

# REPORT Of the Secretary of the Treasury of the U. States, communicated to Congress, Nov. 6, 1807.

In obedience to the directions of the act supplementary to the act intitled "An act to establish the Treasury Department," the Secretary of the Treasury respectfully submits the following Report and Estimates.

## REVENUE AND RECEIPTS.

The nett revenue arising from duties on merchandise and tonnage which accrued during the year 1805, amounted to

dols. 14,135,138.  
And that which accrued during the year 1806, amounted, as will appear by the statement (A) to

16,576,454  
The same revenue, after deducting that portion which arose from the duty on salt, & from the additional duties constituting the Mediterranean fund, amounted during the year 1805, to

12,520,532

And, during the year 1806, to

14,809,758

It is ascertained that the net revenue which has accrued during the three first quarters of the year 1807, exceeds that of the corresponding quarters of the year 1806; & that branch of the revenue may, exclusively of the duty on salt, and of the Mediterranean fund, both of which expire on the 1st of January next, be safely estimated for the present, and if no change takes place in the relations of the United States with foreign nations, at fourteen millions of dollars.

The statement (B.) exhibits in detail, the several species of merchandise and other sources, from which the revenue was collected during the year 1806.

It appears by the statement (C.) that the sales of the public lands have, during the year ending on the 30th September, 1807, exceeded 284,000 acres. Some returns are not yet received: and the proceeds of sales in the Mississippi territory being, after deducting the surveying and other incidental expenses, appropriated in the first place to the payment of a sum of 1,250,000 dols. to the state of Georgia, have not been included, but are distinctly stated. The actual payments by purchasers have, during the same period, exceeded 680,000 d. and the receipts into the treasury from that source may, after deducting charges & the five per cent. reserved for roads, be estimated for the ensuing year at 500,000 d.

The receipts arising from the permanent revenue of the United States may, therefore, without including the duties on postage and other incidental branches, be computed for the year 1808, at

14,500,000

And the payments into the treasury during the same year, on account of the salt and Mediterranean duties previously accrued, are estimated at one million three hundred thousand dollars

1,300,000  
Making in the whole an aggregate of fifteen million eight hundred thousand dollars,

15,800,000

LAST QUARTER OF THE YEAR 1807.

The balance in treasury which, on the 30th day of September, 1806, amounted to 5,496,969 dollars 77 cents, did on the 30th day of September 1807 amount to

8,530,000

The receipts into the treasury from the 1st of Oct. to the 31st day of December 1807, are estimated at

4,000,000

12,530,000

The expenses during the same period for all objects whatever, the public debt excepted, and including 686,076 dollars for the extraordinary expenditures of the Navy department, of which the estimate has been transmitted, are estimated at

1,700,000

The ordinary payments on account of the public debt, including the provision for the interest on the Louisiana and Dutch debt, to the 1st of July, 1808, are estimated at

1,700,000

A further sum of about 1,500,000 dollars should also be paid during this quarter, in order to complete the annual appropriation of eight millions of dollars. If the whole of this sum, which is applicable to the purchase of the eight per cent. stock, cannot be expended this year, the unexpended balance will form an additional expenditure for the year 1808, charging however the whole to this quarter.

Making an aggregate of 4,900,000 dollars and will leave in the treasury at the close of the year a balance of about seven million six hundred thirty thousand dollars.

7,630,000

12,530,000

EXPENDITURE FOR THE YEAR 1808.

The permanent expenses calculated on a peace establishment are estimated at 11,600,000 dollars, and consist of the following items, viz.

1. For the civil department, and all domestic expenses of a civil nature, including invalid pensions, the light houses, and mint establishments, the expenses of surveying public lands and the sea coast, the fifth instalment of the loan due to

Maryland, & a sum of 100,000 dollars to meet such miscellaneous appropriations, not included in the estimates, as may be made by congress:

1,100,000

2. For expenses incident to the intercourse with foreign nations including the permanent appropriation for Algiers,

200,000

3. For the military and Indian depart, including trading houses, and the permanent appropriation for certain Indian tribes,

1,280,000

4. For the naval establishment,

1,020,000

5. The annual appropriation of eight millions of dollars for the payment of the principal and interest of the public debt, of which sum not more than 3,400,000 dollars will for the year 1808 be applicable to the payment of interest

8,000,000

11,600,000

To the permanent expenses must be added for the year 1808 a sum of about 800,000 dollars, necessary in addition to the annual appropriation of eight millions of dollars, to complete on the 1st January, 1809, the reimbursement of the eight per cent stock,

800,000

And for paying the balance of American claims assumed by the French convention,

200,000

Making altogether 12,600,000 dollars for the expenses of that year.

