virginia Reservation, are not embraced in this general result. The reservations and the military tract are not yet disposable by any existing law; and the tract lying between the Great Miami and the Virginia lands, has been only partially offered for sale, under the act of Congress giving a right of preemption to certain purchasers under John C. Symmes. The result of the operation of this act has not yet been ascertained; it is however known, that under it a number of tracts have been sold and some payments already made. The remainder of the tract will afterwards, according to law, be surveyed and offered for sale on the same terms as other lands.

Taking in consideration the probable sales in those several tracts, the total amount of annual sales might fairly be estimated at 400,000 acres, if the periods during which the land offices have been opened had been sufficiently long to form a safe basis for calculation. To estimate them at 250,000 acres a year, for the ensuing eight years, is equally justifiable by the actual sales, by the known usual demand, and by the quality and superior safety of title of the public lands.

The nominal price of those lands is two dollars per acre; but on account of the provisions which relate to interest and discount, they may be obtained, within a small fraction, at the rate of one dollar and eighty-four cents, if the whole purchase money is paid at the time of sale, and may bring in the treasury two dollars and twenty-seven cents per acre, if the purchaser shall avail himself of the terms of credit given by law.

If the proceeds of the whole sales shall be estimated only at the rate of 1 dollar and 84 cents per acre, it will allow 24 per cent for losses, on account of non-payments on the three last instalments; and after the year 1805, give on an annual sale of 250,000 acres, an annual income of 460,00 dollars; but, as on account of the credit given by law, the whole of this sum will not, till after the year 1805, be annually receivable in payment of lands sold after the 1st January next; whilst on the other hand the sums due for lands, sold before the end of this year will become payable during the four next ensuing years, it will be found, that, making the same deduction of 24 per cent for losses on the sums already due, the whole sum receivable for lands already sold or to be sold, during the eight years 1802—1809, will, for those eight years, on an average, amount annually to 400,000 dollars.

Some legislative provisions seem necessary to ascertain the western boundary of the Virginia lands, to define in what manner the seven first ranges of townships shall be subdivided into sections, without interfering with the claims of former purchasers; and perhaps, in relation to the lands claimed by purchasers under J. C. Symmes. But the most important object, in order to secure and improve this valuable branch of revenue, is to provide against the progress of intrusions on the public lands; and especially to devise some efficient and prompt mode of giving quiet possession to every person purchasing under the law.

Postage, Dividends on Bank Shares, Incidental.

The annual proceeds of the duties on postage may not be estimated at less than 50,000 dollars. The dividends on bank shares, at the rate of 8 per cent. dividend, amount to 70,040 dollars; but as the shares themselves may eventually be wanted, as a resource to meet certain contingent demands against the United States, those dividends, although constituting a part of the revenue, unless it shall be found necessary to sell the stock, and the incidental or temporary revenue, shall be omitted in this estimate of the permanent revenues.

These, therefore, are estimated in the whole, at 10,600,000 dollars, viz.

Duties on merchandize and tonnage,	9,500,000
Internal duties, stamps excepted,	650,000
Proceeds of the sales of public lands,	400,000
Duties on postage,	50,000

The other temporary resources of the United States, are:

1st. The proceeds of stamp duties for the 14 months from the 1st January, 1802, to the 4th March, 1803, which, under the existing law limit their continuance, dollars, 260,000.

2d. The balance due on the direct tax—The amount paid in the Treasury to the first instant, so far as the same can be ascertained, was 1,245,000 dollars, leaving an outstanding sum of 755,000 dollars; but as this last sum is chargeable with all the expences of collection, estimated, at the rate of 7 per cent. at 140,000 dollars, the real ba-