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WAYS AND MEANS.

On the 21st instant, Mr. Eppes, from the committee of Ways and Means, laid before the House the following documents, which were ordered to be printed.

January 8, 1810.

SIR, Having stated in your several reports that loans would constitute the principal resource of the U. States for defraying extraordinary expences, the committee of Ways and Means have instructed me to request, that you will report your opinion as to the more eligible mode of obtaining money by loan—keeping in view both the facility of borrowing sums commensurate with the exigencies of the U. States and the ultimate extinguishment of the debt contracted.

You have already given your opinion in favor of an increase of duties on importation. To what extent can this be carried with safety? Can any other resources except taxes and loans be relied on for immediate revenue?

I have the honor to be,

With respect,

Your most obedient,

JOHN W. EPPES.

ALBERT GALLATIN, Esq.
Secretary of the Treasury.

Treasury Department,
February 26th, 1810.

SIR, I have the honor to submit the following observations in answer to the several objects of enquiry embraced by your letter of the 8th ultimo. The amount of extraordinary expences which may be authorised by Congress being yet unascertained, it is not even at this time practicable to state with precision the sum which may be wanted on loan for the service of this year. And in relation to ensuing years, it would be premature to lay down any general rules respecting the most eligible mode of borrowing sums of money, commensurate with the exigencies of the U. States in case of war. It is therefore thought sufficient for the present to point out some of the most obvious means of effecting loans generally; leaving it a subject of subsequent consideration to decide according to existing circumstances on the most eligible mode, and on the arrangement of details.

The enquiries of the committee of ways and means apply to the three following points: 1st. What is the most eligible mode of obtaining money by loans, keeping in view both the facility of borrowing sums commensurate with the exigencies of the U. States, and the ultimate extinguishment of the debt contracted? 2dly. To what extent can an increase of duties on importation be carried with safety? 3dly. Can any other resources besides taxes and loans be relied on for immediate revenue?

Loans.

1st. The commissioners of the sinking fund will, out of the annual appropriation of eight millions of dollars for the payment of the debt, reimburse, in 1810, the residue of the exchanged six per cent. stock, amounting to 3,750,000 dollars, and in 1811, the whole of the converted six per cent. stock, amounting to 1,860,000 dollars. It is probable that the owners of those two species of stock would consent to re-loan the amount, provided it was irredeemable for a few years.

2dly. It has already been stated in the annual report of Nov. 5th, 1807, referred to in that of this year, "that the several banks of the U. S. might

find it convenient, as the diminished commerce of the country might require less capital, to loan to government a considerable portion of their capital stock, then computed at about forty millions of dollars." Such temporary loans can be obtained only to a limited amount; but they are convenient in two respects: 1st. They do not diminish the facility of obtaining other loans from individuals, inasmuch as they do not increase the amount of stock at market: 2dly. Being redeemable at will, and in any sums which may suit the convenience of government, interest is paid only as long as the money is wanted; and the extinguishment of the debt contracted is rendered more easy and certain.

3d. Loans may be obtained from individuals to an extent commensurate with the national capital, and limited by the existing demand for that capital for private purposes. The terms must vary according to circumstances, always giving the preference to the most simple form that can effect the object. A portion of the public lands may perhaps, if necessary, either as a premium or by giving an option to subscribers, be advantageously applied in facilitating loans or improving their terms.

4th. Treasury notes, bearing interest and payable to order, one year after date, may be annually issued to a moderate amount, and be put in circulation both through the medium of banks, and in payment of supplies. A portion would be absorbed during the year by the payment of public lands and revenue bonds, and the redemption of the residue be provided for by the loan of the ensuing year. This annual anticipation of the revenue, though liable to abuse, may, if kept within strict bounds, facilitate both the collection of the revenue and the loans themselves.

In relation to the extinguishment of the debt contracted, those who borrow can do nothing more than to provide and pledge funds sufficient for that object, and to give such a form to the debt as may not impede its redemption. To render it irredeemable for no longer time than is necessary, in order to obtain the money; to make it reimbursable by instalments at fixed periods; never to create, for the sake of diminishing the annual interest, a greater nominal amount of stock than the sum actually borrowed, and above all never to incur expences which are not actually necessary for the defence or welfare of the country, are principles essential for a nation which does not contemplate a system of perpetual and increasing debt. But for its actual reimbursement we must principally depend on the return of prosperous circumstances, on the growing resources of the country, and on the wisdom of our successors. The artificial provisions of a sinking fund may always be rendered inefficient by the necessities or extravagance of government. The real amount of a national debt cannot be diminished unless the aggregate of revenue including the funds assigned to the sinking fund, and exclusively of new loans, exceeds the aggregate of expenditures, other than those for the payment of the principal of the debt. Favorable circumstances, and a rigid economy in the current expences have enabled the U. S. to reimburse during the last eight years, one half of the debt created by the revolutionary war, and during some of the ensuing years. Similar circumstances, and an adherence to the same principles will be requisite to secure the actual reimbursement of the debt which it may now be necessary to contract. But that government will possess resources amply sufficient for that object, cannot be doubted. The proceeds of the public lands would alone, slowly perhaps, but certainly, extinguish a much greater debt than the U. S. have it now in their power to create. And it is sufficiently ascertained that the national wealth of the U. S. and therefore the means of raising revenue increase in a ratio still more rapid than their population, a population which almost doubles every twenty years.