12,600,000

The receipts of that year having been estimated at 15,800,000

And the probable balance in the treasury on the 1st January next, at

7,630,000

Making altogether

23,430,000

Would therefore probably leave in the treasury on the 1st of January, 1809, a balance of near eleven millions of dollars

10,830,000

23,430,000

## PUBLIC DEBT.

It appears by the statement (D.) that the payments on account of the principal of the public debt have, during the year ending the 30th day of September, 1807, exceeded 4 600 000 dollars; making the total of public debt reimbursed from the 1st of April, 1801, to the 1st of October, 1807, about 25,880,000 dollars, exclusively of more than six millions, which have been paid during the same period, in conformity with the provisions of the treaty and convention with Great-Britain, and of the Louisiana convention.

Of the twelve millions of dollars, which, according to the preceding estimates, may be paid on account of the public debt, between the 30th September, 1807, and the 1st January, 1809, about eight millions will be on account of the principal. It must, however, be observed, that the unascertained result of the proposition made to the public creditors for the modification of the debt, may affect the amount payable during the year 1808, on account of both principal and interest.

On the 1st day of January, 1809, the principal of the debt will, if the proposed modification be not assented to by the public creditors, amount to near fifty seven millions and five hundred thousand dollars. The subsequent annual payments thereon, on account of principal and interest, will not, exclusively of occasional purchases, exceed 4 600 000 dollars; and the whole of the debt, the nineteen millions of three per cent. stock only excepted, will be reimbursed in sixteen years.

A general subscription would reduce the capital to about fifty-one millions of dollars. The payments would amount to eight millions of dollars annually, during six years, and average less than three millions during the seven following; at the end of which period the whole debt would be extinguished.

An annual unappropriated surplus of at least three millions of dollars, may henceforth be relied on with great confidence. The receipts of the year 1808 have been estimated at 15 800 000, and the expenses at 12 600 000 dollars. The permanent revenue has been computed at 14 500 000 dollars, and the permanent expenditures, predicated on an annual payment of eight millions of dollars on account of the debt, have been stated at 11 600 000 dollars; and as this would, if no modification of the debt should take place, be reduced to less than 9 600 000, the annual surplus would then amount to six millions of dollars. Nor are the seven millions and a half of dollars, which will remain in the treasury at the end of the present year, included in the calculation.

What portion of that surplus may be wanted for necessary measures of security and defence; what portion should be applied to internal improvements, which, whilst increasing and diffusing the national wealth, will strengthen the bonds of union, are subjects which do not fall within the province of the treasury department; but it is not impossible, that after making ample provision for both those objects considerable surpluses, and which can no longer be applied to the redemption of the debt, may still accumulate in the treasury.

The previous accumulation of treasure in time of peace might, in a great degree, defray the extraordinary expenses of war, and diminish the necessity of either loans or additional taxes. It would provide, during periods of prosperity, for those adverse events to which every nation is exposed, instead of increasing the burdens of the people at a time when they are least able to bear them, or of impairing by anticipations the resources of ensuing generations; and the public monies of the United States not being locked up and withdrawn from the general circulation, but on the contrary, deposited in banks, and continuing to form a part of the circulating medium, the most formidable objection to that system, which has nevertheless been at times adopted with considerable success

in other countries, is thereby altogether removed. It is also noticed that the renewal of the charter of the Bank of the United States may, amongst other advantages, afford to government an opportunity of obtaining interest on the public deposits, whenever they shall exceed a certain amount.

