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From the National Intelligencer.

SPEECH OF MR. CLAY,

On the Modification of the Tariff,

SENATE, January 11.

The Senate went into consideration of the following resolution, offered by Mr. Clay, on Wednesday last:

Resolved, That the existing duties upon articles inported 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 on Wines and Silks, and that they ought to be reduced; and

That the Committee on Finance be instructed to report a bill accordingly.

Mr CLAY rose and addressed the Senate substantially as follows:

I have a few observations Mr. President, & 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 am getting old: 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 deliberative 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 o which I am to speak, in other hands might be treated to gratify or 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 may 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 it - My object now is to limit myself to a presentation of 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; & 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 adjustmen of the Tariff The public debt chiefly arose out 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 of dollars was made towards 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 unforseen 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 & 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 eight 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 the previous deficiencies made good. So, that, when the present Administration began, a plain, unincumbered and well defined path lay directly 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 interest, leaving the small remnant behind of twenty four millions.

Of that remnant, thirteen millions consist of the three 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, in the hands of the stockholder.

The moral value of the payment of a 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 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 ould ever think of adopting.

Of the residue of the 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 December next, of the $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 ou 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 the three per cents. have risen to the extraordinary height of 96 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 enquire 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 enquiry the first question which presents itself is, hether 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 of collection, and with the loss also of interest whilst the money is performing the unnecessary circuit; and it would therefore be unwise. If 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 authorises 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 know well from history 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 and new wants 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 $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. *I*n 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 proceeds of the public lands, effectual and permanent provision will be made for such internal improvements as may be sanctioned by Congress.— This is due to the American People, and emphatically due to the western people. Sir, temporary causes 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 absorbents of the public treasure. 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 ever sympathise in the distresses 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 of the west, and that they have the same collateral or indirect interests 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 rational purpose worthy of the Republic. Utterly opposed, as I trust, Congress will show itself to be to all the mad & wild schemes —and to that latest, but 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 bounties 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 to a season of peace to some great object, and when war does come by suspending that application of them, during the 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, & that all vital changes in it ought to be resisted.

Although it may be impractical to say what the exact amount of the public revenue should be, for the 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.

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

And 3d. To 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 of 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 object 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, & reasonable & it presents an undebateable ground, on which I had hoped we could all safely tread, without difficulty. It exacts no sacrifice of principle from the opponent of the American System, it compehends none on the part of its friends. The measure before you embraces this mode. It is simple, & 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 burthens. 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, till 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 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 organization 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 necessaries. It will be difficult to make the people believe that bohea tea is a luxury, and that the article of fine broad cloths is not a necessary of life.

In stating that the duties on the protected class 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 burthensome on any section of the Union, for one *I* am ready to vote for their reduction or modification. 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, and 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 public revenue, in regard to some of the most important articles; cannot be doubted. As to iron, objects really belong 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 eluded. The success of the American Manufacture of cotton bagging has been such as 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 manufactories. The payment of the duty is evaded by the introduction of the foreign fabric, under the name of burlaps, 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 $137,506, the second $106,068 and the third it sunk down to $14,141!

The time has arrived when the inquiry ought to be seriously made, whether it be not practicable to arrest this illegitimate course of trade, and secure the faithful execution of the laws. No time could be more suitable than that which it is contemplated to make a great reduction of the public revenue. Two radical changes have presented themselves to my mind, and which I will now suggest for consideration and investigation On such a subject, I would, however, seek from the mercantile community and practical men, all the light which they are so capable of affording, and should be reluctant to act on my own convictions, however strong.

The first is to make a total change in the place of valuation. Now the valuation is made in foreign countries We fix the duties, and we leave to foreigners to assess the value on articles paying ad valorem duties. That is, we prescribe the rule, and leave its execution to the foreigner. This is an anomaly, I believe, peculiar to this country. It is evident that the amount of duty payable on a given article subject to an ad valorem duty, may be effected as much by the fixation of the value, as by the specification of the duty. And, for all practical purposes, it would be just as safe to retain to ourselves the ascertainment of the value, and leave to the foreigner to prescribe the duty, as it is to reserve to ourselves the right to declare the duty and allow to him the privilege to assess the value.

The effect of this vicious condition of the law has been to throw almost the whole import trade of the country, as to some important articles, into the hands or the foreigner. I have been informed that seven-eights of the importation of woollens into the port of New York, where more is received than in all the other ports of the United States together, are in his hands. This has not proceeded from any want of enterprize, intelligence, or capital, on the part of the American merchant; for, in these particulars, he is surpassed by the merchants of no country. It has resulted from his probity, his character, and his respect to the laws and institutions of his country—a respect which does not influence the foreigner. I am aware that it is made by law the duty of the appraiser to ascertain the value of the goods in certain cases. But what is his chief guide? It is the foreign invoice, made by whom he knows not, certainly by no person responsible to our laws And, if its fairness be contested, they will bring you cartloads of certificates and affidavits from unknown persons to verify its exactness, and the first cost of the article.

