MEMORIAL

OF

Sundry Auctioneers of the City of Baltimore.

FEBRUARY 2, 1824.

Read, and 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, auctioneers, in the city of Baltimore, respectfully sheweth:

That foreign fabrics, especially those of Great Britain, have, for some time past, been afforded to the consumers in the United States at lower rates than they were formerly supplied at by the importers resident in this country. The causes of this advantage to the American consumer are, they presume, very obvious to your honorable bodies. Foreign merchants, or manufacturers, who trade on extensive capitals, and can borrow money at low interest, have the usual advantage in trade over the smaller capitalists of a country in which the rate of interest is higher, and whose establishments must be supported at an expense which necessarily enhances the price of these fabrics to the consumer.

From these circumstances, amongst others, it unavoidably results, that the foreign manufacturer, or merchant, can supply the United States on cheaper terms, and, of course, at a smaller expense of their staple products, than the American importer.

But, while this considerable saving is secured to the nation, it has, as occurs in all revolutions of trade, been followed by inconveniencies to a particular class; and the importers of foreign fabrics, finding them to pass at lower rates to the consumers than they themselves can afford, principally through the intervention of auctions, and regardless of the real causes of this fact, have petitioned the National Legislature for the imposition of a duty on auction sales, as a remedy both for their own embarrassments, and for what they represent as a national evil.

It must be apparent, however, to your honorable bodies, that the auction system is, in reality, not the CAUSE but the EFFECT of the state of things they complain of. The real causes of the change in the course of the importing trade, are much deeper and more general than can be removed by the imposition of duties, to any amount, on auction sales; since it is well known, both to importers and auctioneers, that nineteen-twentieths of the foreign fabrics sold by the latter, are placed in their hands by houses in this country. The inference from this fact is left to the judgment of the National Legislature. Either these houses are the owners of such imported fabrics, in which case the auctions afford them facilities of sale—or they are the agents of

foreign owners; and then, it may be asked, in what degree a change in the *form* of sale (for a duty on auctions would, as will presently be shown, effect nothing more,) would rid the importer of the inconvenience resulting from the competition of foreign owners. And your memorialists would respectfully represent, that, in their view, it seems that the remedy required by the importers, a duty, namely, on sales at auction, is neitheir *politic, effective,* nor *just.*

As to the first, it is hardly necessary to suggest that, in the exchanges which we make of the products of our soil for foreign commodities, it is our policy to give the smallest quantity of what we raise ourselves, for what we require of others; in other words, to pay the smallest price for what we are obliged to purchase. But the mischief for which the importer asks a remedy from your honorable bodies, is, in truth, that at auction rates, the consumer is furnished at a less price than can be afforded by the resident importer. It is pretended, indeed, that the profits at present going to foreign owners are lost to the country; as if, in both cases, it were not equally inevitable that the foreign manufacturer must be paid for his fabrics—with this advantage on the side of the present course of trade, that auction prices draw less in return from the stock of our country products—and as if the profit retained by the importer were not subtracted, at last, from the pocket of the people. The advantages to the nation must likewise be obvious, of *receiving* a commission for the sale of goods here, instead of *paying* one to an agent for purchasing them abroad. With regard to the imputed diminution of the revenue, by the consignments of foreign manufactures being passed at the custom house at the cost of manufacture, it may be observed, that, were it true, what might be lost to the Government would, however, be saved to the consumer. But, in fact, the regulations of the custom house show this to be impossible; the fabrics are there submitted to the inspection of regular appraisers, who, it is well known, estimate their value by the original cost, with the manufacturer's profit, or commission, superadded.

But, should it even be deemed expedient to relieve the resident importer from foreign competition, it is respectfully suggested, that the remedy proposed is wholly *inefficient* to that end. It is the consignments of foreign owners that reduce the prices below what can be afforded by the American importer, and auction sales are complained of as facilitating the disposition of these consignments. But the only effect of prohibiting this mode of sale, would be the introduction of another: the fabrics now vended at public sale, would then be sold privately at the warehouse of the consignee agent, or the auctioneer himself would become an agent; and the consignee, in this case, would only retain for himself the whole of the commission which he now shares with the auctioneer; and, thus, nothing be saved in the price to the country merchant and consumer.

