

# NATIONAL INTELLIGENCER,

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MONDAY, MARCH 16th, 1862.

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### National Intelligence.

**THE COMMITTEE OF WAYS AND MEANS**, who were introduced to report on the expediency of repealing the laws laying duties on stills and distilleries, distilled spirits, on refined sugar, licenses to retailers, &c., after deducting the amount of drawback paid on the exportation of domestic distilled spirits and refined sugar during that year; which sum is chargeable with an expense of collection equal to 137,000 dollars, exclusive of the expenses of the officers and inspectors of survey, which have been abolished. The nett revenue arising from those duties may, therefore, be estimated at 792,000 dollars; but if from this sum be deducted the duties accruing on stamps, which, as under the existing laws they will cease to be collected after the fourth of March next, cannot be enumerated among the permanent internal duties, the whole nett revenue produced from those duties may be estimated at a sum not exceeding 710,000 dollars, chargeable with an expense of collection equal to 120,000 dollars.

To produce, therefore, into the treasury somewhat less than 600,000 dollars, an expense must be incurred more than equal to a fifth of that sum; and upwards of four hundred revenue officers, exclusive of the inspectors, must be maintained at the public charge. The continuance of a revenue drawn from the people on such terms, can, in the opinion of your committee, be justified only by an impious necessity; a necessity which, in their estimation, does not at present, and is not hereafter, likely to exist.

Of the proceeds of those duties more than 500,000 dollars arise from the tax on distillation; 372,000 of which are paid by 22,000 country stills, scattered over the immense territory of the United States; 60,000 other dollars are the product of 15,500 retailer's licenses. To diminish, therefore, the difficulty and even the impossibility of materially lessening the expenses of collection, so long as the subjects from which the revenue is to be drawn, are so thinly dispersed over this widely extended country; and the most judicious communication from the commissioner of the revenue, will explain the deficiency which is likely to occur on the most productive branch of those duties, unless provisions are adopted which, by laying the tax on the quantity actually distilled, will require additional officers to the augmentation of the present heavy charges of collection, and a multiplication of costs, thereby lessening the security of that sanction and enlarging the public moans. The abolition of one class of those duties, by materially diminishing their product, without affecting in the same degree the expense of collection, would be a strong additional argument for the abrogation of all; and when it is recollected that some of those which it might be the most desirable to retain are, even now, subjects of taxation in the several states, the committee perceive no substantial objection to releasing entirely to the states objects of revenue which to them may be equally desirable and productive; since to them the collection can be attended with little additional charge, and since to the federal government exclusively belongs the most fruitful source of revenue, the stamp duty. A wise policy, if it is believed, will therefore induce the United States to abstain, wherever practicable, from exercising the right of taxation on those subjects over which the individual states possess a concurrent right. Other reasons exist on producing an opinion favorable to the repeal of those duties. They consist—

1. In the vexation and oppression of many of them, some of which are peculiarly obnoxious to our citizens.
  2. In the nature of excise, which is hostile to the genius of a free people.
  3. In their tendency to multiply offices and increase the patronage of the government. This effect alone would forbid the retention of the internal taxes, and a reduction, to an equal amount, of the impost on articles of the first necessity; since, by that measure, not one of the best of officers employed in their collection would be so employed.
- None of the foregoing considerations, however, could have induced your committee to recommend a repeal of these taxes, were it apprehended that, by the measure, the punctual compliance with the engagements could be endangered. But believing additional taxes to be unnecessary for defraying the annual charges of government, at the present rate

of expenditure, they conceive that a reduction of that expenditure will justify a proportionate reduction of the public debt. A country doctrine would imply an urgent necessity for an increase of the existing taxes, should no retrenchment be made in the permanent public expenditure. By the amended letter of the Secretary of War it will appear that the sum of 400,000 dollars will be saved in the army alone. By the estimate of the Secretary of the Navy the expenditure for the current year is estimated at 200,000 dollars less than that of the year 1861. Of this sum not more than six hundred thousand dollars are applicable to objects of permanent expense. It follows, therefore, that a sum exceeding the whole amount of the internal duties will be saved in the permanent expenditure of those two departments alone; even should future circumstances compel us to keep up our armament in the Mediterranean.

On the subject of the postage on newspapers, the committee are of opinion, that it would be inadvisable to take off that tax, inasmuch as it is insignificant in amount, and is the means of insuring the safe delivery of newspapers to their respective subscribers.

From these various considerations, the committee respectfully submit the following bill to repeal the laws laying duties on stills and distilleries; sales of spirits; on refined sugar; licenses to retailers; sales at auction; pleasurable carriages; and stamped vellum, parchment and paper.

### TRASURY DEPARTMENT, March 2, 1862.

**SIR,**  
In the report submitted by this department to Congress, on the 18th of December last, a reference was made, on the subject of the internal revenues, to the annual report of the commissioner of the revenue, which was not then completed, but was transmitted to the House on the 1st of the same month. A statement marked (M) was, however, annexed to the report of the 18th December, purporting to be an abstract of the commissioner's report. Having discovered an error in that statement, I now beg leave to rectify it.

