'I have thought it better to request, that you will have the goodness to lay my duty at the feet of his majesty, humbly entreating him not to attribute to any want of attachment to his royal person, or to diminished zeal for his service, my declining a communication, which, on the terms proposed, could lead to no useful result, and which might be of serious detriment to the country, if in consequence of a less decisive answer from me, any further delay should take place in the formation of a settled government.

'I am, &c.

(Signed) 'GREY.'

(To be Continued.)

TREASURY DEPARTMENT,
December 7th, 1809.

SIR,

I have the honor to enclose a Report prepared in obedience to the act entitled "An act to establish the Treasury Department."

I have the honor to be,
Very respectfully,
Sir, your ob't servant,
ALBERT GALLATIN.

The Honorable
The President of the Senate.

REPORT.

In obedience to the directions of the act supplementary to the act entitled "An act to establish the Treasury Department" the Secretary of the Treasury respectfully submits the following report and estimates:

The duties on merchandize and tonnage which accrued during the year 1807, amounted after deducting the expenses of collection to	$ 26,126,648
From which deducting for debentures issued on account of re-exportations,	10,067,191
Left for the nett revenue accrued during that year	16,059,457
The same duties during the year 1808, amounted, after deducting the expenses of collection, to	$ 10,581,559
From which deducting for debentures issued, and which on account of the embargo did not exceed	249,396
Leaves for the nett revenue accrued during that year, as will appear by the statement (A)	10,332,163

The statement (B) exhibits in detail the several species of merchandize and other sources from which that revenue was collected during the year 1808; and the statement (A) gives a comparative view of the importations and re exportations of the several species of merchandize for the years 1807 and 1808, shewing thereby distinctly the effect of foreign aggressions and commercial restrictions on the importations of foreign articles.

From the returns already received for the three first quarters of the present year and from the general knowledge of the importations made during the two last months, it is believed that the gross amount of duties on merchandize imported during the whole year, will, after deducting the expenses of collection, amount to about ten millions of dollars.

But as the debentures issued on account of re-exportations (principally of colonial produce) will amount to about 3,500,000 dollars, the nett revenue accrued during the year 1809 cannot be estimated at more than six millions and a half.

It appears by the statement (C) that the sales of public lands, have during the year ending on the 30th September, 1809, amounted to 143,000 acres; and the payments by purchasers to near 500,000 dollars. The proceeds of sales in the Mississippi Territory, being, after deducting the surveying and other incidental expenses, appropriated in the first place to the payment of a sum of 1,250,000 dollars to the state of Georgia, are distinctly stated.

It appears by the statement (D) that the payments on account of the principal of the public debt, have during the same period, amounted to near 6,730,000 dollars, the reimbursement of the eight per cent stock having taken place on the first of January last. But the aggregate of payments on account of principal and interest will not for the two years 1808 and 1809 exceed the sum of sixteen millions of dollars appropriated by law.

The same statement shews that about 34,796,000 dollars of the principal of the debt have been reimbursed during the eight years and a half commencing on the 1st of April, 1801, and ending on the 30th September, 1809; exclusively of more than six millions of dollars paid in conformity with the provisions of the convention with Great Britain and of the Louisiana Convention.

The actual receipts into the Treasury during the year ending on the 30th of September, 1809, have amounted to	$9,315,753 16
Making, together with the balance in the Treasury on the 1st of October, 1808, and amounting to	13,846,717 52
An aggregate of	23,162,470 68

The disbursements during the same year have consisted of the following items, viz.

Civil Department, including miscellaneous expenses, & those incident to the intercourse with foreign nations,		1,439,633 23
Military and naval establishments including the Indian Department, viz.		
Military, including arms and fortifications,	3,366,403 12	
Navy,	2,379,267 80	
Indian Department,	292,303 84	
		6,077,974 76
Interest on the public debt,		3,126,149 15
		10,603,757 14
Reimbursement of principal of the public debt,		6,729,777 53
Amounting together, as will appear more in detail by the statement (E) to		17,333,534 67
And leaving in the Treasury on the 30th of September, 1809, a balance of		5,828,936 01
		23,162,470 68

Whence it appears that the expenses of government, exclusively of the payments on account of the principal of the debt, have exceeded the actual receipts into the Treasury by a sum of near thirteen hundred thousand dollars; and that that deficiency, as well as the reimbursement of the principal of the debt, have been paid out of the sums previously in the Treasury, or in other words out of the surplus of the revenue of the preceding years.

