

INDIANA PALLADIUM.

DEVOTED TO NEWS, POLITICS, INDUSTRY, MORALITY, LITERATURE, & AMUSEMENT.

VOL. VIII.]

LAWRENCEBURGH, (IA.) SATURDAY, MARCH 3, 1832.

[NO. 7.

Congressional.

REDUCTION OF THE TARIFF.

The following resolution, submitted by Mr. Clay, being the special order of the day, was taken up for consideration:

Resolved, That the existing duties upon articles imported from foreign countries, and not coming into competition with similar articles made or produced within the United States, ought to be forthwith abolished, except the duties upon wines and silks, and that those ought to be reduced. And that the committee on Finance be instructed to report a bill accordingly.

The resolution having been read, Mr. CLAY rose and addressed the Senate, in substance as follows.

I have a few observations, Mr. President, and only a few to submit to the Senate, on the measure now before you; in doing which, I have to ask all your indulgence. I feel but too sensibly and unaffectedly the effects of approaching age; and I have been, for some years, very little in the habit of addressing deliberate assemblies. I am told, that I have been the cause—the most unwilling cause, if I have been, of exciting expectations the evidence of which is around us. I regret it; for however the subject on which I am about to speak in other bands might be treated to gratify or to reward the presence and attention now given, in mine I have nothing but a plain, unvarnished and unambitious exposition to make.

It forms no part of my present purpose, said Mr. C. to enter into a consideration of the established policy of protection. Strong in the convictions, and deeply seated in the affections of a large majority of the people of the United States, it stands self vindicated in the general prosperity, in the rich fruits which it has scattered over the land, in the experience of all prosperous and powerful nations present and past, and now, in that of our own. Nor do I think it necessary to discuss that policy on this resolution. Other gentlemen may think differently, and choose to argue and assail it. If they do, I have no doubt that, in all parts of the Senate, members more competent than I am, will be ready to defend and support us. My object now is to limit myself to certain views and principles connected with the present financial condition of the country.

A consideration of the state of the public revenue has become necessary, in consequence of the near approach of the entire extinction of the public debt; and I concur with you, sir, in believing that no season could be more appropriate than the present session of Congress, to endeavor to make a satisfactory adjustment of the Tariff. The public debt chiefly rose out of the late war, justly denominated the second contest for National Independence. An act, commonly called the sinking fund act, was passed by Congress near fifteen years ago, providing for its reimbursement.

That act was prepared and proposed by a friend of yours and mine, whose premature death was not a loss merely to his native State, of which he was one of its brightest ornaments, but to the whole nation. No man with whom I ever had the honor to be associated in the legislative councils, combined more extensive and useful information, with more firmness of judgment and blandness of manner, than did the lamented Mr. Lowndes. And when in the prime of life, by the dispensation of an all wise Providence, he was taken from us, his country had reason to anticipate the greatest benefits from his wisdom and discretion. By that act an annual appropriation of ten millions was made toward the payment of the principal and interest of the public debt; and also any excess which might yearly be in the Treasury beyond two millions of dollars, which it was thought prudent to reserve for unforeseen exigencies.

But this system of regular and periodical application of public revenue to the payment of the public debt, would have been unavailing, if Congress had neglected to provide the necessary ways and means.—Congress did not, however, neglect the performance of that duty. By various acts, and more especially by the tariff of 1824—the abused tariff of 1824—The public coffers were amply replenished, and we have been enabled to reach our present proud eminence of financial prosperity. After Congress had thus abundantly provided funds and directed their systematical application, the duty remaining to be performed by the Executive was one simply ministerial. And no Executive and no Administration can justly claim for itself any other

merit in the discharge of the public debt, than that of a faithful execution of the laws. No other merit than that similar one to which it is entitled for directing a regular payment of what is due from time to time to the army and navy, or to the officers of the Civil Government for their salaries.

The operation of the sinking fund act commenced with the commencement of Mr. Monroe's Administration. During its continuance of 8 years, owing to the embarrassments of the Treasury, the ten millions were not regularly applied to the payment of the debt; and upon the termination of that administration, the Treasury stood largely in arrear to the sinking fund. During the subsequent Administration of four years, not only was the ten millions faithfully applied during each year, but those arrears were brought up and all previous deficiencies made good. So that when the present Administration began, a plain unencumbered and well defined path lay before it. Under the measures which have been devised in the short term of fifteen years, the Government has paid nearly one hundred millions of principal and about an equal sum of the interest, leaving the small remnant of twenty-four millions.

