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REPORT

Of the Committee on Manufactures.

HOUSE OF REPRESENTATIVES, May 23.

[CONTINUED.]

If we compare the picture of national prosperity presented in the Message of the President of the United States at the commencement of the session with the representations of the condition of the country exhibited by those who are calling upon Congress to break down the protective system of policy, under which that prosperity has been and is enjoyed, what must be our conclusions?

While the chief Magistrate of the Union announces to the Representatives of the People and of the States, assembled from every quarter of this extensive country, announces through them to the people over whom he presides, and to the whole world of mankind, that the agriculture, the commerce, the navigation, the mechanic arts, the liberal siences, the manufactures that, in short, every great interest of which the national well-being is composed, are in a state of increasing and unexampled prosperity; while from every quarter of the land a responsive voice is heard, from the very People whose happiness it described, declaring it to be just and true that such is their condition, that such is their prosperity—while this exposition of human felicity in its most palmy state upon earth, is sounding its glories to the shores beyond the Atlantic, and returning to us in echoes of wonder and admiration are we to believe that all this is the delusion of a heated imagination? Are we to believe—a sense of decorum due to the station whence that portraiture of national glory and enjoyment emanated forbids us from stating the only other alternative upon which great and essential error could be attributed to that survey of our national condition—out are we to believe, that it was false and hollow—totally unfounded in fact—belied by the actual and notorious existence of reality?

Even so—So we must believe, or we must withhold our assent from the representations of those who are now urging us with a vehemence and eagerness unsparing even of menaces to the existence of the Union itself, to seize the occasion offered us by this unexampled state of prosperity, to cast off a considerable portion of that burden of taxation which we have found so light, to avail ourselves of this happy moment to break down the fundamental system of policy from which that very prosperity had risen—the System protective of domestic industry

From the first establishment of the Government of the United States, the payment of debts and the protection of manufactures have been primory objects of the action of Congress.—These two objects have been unitedly pursued but they were in their nature totally distinct from each other All the duties hitherto levied upon the People by the legislation of Congress have been to pay the debts, and provide for the common defence and general welfare. The time is at hand when there will be no further occasion for levying moneys to pay the debts of the Union, for there will be no debts to pay. But the obligation incumbent upon Congress to provide for the common defence and the general welfare, will not cease by the extinguishment of the debt. On the contrary it will bear upon them with accumulated weight The payment of the debt has reference to the past—the common defence to the future. We have disincumbered the inheritance received from our fathers of the burdens which their necessities had imposed upon it. We are now to discharge the debt due from us to our posterity, by improving the condition of the estate we are to transmit to them. The improvement of the condition of the whole community is the first object of human association in civil society It is for this that 'Governments are instituted among men." It is the first of moral obligations which attaches itself to the institution of Government. It is the purpose for which intellectual power was given to man by his Maker; and were it possible to conceive of an aggregation of men, who, in the very compact by which they should unite themselves together, should deny to themselves the exercise of the faculties by which alone their condition could be improved, we should see a society founded upon the violation of the first law of nature—a social compact of barbarism—a community of self-degredation, abdicating the distinctive glory of the species, the capability of self improvement, and exhibiting the inconceivable spectacle of a corporate body formed of individuals eager in the pursuit of their own improvement, dooming themselves in their social capacity to the stationary condition of the brute creation.

The People of the United States have not so constituted themselves. Inhabiting a territory of vast extent, and existing already at the period of their national Union in distinct communities, with considerable diversities of municipal legislation, they adopted a Government of complicated machinery but formed of simple and homogeneous principles to form a more perfect union to establish justice, to insure domestic tranquility, to provide for the common defence, to promote the general welfare, and to secure the blessing of liberty to themselves and to their posterity. Is there one of these objects but includes, in its very conception, the power and the purpose of self-improvement, external and internal, for the future and for the past—for after ages as well as for the present time?

