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IN THE TERMS

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IN THE HOUSE OF REPRESENTATIVES.

Saturday, 8, 1832.

Mr. McDUFFIE, from the Committee of Ways and Means, to which the subject was referred, [illegible]

The Committee of Ways and Means, to whom [illegible] leave to submit the following [illegible]

In discharging the [illegible] them, the committee have [illegible] sable to determine the [illegible]

[illegible] relieve to [illegible] burthens of unnecessary [illegible] payment of the public [illegible] leave to submit the following [illegible]

In discharging the [illegible] them, the committee have been [illegible] sable to determine the [illegible]

[illegible] Mr. Wax philoso- [illegible] aranty" How [illegible] is [illegible] ta- [illegible] re" [illegible] ed. [illegible] ment [illegible] of a [illegible] that eleven [illegible] will be [illegible] ed. [illegible] dar'y sum [illegible] necessary disburse- [illegible] ments of the [illegible] when relieved from [illegible] the charge [illegible] debt. In this esti- [illegible] mate [illegible] one millions of dol- [illegible] lars and the [illegible] may be released from [illegible] existing objects [illegible] propriation, to meet the [illegible] various demands [illegible] a contingent nature, to [illegible] which the public Treasury may be liable.— [illegible] The income from the public lands, and the [illegible] dividends of bank stock, to say nothing of ca- [illegible] pital stock, cannot be reasonably estimated at a [illegible] less [illegible] millions of dollars. There [illegible] vide, then, only nine millions to [illegible] be raised by duties on imports; and the [illegible] committee have endeavored so to adjust these [illegible] duties as to produce this sum in a manner [illegible] most consistent with equal justice to all our [illegible] national interests.

The amount of foreign merchandize, im- [illegible] ported for consumption during the last year, [illegible] nearly eighty millions of dollars. And [illegible] though this greatly exceeded the importation [illegible] any year since [illegible] yet, as a material re- [illegible] duction of the duties would certainly augment [illegible] the quantity of merchandize imported, the committee would [illegible] not extravagant to assume the operations of the last year as the basis of their calculation for future years.— To avoid, however, the hazard of a deficit in the public revenue, they have estimated the annual amount of the imports paying duties at only seventy-two millions of dollars and on this basis have reported a bill imposing a duty of 12½ per cent. ad valorem, upon all foreign merchandize, with the exception of such articles as are now admitted duty free, or at a duty of less than 12½ per cent. They have provided, however, for a gradual reduction of the duties on such imports as come in competition with domestic manufactures.

In adopting a general system of ad valorem duties, the committee have been governed principally by two considerations. In the first place, a specific duty is obnoxious to the strong objection that it levies the same tax on articles of inferior quality, consumed by the poorer classes, as it levies on similar articles of the very best quality and highest price, consumed almost exclusively by the more wealthy classes. While the poor man, for example, who consumes low priced French wines, is made to pay 50 or 100 per cent. on their value, the wealthy man pays only 25 or 50 per cent. on the value of the high priced wines, which gratifies his taste for luxurious indulgence. The same remark is applicable to tea, coffee, sugar, and indeed to almost every article at present subject to a specific duty. The other ground of preference for ad valorem over specific duties, is the perpetual fluctuation in the price of articles of the same denomination and quality. A fall in the price of an article will increase the rate of taxation, contrary to the intention of the legislature.— There is thus a silent legislation in the course of events and the revolutions of trade by which we have seen the enactments of Congress so entirely changed that a duty has swelled up to one hundred per cent. which was only 25 per cent. when originally imposed.

It remains for the committee to state the reasons which have induced them to provide that the same rate of duty shall be levied on all imported merchandise, with certain specified exceptions. As equality is universally recognized as the fundamental principle of just taxation, uniformity in the duties imposed is the most obvious rule by which that principle can be preserved from violation. The constitution provides that "all impost and excise duties shall be uniform throughout the United States," for the obvious purpose of preventing unequal taxation. The spirit of this clause would undoubtedly require that the same rate of duty should be laid upon the same description of productions, however made or acquired, provided they be consumed in the United States. If a product of domestic industry, converted into a foreign manufacture, is subjected to a certain duty, no good reason can be assigned why a similar domestic manufacture should not be subjected to the same rate of duty. These respective manufactures, though acquired by different processes, are equally the productions of domestic industry, and to impose a tax upon one, because it is obtained by the intervention of a foreign exchange, and exempt the other, because it is manufactured in the United States, is in no respect less unequal and unjust than it would be to levy an excise duty upon a domestic manufacture when made by imported machinery, and exempt the very same sort of manufacture when made by domestic machinery. The difference would be merely formal; and the principle of equality would be as effectually violated, and the rule of uniformity as effectually evaded, in the one case as in the other.

In fact, the most moderate revenue duty im- [illegible] posed upon imported manufactures, while si- [illegible] milar [illegible] domestic manufactures are [illegible] [illegible], is in effect a discriminating tax up- [illegible] on the productions of the exporting States, which [illegible] same productions of the manu- [illegible] facture made by labor of a different [illegible] kind [illegible] tax at home. If these views be [illegible] sound, a proper regard for the [illegible] principles of taxation would require that [illegible] manufactures, which come in com- [illegible] petition with similar domestic manufactures, [illegible] should be admitted free of duty, or be sub- [illegible] ject to no higher duty than similar domestic manufactures. Imported manufactures are the productions of southern labor and capital; domestic manufactures are the productions of northern labor and capital, and nothing short of an equal exemption of both from tax [illegible] tion, or the imposition of equal duties upon both, can secure to these two great rival branches of domestic industry a fair and equal competition in the market. The very lowest [illegible] of duty imposed upon any of them, while [illegible] rather is wholly exempt, is an act of parti- [illegible] ality and injustice on the part of the govern- [illegible] ment, which destroys the equality of the com- [illegible] petition.

Entertaining these opinions, the committee feel that they owe it to the House to explain the reasons which have induced them to lay as high rates of duty on those imports which come in competition with untaxed domestic manufactures, as upon any other description of imports. While the manufacturing interest [illegible] protecting duties should be imposed three or four times as high as may be necessary to the constitutional purposes of revenue, justice obviously demands [illegible] should be imposed upon [illegible] that is not equally imposed [illegible] reason has less force in the impossibility of ad [illegible] Gance, as to the [illegible] principles of [illegible] [illegible] [illegible]