Of that remnant, thirteen millions consist of the 3 per cent. stock, created by the act of 1790, which the Government does not stand bound to redeem at any prescribed time but which it may discharge whenever it suits its own convenience; and when it is discharged, it must be done by the payment of dollar for dollar. I cannot think and I should suppose, Congress can hardly believe, with the Secretary of the Treasury, that it would be wise to pay off a stock of thirteen millions, entitling its holders to but three per cent. with a capital of thirteen millions, worth an interest of six per cent. In other words, to take from the pockets of the people two dollars to pay one into the hands of the stockholder.

The moral value of the payment of national debt, consists in the demonstration which it affords of the ability of a country to meet, and its integrity in fulfilling all its engagements. That the resources of this country, increasing as it constantly is in population and wealth, are abundantly sufficient to meet any debt which it may ever prudently contract, cannot be doubted. And its punctuality and probity, from the period of the assumption in 1790, of the debt of the revolution, down to the present time, rest upon a solid and incontestable foundation. The danger, perhaps, is not that it will not fairly meet its engagements, but that, from an inordinate avidity, arising from temporary causes, it may bring discredit upon itself by improvident arrangements, which no prudent man, in the management of his private affairs, would ever think of adopting.

Of the residue of that twenty four millions of debt, after deducting the thirteen millions of three per cent., less than two millions are due, and of right payable, within the present year. To that sum be added the moiety, which becomes due on the 31st of Dec. next, of \$4,454,727, created by the act of 26th May, 1824, we have but a sum of about four millions, which the public creditor can lawfully demand, or which the Government is bound to pay in the course of this year. If more is paid, it can only be done by anticipating the periods of its payment, and going into the public market to purchase the stock. Can it be doubted that if you do so, the vigilant holder of the stock, taking advantage of your anxiety, will demand a greater price than its value? Already we perceive that three per cents. have risen to the extraordinary height of 26 per cent. The difference between a payment of the inconsiderable portion remaining of the public debt in one, two, or three years, is certainly not so important as to justify a resort to highly disadvantageous terms.

Whoever may be entitled to the credit of the payment of the public debt, I congratulate you, sir, and the country, most cordially that, it is so near at hand. It is so near being totally extinguished, that we may now safely inquire whether, without prejudice to any established policy, we may not relieve the consumption of the country by the repeal or reduction of duties, and curtail considerably the public revenue. In making this inquiry, the first question which presents itself, is whether it is expedient to preserve the existing duties in order to accumulate a surplus in the Treasury for the purpose of subsequent

distribution among the several States? I think not. If the collection, for the purpose of such a surplus, is to be made from the pockets of one portion of the people, to be ultimately returned to the same pockets, the process would be attended with the certain loss arising from the charges, collection, and with the loss, also, of interest whilst the money is performing the unnecessary circuit; and it would therefore be unwise. It is to be collected from one portion of the people and given to another it would be unjust. If it is to be given to the States, in their corporate capacity, to be used by them in their public expenditure, I know of no principle in the Constitution which authorizes the Federal Government to become such a collector for the States, nor of any principle of safety or propriety which admits of the States becoming such recipients of gratuity from the General Government.

The public revenue, then, should be regulated and adapted to the proper service of the General Government. It should be ample: for a deficit in the public income, always to be deprecated, is sometimes attended, as we well know from his story, and from what has happened in our own time, with fatal consequences. In a country so rapidly growing as this is, with such diversified interests, new wants, and unexpected calls upon the public treasury, must frequently occur. Take some examples from this session.

The State of Virginia has presented a claim for an amount but little short of a million, which she presses with an earnestness demonstrating her conviction of its justice. The State of South Carolina has also a claim for no inconsiderable sum, being upwards of \$100,000, which she urges with equal earnestness. The gentleman from Pennsylvania (Mr. Wilkins) has brought forward a claim arising, out of French spoliations, previous to the Convention of 1800, which is perhaps not short of

five millions, and to some extent, I have no doubt it has a just foundation. In any provision of a public revenue, Congress ought so to fix it as to admit of the payment of honest and proper demands which its justice cannot reject or evade.