We are so far from considering the extinction of the public debt as presenting an occasion for casting off that portion of the burden of taxation which is devoted to the common defence, that the Committee do not hesitate to declare their belief, that it is the duty of Congress to retain a portion of the revenues, which have been applied hitherto to the discharge of the debt, for the purpose of enlarging the appropriations for the objects of internal improvement, already recognized as objects of great national importance. Relieved entirely from the burden of the debt, it would neither be a wise nor a salutary policy to relax into languor and inactivity the energies which have been exercised for the accomplishment of that end. It cannot be doubted that the whole amount of the annual appropriation, which, from the close of the late war with Great Britain, has been applied to the gradual extinction of the debt, might, with the greatest advantage to the nation for an equal number of years to come, be applied to those great works to which the sanction of Congress has already been given, & to others already suggested, and equally entitled to engage the attention and to occupy the resources of the country. This however, they neither recommend nor deem expedient. They recommend a remission of exising duties, equivalent to little less than the yearly ten millions of the sinking fund; but they would deem it great improvidence to give up at once taxes to that whole amount.

The experience of our own history has amply confirmed that maxim of political wisdom, which relies upon preparation for war as the most effective security for the continuance of the blessings of peace. The situation of the European world, and especially of those portions of it with which our relations are the most extensive, and the most liable to be affected by changes of policy among themselves, admonish us to beware of hazarding our own peace by our own inefficiency. A revenue founded almost entirely upon imposts vanishes at the first sound of war. A large annual reservation of the revenues raised by taxation, for the purposes of defensive preparation and of national improvement, may, beyond all question, be applied in promoting the safety, the comfort and well being of the whole community, during the continuance of peace, and serve at the same time as a fund of reserve, at all times susceptible, on a sudden and unexpected emergency, of being converted to a fund of more direct and immediate common defence, at the approach of war.

It is a short sighted policy, forgetful of all the lessons of human experience, which sees in profound peace a motive for a nation to slumber, in the security that the approach of war will be slow and long foreseen. The revolutions, now in progress among the principal nations of Europe, have one aspect in which it may be prudent for the People of the United States to contemplate them, at once with deliberation and composure. *It* is impossible not to perceive, in those revolutions, the agonizing struggles of human rights against ancient and abusive human institutions. While that struggle continues, all our warmest sympathies have been, are, and will be, on the side of the energies exercised for the recovery of rights.

We wish, we hope, and we trust, that the result will be the signal and glorious triumph of human rights & we believe that when it shall be achieved, the nations by whom this mighty change shall have been accomplished will emerge from the contest greater, wiser, happier and more formidable than they have ever been before. And what will then be their relations towards ourselves? We may perhaps reasonably hope, that, among the great improvements effected in their condition, will be that of their political morals. That, in resettling their governments upon principles of natural right and equal justice, they will be as deeply impressed with the sense of their obligations to others, as with that of the maintenance of their own rights; that their love of peace will expand in proportion to their acquisitions of power; and that in the enjoyment of their new liberties at home, they will infuse into their deportment towards their brethren and neighbors of the human race the spirit of the good Samaritan, the spirit of good neighborhood, of conciliation, and of peace. That their Legislators will no longer narrow down their liberality to the puny ambition of being known to the world and to posterity as British Statesmen. That their warriors will no longer claim exclusive dominion over the deep.—That no American merchant vessels shall be robbed of her mariners upon the High Seas.—That no Orders in Council shall interdict the access to foreign ports of neutral navigation. That no secret mandate from Whitehall shall sweep from the face of the ocean, a thousand of our richly freighted ships, sailing in the security of lawful traffic, and by a preconcerted whisper to the Admiralty Courts, call up from the forgotten record of exploded former injustice, a rule of the War of '56, to condemn them as lawful prize. We hope, and would willingly trust that the renovated European man will be renovated in the sense of his duties as well as the enjoyment of his rights, But the freedom and independence of one nation was never yet maintained by reliance upon the justice of another. We hope and believe that our elder brothers of the Eastern Hemisphere, our juniors in the Science & in the possession of Freedom, will, when disenthralled from all the shackles by which they have been bound for countless ages, exercise their emancipated energies for the improvement of their own condition and not for the depression of ours. That the ancient maxim of British *Policy*, divulged and avowed by one of her own Statesmen most affecting the praise of liberality, will be discarded as a detestable principle of false and spurious Patriotism and that the fundamental principle of christian morality, the rule to do unto others as you would that they should do unto you, will be substituted in its place. Even then, and should the most sanguine of our hopes in this respect be realized, another and far more glorious contest will arise between the man of Europe and the man of America—and emulation of self improvement, a rivalry of speed in the progress of social perfection. The enemies of the human mind are incompressible.

