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Surplus revenue – \$200,000,000 stock

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SURPLUS REVENUE—\$200,000,000 STOCK.

JULY 1, 1836.

Read, and laid upon the table.

Mr. CAMBRELENG, from the Committee of Ways and Means, made the following

REPORT:

The Committee of Ways and Means, to which was referred a memorial of sundry inhabitants of Pennsylvania, praying for the creation and distribution of a stock of two hundred million dollars, payable out of the sales of the public lands, and a resolution of the House of the 13th February, instructing the committee "to inquire into the expediency and propriety of passing a law distributing the surplus revenue now in the Treasury, and the surplus revenue that may hereafter be in the Treasury, among the several States, according to the federal population of each State, for the purposes of internal improvement and education," submitted the following report:

The committee postponed reporting on inquiries relating to the surplus revenue, until the demands upon the Treasury for extraordinary purposes, and the probable amount of revenue in the year, might be estimated with more accuracy than at an earlier period of the session. The passage of the act authorizing the deposite in the State treasuries of any balance beyond five millions which may remain on the first of January next, in effect, postpones for the present both the measures proposed, and also the bill providing for a distribution of the proceeds of the public lands for a limited time. Although these questions may be considered as disposed of, at least for the present session, the committee, in asking to be discharged from the further consideration of them, deems it a duty to the House to present a general view of the probable receipts and expenditures of the year, and of the future condition of the finances of the country.

The receipts into the Treasury, from customs and public lands, in 1835, amounted to \$34,150,000, including a larger amount from customs, considering the modifications of our tariff, than was ever received in any previous year, and thrice the sum before collected in any one year from the sales of public lands. On the 1st of January last, there remained a balance of available funds in the Treasury of about twenty-five millions and a half, applicable to appropriations previously made, and to the service of the present year. The revenue for 1836, in the first five months, exceeded the receipts, in the corresponding term of last year, about seven millions six hundred thousand dollars; of which excess five millions eight hundred thousand arise from public lands, and one million eight hundred thousand

from customs. The receipts from customs and public lands, for the first five months in 1835, exceeded those for the same term in 1834, only six hundred thousand dollars: the excess of revenue in 1835 having accrued almost exclusively in the latter half of the year. It is not probable that the revenue for the last seven months of the present year will be equal to that received in the corresponding term of the last year; but unless trade should be disturbed by some unexpected event, the receipts from all sources during the present year will probably not be less than thirty-nine millions, which, with the balance in the Treasury on the 1st of January last, makes an aggregate of sixty-four millions and a half.

Besides the customary charges on the Treasury for the current service of the present year, and a partial provision for measures of defence which are deemed indispensable, there have been unusual demands for carrying into effect Indian treaties, suppressing Indian hostilities, and removing certain tribes beyond the Mississippi. The charges on the Treasury in 1836 are, viz:

Appropriations made before the 1st of January for the service of 1835, and previous years, but not expended	\$8,726,990
Ordinary appropriations for 1836	17,565,864
Extraordinary appropriations for the navy, army and fortifications	3,847,645
Extraordinary appropriations for Indian wars, Indian treaties, and for removing Indians	13,551,454
Private claims and miscellaneous appropriations authorized by Congress	3,020,833
	<hr/> \$ 46,712,786

which deducted from the balance in the Treasury on the 1st of January last, and the probable receipts for the year, leaves an unappropriated balance in the Treasury on the 31st December next, of 17,811,200 dollars, according to the statement annexed. There will also probably be ten to fifteen millions unexpended at that time, which will be required for the public works, Indian wars, Indian treaties, &c.

If the bill for distributing the proceeds of the public lands, had passed the House as it came from the Senate, the following additional charges would have been made upon the Treasury:

For the nett proceeds of the sales of public lands according to the provisions of the bill, for the years 1833, '34 and '35	\$22,150,000
The nett proceeds in 1836, estimating the total receipts at eighteen millions, and making the same deductions	17,000,000
	<hr/> \$ 39,150,000

Deducting from this amount the unappropriated balance in the Treasury on the 1st of January next, as estimated, there would have been a deficiency of 21,338,800 dollars, being more than any amount which might be expected to remain unexpended of the appropriations previously authorized. The bill also proposed to distribute the proceeds of the public lands in 1837, which would have thrown not only this deficiency, but all the unexpended appropriations on the 1st of January next, together with the expenditures of 1837, on the revenue from customs in that year.