I hope too that either in the adjustment of the public revenue, or, what would be preferable, in the appropriation of the process of the public lands, effectual and permanent provision will be made for such Internal Improvements as may be sanctioned by congress. This is due the American People, and emphatically due to the Western People. Sir, temporary cause may exact a reluctant acquiescence from the People of the West, in the suspension of appropriations to objects of internal improvement, but as certain as you preside in that Chair, or as the Sun performs its diurnal revolution, they will not be satisfied with an abandonment of the policy. They will come here and tell you, not in a tone of menace or supplication, but in the language of conscious right, that they must share with you in the benefits, as they divide with you the burthens and the perils of a common government. They will say that they have no direct interest in the expenditures for the Navy, the Fortifications, nor even the Army, those greatest absorbers of the public treasury. That they are not indifferent, indeed, to the safety and prosperity of any part of our common country. On the contrary, that every portion of the Republic is indirectly, at least, interested in the welfare of the whole, and that they sympathize in the distress, and rejoice in the happiness of the most distant quarter of the Union. And to demonstrate that they are not careless or indifferent to interests not directly their own, they may triumphantly and proudly appeal to the gallant part which they bore in the late war, and point to the bloody fields on which some of their most patriotic sons nobly fell fighting in the common cause.—But they will also say that these fraternal and just sentiments ought to be reciprocated by their Atlantic brethren. That these ought not to be indifferent to the welfare and of the West, and that they have the same collateral or indirect interest in its success and advancement that the West has in theirs. That it does not ask internal improvements to be exclusively confined to itself, but that it may receive, in common with the rest of the Union, a practical benefit in the only form compatible with its interior condition.

The appropriation of the proceeds of

the public lands, or a considerable portion of them, to that object, would be a most natural and suitable disposition. And I do hope, sir, that that great resource will be cherished and dedicated to some national purpose worthy of the Republic.

Utterly opposed as I trust, Congress will shew itself to be, to all the mad and wild schemes—and to that latest, maddest and wildest of all, recommended by the Secretary of the Treasury—for squandering the public domain, I hope it will be preserved for the present generation and for posterity, as it has been received from our ancestors, a rich and bountiful inheritance. In these halcyon days of peace and plenty, and an overflowing treasury, we appear to embarrass ourselves in devising visionary schemes for casting away the bounty with which the goodness of Providence has blessed us.—But, sir, the storm of war will come, when we know not; the day of trial and difficulty will assuredly come, and now is the time, by a prudent forecast, to husband our resources, and this, the greatest of them all. Let them not be hoarded and hugged with a miser's embrace, but liberally used. Let the public lands be administered in a generous spirit and especially towards the States within which they are situated. Let the proceeds of the sales of the public lands be applied in seasons of peace, to some great objects; and when war does come, by suspending that application of them, during its continuance, you will be at once put in possession of means for its vigorous prosecution. More than twenty-five years ago, when first I took a seat in this body, I was told, by the fathers of the Government, that, if we had any thing perfect in our institutions, it was the system for disposing of the public lands, and I was cautioned against rash innovations in it. Subsequent experience fully satisfied me of the wisdom of their counsels, and that all vital changes in it ought to be resisted.

Although it may be impracticable to say what the exact amount of the public revenue should be in future, and what would be the precise produce of any given system of imposts, we may safely assume, that the revenue may now be reduced, and considerably reduced. This reduction may be effected in various ways, and on different principles. Only three modes shall now be noticed.

1st. To reduce duties on all articles, in the same ratio, without regard to the principle of protection.

2d. To retain them on unprotected articles, and augment them on the protected articles.

And, 3d. Abolish and reduce the duties on unprotected articles, retaining and enforcing the faithful collection of those on the protected articles.

To the first mode there are insuperable objections. It would lead inevitably to the destruction of our home manufactures. It would establish a sort of bed Procrustes, by which the duties on all articles should be blindly measured, without respect to their nature or the extent of their consumption. And it would be derogatory from every principle of theory or practice on which the Government has hitherto proceeded.