Now sir, it seems to me that this is a state of things to which we should promptly apply an efficacious remedy, and no other appears to me but that of taking into our own hands both parts of the operation, the ascertainment of the value as well as the duty to be paid on the goods. If it be said that we might have, in different ports, different rules, the answer is, that there could be no diversity greater than that to which we are liable from the fact of the valuation being now made in all the ports of foreign countries from which we make our importations.— And that it is better to have the valuations made by persons responsible to our own Government and regulated by one head, than by unknown foreigners, standing under no responsibility whatever to us

The other change to which I allude, is to reduce the credits allowed for the payment of duties, and to render them uniform. It would be better, if not injurious to commerce, to abolish them altogether. Now we have various periods of credit, graduated according to the distance of the foreign port, and the nature of the trade. These credits operate as so much capital on which the foreign merchant can sometimes make several adventures before the arrival of the day of payment. There is no reciprocal advantage afforded to the American merchant, *I* believe, in any foreign port. As we shall probably abolish or reduce greatly the duties on all articles imported from beyond the Cape of Good Hope, on which the longest credits are allowed, the moment would seem to be propitious for restricting the other credits in such manner, that whilst they afforded a reasonable facility to the merchant, they should not supply the foreigner, at the instance of the public, with capital for his mercantile operations. If the laws can be strictly enforced, and some such alterations as have been suggested, can be carried into effect, it is quite probable that a satisfactory reduction may be made of the duties upon some of the articles falling within the system of protection. And, without impairing its principle, other modes of relief may possibly be devised to some of those interests upon which it is supposed to press most heavily. There remains one view to present to the Senate in respect to the amount of reduction of the revenue which will be produced by the proposed measure if adopted, and its influence upon the payment of the public debt within the time suggested by the Secretary of the Treasury. The estimate which *I* have made of that amount is founded upon Treasury returns prior to the late reduction of duties on tea, coffee, and cocoa. Supposing the duties on wines and silks to be reduced as low as I think they may be, the total amount of revenue with which the proposed measure will dispense will be about $7,000,000. The Secretary of the Treasury estimates the receipts of the present year from all sources at $30,100,000, and he supposes those of the next year will be of an equal amount. He acknowledges that the past year has been one of extraordinary commercial activity; but on what principles does he anticipate that the present will also be? The history of our commerce demonstrates that it alternates, and that a year of intemperate speculation is usually followed by one of more guarded importation. That the importations of the past year have been excessive, *I* believe is generally confessed, and is demonstrated by two unerring facts. The first is, that the imports have exceeded the exports by about seventeen millions of dollars.

Whatever may be the qualifications to which the theory of the balance of trade may be liable, it may be safely affirmed, that when the aggregate of the importations from all foreign countries exceeds the aggregate of the exportations to all foreign countries considerably, the unfavourable balance must be made up by a remittance of the precious metals to some extent. Accordingly we find the existence of the other fact to which I allude, the high price of bills of exchange on England. It is, therefore, fairly to be anticipated that the duties accruing this year will be less in amount than those of the past year.— And I think it would be unwise to rely upon our present information as to the income of either of these two years as furnishing a safe guide for the future The years 1829 and 1830 will supply a surer criterion. There is a remarkable coincidence in the amount of the receipts into the Treasury during those two years it having been, the first, from all sources, $24 827,627 38, and the second, $24,844,116 51, differing only about $17,000

The mode recommended by the Secretary for the modification of the Tariff, is to reduce no part of the duties on the unprotected articles, prior to March 1833, and then to retain a considerable Portion of them. And as to the protected class, he would make a gradual but prospective reduction of the duties. The effect of this would be to destroy the protecting system by a slow but certain poison. The object being to reduce the revenue, every descending degree in the scale of his plan of gradual reduction, by letting in more of the foreign article to displace the domestic rival fabric, would increase the revenue and beget a necessity for further and future reduction of duties until they would be carried so low as to end in the entire subversion of the system of protection,

For the reasons which have been assigned, it would, I think, be unwise in Congress at this time, to assume, for the future, that there would be a greater amount of nett annual revenue, from all sources, including the public lands, than $25,000,000. Deducting from that sum the amount of seven millions which it has been supposed ought to be subtracted, if the resolution before you should be adopted, there would remain $18,000,000 as the probable revenue of future years. This includes the sum of three millions estimated as the future annual receipt from the sale of the public lands—an estimate which I believe will be demonstrated by experience to be much too large.

If a reduction so large as seven millions be made at this session, and if the necessary measures be also adopted to detect and punish frauds, and ensure a faithful execution of the laws, we may safely make a temporary pause, and await the developement of the effect upon the revenue of these arrangements. That the authority of the laws should be vindicated, all ought to agree. Now, the fraudulent importer after an exposure of his fraud, by a most strange Treasury construction of the law, (made I understand however, not by the present Secretary) eludes all punishment, and is only required to pay those very duties which he was originally bound for, but which he dishonestly sought to evade. Other measures, with a view to a further reduction of the revenue, may be adopted In some instances, there might be an augmentation of duties for the purpose. I will mention the article of foreign distilled spirits. In no other country upon earth is there so much of the foreign article imported as in this The duties ought to be doubled, and the revenue thereby further reduced from $600,000 to a million. The public morals, the grain growing country, the fruit raising, and the cane planting country, would be all benefitted by rendering the duty prohibitory I have not proposed the measure, because it perhaps, ought to originate in the other House.

That the measure I have proposed may be adopted without interfering with the plan of the Secretary of the Treasury for the payment of the public debt, by the 4th of March next, I will now proceed to show. The Secretary estimates that the receipts of the present year, after meeting all other just engagements, will leave a surplus of fourteen millions applicable to the payment of the principal of the debt. With this sum, eight millions which he proposes to derive from the sale of the Bank stock, and two millions which he would anticipate from the revenue of next year, he suggests that the whole of the debt remaining may be discharged by the time indicated The fourteen millions, I understand, (although on this subject the report is not perfectly explicit) are receipts anticipated that year from duties which accrued last year. If this be the Secretary's meaning, it is evident that he wants no part of the duties which may accrue during the current year to execute his plan. But if his meaning be, that the fourteen millions will be composed in part of duties accruing and payable within the present year, then the measure pro-

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