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## Foreign Spectator V Philadelphia *Federal Gazette*, 4 November 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 V.

It remains to prove, that a discretionary power to make use of direct taxation, will enable Congress to do justice to the respective states, by dividing the total federal expence among them in the most equitable manner that is practicable. The new federal government is in some degree national, and its energy depends on this very quality, as I observed in the second number. Accordingly the federal revenue is partly raised from individuals, and partly from the states. What is collected in the first way, goes into the federal treasury without any enquiry how much was gathered in this or that state. What is obtained in the second mode by direct taxes, whether by requisition or otherwise, is placed to the credit of the respective states; so that if any state pays more or less than its quota determined by the number of representatives, it draws back the surplus, or makes up the deficiency. The great object of the union, which nearly concerns every individual, is defence against foreign and internal enemies. On this depend greatly all the enjoyments of domestic and civil life. Perpetual peace, or protection in case of an inevitable war, is merely with regard to property, an eminent blessing, which every wise man would gladly purchase by six per cent. of all his yearly revenue. In this view, every federal citizen will cheerfully, by a direct personal contribution, support that federal government by which alone he can be protected. The various modes of *impost, excise and other duties*, will also, if well contrived, affect individuals in a pretty equitable proportion. Those who buy foreign articles of luxury, on which the impost is high, are comparatively rich. They pay also a sort of fine for sending their money abroad, when they might benefit their fellow-citizens by a domestic expenditure. Great consumers of domestic luxuries are also more wealthy than others who must be contented with necessaries: If those commodities are noxious by excess, as spirituous liquors, or otherwise less useful to the community, the higher excise operates likewise as a satisfaction for what in some degree is wrong. The same reasoning is applicable to other duties.

By these means, the wealthier part of the federal citizens throughout the continent pay more than an equal number of others; and so far as any state has a proportionably greater number of those, it contributes more than a less wealthy sister state. This is also reasonable, because the defence of the confederacy depends not only on property, but on the number of fighting men, which may be equal in less opulent states; and because these have less property to defend.

But on the other hand, it may also be equitable, that the states should pay a part of the federal revenue by quotas proportioned to the number of people; a standard preferable to extent of territory, or any other valuation of property. First, the wealth of a state cannot, without some limitation and exception, be estimated by its quota of the impost, excise, and other duties. The United States are all agricultural: some are also in a higher degree commercial and manufacturing; and these consume articles that pay duties much beyond their proportion of real wealth. Compare a tradesman in Philadelphia with a farmer in some remote county, who upon the whole makes an equal annual expence. The one buys almost every thing, the other very little. As to foreign goods, the citizen really wants several things for his trade: he makes more use of those articles of dress, which, at least at present, must be imported, because the general ideas of decency forbid a reputable person to appear in a croud with a ragged coat or in too light a dishabille:<sup>1</sup> he sups and breakfasts on tea, coffee, or chocolate, partly because mush and milk, &c. would cost nearly as much, and partly from custom, which, though perhaps blameable, yet cannot soon be laid aside, and certainly is not an object of an immoderate impost, that would be a real penalty. If an excise is laid on beer, cyder, meat, and other native commodities, it falls much heavier on the citizen, than on the farmer; who, tho' he may pay a part of it on what he sells, by the consequential fall of the price, yet pays nothing for the great consumption of his family. Drawing this comparison on the great scale of cities and counties, we see clearly that a state of landed wealth contributes below its proportion in the impost, excise, and some other duties.

Secondly. As by the constitution, all duties, imposts, and excises must be uniform through the United States, and as commodities but little used in one state may be of general use in another, this condition, though very equitable, will yet limit this resource of Congress, by obliging them to select such duties, imposts, and excises, which jointly may produce the most equitable contribution. If these are not sufficient, it is much better to employ direct taxes, than by straining the others to lay the burden very unequal. Without going into a detail, this reasoning seems well founded on the known difference of the states in climate, productions and manners.

A perfect system of taxation is a work of the greatest difficulty in any country, because an hundred different things are so interwoven, as to act and re-act upon each other in all directions, and with degrees of force that elude all nice calculation. This difficulty is increased in the federal system, partly from its double action on individuals, and on the states; and partly from the novel and unsettled finance of the United States. But this system is formed on great and reciprocal concessions between the sister states for the common welfare, and it grants the Congress this great variety of resources, in order to choose those which are most equitable and beneficial. By a proper management, the resources of an extensive and fertile country, are amply sufficient to all the exigencies of the union and of the states. The same persons who, as members of Congress, lay federal taxes, have, as individuals and citizens of the respective states, great and permanent interests to guard. It is therefore an excellent quality in the federal system of revenue, that it can be lightened or loosened, so as to embrace every part, and not press hard upon any one. At the same time, this very quality requires a disinterestedness, equity, mildness and generosity, from all the parties concerned, without which it would be a source of constant embarrassment. May then the federal people be good and wise! If by an effectual, yet easy revenue, national indepen-

dence, liberty, and property can be secured, how unreasonable must it be, to dispute about paying a trifle more or less.

1. “A garment worn in undress; a dress or costume of a negligent style” (OED).

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