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By PHILIP FRENEAU.

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## REPORT ON MANUFACTURES.

(Continued.)

THE continuance of bounties on manufactures long established, must almost always be of questionable policy: Because a presumption would arise in every such case, that there were natural and inherent impediments to success. But in new undertakings they are as justifiable, as they are oftentimes necessary.

There is a degree of prejudice against bounties from an appearance of giving away the public money, without an immediate consideration, and from a supposition, that they serve to enrich particular classes, at the expence of the community.

But neither of these sources of dislike will bear a serious examination. There is no purpose to which public money can be more beneficially applied, than to the acquisition of a new and useful branch of industry; no consideration more valuable than a permanent addition to the general stock of productive labor.

As to the second source of objection, it equally lies against other modes of encouragement which are admitted to be eligible. As often as a duty upon a foreign article makes an addition to its price, it causes an extra expence to the community, for the benefit of the domestic manufacturer. A bounty does no more. But it is the interest of the society in each case to submit to a temporary expence, which is more than compensated, by an increase of industry and wealth, by an augmentation of resources and independence; and by the circumstance of eventual cheapness, which has been noticed in another place.

It would deserve attention, however, in the employment of this species of encouragement in the United States, as a reason for moderating the degree of it in the instances in which it might be deemed eligible, that the great distance of this country from Europe imposes very heavy charges on all the fabrics which are brought from thence, amounting from 15 to 30 per cent. on their value, according to their bulk.

A question has been made concerning the constitutional right of the government of the United States to apply this species of encouragement, but there is certainly no good foundation for such a question. The national legislature has express authority "To lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare," with no other qualifications than that "all duties, imposts, and excises, shall be uniform throughout the United States, that no capitation or other direct tax shall be laid unless in proportion to numbers ascertained by a census or enumeration taken on the principles prescribed in the constitution, and that no tax or duty shall be laid on articles exported from any state."

These three qualifications excepted, the power to raise money is plenary and indefinite; and the objects to which it may be appropriated are no less comprehensive, than the payment of the public debts and the providing for the common defence and general welfare. The terms "general welfare" were doubtless intended to signify more than was expressed or imported in those which preceded; otherwise numerous exigencies incident to the affairs of a nation would have been left without a provision.—The phrase is as comprehensive as any that could have been used; because it was not fit that the constitutional authority of the union, to appropriate its revenues should have been restricted within narrower limits than the "general welfare;" and because this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.

It is therefore of necessity left to the discretion of the national legislature, to pronounce, upon the objects, which concern the general welfare, and for which, under that description, an appropriation of money is requisite and proper.—And there seems to be no room for a doubt that whatever concerns the general interests of LEARNING, of AGRICULTURE, of MANUFACTURES, and of COMMERCE, are within the sphere of the national councils, as far as regards an application of money.

The only qualification of the generality of the phrase in question, which seems to be admissible, is this—That the object to which an appropriation of money is to be made be general and not local; its operation extending in fact, or by possibility throughout the union, and not being confined to a particular spot.

No objection ought to arise to this construction from a supposition that it will imply a power to do whatever else should appear to Congress conducive to the general welfare. A power to appropriate money with this latitude, which is granted too in express terms, would not carry a power to do any other thing, not authorized in the constitution, either expressly or by fair implication.

### V. Premiums.

These are of a nature allied to bounties, though distinguishable from them in some important features.

Bounties are applicable to the whole quantity of an article produced or manufactured, or exported, and involve a correspondent expence.—Premiums serve to reward some particular excellence or superiority, some extraordinary exertion or skill, and are dispensed only in a small number of cases: But their effect is to stimulate general effort—contrived so as to be both honorary and lucrative, they address themselves to different passions; touching the chords as well of emulation as of interest.—They are accordingly a very economical mean of exciting the enterprise of a whole community.

There are various societies in different countries, whose object is the dispensation of premiums for the encouragement of agriculture, arts, manufactures, and commerce; and though they are for the most part voluntary associations, with comparatively slender funds, their utility has been immense. Much has been done by this mean in Great-Britain: Scotland in particular owes materially to it a prodigious amelioration of condition. From a similar establishment in the United States, supplied and supported by the government of the union, vast benefits might reasonably be expected.—Some further ideas on this head, shall accordingly be submitted, in the conclusion of this report.

### VI. The exemption of the materials of manufactures from duty.

The policy of that exemption as a general rule, particularly in reference to new establishments, is obvious. It can hardly ever be advisable to add the obstructions of fiscal burthens to the difficulties which naturally embarrass a new manufacture; and where it is matured and in condition to become an object of revenue, it is generally speaking better that the fabric, than the material, should be the subject of taxation.—Ideas of proportion between the quantum of the tax and the value of the article, can be more easily adjusted in the former than in the latter case. An argument for exemptions of this kind in the United States, is to be derived from the practice, as far as their necessities have permitted, of those nations whom we are to meet as competitors in our own and in foreign markets.

There are however exceptions to it; of which some examples will be given under the next head.