The outstanding revenue bonds may, after deducting the expenses of collection, and allowing for bad debts, be estimated to have amounted on the 30th of September, 1809, to	$7,500,000
The duties on the importations during the last quarter will not probably, after making a similar deduction fall short of	2,800,000
All those will fall due prior to the 1st day of January, 1811, and make, together with the balance in the Treasury on the 30th September, 1809, and amounting as above stated, to	5,800,000
An aggregate of	16,100,000
The expenses of the present quarter, though not yet precisely ascertained, will not probably, including the payments on account of the public debt, exceed	3,600,000
Leaving on the first day of January, 1810, a sum of	12,500,000

About twelve and a half millions of dollars in cash or bonds payable during the year 1810 and applicable to the expenses of that year. This estimate however, is founded on the supposition that the amount of debentures payable in that year will not exceed two millions of dollars, and that the receipts during the year arising from importation subsequent to the first of January next, and from the sales of land, will be sufficient to pay those debentures and to leave at all times in the treasury at least one million of dollars.

Estimating the expenses of a civil nature, both domestic and foreign, for the year 1810, at the same amount actually expended for those objects during the preceding year, or at about	1,500,000
And adding thereto the annual appropriation of	8,000,000
For the public debt; (of which sum about three millions seven hundred and fifty thousand dollars will be applied to the final reimbursement of the exchanged six per cent stock;) It follows that unless the aggregate of the expenses for the military and naval establishments should be reduced to about	3,000,000
	12,500,000

three millions of dollars, a loan will be necessary to make up the deficiency. That state of the Treasury had been anticipated; and, for that reason an increase of duties had been respectfully submitted in the last annual report. But should that measure be now adopted, it would not, on account of the terms of credit allowed for the payment of duties, supersede the necessity of a loan for the service of the year 1810, commensurate with the extent of those establishments and with the appropriations which may be made for their support by Congress. No precise sum is suggested, since this must vary according to the plans which may be adopted in relation to foreign nations, and will particularly depend on the decision of Congress on the question of war or peace. It is sufficient to state that if the actual expenditure of the year 1810 for all military and naval purposes should be estimated at the same sum which was disbursed by the Treasury for those objects during the year ending on the 30th September, 1809, and exceeding as above stated six million of dollars, the deficiency according to the preceding estimates would amount to three millions: on which supposition, it would seem prudent, in order to provide against any deficiency in the receipts beyond what has been estimated, to authorise a loan of four millions of dollars.

In the event of war the necessity of rendering it efficient and of calling for that purpose into action all the resources of the country, is too obvious to require any comment. On that subject nothing will at this time be added by this department to the suggestions respectfully submitted in the two preceding annual reports. Loans reimbursable by instalments and at fixed periods after the return of peace, must constitute the principal resource for defraying the extraordinary expenses of the war. For the support of public credit, the basis on which rests the practicability of obtaining loans on reasonable terms, it appears necessary that the revenue should, in the meanwhile, be equal to the interest on the public debt including that on the new loans, & to all the current expenses of government calculated on a peace establishment, or, for the present, to about eight millions of dollars. An immediate & considerable encrease of the existing duties will, it is believed, be requisite for that purpose in order to cover the defalcation which a maritime war must necessarily produce in a revenue almost exclusively depending on commerce. That encrease appears preferable in the present situation of the U. States to any other source of taxation, and is not, in time of war, liable to the objection of its encouraging smuggling. It is only in the event of that revenue being still more affected by a war than is apprehended, that a resort to internal taxes either direct or indirect may become necessary.

If war should not be resorted to, it does not appear requisite unless Congress should resolve on a permanent encrease of the military and naval establishments in time of peace, to lay at present any additional duties, beyond a mere continuance of the two and a half per cent. known under the name of "Mediterranean fund." It has already been stated that an encrease of the impost would not supply the deficiency which may take place in the year 1810, and exclusively of the reimbursement of the loan which may be wanted for the service of that year, all the national expenses calculated on a peace establishment and on the average of the actual expenditures of the six years 1802 a 1807, will not exceed ten millions of dollars for the year 1811, and eight millions after that year.