The United States bank stock is not embraced in the account of receipts into the Treasury during the present year, as it is not probable that the

questions which may arise in the adjustment with that institution can be promptly settled. A new bank has taken the place of the old one. The parties interested in the former, it is understood, have, without the assent of Congress, or of any Department of the Government, acquired an interest in the property of the United States, and of the navy pension fund, in the old bank. Some time will no doubt elapse before an adjustment can be made to the mutual satisfaction of the parties. There are 62,446 shares, which will probably not be available before the next year, if the receipts from this source are not longer postponed. On the other hand, we have claims against Government not provided for in the appropriations of the present year—such as the debts of the corporations of this District, assumed by us, amounting to \$1,500,000; further provision for carrying into effect the treaty with the Chippewas and Ottowas, \$1,783,325; claims on account of the public debt, and interest, of France for the remainder of the indemnity, and for executing Indian treaties now in negotiation.

The extraordinary revenue of the past and present year has become a subject of deep interest to the country, and claims a brief notice in this report. The sudden rise within two years has not been exclusively owing to the growth of our wealth and population, and the existing income ought not to be relied upon as a criterion of our receipts for at least a few years to come. We are indebted for it in some degree to a long peace, peculiar sources of prosperity, and a steadily increasing export of a commodity which has almost become the regulator of commerce in Europe and America. But other causes have given a temporary and violent impulse to speculation, and have carried the value of property generally, and the trade and revenue of the country, beyond the limit which can be permanently sustained. The banking capital of the Union has been increased by our Legislatures since 1830, an amount equal to the whole capital of the banks incorporated during the preceding forty years; while in England there has been simultaneously an abrupt increase in the number of joint stock companies. Every bank in this country has, at the same time, rapidly increased its business and circulation, especially since November, 1834. Our law, too, altering the ratio of gold to silver, has had no inconsiderable influence upon property and trade, by giving us an advantage over Europe in the commerce in currency. It has produced a sudden revolution. We have become importers of gold, and are now drawing on the currency of Great Britain and France. Trade is evidently, on both sides of the Atlantic, reaching an elevation from which it must, at no distant period, recede; and on which ever side the reaction commences, it will soon extend to the other. Without anticipating any violent revulsion, when there are so many substantial sources of prosperity existing, we ought to expect that speculation will be checked, and that the revenue of the country, whether from customs or public lands, must be in some measure reduced. Should such a change occur, it is not probable that we shall again witness the extraordinary reduction in our revenue which formerly followed periods of excessive speculation; but a brief notice of the fluctuations in our exports, imports, and sales of public lands, must satisfy us that we ought not to rely too confidently on the stability of a revenue which may at any moment be reduced one-half, if not more, by a revulsion in trade, a failure of crops, or any political change in our foreign relations.

In 1818 the trade of this country was in an expanded state, as at present; but it did not then, as at this time, rest on a prosperity, the fruit of twenty

years' peace. The reaction was consequently disastrous in 1819 and '20. In 1818 our domestic exports were about seventy-four millions, and in 1821 they declined to forty-three and a half millions. In 1828 they amounted to fifty millions, and have since increased to more than one hundred and one millions in the year ending the 30th of September last. Our exports in the year which terminated with the 1st of April, probably did not fall short of one hundred and fifteen millions, or sixty-five millions more than in 1828. But that this sudden increase of 130 per cent. since that year has been owing to other causes besides production, is sufficiently evident from the fact, that while the exports of domestic produce increased at the rate of four millions annually, from 1828 to 1833, the increase from 1833 to 1835 was thirty millions, or fifteen millions annually.

This abrupt increase, and the singular fact that we are actually importing agricultural produce from Europe, are strong indications of an approaching reaction. Our exports of domestic produce will not, from any cause, merely commercial, decline as formerly to forty three or fifty millions; but they may be reduced to eighty millions, if not lower, which would sensibly affect our imports and revenue, as both depend upon the exports of our domestic produce.

