18th CONGRESS, 1st SESSION.

MEMORIAL

OF SUNDRY

MERCHANTS, MANUFACTURERS, &c.

OF

BALTIMORE.

JANUARY 19, 1824.

Referred to the Committee on Manufactures.

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MEMORIAL.

To the Honorable the Senate and House of Representatives of the United States, in Congress assembled.

The Memorial of the subscribers, Merchants, Manufacturers, Mechanics, and Property Holders of the City of Baltimore,

RESPECTFULLY SHEWETH:

That they, in common with their fellow citizens of the other commercial cities of the Union, being seriously affected by the extensive evils which have resulted, and which are still augmenting, from the change that has taken place in the prosecution of trade, from a regular system, under which its advantages were generally divided, to the management of it through extensive public auctions, whereby its profits are monopolized by a few; and relying upon the wisdom of the national legislature to protect and foster the soundness of our institutions, beg leave to present for consideration, some of the leading facts connected with this important subject; and to petition, that such a tax may be imposed, as will place the trade carried on through the medium of public auctions, and that which is prosecuted in a regular way, on an equal footing.

Your memorialists with confidence represent, that of all the public and private sales of manufactured goods made by auctioneers in the city of Baltimore, it is believed that full three fourths of the amount is on foreign account.

From this fact alone, and considering that nearly all foreign business is done through them, clear of the usual expenses of a commercial establishment, your memorialists conceive it to be rendered evident, that they are the means of transferring from the resident merchants to foreigners, the superior advantages of a market, which is created, and kept up, by the concentration of our citizens, at a great expense, without contributing, in any material degree, to support the public burthens, or to maintain the market, by keeping the citizens and capital together, which constitute it. If the entire trade of one of our large commercial cities were forced through one great auction establishment, the consequences would be still more seriously felt; so your memorialists apprehend, in proportion as the trade verges into, and becomes embodied, and monopolized by a few, as it now is under the auction system, that the profits and emoluments of it, which are now carried off by the owners of foreign mer-

chandise, residing abroad, will be rendered less beneficial to all other parts of the community.

If it be true, that a division of capital, extending from a few to the many, increases the productiveness of it; it must be equally correct, that the division of business and its emoluments, operates in the same way, and with equal benefit. In some of the commercial cities, your memorialists beg leave to notice, that the auction business exists under the patronage of the state authority, and the number of auctioneers is limited entirely by the pleasure of it. From the heavy current of business which this eminent advantage secures to them, they are raised above the rivalship of other merchants, in effecting also extensive private sales.

The whole expenses of resident merchants, together with all their surplus profits, being retained in the same community, contribute, in return, and in a very considerable degree, to support the artists and labouring classes of our towns, and to furnish the agriculturists of our country, with the means of supplying themselves with such articles of foreign and domestic mauufactured goods as are essential to their convenience; each deriving some benefit from the services and the expenditure of the other, and thus a general improvement results from the labor of all. But, under the auction system of trade, nothing is felt but the commission of the auctioneer, and, in some cities, a small corporation tax; whilst all the profits which arise from that heavy proportion of it, done on account of foreign houses, become withdrawn, as soon as they are realized. This class of profits, it is known to practical men, has proved to be very extensive.

When the business of a foreign house, having all the advantage of the market, is done at so much less expense than that of a resident merchant, who sustains the very same market, it may reasonably be apprehended, that the auction system will continue to encroach upon the regular trade, until it shall ultimately extinguish it; and thus put out of employment, or continue to render unemployed, a vast amount of property, and with it a considerable number of merchants, and persons of other pursuits.

Turning from the direct peeuniary considerations of the case, your memoriolists would also beg leave to place under your view, some of the immoral consequences, which are produced by the auction system of trade. Under it, great irregularity and artificial excitements are produced on the market, which lead our trading community, more especially the junior class of merchants, whose soundness of principle it would appear to be the true policy to foster, from the sober calculations of integrity, predicated upon the cost and regular consuming demand for commodities, into rash adventure and habits of chance, which bear a greater affinity to gambling, than to commerce or trade. The most artful generally overcome the more honest, in the operations of scheme and hazard; and when, under a corresponding depression of market, which generally follows a previous excitement, the weaker class become oppressed, or broken down, and the strong become injured, the auction system offers its ready aid, to lead into

depravity those who might otherwise, by a timely arrangement with their creditors, at least have retaiued their reputations for honesty.

Merchants, who become a little embarrassed from a course of trade so confused, and who, under a hope of recovering their strength, are allured to purchase on credit from regular houses, convey the goods secretly to auction, and pledge them for money at a heavy usurous interest, to be thus absorbed by expenses, or forced off at a sacrifice, without the presence of a fair demand; and if a commercial friend is to be secured for his endorsements at bank, or for his endorsements for purchases at auction of merchandise frequently owned abroad, the regular resident trader is here again exposed to the hazard of being defrauded in this way, by the inclination of the purchaser to satisfy what may be a foreign debt, and the auction again lends its aid to carry on and cover the fraudulent operation.

These practices, when once begun, are frequently repeated; and, taken in connexion with the other destructive means of raising funds, convey more merchants to ruin, after the first stages of embarrassment, than all their losses on a regular trade; and exhibit, at one view, the principal cause why the commercial failures, in our large cities, are more frequent, more desperate, and involve more depravity, than in the country, where the operations of trading men do not admit of the same concealment. Thus it appears, that the auction system derives a part of its sustenance from the victims of ruin produced by its own destructive operations.

Another great evil which your memorialists would urge, as growing out of this system, is the injury it occasions to the public revenue. The American merchant, in making his purchases in Europe, is obliged to pay the manufacturers profit, and, in many instances, the factors profit; he must employ an agent, who charges a commission, and is subjected to various other expenses which the foreign manufacturer can avoid; upon all of which he pays a duty to Government: Whereas, there is too much reason to believe, that the foreign manufacturer does, in many instances, pass his fabrics through our custom houses at the nett manufactured cost, and thus pays considerably less duty, than the resident importer pays on the same articles. By these means, he is actually enabled to vend his productions in the American markets, at less than the same goods could be imported by our own citizens, and yet secure a profit. The confidential and intimate connexion which exists between some of the auction establishments of this country and the manufacturers in Europe, facilitates these operations, and contributes, effectually, to drive the American merchant out of the market; while it also greatly affects the revenue of the United States, by reducing it much below what it would be, were the same goods imported by our own citizens. This course of business also throws the whole profits of the trade into the hands of foreigners residing abroad, to the great impoverishment of our own country, and increase of the balance of trade against it.

Considering, therefore, as the auction system of business cannot, from its own nature, afford any peculiar profit or emolument, or any

peculiar advantages to a trading community; but, on the contrary, that it must have a tendency to vitiate the commercial system, in various respects, by encouraging gambling in trade, and impairing the general benefit by its monopolizing effects; and that it does, as now conducted in the United States, most certainly transfer a great proportion of the advantages and profits of business from our resideut merchants to foreigners; who, by withdrawing their profits, as soon as they are realized, leave an impression, to be felt on every other branch of interest in the community; and that the public revenue suffers materially, both in its amount and security; your memorialists respectfully pray your honorable bodies to impose a duty of ten per centum on sales by auction. excepting the effects of bankrupts, and of deceased persons, goods sold for the benefit of underwriters, shipping, and real estate.