For the only portion of the existing debt which according to law it will be practicable after the year 1810 to reimburse, will, exclusively of the annual reimbursement of the six per cent and deferred stocks, consist only of the converted six per cent stock, which amounts to less than two millions of dollars. The payments, on account of the annual appropriation of eight millions of dollars, for the debt cannot for that reason (except for the purpose of reimbursing the loan which may be wanted for the service of the year 1810) much exceed six millions of dollars in the year 1811, and four millions of dollars annually after that year. The expences for the year 1811 and the ensuing years may, therefore, if calculated on a peace establishment, be estimated as followeth, viz.

Civil expenses, domestic and foreign,	1,500,000
Military and naval establishments (including the Indian department) calculated on the average of the actual expenditure for those objects during the six years 1802—1807, as will appear by statement (F) about	2,500,000
Interest on the public debt, including the annual reimbursement on the six per cent and deferred stocks,	4,100,000
Total of the annual expenses after the year 1811,	8,100,000
Reimbursement of the converted six per cent stock,	1,860,000
Total of expenses for the year 1811,	$ 9,960,000

Whatever may be the decision of Congress in other respects, there is a subject which seems to require immediate attention. The provisions adopted for the purpose of carrying into effect the non-intercourse with England & France, particularly as modified by the act of last session under an expectation that the orders of council of Great Britain had been revoked, are inefficient and altogether inapplicable to existing circumstances. It will be sufficient to observe that exportation by land is not forbidden, and that no bonds being required from vessels ostensibly employed in the coasting trade, nor any authority vested by law which will justify detention, those vessels daily sail for British ports, without any other remedy but the precarious mode of instituting prosecutions against the apparent owners. It is unnecessary, and it would be painful to dwell on all the effects of those violations of the laws. But without any allusion to the efficiency or political object of any system, and merely with a view to its execution, it is incumbent to state that from the experience of the two last years, a perfect conviction arises, that either the system of restriction partially abandoned must be reinstated in all its parts, and with all the provisions necessary for its strict and complete execution, or that all the restrictions, so far at least as they affect the commerce and navigation of the citizens of the U. States, ought to be removed.

All which is respectfully submitted.

ALBERT GALLITIN.
Secretary of the Treasury.

Treasury Department,
December 7th, 1809.

CONGRESS.

IN SENATE.

Friday, Dec. 8, 1809.

A communication was received from the Treasury Department, which will be found in this day's paper; and which was ordered to be printed.

Mr. Leib, agreeably to notice, presented a bill to repeal the act to suspend for a limited time the recruiting service.

The bill supplemental to the act extending the right of suffrage in the Indiana territory and for other purposes, was read a second time, and, on motion of *Mr. Pope*, referred to a select committee which consists of Messrs. Pope, Meigs & Crawford.

RUPTURE WITH MR. JACKSON.

The resolution reported by Mr. *Giles* approving the conduct of the Executive in refusing to hold any further communication with Mr. Jackson, was taken up by the Senate as in committee of the whole.

The resolution having been read,

Mr. Giles rose and spoke as follows:

Mr. President—Before I proceed to perform the duties enjoined upon me as the Chairman of the committee who reported the resolution before you, permit me to express my regret, that the consideration of a subject, which justly excites so much sensibility, should have been delayed *even only one day* on my account; and be assured, Sir, that nothing less than an indisposition sufficient to justify it, would have caused me to have been absent from my place yesterday. Perhaps, Sir, I owe an apology to the Senate at this time, for entering into this debate under a state of hoarseness, which must necessarily disqualify me in some degree, from discharging my duty on the present occasion. But, sir, it is a subject of great consolation to me, to reflect, that I am fortunately favored with associates on the committee, either of whom could perform the task I am now engaged in, better than myself, and some of whom, will certainly do me the favor of correcting any errors I may unintentionally commit, or supplying any omissions I may inadvertently make.

Although it appears to me, that the propriety and urgency of the resolution now under consideration must be strongly addressed both to the judgment and sensibility of every gentleman, who has carefully attended to the distribution of powers under our constitution, and who has also carefully attended to the correspondence which gave rise to the resolution, yet in a case of so much delicacy, it would naturally be expected, and is a respect due to the Senate, from the chairman of the committee, to present to it at least some of the general motives which induced the committee to report the resolution at this time.