Should the United States, contrary to their expectation and desire, be involved in a war, it is believed that the receipts of the year 1808 will not be materially affected by the event, inasmuch as they will principally arise from the revenue accrued during the present year. The amount of outstanding bonds due by importers after deducting the debentures issued on account of re-exportations, exceeds, at this time, sixteen millions of dollars. The deductions to be made from these on account of subsequent re-exportations, would, in case of war, be less than equal; for exportations will then be checked, as well as importations, and in proportion as these will decrease, a greater home demand will be created for the stock on hand, and the necessity of re-exporting be diminished.

It has already been stated, that the specie in the Treasury at the end of this year, together with the surplus of the year 1808, will amount to near eleven millions of dollars—a sum probably adequate to meet the extraordinary expenses of the war for that year. It will also be recollected, that in the estimated expenses of the year 1808, the reimbursement of near five millions and a half of the principal of the debt is included. The only provision therefore which may render any contingency necessary for the extraordinary service of that year, in order to cover any deficiency of revenue or increase of expenditure beyond what has been estimated, will be an authority to borrow a sum equal to that reimbursement.

That the revenue of the United States will, in subsequent years, be considerably impaired by a war, neither can or ought to be concealed. It is on the contrary, necessary, in order to be prepared for the crisis, to take an early view of the subject, and to examine the resources which should be selected for supplying the deficiency, and defraying the extraordinary expenses.

There are no data from which the extent of the defalcation can, at this moment, be calculated, or even estimated. It will be sufficient to states, 1st. That it appears necessary to provide a revenue at least equal to the annual expenses on a peace establishment, the interest of the existing debt, and the interest on the loans which may be raised. 2d. That those expenses, together with the interest of the debt, will, after the year 1808, amount to a sum less than seven millions of dollars, and therefore, that if the present revenue of 14,500,000 dollars shall not be diminished more than one half by the war, it will still be adequate to the object, leaving only the interest war loans to be provided for.

Whether taxes should be raised to a greater amount, or loans be altogether relied on for defraying the expenses of the war is the next subject of consideration. Taxes are paid by the great mass of the citizens, and immediately affect almost every individual of the community. Loans are supplied by capitals previously accumulated by a few individuals. In a country where the resources of individuals are not generally and materially affected by the war, it is practicable and wise to raise by taxes the greater part at least of the annual supplies. The credit of the nation may also, from various circumstances, be at times so far impaired as to leave no resource but taxation. In both respects, the situation of the U. States is totally dissimilar.

A maritime war will, in the U. States, generally and deeply affect, whilst it continues, the resources of individuals, as not only commercial profits will be curtailed, but principally because a great portion of the surplus of agricultural produce necessarily requires a foreign market. The reduced price of the principle articles exported from the U. States will operate more heavily than any contemplated tax. And without enquiring whether a similar cause may not still more deeply and permanently affect a nation at war with the U. States, it seems to follow, that so far as relates to America, the losses and privations caused by the war should not be aggravated by taxes beyond what it is strictly necessary. An addition to the debt is doubtless an evil; but experience having now shown with what rapid progress the revenue of the union increases in the time of peace, with what facility the debt formerly contracted has, in a few years, been reduced, a hope may confidently be entertained, that all the evils of the war will be temporary and easily repaired, and that the return of peace will, without any effort, afford ample resources for reimbursing whatever may have been borrowed during the war.

The credit of the U. States is also unimpaired either at home or abroad, and it is believed that loans to a reasonable amount may be obtained on eligible terms. Measures have been taken to ascertain to what extent this may be effected abroad; and it will be sufficient here to suggest, that the several banks of the U. States may find it convenient after the ensuing year, and as the diminished commerce of the country require less capital, to loan to government a considerable portion of their capital stock, now computed at about forty millions of dollars.

It might be premature to enter into a particular detail of the several branches of revenue which may be selected, in order to provide for the interest of war loans, and to cover deficiencies, in case the existing revenue should fall below

seven millions of dollars. A general enumeration seems at present sufficient.

1. Not only the duty on salt and the Mediterranean duties may be immediately revived; but the duties on importation generally may, in case of war, be considerably increased, perhaps doubled, with less inconvenience than would arise from any other mode of taxation. Without resorting to the example of other nations, experience has proven, that this source of revenue is, in the U. States, the most productive, the easiest to collect, and the least burthensome to the great mass of the people. In time of war the danger of smuggling is diminished, the scarcity of foreign articles prevents the duty ever falling on the importer; the consumers are precisely those members of the community who are best able to pay the duty; and the increase of Domestic Manufactures, which may be indirectly affected, is in itself a desirable object.