Long misapplied and wasted as they have been in establishing systems of injustice and wrong, in rivetting the chains of tyranny, and in forging the fetters of oppression, with what tenfold elasticity, will they spring to the improvement of their own condition, when in the full enjoyment of their faculties—and in the possession of peace! When populous and civilized nations are engaged in war, the inventive genius of their people is chiefly turned to the purposes and necessities of their condition, to the advancement of the warlike arts. When they are at peace, the labours and discoveries of the mind are applied to the cultivation of the arts of peace. The honest pride of every nation, and its ardour for self improvement, is stimulated by the example of every other.

Every nation is impelled not only to avail herself of the genius of her own sons, but to adopt and to improve those of her neighbors It is by their improvements in the mechanic arts, and by their application to manufactures, that the modern nations of Europe surpass so far those of the other quarters of the globe. It would be no exaggerated estimate to say that the very recent inventions of the Steam-boat and of the Rail way have opened avenues of power to the nations possessing them, which their neighbors could not permit them exclusively to enjoy, and retain, without sinking into a state of defenceless inferiority before them. The Steam-boat is an invention of our own country: the Rail way is a corresponding achievement of European ingenuity, which we are enabled to appropriate to our own uses, & the immensity of the Continent which we inhabit, and the still multiplying millions of our posterity, which for long ages will continue to swarm upon its surface, and the Governments under which we live, and the freedom of thought and of speech and of action which we enjoy, seem as if adapted by the beneficient hand of Providence, all to each other for the advancement of the welfare of human kind. The extensiveness of our Territory has often been adduced in speculative theory founded upon the experience of former ages, as an objection to the long continuance of our Union under one Government.—To obviate the difficulties of combining with energy and despatch the action of one Government over a large surface of the globe, we have first formed a system of federative Government interweaving the complicated texture of a double supreme authority, and distributing between two sovereign and overruling powers, the general and the particular legislation necessary for the administration of the common concerns. By the annexation of Louisiana and Florida to the Union, the extent of our Territory was more than doubled, and scarcely had the Mississippi and his tributary floods been transferred to our possession, when the discovery of steam boat navigation brought within the travelling compass of a few days, distances never before traversable in less than as many months. The still more recently invented rail roads, accelerated by the same power of steam have achieved approximations still more surprising. At the period of the acknowledgment of our National Independence, the wildest dream of the imagination would scarcely have conceived as a feasible project, that of which we are witnessing the reality. Such is the condition of our country in our own generation. A very considerable portion of the globe, is committed to our hands, with all its elementary creations, and all its susceptibilities of cultivation. Upon every part of this inheritance there are obstacles to be removed, and capacities of improvement to be exercised.—The principle of undertaking and accomplishing these improvements by the labor and the fiscal resources of the people of the Union, has been assumed with solemn responsibility, time after time, by the Congress of the U. States.—It has been undertaken in numerous instances, and with great success to the extent of many millions of dollars. The principle of internal improvement is not confined to the construction of roads, or the digging of canals. The Breakwaters in the Delaware, and the Merrimack, the whole of our light house establishment, to which we now annually appropriate upwards of two hundred thousand dollars, the acquisition of Louisiana and of Florida by purchase, the millions upon millions of square miles which we have purchased from the Indian tribes, are all to be considered in the light of internal improvement, as much as the addition of an hundred acres to the lands of a farmer, or the purchase of a dwelling house to the inhabitant of a city, is an improvement of his estate If, then, while we were heavily burthened with public debt—if, when the population of our country was in numbers less than half those of our recent enumeration, the resources of the nation were enabled, without sensible aggravation of those burthens, to assume a further debt of fifteen millions, to pay for the purchase of Louisiana—if, nearly at the same time, the additional burden was assumed of constructing the Cumberland Road—if, since that day, while we have passed through the ordeal of a dessolating war, with the most formidable nation upon earth, have encountered all its sufferings, surmounted all its dangers, and discharged all its obligations—if we have laid the foundations of a formidable navy, have made large advances in covering the whole line of our sea-cost with fortifications, and have expended millions upon improvements admitted to be within the Constitutional power of the National Legislature; and, while all this has been accomplished, the nation has been advancing in population, in wealth, in physical and intellectual cultivation, in all the elements that constitute the prosperity of nations—what sudden blast of lightning from Heaven could strike with more fatal blindness—what inconceivable infatuation must lay prostrate all the faculties of our souls, were we capable of seizing the very moment of liberation from the hatiest burden we have borne, to throw off all those which are but the stores of seed, to be sown and cultivated into harvest of future plenty?