The second would be still more objectionable to the foes of the Tariff than either of the others. But it cannot be controverted that, by augmenting considerably the duties on the protected class, so as to carry them to the point, or near to the confines of absolute prohibition, the subject in view, of effecting the necessary reduction of the public revenue, may be accomplished without touching the duties on the unprotected class. The consequence of such an augmentation would be a great diminution in the importation of the foreign article, and of course in the duties upon it. But against entire prohibition, except perhaps in a few instances, I have been always, and still am opposed. By leaving the door open to the foreign rival article, the benefit is secured of a salutary competition. If it be hermetically closed, the danger is incurred of monopoly.

The third mode is the most equitable and reasonable, and it presents an undebatable ground, on which I had hoped we could all safely tread, without difficulty. It exacts no sacrifice of principle from the opponents of the American System; it comprehends more on the part of its friends. The measure before you embraces this mode. It is simple, and free from all complexity. It divides the whole subject of imposts according to its nature. It settles at

once what ought not to be disputed, and leaves to be settled hereafter, if necessary, what may be controverted.

A certain part of the South has hitherto complained that it pays a disproportionate amount of the imposts. If the complaint be well founded, by the adoption of this measure it will be relieved at once, as will be hereafter shown, from at least a fourth of its burdens. The measure is in conformity with the uniform practice of the Government, from its commencement, and with the professions of all the eminent politicians of the South, until of late. It assumes the right of the Government, in the assessment of duties, to discriminate between those articles which sound policy requires it to foster, and those which it need not encourage. This has been the invariable principle, on which the Government has proceeded, from the act of Congress of the 4th of July, 1789, down to the present time. And has it not been admitted by almost every prominent Southern politician? Has it not been even acknowledged by the fathers of the Free trade Church, in their late address, promulgated, from Philadelphia, to the people of the United States? If we never had a system of foreign imposts, and were now called upon, for the first time, to originate one, should we not discriminate between the objects of our own industry, and those produced by foreigners? And is there any difference in its application, between the modification of an existing system and the origination of a new one? If the gentlemen of the South, opposed to the Tariff were to obtain complete possession of the powers of Government, would they hazard their exercise upon any other principle? If it be said that some of the articles which would, by this measure, be liberated from duties, are luxuries, the remark is equally true of some of the articles remaining subject to duties. In the present advanced stage of comfort and civilization, it is not easy to draw the line between luxuries and necessities. It will be difficult to convince the people that beehive tea is a luxury, and the article of fine broad cloths is a necessary of life.

In stating that the duties on the protected ought to be retained, it has been far from my wish to preclude inquiry into their adequacy or propriety. If it can be shown that, in any instance, they are excessive or disproportionately burdensome on any section of the Union, for one I am ready to vote for their reduction. The system contemplates an adequate protection; beyond that it is not necessary to go. Short of that, its operation will be injurious to all parties.

The people of this country, or a large majority of them, expect that the system will be preserved. And its abandonment would produce general surprise, spread desolation over the land, occasion as great a shock as a declaration of war forthwith against the most powerful nation of Europe.

But if the system be preserved, it ought to be honestly, fairly, and faithfully enforced. That there do exist the most scandalous violations of it, and the grossest frauds upon the revenue, in regard to some of the most important articles, cannot be doubted. As to iron, objects really belonging to one denomination, to which a higher duty is attached, are imported under another name, to which a lower duty is assigned, and the law thus evaded. False invoices are made as to woollens, and the classification into minimums is constantly evaded. The success of the American manufacture of cotton bagging has been such that, by furnishing a better and cheaper article, the bagging of Inverness and Dundee has been almost excluded from the consumption of the States bordering on the Mississippi and its tributaries. There has not yet been sufficient time to fabricate and transport the article in necessary quantities from the Western States to the Southern Atlantic States, which therefore have been almost exclusively supplied from the Scottish manufactory. The payment of the duty is evaded by the introduction of the foreign fabric, under the name of burlap, or some other mercantile phrase, and instead of paying five cents the square yard, it is entered with a duty of only fifteen per cent. ad valorem. That this practice prevails, is demonstrated by the Treasury report of the duties accruing on cotton bagging for the years 1828, 1829, and 1830. During the first year the amount was \$127,505, the second

[Continued on last page.]