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## Foreign Spectator IV Philadelphia *Federal Gazette*, 31 October 1788

REMARKS on the Amendments to the Federal Constitution, proposed by the Conventions of Massachusetts, New-Hampshire, New-York, Virginia, South and North-Carolina, with the minorities of Pennsylvania and Maryland, by a FOREIGN SPECTATOR.

### NUMBER IV.

Let us now consider the restriction, that Congress may not lay any direct taxes, until the other means of raising money are insufficient. *The impost* is generally regarded as a plentiful source of revenue; it must not, however, be estimated from the late inundation of European superfluities, but from the natural correspondence of imports to exports; it will also, in a great measure, decrease with the desirable increase of home-manufactures. This resource must, like all others, be used with some discretion. First. The opportunity of smuggling is very great in America, from the vast extent of her coast, the length of so many bays and rivers, and the number of creeks and inlets which every where wind, for many miles, into the country; to guard all these avenues, against a host of bold and artful smugglers, would require the expence of a small navy. Very high imposts, will certainly be powerful temptations to fraud, when local situation promises impunity; and nothing but the severest penalties, could check the flattering hopes of making a fortune in such a speedy and easy manner. Numbers would be ruined every year; and smuggling, like many other dangerous trades, would still be very general. In Great-Britain, bloody rencountres happen every week, between the officers of government and parties of smugglers; and cruel punishments are frequent: those scenes, so painful to humanity, would be seen in America, though every navigable water swarmed with armed vessels.

Secondly. An immoderate impost on several articles, which are in themselves good, and have become general luxuries, would not be agreeable to the nation—as tea, sugar, coffee, chocolate. It is only playing with words, to say that such duties cannot be too high, because they may be evaded; it is very hard either to lose a favorite enjoyment, or to purchase it by the money I want for other very useful things. Should Congress raise a pound of common tea to forty shillings, they would injure many of their fair country women; and I doubt not but many of them would prefer a tax on the *female tongue* to such a duty on a darling luxury.

Thirdly. Too high an impost on articles which are necessary ingredients in American manufactures, would prejudice these, i. e. paints, steel springs, furniture of cabinet works, various tools of mechanics and artists. In some cases a valuable native commodity is highly ornamented by foreign articles of moderate price; excessive duties on these would then be prejudicial, i. e. the lining, glass &c. of carri[a]ges.

Fourthly. Imported goods of real value, which cannot at all, or with no advantage be produced in America, nor draw the necessary money from the channels of domestic industry, are not objects of a high duty, i. e. books in foreign languages, and several kinds of the finer manufactures.

The *excise* is another branch of the federal revenue: let us enquire how far this may be used. Excise, properly speaking, is a duty laid on commodities of home-produce and general home-consumption, which are not absolutely necessaries of life. It is very convenient to the consumer, as he pays in piece-meal, and when he can best afford the expence; it may also be lessened by reducing the total consumption, If the excise on whiskey, i. e. is high, a person may buy a quart at a time, and save so many gallons in the year. But with all these advantages, the excise will probably not be so generally and in the same degree practicable in America, as it is in European countries. First. It must be laid with a gentle hand on the materials of the most important domestic manufactures, or on commodities which by affecting them and workmen in other respects, may considerably raise their price. Secondly. Some eatables and drinkables, which, at least as to quantity, may be called luxuries, are yet generally regarded as necessaries, and consequently as less proper objects of a productive excise, as beer, cyder, and butchers meat. Thirdly. As the great body of the people live in the country, there is but little buying and selling of provisions, in comparison with manufacturing and mercantile countries full of cities, towns and villages; therefore the excise cannot profit by the vast home-produce, and home-consumption of private families. Fourthly. It is doubtful how far the independent spirit of the Americans will, even in necessary cases, brook the troublesome and sometimes vexatious visits of excise-officers: at least, will this circumstance prevent any considerable excise within private families? Besides, such modes of taxation, would make the requisite number of collectors very expensive.

The excise upon the materials and manufacture of home-made fermented and spirituous liquors, amounted in England for the year which ended on the 5th of July, 1775, to the amazing sum of 3,341,837l. 9s. 9d. sterling: though it does not extend to beer brewed and liquors distilled in private families.<sup>(a)</sup> Of this the tax on cyder produced only 3083l. 6s. 8d.<sup>(b)</sup> In the United States, a sum proportional to the number of people could by no means be raised by this kind of excise. Beer is not yet of very general use, and wants encouragement: when it becomes a national drink, a great deal will probably be brewed in private country-families, as in the northern countries in Europe. The making of cyder will be altogether domestic, and by far the greater part consumed by the country people. The excise on ardent spirits will indeed be very beneficial, but not so productive as the convention of New-York seems to think, by their wish to grant the Congress this alone; because an high duty will hopefully render the use of this pernicious luxury very moderate; and because the number and conveniency of private stills will in a great measure elude the vigilance of most active excise-men.

I observe again, how little the conventions agree about the extent of a federal excise. Virginia and North-Carolina dislike it as much as direct taxes, am. 3. The minority of Maryland deem it worse, and call it *an odious tax* in the conclusion of their address.

As for other *duties*, which do not come under the description of impost or excise, Congress must also lay them with a discreet regard to a variety of circumstances. A duty on newspapers may hinder the general circulation of useful knowledge, and necessary political information. Duties on domestic articles of convenience and elegance, which at present are but in little demand, cannot be considerable without lessening still more the custom and profit on the re-

spective mechanics, i. e. cabinet-makers, upholsterers, painters, silversmiths, &c. The various taxes on trinkets, ornaments, and amusements, which in most parts of Europe yield a great deal, will not in America do so, because of different manners, and less inequality of wealth.

It must then be pretty evident, that the federal revenue from impost, excise, and other duties, may in many cases be very limited by necessary circumstances and prudential considerations; and consequently, it is very improper to force the Congress into an immoderate pernicious use of these means, when direct taxes are more eligible: the Convention of New-Hampshire expressly forbids these, *until all other resources are* insufficient: that of Massachusetts and New-York only mention the impost and excise; but then the last would only allow the excise on distilled liquors.

I shall not enter into a detail of direct taxes, to discuss when or how they may be used; but only endeavour to remove an ill-founded aversion against them by these observations—There being collected with certainty, ease and less expence, is a great advantage: In cases when they cannot be exactly proportioned to the revenue of individuals, this inequality will be less felt in America: They will be apportioned among the states in fixed quotas according to the census mentioned in the constitution.

The general property of these taxes, that *they cannot be evaded*, is perhaps what most displeases individuals. But if we must pay taxes in one shape or another, and all upon the whole pay nearly their proportional part of the public expence, this reason is in a great measure visionary. It must also be remarked that some kinds of direct taxes are inevitable only in certain civil transactions, consequently only temporary, and then in many cases proportionable to the value of the deeds.

(a) *Smith on the wealth of nations*, 3 vol. p. 261.

(b) 38, 365.

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