It has been assumed in this discussion, that the picture of the national prosperity and happiness exhibited by the Message of the President of the U. States, at the commencement of the Session of Congress, was not a creation of fancy, but drawn from the life. It has been generally acknowledged as such. The general prosperity, at least, has not been denied. But in the existence of nations as well as of individuals, prosperity is not always the surest indication of happiness. Nations, like individuals, are subject to grievous and perilous diseases of the imagination. Nations, like individuals, are liable, in the fullness of general health, to topical distempers, and even to sudden convulsions threatening to life itself. In the midst of the comfort and well being with which we are surrounded, it is impossible to conceal from ourselves, and it were worse than folly to disguise, that there is a festering sore of discontent, if not a deep rooted disaffection to the Union, pervading an extensive portion of our territory and rapidly ripening into purposes and projects which will shake the Union to its foundations. It is not the province of the present enquiry to trace to their sources all the causes in which this condition of the Federal community originated, but among them we cannot but perceive that the existing system of taxation by impost is the most prominent. The existing Tariff of impost duties has excited a great mass of dissatisfaction in every part of the community.

It is represented by great numbers of our fellow citizens, and among them, by many of the first intelligence, and the purest patriotism, as deeply injurious to all the great interests of the nation, and to every class of the people, even to the manufacturers, for whose benefit it was introduced, and for whose protection it is now most pertinaccously defended and sustained.

The representative population of the United States, at the close of the year 1831, just expired, somewhat exceed eleven millions of souls The gross amount of revenue levied upon them during the same year, may be set down, in round numbers, at twenty two millions of dollars. Supposing it to have been raised by a poll tax, it would have amounted to an average of two dollars a head. During the same year, in the Island of Great Britain, upon a population of about sixteen millions, there was levied by taxation, about two hundred and forty millions of dollars, or fifteen dollars a head. No other nation in Europe is so heavily taxed as Great Britain and none so lightly as the United States. Considering only the amount of taxation in the latter, it might occasion some surprize that there should have arisen in any quarter cause of complaint.

The principal mass of taxation in Great Britain is by excise. By that alone she raises more than 100,000,000 of dollars of yearly revenue The Government of the United States have resorted to excises and direct taxes only upon occasions of emergency. The mode of levying all, or nearly all, the revenues of the Union, by impost upon articles of merchandize imported from abroad was originally adopted, and has been perseveringly pursued, because it had always been considered as a maxim in statistics, that duties of impost were always paid by the consumer.

Such, is no doubt, the first and superficial appearance of things. But the operation of all taxation, and especially of indirect taxation, is of a complicated nature upon the commercial intercourse and pecuniary concerns of mankind. The controversies which have resulted from the introduction and establishment of what has been termed the American System, looking to the protection of domestic manufactures, have given rise to two new doctrines of political economy; one of them advanced by the friends and one by the opponents of that system; both, at first sight, highly paradoxical, both appearing, upon close examination, to be not entirely without foundation, and both, in the ardor of disputation, relied upon, it is believed, beyond just and rational warrant.

The opinion advanced by the friends of the protective system, that the tendency of aggravating duties of impost upon articles imported from abroad, and have no competition with similar articles of domestic manufacture, is to reduce, & not to increase, the price of the articles themselves.