2. Indirect taxes, however ineligible, will doubtless, be cheerfully paid as War Taxes, if necessary. Several modifications of the system formerly adopted, might however be introduced, both in order to diminish some of the inconveniences which were experienced, and particularly to ensure the collection of the duties.

3. Direct taxes are liable to a particular objection arising from the unavoidable inequality produced by the general rule of the constitution. Whatever difference may exist between the relative wealth, and consequent ability of paying, of the several states, still the tax must necessarily be raised in proportion to their relative population. Should it, however, become necessary to resort to that resource, it is believed that the tax raised upon that species of property in each state which, by the state laws, is liable to taxation, as had originally been contemplated by Congress, would be preferable to a general assessment laid uniformly on the same species of property in all the states, as was ultimately adopted.

All which is respectfully submitted.

ALBERT GALLATIN,

Secretary of the Treasury.

Treasury Department, }  
Nov. 5, 1807. }

From English papers to October 3.

STATE PAPER.

DECLARATION OF THE KING.

WESTMINSTER, September 23, 1807.

His majesty owes to himself and to Europe, a frank exposition of the motives which have dictated his late measures in the Baltic.

His majesty has delayed this exposition only in the hope of that more amicable arrangement with the court of Denmark, which it was his majesty's first wish and endeavor to obtain—for which he was ready to make great efforts and great sacrifices—and of which he never lost sight, even in the moment of the most decisive hostility.

Deeply as the disappointment of this hope has been felt by his majesty, he has the consolation of reflecting that no exertion was left untied on his part to produce a different result. And while he laments the cruel necessity which has obliged him to have recourse to acts of hostility against a nation with which it was his majesty's most earnest desire to have established the relations of common interest and alliance; his majesty feels confident that, in the eyes of Europe and of the world, the justification of his conduct will be found in the commanding and indispensable duty, paramount to all others amongst the obligations of a sovereign, of providing, while there was yet time, for the immediate security of his people.

His majesty had received the most positive information of the determination of the present ruler of France to occupy, with a military force, the territory of Holstein—for the purpose of excluding Great-Britain from all her accustomed channels of communication with the continent; of inducing or compelling the court of Denmark to close the passage of the Sound against the British commerce and navigation; and of availing himself of the aid of the Danish marine for the invasion of Great-Britain and Ireland.

Confident as his majesty was of the authenticity of the sources from which this intelligence was derived, and confirmed in the credit which he gave to it, as well by the notorious and repeated declarations of the enemy, and by his recent occupation of the towns and territories of other neutral states, as by the preparations actually made for collecting a hostile force upon the frontiers of his Danish majesty's continental dominions, his majesty would yet willingly have foreborne, to act upon this intelligence until the complete and practical disclosure of the plan had made manifest to all the world the absolute necessity of resisting it.

His majesty did forbear, as long as there could be a doubt of the urgency of the danger, or a hope of an effectual counteraction to it, in the means or in the dispositions of Denmark.

But his majesty could not but recollect that, when at the close of the former war, the court of Denmark engaged in a hostile confederacy against Great-Britain, the apology offered by that court for so unjustifiable an abandonment of a neutrality which his majesty had never ceased to respect, was founded on its avowed inability to resist the operation of external influence, and the threats of a formidable neighboring power. His majesty could not but compare the degree of influence, which at that time determined the decision of the court of Denmark, in violation of positive engagements, solemnly contracted but six months before with the increased operation which France has now the means of giving to the same principle of intimidation, with kingdoms prostrate at her feet, and with the population of nations under her banners.

Nor was the danger less imminent than certain. Already the army destined for the invasion of Holstein was assembling on the

violated territory of neutral Hamburg. And Holstein once occupied, the island of Zealand was at the mercy of France, and the navy of Denmark at her disposal.

It is true a British force might have found its way into the Baltic, and checked for a time the movements of the Danish marine. But the season was approaching when that precaution would no longer have availed, and when his majesty's fleet must have retired from that sea, and permitted France in undisturbed security, to accumulate the means of offence against his majesty's dominions.