It is to be observed, Mr. President, that our constitution is peculiar in the organization and distribution of its powers; and in no respect is it more peculiar, than in the distribution of the particular powers embraced by the resolution. In all other governments known to us, the same department which possesses the power to receive and negociate with foreign ambassadors and other public ministers, also possesses the power to make war. It has been thought wise in our constitution, to separate these powers. With a simplicity of language, and a solidity of wisdom almost peculiar to our constitution, the President is invested with the power to receive ambassadors and other public ministers; thus using the broadest terms in granting this power without even an attempt at limitation or specification; evidently with a view, that all the incidental or consequential powers might flow from this general expression to the department, thus invested with this general power. It was easy to foresee, and no doubt the framers of our constitution did foresee, that the multiplicity and diversity of cases, which would arise in the course of various diplomatic manoeuvres and negociations, would set at defiance all attempts to limit or specify the powers of the department in this respect, to which these powers were confided and to be exercised on the part of the U. S. and therefore, every attempt of that kind was wisely avoided, leaving to the President to exercise his authority upon his own responsibility, to be regulated by the only established standard amongst nations, to wit, the laws and usages of nations. For it never can be presumed, sir, that the wise sages who framed our excellent constitution could for a moment have tolerated the idea, that the ministers of foreign nations residing near the government of the U. S. should possess greater privileges and immunities, than the ministers of our government residing near foreign courts—of course the same laws, to wit, the laws and usages of nations, were left reciprocally to govern in every reciprocal case.

But, sir, notwithstanding the President is invested with the power "to receive ambassadors and other public ministers;" & as I think all other incidental or consequential powers applicable to the various agencies with such ambassadors and other public ministers; yet Congress is invested with the power without limitation or qualification, "to declare war." Now, sir, it must be obvious to every understanding, that these several powers are so intimately connected, and may be so dependant upon each other that the exercise of the power conceded to the President may consequentially involve the necessity of the exercise of the power conceded to Congress; as in the case now under consideration; the refusal of the Executive to receive any further communications from his Britannic Majesty's minister, Mr. Jackson, may consequentially involve us in war with G. Britain; or in other words may serve as a pretext to Great Britain to make war upon us, if she should conceive it her interest to do so, which I think not very improbable. Hence arises in my judgement, the propriety and urgency of expression of the Congressional opinion upon this Executive act, and a declaration of the Congressional will as to the course of conduct Congress will pursue under any consequences which may flow from, or possibly be attributed to this Executive act.

I conceive, sir, that the expression of this opinion, and the pledge of a solemn declaration, by Congress, are due to the people; because the people have the deepest interest in the character of their government; and in no part of its attributes, have a deeper interest, than in its efficacy to resist and repel injuries and insults from foreign governments; the people also are either the mediate or immediate electors of Congress, and as such have a right to expect and demand, that Congress will execute all their duties and will never shrink from their constitutional responsibility in any case; and last of all, in a case of so high and solemn a character, as the one under consideration.

This course of conduct is essentially due to the Executive. The President ought to know, whether, with the indispensible cooperation of Congress, he ought to proceed with dignified moderation and intelligence, to assert and maintain the rights, the honor and the interests of the American people, or whether for the want of that co-operation, he shall with shame and confusion of face be compelled to retrace his steps, and leave to Congress to abandon these high attributes of the nation, and with their degradation, to record their country's ruin and disgrace. No, sir, it is not possible that an American Congress does exist, or can ever exist, that would not spurn from themselves every vestige of an idea, that they could be brought under any circumstances to perform so degrading and dishonorable a task.

It is imperiously demanded by the dignity and candor of Congress itself. What, sir? shall the exercise of one of the highest constitutional functions of Congress be brought into question, and every individual in the nation engaged in expressing an opinion on it; and shall Congress alone stand aloof for fear of incurring a responsibility imposed on them by the constitution? Shall Congress stand by as idle spectators, and see a contest before the people between the President & a foreign minister, and feel no interest and take no share in such an unprecedented scene? especially when one of their highest constitutional functions may be affected by it? No, sir! Congress must speak—Congress must act—Congress never can shrink from its constitutional responsibility—it is due to the dignity—it is demanded from the candor of Congress.

Above all, sir, it is important to the United States as a nation, that the Congressional will should be proclaimed upon this delicate and solemn occasion. It is of importance, it may be of the last importance, to the U. States, that Great Britain should know, before she decides upon this subject, what is the Congressional will in relation to it? Whether she will be called upon to act against an united, harmonized government and people? or whether she shall have for her prey, a divided people and a discordant government?

Do you not believe, Mr President, that the conduct of G. Britain, would be very different under these different conditions of the people and government of the U. S.? Let me ask you this question, sir, would you not, sir, if you were prime minister of G. Bri-