The opinion sustained by the free trade party is that the great mass of the duties of impost is paid, not by the consumer of the dutied articles, but by the producer of the article, exported, to pay for the article upon which the impost was levied.

The doctrine, that duties of import cheapen the price of the articles upon which they are levied seems to conflict with the first dictates of common sense. But its supporters, first appeal with confidence to the fact, that most of the articles upon which additional duties were levied by the tariff of 1828, have since that time considerably fallen in price—and then they argue that it must be so, by the excitement of competition in the market. It is certainly contrary to the natural course of things, that an addition to the cost should be a reduction of the price of an article. True it is, that the duty gives a spur to the production of the article at home. The price of any article in the market must always depend upon the relative condition of the demand and supply at the time and place of sale. But very slight variations of time, of place, affect often, to a very great extent, the relative proportion of the demand and supply, and, consequently, the price of the article.—No safe conclusion can be drawn from the fact, that subsequently to the tariff of 1828, the prices of the articles upon which the duties were then increased, have fallen, unless from other circumstances it can be shewn, that the increase of the duty was the cause of the fall in price; nor will it be sufficient to prove so strange a paradox, to account for it by the excitement of competition. Wherever there is a profitable market, there will be competition.—Had the tariff of 1828 never been enacted the competition in our markets would have been as great and would have been as effectual to reduce the prices as it had been with the aggravation of the duties. In that competition our own manufactures might not indeed have shared—but it would have existed in all its force between those who furnished the supply, and could not have failed to reduce the prices to the level of the moderate profit necessary to the existence of trade.

But the duty upon the article imported from abroad enabled the domestic producer to enter into a competition with the importer from abroad. So long as this competition continues the duty operates as a bounty or premium to the domestic manufacturer, But by whom is it paid? Certainly by the purchaser of the article, whether of foreign or domestic manufacture. The duty constitutes a part of the price of the whole mass of the article in the market. It is substantially paid upon the article of domestic manufacture as well as upon that of foreign production. Upon one it is a bounty; upon the other a burden; and the repeal of the tax must operate as an equivalent reduction of the price of the article whether foreign or domestic. We say so long as the importation continues, the duty must be paid by the purchaser of the article. Some portion of it however, is for a short interval of time paid by the foreigner against whose trade the domestic competitor is brought forward. It affects him as a reduction of his profits, which he endures for a time, but under the pressure of which he is finally compelled to withdraw from the market. While this struggle continues, the duty is paid by the foreigner or by the importing merchant here. The purchaser and consumer here are relieved from the burden of the duty, and may perhaps obtain the goods cheaper than if they were exonerated from the duty altogether. But this relief is purchased by injustice, at the expense not only of the foreign manufacturer, but of the importing merchant, till the duty becomes prohibitory, and then the foreign manufacturer, the importing merchant, the shipper, the mariner, and the whole class of citizens to whom the importation gave occupation and subsistence, suffer by the extinction of the trade, precisely to the same extent that the profits of the domestic manufacturer are enhanced by the bounty paid to him for his competition with the foreigner. This struggle, if the statements often made by the friends of the Tariff are correct, is sometimes carried on by the manufacturer to a very extravagant & desperate extent. It has even gravely been asserted that upon the passage of the Tariff act of 1828, the British owners of forges & furnaces reduced the price of their iron not less than $8 a ton, to retain the control of the American market. An operation by which as has been shown by the memorial of the Free Trade Covention to Congress they must have incurred a loss of near five millions of dollars a year, to retain the profits upon yearly sales to the amount of perhaps 260,000 dollars. It is very certain, therefore that the reduction of eight dollars a ton upon the price of British iron in 1828, though cotemporaneous with our tariff act was in no wise connected with it in the relation of cause and effect. We may, and probably do, often greatly exaggerate to ourselves the immensity of exertions and sacrifices made by the British manufacturers to retain and reserve in their own hands the control of foreign markets. But that such exertions and sacrifices are and will be made by large manufacturing establishments in which extensive capitals are emyloyed, cannot be doubted. Whenever they are made and so long as they are continued, to counteract the effect of Tariff duties in foreign countries, the duties are paid by them, and the purchaser of goods in the foreign country obtains them freed from the duty at the expense of the foreign manufacturer. But this career of losing trade cannot continue long. In the competitions between different lines of steamboats and stages, we have sometimes seen the rival interests underbidding each other, till the traveller has been treated gratuitously with his fare. But the result even of a very short contest of that nature proves utterly ruinous to one, if not to both the contending establishments. And so it is and must be with any reduction of price in the market upon articles furnished partly by importion from abroad, & partly by domestic industry, which ensues upon the levy of an additional duty upon the article imported from abroad.