According to the Treasury returns, the amount of foreign merchandise consumed in the country in 1816, was one hundred and thirty-three millions, and in 1821 only forty-one millions. The amount consumed, excluding bullion and specie, which are incorrectly embraced in the Treasury statements, was, in

1830	-	-	-	-	-	\$49,500,000
1831	-	-	-	-	-	83,000,000
1832	-	-	-	-	-	75,000,000
1834	-	-	-	-	-	87,000,000
1835	-	-	-	-	-	123,000,000

Making an increase of seventy-three and a half millions in five years, of which increase thirty-six millions accrued in 1835 alone.

The merchandise imported for consumption in the year ending the first of April, probably exceeding one hundred and fifty millions, being three times the amount in 1830. In the latter year, the imports were ten millions below the exports of domestic produce; at this time they are probably thirty-five to forty millions more than the exports. Under such circumstances, it is not probable that the present amount of importations can be long sustained. No ordinary cause will reduce our imports for consumption, as in 1821, to forty-one millions; but a fluctuation in trade would diminish them to seventy or eighty millions, as they were in 1833 and '34, which would be equivalent to a gross importation of ninety to one hundred millions.

The recent important modifications of our tariff have diminished the sources of our revenue from customs, by relinquishing the duty on about one half of all the foreign merchandise consumed in the country. Had our tariff in 1821 been regulated as it now is, the revenue from this source in that year would have been little more than six millions. For ten years after, the average amount of merchandise now charged with duty, was, as in 1830, only about twenty-six millions. With our present duties, this amount would have afforded less than seven millions of revenue annually. Even in the last six years, (though embracing five years of large and increasing importations,) the annual average was but forty-four millions, which would

have given us little over thirteen millions of revenue, had the present rates of duty existed from 1830 to the present time. Should the total amount of our importations decline to one hundred millions, about eighty would remain for consumption, of which not much over forty millions would be liable to duty, affording a revenue of about twelve millions. After the sudden and extraordinary increase of importations in two years past, a diminution ought to be anticipated. In the meantime, our duties are in a process of reduction, and after the 30th of June, 1842, the highest rate proposed is 20 per cent. on the home valuation; the average will be less. Estimating the effect of the home valuation as equivalent to the expenses of collection, there would be required under the existing compromise act, a total importation of one hundred and sixty millions to afford us a revenue of little more than thirteen millions of dollars.

We have not heretofore placed much reliance on our revenue from public lands. Prior to 1833, we never received in any one year three millions from this source, except in 1819, and 1831, when it exceeded a little that amount. Speculations occurred in 1818 and '19. The sales at that time were made on a credit, and rose from \$2,500,000 in 1815, to more than seven millions in 1818, and then suddenly in 1819 to \$17,700,000; but in the very next year the amount fell below two millions. In 1828, the actual receipts from public lands amounted to only a million; they rose to 4,850,000 in 1834, and suddenly to \$14,750,000 in 1835. It is difficult to estimate what may be the income annually from this source, when the present spirit of speculation subsides; but there are many causes which will prevent it from declining, as formerly, to one million. The increased facilities of internal communication open a wider field for speculation and settlement, and the purchases of Indian lands within the States and Territories will probably afford a larger revenue than we received in any former period of depression. But as a portion of our best lands is rapidly going into the hands of speculators, it would be unsafe to estimate our revenue from this source for a few years to come, and after the present speculations are checked, at more than five millions annually.

Our revenue from customs and public lands, after 1837, is not likely to exceed the expenditures of Government. It is, therefore, important, that whatever surplus we may have in the meantime, whether deposited with the local banks or in the State treasuries, as is proposed after the first of January next, should be preserved, to be applied to the extraordinary purposes we have been compelled to provide for during this session, and for similar expenditures, which, in the present state of our Indian relations, may again become necessary. On the balance in the Treasury on the 1st of January next, and the revenue which may be received in 1837, there will be charged, in addition to the current expenditures of that year, and all extraordinary demands that may occur, probably near fifteen millions for appropriations authorized at the present session, making the claims upon the Treasury in the next year greater than in the present, while the revenue of 1837 will be considerably less than that of 1836, and leaving the surplus at the close of that year much diminished. As our income will not probably then exceed our current expenditures, we must rely entirely upon what surplus we may have to defray all the expenses which may become necessary in extinguishing Indian titles to lands, removing the tribes beyond the Mississippi, and for other objects of expenditure of an extraordinary character.