The expenses of collection of the permanent internal duties are there stated, for the year 1860, at 139,500 dollars and 61 cents; and those of the stamp duties, at 10,849 dollars and 39 cents; instead of which the expenses of collection of all the internal duties, including stamps, ought to have been stated at 139,500 dollars and 61 cents, and those of the permanent duties at only 120,651 dollars and 38 cents.

I will take this opportunity of observing, first, that those expenses include only the gross emoluments of the supervisors and other subordinate officers employed in the collection of the duties, but embrace neither the salaries of the commissioner of the revenue, superintendent of stamps, clerks and stampers, nor the expense of purchasing paper for stamps; 2dly, That the drawbacks on exported spirits sent to have been estimated too low in the statement (M) for the year 1860, by a sum of about 6000 dollars; and 3dly, That that statement being made for the year 1860, no notice was there taken of the saving resulting from the suppression of eighteen inspectors effected last summer by the President. The gross emoluments of those eighteen inspectors amounted, for the year 1860, to dolls. 19,823 56, but as, on account of that arrangement, some extra allowances to some of the supervisors and collectors may be necessary, the actual saving may not be estimated at more than 15,000 dollars. The corrected estimate of the expense of collection of the internal duties, heretofore enclosed, will show that the expenses of collection on the permanent duties ought to have been stated, for the year 1860, at about 19 per cent. and those on all the internal duties, stamps included, for the same year, at about 16½ per cent.; but that, if the offices of inspectors, lately suppressed, had been abolished at that time, those expenses would have been reduced for that year to 17 per cent. on the permanent duties, and to 15 per cent. on all the internal duties, stamps included; which last calculation may be considered as the true rate of the expenses of collection at the present time.

About three fifths of those expenses consist of salaries, allowances for clerks, and other expenditures equally applicable to all the different species of duties. The remaining two fifths consist of commissions which do not vary more than one per cent. between one species of duties and another. The lowest nominal commission is that allowed in Massachusetts and Rhode Island, on spirits distilled from foreign materials, and amounts only to 5 per cent.; but as it is paid on the whole amount distilled, that is to say, as well on the quantity exported and

which pays no duty, as to that actually consumed and liable to duty, the real commission on the amount paying duty is not less than 7½ per cent. (inclusively of the general charge of salaries, &c.) The commission on duties upon country stills is also 7½ per cent. on the four other permanent duties 6½ per cent. These are exclusively of the commissions heretofore allowed to the inspectors now abolished.

Whether the expenses of collection may not be diminished even beyond what has been effected by the order of the President of last summer, it would be, perhaps, rash to assert; but I have no hesitation in saying that they can be increased in proportion to the amount received, if some species of duties shall be abolished and some retained. The only exception is perhaps the stamp duty, which may be collected without the assistance of almost any other officers than vendors of stamps, to whom the allowance of ten per cent. now made by law, would be sufficient. I have the honor to be, very respectfully, sir, your obedient servant.

ALBERT GALLATIN.

Hon. John Randolph, Esq.  
Chairman of the Committee of Ways and Means.

### Corrected estimate of the expenses of collection of the internal duties.

Permanent duties (stamps excluded),	Gross amount of 1860,	772,952 12
Deduct drawbacks, viz.		
On 660,256 gallons spirits exported,	56,255 00	
On refined sugar,		
Estimated	5,823 93	
		62,138 53
Net amount,		710,813 59
Expenses of collection per statement (M)		139,500 61
Deduct mistake now rectified,		10,849 38
		128,651 23
Add expenses of commissioner of revenue office,		6,000
		134,651 23

Which 134,651 dollars, on the nett amount of 710,820 dolls. makes the expense a little more than 19 per cent.

But if the saving resulting from having abolished the offices of inspection be taken into consideration, the result will be as follows:  
Total expenses per above, 134,651 23  
Deduct—the total emoluments of the abolished inspectors for 1860 was, 19,823 56  
But extra allowances necessary, estimated, 4,823 36  
15,000  
Total, 120,251 23

Which 120,251 23, on the nett amount of 710,820 dolls. makes the expense somewhat less than 17 per cent.

All the duties, (stamps included.)	Gross amount in 1860,	993,661 82
Deduct drawbacks per above	62,138 53	
Purchase of paper for stamps,	6,000	
		68,138 53
Net amount,		925,523 99
Expenses of collection as per statement (M) rectified,		139,500 61
Add, expenses of commissioner of revenue's office,		6,000
Do. of superintendent of stamps, (count-stampers included),		6,400
		13,000
		152,900 61

Which 152,900 61, on the nett am. of 925,523 99, makes the expense a little less than 16½ per cent.

But if the saving resulting from the inspectors being abolished be taken into consideration,