Those considerations, connected with others stated at large in the annual reports of Nov. 1807 and Dec. 1808, have produced a conviction that loans

might without danger be resorted to as the principal resource for supporting a war. Permit me at the same time to observe, that the suggestion has been confined to that object alone, and that, excepting the case of war, either immediate or contemplated, it appears consistent with sound policy to raise during the year the means of defraying all the national expences, borrowing no larger sum than the amount of principal of old debt paid during the year. The propriety for providing, even in time of war, a revenue equal to the annual expences on a peace establishment, the interest of the existing debt, and that on the loans which may be raised, has also been suggested in former reports.

Increase of Duties.

On that subject, but little can be added to the opinions expressed on former occasions. I still think that this source of revenue is in the U. S. and at this time the most productive, the easiest to collect, the least burthensome to the great mass of the people; and that the duties on importation generally may, in case of war, be doubled without inconvenience or danger.

In time of peace, and particularly under existing circumstances, habits of smuggling might be promoted by so great an increase. But the precise rate which may with safety be adopted can only be a matter of opinion to be tested by experience. I would not hesitate however to mention an additional duty of five per cent on merchandize paying ad valorem duties, and an increase of 33 1-3 per cent on the existing duties on all other articles, as attended with very little danger, and preferable to any other new source of taxation. A renewal of the duty on salt, which produced six hundred thousand dollars a year, may be exceptional in other respects, but on account of the bulk of the article, is liable to no objection in the present view of the subject.

It was stated in the annual report of December last, that an increase of duties would not, on account of the terms of credit allowed for the payment of duties, supersede the necessity of a loan for the service of this year. The amount of that loan might of course be diminishing, if no credit, or a credit of only sixty days was allowed for the payment of the proposed additional duties.

Public Lands.

These constitute the only great national resource exclusively of loans and taxes. They have already been mentioned as furnishing a fund for the ultimate extinguishment of the public debt; and the possibility of their being used as a means of facilitating loans, has been suggested. A portion might also be usefully applied as a bounty to officers and soldiers whenever it may become necessary to raise a considerable force. But as an object of immediate revenue, I much doubt whether this can be materially increased without a radical change in the present system.

Not less than ten land offices are now in full operation, offering a great choice of good lands, situated in various climates, and suited to the habits of the citizens of every portion of the Union. They are sold at the rate of two dollars an acre, or rather at one dollar and sixty four cents, if paid for at the time of purchase, and in tracts of one hundred and sixty acres. As much is sold as there is actual demand for land in similar situations at that price. The sales are however almost exclusively confined to those who are or intend to become actual settlers, and all the money which can be raised by that description of purchasers is annually paid to the U. S. In order to increase immediately the amount of sales, a different capital from that which has heretofore been applied to that object, the capital of persons who will purchase for the purpose of selling again with a profit, must be brought into action.—But it is evident that no person will purchase lands at the present price as an object of speculation, whilst the United States continue to sell at the same price in small tracts. To effect the proposed object, it would be necessary not only to reduce the price, but to make a difference between that of

lands sold in large tracts, and that asked for small tracts, sufficient to encourage purchases on an extensive scale.—That alteration might produce an additional revenue, but appears to me extremely injurious in other respects.—The present system of sales has been tried, and answers the expectations of the Legislature. A gradual increase must, notwithstanding some temporary fluctuations, necessarily take place.—On that I would rely; nor would I venture to suggest any other change than that already proposed on a former occasion, a moderate and general reduction of prices, discontinuing at the same time all sales on credit, but continuing to sell at the same rate large or small tracts of land.

I have the honor to be,

Very respectfully,

Sir, your obedient servt.

ALBERT GALLATIN.

Hon. JOHN W. EPPES,
Chairman of the Committee of Ways and Means.

FROM THE EDINBURGH REVIEW.

"The Parliament of England is about to assemble once more; and the authors of our calamities cannot prevent their conduct from being at least brought before that illustrious tribunal. Hitherto they have not made any defence; nor have they hinted that they had any to make. They have admitted all their failures to be complete and fatal; they have confessed, that the opportunities which they have lost, will in all likelihood, never return. After a few wretched attempts to divide the blame among themselves, in shares different from those in which the country is disposed to apportion it, they have been compelled to allow that among themselves it must all be divided, and upon them alone must the responsibility rest. They have not dared to deny, that the prospects of the continent are become more dismal than ever; that its confidence in England is gone; that the map of Europe from Moscow to Paris and from Lapland to Calabria, offers to the eye only a collection of states aggrandized by her hostility, or ruined by the perilous bounty of her alliance. Abroad and at home, which way soever the eye can turn, our rulers have amply admitted, that our affairs are only not desperate, and have themselves come forward to declare, that the empire is reduced to a state of difficulty, from which there can be at least no precedent of its ever having escaped in former times. And after all these confessions, their only excuse, the only attempt they make to regain the confidence of the people, is to tell us, "that the king has reigned fifty years."—They have ruined our allies; they have brought us through slaughter and disgrace, loaded with ignominy, and weighed down with almost intolerable burdens—to the very brink of destruction:—"but the king is very old," and "he has reigned above a half a century."

"It now remains to be seen, whether that parliament, which stands in no need of reformation—which is a fair representation of England—which will be satisfied with this set off, and once more acquit the ministers of all blame for their recent mismanagement. Holding, in common with the parliament itself, the doctrine of its purity and of its sufficiency to save the state, we cannot anticipate such a decision.

"But if, unhappily, we should find ourselves mistaken; if, again, every measure and every minister, be covered over with its approbation, then we will venture to predict, not that the government is acquitted, but that the parliament stands condemned; and we shall be compelled to appear in the foremost rank of those who must acknowledge that they are convinced, and converted.—For it is needless to disguise the matter. A refusal to punish the authors of our misfortune can only mean one of two things—either that there has been no blame incurred, or that it is expedient to declare it, because such a resolution would drive