The laws of the union afford instances of the observance of the policy here

recommended, but it will probably be found advisable to extend it to some other cases.—Of a nature, bearing some affinity to that policy, is the regulation which exempts from duty the tools and implements, as well as the books, clothes and household furniture of foreign artists, who come to reside in the United States; an advantage already secured to them by the laws of the union, and which, it is, in every view, proper to continue.

### VII. Drawbacks of the duties which are imposed on the materials of manufactures.

It has already been observed as a general rule, that duties on those materials, ought with certain exceptions to be forborne. Of these exceptions, three cases occur, which may serve as examples.—One, where the material is itself an object of general or extensive consumption, and a fit and productive source of revenue.—Another, where a manufacture of a simpler kind, the completion of which with a like domestic article is desired to be restrained, partakes of the nature of a raw material, from being capable, by a further process to be converted into a manufacture of a different kind, the introduction or growth of which is desired to be encouraged.—A third, where the material itself is a production of the country, and in sufficient abundance to furnish a cheap and plentiful supply to the national manufacturers.

Under the first description comes the article of molasses. It is not only a fair object of revenue, but being a sweet, it is just that the consumers of it should pay a duty as well as the consumers of

Cottons and linen in their white state fall under the second description.—A duty upon such as are imported is proper to promote the domestic manufacture of similar articles in the same state; a drawback of that duty is proper to encourage the printing and staining at home of those which are brought from abroad. When the first of these manufactures has attained sufficient maturity in a country, to furnish a full supply for the second, the utility of the drawback ceases.

The article of hemp either now does or may be expected soon to exemplify the third case in the United States.

Where duties on the materials of manufactures are not laid for the purpose of preventing a competition with some domestic production, the same reasons which recommend, as a general rule, the exemption of those materials from duties, would recommend as a like general rule, the allowance of drawbacks, in favor of the manufacturer: Accordingly, such drawbacks are familiar in countries which systematically pursue the business of manufactures; which furnishes an argument for the observance of a similar policy in the United States; and the idea has been adopted by the laws of the union, in the instance of salt and molasses. It is believed that it will be found advantageous to extend it to some other articles.

### VIII. The encouragement of new inventions and discoveries, at home, and of the introduction into the United States of such as may have been made in other countries; particularly those which relate to machinery.

This is among the most useful and unexceptionable of the aids which can be given to manufactures. The usual means of that encouragement are pecuniary rewards, and, for a time, exclusive privileges. The first must be employed, according to the occasion, and the utility of the invention, or discovery. For the last, so far as respects "authors and inventors," provision has been made by law. But it is desirable in regard to improvements and secrets of extraordinary value, to be able to extend the same benefit to introducers, as well as authors and inventors; a policy

which has been practised with advantage in other countries. Here, however, as in some other cases, there is cause to regret, that the competency of the authority of the national government to the good, which might be done, is not without a question. Many aids might be given to industry; many internal improvements of primary magnitude might be promoted, by an authority operating throughout the union, which cannot be effected, as well, if at all, by an authority confined within the limits of a single state.

But if the legislature of the Union cannot do all the good that might be wished, it is at least desirable, that all may be done which is practicable.—Means for promoting the introduction of foreign improvements, though less efficaciously than might be accomplished with more adequate authority, will form a part of the plan intended to be submitted in the close of this report.

It is customary with manufacturing nations to prohibit, under severe penalties, the exportation of implements and machines, which they have either invented or improved. There are already objects for a similar regulation in the United States; and others may be expected to occur from time to time. The adoption of it seems to be dictated by the principle of reciprocity. Greater liberality in such respects might better comport with the general spirit of the country; but a selfish and exclusive policy in other quarters will not always permit the free indulgence of a spirit, which would place us upon an unequal footing. As far as prohibitions tend to prevent foreign competitors from deriving the benefits of the improvements made at home, they tend to increase the advantages of those by whom they may have been introduced; and operate as an encouragement to exertion.

### IX. Judicious regulations for the inspection of manufactured commodities.

This is not among the least important of the means, by which the prosperity of manufactures may be promoted. It is indeed in many cases one of the most essential. Contributing to prevent frauds upon consumers at home, and exporters to foreign countries—to improve the quality and preserve the character of the national manufactures, it cannot fail to aid the expeditious and advantageous sale of them, and to serve as a guard against successful competition from other quarters. The reputation of the flour and lumber of some states, and of the potash of others, has been established by an attention to this point. And the like good name might be procured for those articles whereforever produced, by a judicious and uniform system of inspection, throughout the ports of the United States. A like system might also be extended with advantage to other commodities.

### X. The facilitating of pecuniary remittances from place to place.

Is a point of considerable moment to trade in general, and to manufactures in particular; by rendering more easy the purchase of raw materials and provisions, and the payment for manufactured supplies. A general circulation of bank paper, which is to be expected from the institution lately established will be a most valuable mean to this end. But much good would also accrue from some additional provisions respecting inland bills of exchange. If those drawn in one state payable in another were made negotiable, every where, and interest and damages allowed in case of protest, it would greatly promote negotiations between the citizens of different states, by rendering them more secure; and, with it the convenience and advantage of the merchants and manufacturers of each.

(See last page.)