The committee, therefore, asks to be discharged from the further consideration of the memorial praying for the creation and distribution of a stock of two hundred millions, payable out of the proceeds of the public lands, and of the resolution instructing them to inquire into the expediency of distributing "the surplus revenue now in," or "that may hereafter be in the Treasury."

STATEMENT of the probable condition of the Treasury of the United States for the year 1836.

1836, January 1. Balance of available funds remaining on hand, including unexpended appropriations - - -	\$25,523,926
December 31. Revenue of the year from all sources - - -	39,000,000
	<hr/>
	\$64,523,986

Charges upon the Treasury.

1836, January 1. Appropriations for the service of 1835 and previous years, unexpended at this date, deducting the amount carried to the sinking fund, and including the sum applicable to the expenditures of 1836 - - -	\$8,726,990
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Ordinary appropriations for the service of 1836, viz:

Support of Government, Congress, &c. - - -	\$843,880
Pensioners - - -	455,454
Civil and Diplomatic - - -	2,798,990
Clerks, &c. - - -	82,320
Supplementary bill for pay of Congress, custom-house officers, public buildings, &c. - - -	585,000
	<hr/>
Deduct extraordinary appropriations for extended session of Congress, public buildings, public lands, Supreme Court, &c. - - -	4,765,644
	<hr/>
	\$3,815,644
Navy bill, less, \$1,700,000 extraordinary - - -	4,575,412
Army " " \$500,000 do - - -	3,510,485
Fortifications, less, \$1,000,000 do - - -	860,000
Indian annuity bill, \$1,350,000 do - - -	523,282
Military Academy - - -	131,657
Harbors, &c. less, \$200,000 extraordinary - - -	551,384
Cumberland road - - -	600,000

Permanent appropriations chargeable upon 1836, viz:

Pensions under act of 7th June, 1832, about - - -	1,300,000
Pensions to revolutionary officers, per act of 15th May, 1828, about - - -	160,000
Virginia claims, per act of 5th July, 1832, about - - -	52,000

Gradual improvement of the navy -	\$500,000	
Arming and equipping the militia -	200,000	
Civilization of the Indians -	10,000	
Unclaimed dividends and interest of debt -	50,000	
Library of Congress -	1,000	
Three per cent to new States from sales of lands -	500,000	
Proportion of French indemnity payable by the United States, being part of the amount to be paid by us by the treaty -	225,000	
		<hr/> \$17,565,864

Extraordinary appropriations for army, navy, and fortifications.

Army, accoutrements, camp equipage, &c. -	\$259,966	
Armories, &c. -	272,087	
Navy -	1,700,000	
Fortifications -	1,000,000	
Armament of fortifications -	400,000	
Purchasing land in neighborhood of forts, and incidental expenses -	215,592	
		<hr/> 3,847,645

Extraordinary appropriations for the Indian Department, viz:

Removing Creeks and Seminoles, and for other new objects in the annuity bill -	1,350,000	
Increased expenditures in the Army, growing out of Indian hostilities -	500,000	
Indian wars -	5,020,000	
Indian treaties -	6,381,454	
Regiment of dragoons -	300,000	
		<hr/> 13,551,454

Miscellaneous appropriations, extraordinary, authorized by Congress.

Amount included in the various bills for the support of Government -	\$950,000	
Joint resolution for paying claims of States -	200,000	
Interest on the debts of the corporations of this District -	70,833	
Increase of appropriations in the harbor bill for works under construction -	200,000	
Bill for new harbors, &c. -	500,000	
Military road for protection of western frontier -	100,000	
Private claims and various appropriations not included in the foregoing -	1,000,000	
		<hr/> 3,020,833

December 31. Balance of money in the Treasury not ap- propriated	\$17,811,200
	<u>\$64,523,986</u>

1837, January 1. Estimated balance of unappropriated mo- ney in the Treasury	\$17,811,200
Appropriations for Indian wars, treaties, &c. for public works, and for the service of 1836, which will probably remain unexpended at the close of the year, 10 to 15 millions, say	14,000,000
	<u>\$31,811,200</u>