Yet even under these circumstances, in calling upon Denmark for the satisfaction and security which his majesty was compelled to require, and in demanding the only pledge by which that security could be rendered effectual—the temporary possession of that fleet, which was the chief inducement to France for forcing Denmark into hostilities with Great Britain; his majesty accompanied this demand with the offer of every condition which could tend to reconcile it to the interests and to the feelings of the court of Denmark.

It was for Denmark herself to state the terms and stipulations which she might require.

If Denmark was apprehensive that the surrender of her fleet would be resented by France as an act of connivance, his majesty had prepared a force of such formidable magnitude as must have made concession justifiable even in the estimation of France, by rendering resistance altogether unavailing.

If Denmark was really prepared to resist the demands of France, and to maintain her independence, his majesty proffered his co-operation for her defence naval, military, and pecuniary aid, the guarantee of her European territories, and the security and extension of her colonial possessions.

That the sword has been drawn in the execution of a service indispensable to the safety of his majesty's dominions, is matter of sincere and painful regret to his majesty. That the state and circumstances of the world are such as to have required and justified the measures of self preservation, to which his majesty has found himself under the necessity of resorting, is a truth which his majesty deeply deprecates, but for which he is in no degree responsible.

His majesty has long carried on an unequal contest of scrupulous forbearance against unrelenting violence and oppression. But that forbearance has its bounds. When the design was openly avowed, and already but too far advanced towards its accomplishment, of subjecting the powers of Europe to one universal usurpation, and of combining them by terror or by force in a confederacy against the maritime rights and political existence of this kingdom, it became necessary for his majesty to anticipate the success of a system, not more fatal to his interests than to those of the powers who were destined to be instruments of its execution.

It was time that the effects of that dread which France has inspired into the nations of the world, should be counteracted by an exertion of the power of Great-Britain, called for by the exigency of the crisis, and proportioned to the magnitude of the danger.

Notwithstanding the declaration of war on the part of the Danish government, it still remains for Denmark to determine whether war shall continue between the two nations. His majesty still prefers an amicable arrangement. He is anxious to sheathe the sword, which he has been compelled to draw. And he is ready to demonstrate to Denmark and to the world, that, having acted solely upon the sense of what was due to the security of his own dominions, he is not desirous, from any other motive, or from any object of advantage or aggrandizement, to carry measures of hostility beyond the limits of the necessity which has produced them.

SURRENDER OF COPENHAGEN.

Prince of Wales, Copenhagen-Road, Sept. 7.

My Lord.—My letter of the 5th instant will inform your lordship of the progress of the operations of his majesty's forces against Copenhagen to that period. I have now the honour and satisfaction to add, that previously to the hour intended for the opening our batteries that night, an officer with a flag of truce came out of the town with proposals for an armistice, to settle terms of capitulation. This was accordingly done, after a correspondence between the Danish general and Lord Cathcart and myself, of which I transmit a copy, and your lordship will be informed of the stipulations agreed upon by the inclosed copy of the articles. Our army has accordingly been put in possession of the citadel and the arsenal, and the most vigorous exertions are commenced for equipping and sending to England the Danish navy. I have the honor to be,

J. GAMBIER.

To Lord Viscount Castlereagh, &c. &c.

ARTICLES OF CAPITULATION.

For the town and Citadel of Copenhagen, agreed upon between admiral Gambier, commander in chief of his Britannic majesty's ships and vessels in the Baltic Sea, and lieutenant-general the right hon. Lord Cathcart, K. B. commander in chief of his Britannic majesty's forces in Zealand; on the one part:—and his excellency major-general Pöman, Knight of the order of Dannebrog, and commander in chief of his Danish majesty's forces in the island of Zealand, on the other part.

Art. I. When the capitulation shall have been signed and ratified, the troops of his Britannic majesty are to be put in possession of the Citadel.

Art. II. A guard of his Britannic majesty's troops shall likewise be placed in the dock yards.

Art. III. The ships and vessels of war of every description, with all the naval stores belonging to his Danish majesty, shall be delivered into the charge of such persons or shall be appointed by the commanders in chief of his Britannic majesty's forces; and they are to be put in immediate possession