The incidental effect of competition in the market excited on the one part of the domestic manufacturer, by the aggravation of duty upon the corresponding article imported from abroad, to reduce the price of the article, must be transient and momentary. The general and permanent effect must be to increase the price of the article to the extent of the additional duty, and it is then paid by the consumer. If it were not so—if the general effect of adding to a duty were to reduce the price of the article upon which it is levied; the converse of the proposition would also be true; and the operation for increasing the price of the domestic article, would be to repeal the duty upon the same article imported; an experiment which the friends of our internal industry will not be desirous of making. We cannot subscribe, therefore to the doctrine that the duties of impost protective of our own manufactures are paid by the foreign merchant or manufacturer. Nor can we more readily believe that they are paid by the purchaser of the articles exported from our country to pay for the importations which we receive in return.

It is contended that by excluding the foreign manufacturer of cotton from our markets we disable him from purchasing the raw material produced in our own country; but if, by the exclusion of the foreigner, the effect of the duty is to bring into the market our own manufacturer in his place, the market for the raw materials is in no wise diminished—it has only changed its place. Instead of shipping his cotton to Liverpool or Glasgow; the Southern planter sends it to Providence or Boston. The demand for the article is not diminished by the diminution of importation from abroad. Whatever falling off there may be of shipping for foreign markets, is supplied by the increase of enrolled tonnage and the coasting trade.

The argument of the South has been some times stated in another form. It has been said that the portion of the impost duties paid by the inhabitants of the Northern and manufacturing States, instead of being burdensome, is actually profitable to them. That to the manufacturing interest themselves instead of being a tax, it is a bounty, a gratuitous donation to them by the nation made at the expense of those portions of the Union where there are no manufacturing establishments. A contrasted view is taken of the population, soil and climate of the Northern and Southern sections of the Union. In the North it is said, the climate is rugged—the soil barren—the whole population white and free. The land will not feed its inhabitants. They are driven by necessity to the Ocean, to the wilderness, or to the establishment of manufactures. These are their only resources for arresting the tide of emigration. In the South the climate is mild and genial, the soil fertile, and the population divided in nearly equal numbers into black and white—masters and slaves. The cultivation of the land is performed by the coloured population. The planter cannot change his occupation. He is rooted to the soil. Manufactures cannot be established because slaves are both morally and physically disabled from working in them. They are besides very apt to set fire to the buildings, as the experience of certain Yankees has taught them, who, in defiance of the Laws of Nature, did recently attempt to set up some manufacture in the neighbourhood of Charleston. The duty levied then upon articles of foreign manufacture for the protection of domestic industry, must therefore always operate to the benefit of the Northern and to the injury of the Southern section of the Union. They are irreconcileable interests; and the planter of the South cannot and will not submit to the sacrifice of his interest for the benefit of the Northern manufacturer, for that would reduce him to a state of colonial vassalage.

This argument is approached with painful reluctance. It is believed to be here candidly stated, and as it has been time after time repeated by some of the ablest and most intelligent statesmen of the South, and as it is believed to contain the whole substance of the Southern argument against the protective system, it will be proper to examine it in the spirit of candor and of kindness, dictated no less by a feeling of sympathy for our brethren and countrymen, than by an anxious solicitude for the preservation of the Union.

(Concluded in our next.)

NOTICE.

THE Subscriber still desirous of disposing of his landed property hitherto advertised, will sell upon inviting terms, his farm called Hickory Ridge. Persons desirous of an high and healthy situation near Easton, with other advantages rarely to be met with; would do well to come and view the premises early.

Dec. 10 JOSEPH K. NEALE

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