Your memorialists would, lastly, submit to your consideration, how far it were just to restrict, in one class of citizens and traders, the exercise of an honest calling, with a view to enhance the emoluments

of another. That other has not ventured, indeed, to ask this restriction on such a ground merely; but, has attempted to show, that the auction system is prejudicial to the general prosperity of trade, and to the morals of traders; and urges, from these considerations, the interposition of the National Councils in its behalf.

Your memorialists, however, beg leave to remark, before they say any thing of these objections, that, in what they have submitted respecting the expediency of the required duty on auctions, they have made no reference to a point, much discussed, and certainly very important; they mean the policy of protecting, by duties, the manufactures of the United States. They leave it to the wisdom of Congress to decide, to what degree they will foster the fabrics of the country, by prohibiting, or lessening, importations from abroad. But, they feel assured, from the wisdom and justice of that body, that, what measures they take towards effectuating such an object, will both be impartial in their operation, and efficient in their nature. Such a duty as is asked on auction sales would, they humbly apprehend, have neither of these characters; it would fall short of an effectual aid to the manufacturers; since, on the other hand, it would only transfer to one body of traders the profits now reaped by another—but with an additional tax on the purse of the consumers of foreign fabrics.

As to the injury of auctions to the probity of traders, and their encouraging a spirit of gambling and speculation, your honorable bodies are sufficiently acquainted with the manner of conducting such sales to appreciate the correctness of these charges. The articles put up to sale may be as accurately inspected there, as in any private warehouse; the purchaser has the benefit of numerous judgments besides his own; and, if a country dealer, learns at once, and without trouble, the state of the market: he purchases, moreover, as is notorious, at a shorter credit, by several months, than of the importer—a circumstance as obviously and greatly conducive to integrity, and to punctual returns in trade, as the usage of longer credit, heretofore, has been ruinous to the importing interest in all the Atlantic Emporiums. Whether wholly ascribable, or not, to this abridgement of the length of credit, it is certain, however, that the country trade has, of late, instead of a risking and often ruinous business, become greatly more certain to the seller, while, at the same time, commodities can be supplied to the consumer at prices much reduced, by causes already adverted to.

It is asserted, however, that auctions afford certain facilities to fraudulent or embarrassed traders, to the great detriment of their creditors, the larger importers. It is too certain that fraud or improvidence often causes the sacrifice of the stock of a trader, with a view to temporary relief; but it is difficult to perceive how the existence of auctions either precipitates or augments the evil. There are innumerable methods by which a trader, to serve a temporary need, can either pledge or sell his stock at a sacrifice. If the first, it is no additional injury to his creditors that he obtains a lawful advance of funds from a regular house; if the last, that he offers his goods at the ordi-

nary resort of purchasers, and where the demand is as certain, regular, and easy to be known, as in any other part of the market.

Your memorialists, in conclusion, would respectfully repeat, that the present mode of supplying the country with British, and other foreign fabrics, is, therefore, the best, because it is the cheapest: that the mischiefs alleged, either do not exist at all, or affect but one class of citizens; and that, comparatively, a small one; or, are more effectually remediable by other means than by the duty proposed. That, in fact, such a duty, while oppressive to your memorialists, would not answer that end. And, in fine, that no considerations of policy, arising from a supposed hurtfulness and immorality of auctions, can be truly pleaded in favor of the measure. The very mischiefs declared to spring from the auction system, are, in a national point of view, so many arguments in its favor. If what we are compelled to buy abroad reaches the consumer by the present course of trade, with deductions from its price to the aggregate amount of the importer's commission to his foreign agent, of the expenses of his establishment at home, and of the additional profits which the smallness of his capital compels him to demand, it is manifest that all this is so much saved to the nation, from whose pocket the reimbursement and profit of the importer proceeded. And if, as often happens, from the variations of trade, some labor and capital be temporarily thrown out of employ, besides that it may find other modes of investment, more profitable in themselves, and less likely to turn the balance of trade against us, it is believed that Congress will not apply to it so doubtful a remedy, as making an addition of *ten per cent.* to the present necessary expenditure of the country in foreign fabrics.

Your memorialists, therefore, pray your honorable bodies, that no duty be imposed on sales by auction of British or other foreign manufactures. And your memorialists will ever pray, &c.

HARRISON & STERRET,
WILSON & WILLIAMSON,
A. B. MURRAY & Co.
M. P. MITCHELL & HENRY.
R. LEMMON & Co.
FELIX ARCAMBAL,
DANIEL COBB,
JONAS HASTINGS.

Baltimore, January 10, 1824.