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Albert Gallatin Report on Internal Improvements 4 April 1808

Subordinating much else to the speedy retirement of the public debt, the Republicans could anticipate a Treasury surplus before the end of Jefferson's second term. The third member of the great triumvirate at the head of the administration offered a plan for its use.

The Secretary of the Treasury, in obedience to the resolution of the Senate of the 2d March, 1807, respectfully submits the following report on roads and canals:

The general utility of artificial roads and canals is at this time so universally admitted as hardly to require any additional proofs. ... Advantages have become so obvious that in countries possessed of a large capital, where property is sufficiently secure to induce individuals to lay out that capital on permanent undertakings, and where a compact population creates an extensive commercial intercourse within short distances, those improvements may often, in ordinary cases, be left to individual exertion, without any direct aid from government.

There are, however, some circumstances which, whilst they render the facility of communication throughout the United States an object of primary importance, naturally check the application of private capital and enterprise to improvements on a large scale.

The price of labor is not considered as a formidable obstacle, because whatever it may be, it equally affects the expense of transportation, which is saved by the improvement, and that of effecting the improvement itself. The want of practical knowledge is no longer felt; and the occasional influence of mistaken local interests, in sometimes thwarting or giving an improper direction to public improvements, arises from the nature of man and is common to all countries. The great demand for capital in the United States and the extent of territory compared with the population are, it is believed, the true causes which prevent new undertakings and render those already accomplished less profitable than had been expected.

1. Notwithstanding the great increase of capital during the last fifteen years, the objects for which it is required continue to be more numerous and its application is generally more profitable than in Europe. A small portion therefore is applied to objects which offer only the prospect of remote and moderate profit. And it also happens that a less sum being subscribed at first than is actually requisite for completing the work, this proceeds slowly; the capital applied remains unproductive for a much

longer time than was necessary, and the interest accruing during that period becomes, in fact, an injurious addition to the real expense of the undertaking.

2. The present population of the United States, compared with the extent of territory over which it is spread, does not, except in the vicinity of the seaports, admit that extensive commercial intercourse within short distances which, in England and some other countries, forms the principal support of artificial roads and canals. With a few exceptions, canals particularly cannot, in America, be undertaken with a view solely to the intercourse between the two extremes of and along the intermediate ground which they occupy. It is necessary, in order to be productive, that the canal should open a communication with a natural extensive navigation which will flow through that new channel. It follows that whenever that navigation requires to be improved, or when it might at some distance be connected by another canal to another navigation, the first canal will remain comparatively unproductive until the other improvements are effected, until the other canal is also completed. Thus the intended canal between the Chesapeake and Delaware will be deprived of the additional benefit arising from the intercourse between New York and the Chesapeake until an inland navigation shall have been opened between the Delaware and New York. Thus the expensive canals completed around the falls of Potomac will become more and more productive in proportion to the improvement, first, of the navigation of the upper branches of the river, and then of its communication with the Western waters. Some works already executed are unprofitable; many more remain unattempted, because their ultimate productiveness depends on other improvements too extensive or too distant to be embraced by the same individuals.

The General Government can alone remove these obstacles.

With resources amply sufficient for the completion of every practicable improvement, it will always supply the capital wanted for any work which it may undertake as fast as the work itself can progress; avoiding thereby the ruinous loss of interest on a dormant capital and reducing the real expense to its lowest rate.

With these resources, and embracing the whole Union, it will complete on any given line all the improvements, however distant, which may be necessary to render the whole productive and eminently beneficial.

The early and efficient aid of the Federal Government is recommended by still more important considerations. The inconveniences, complaints, and perhaps dangers which may result from a vast extent of territory can not otherwise be radically removed or prevented than by opening speedy and easy communications through all its parts. Good roads and canals will shorten distances, facilitate commercial and personal intercourse, and unite, by a still more intimate community of interests, the most remote quarters of the United States. No other single operation within the power of government can more effectually tend to strengthen and perpetuate that Union which secures external independence, domestic peace, and internal liberty.

With that view of the subject the facts respecting canals, which have been collected in pursuance of the resolution of the Senate, have been arranged under the following heads: ...

- I. From north to south, in a direction parallel to the seacoast. \$3,000,00
- 1. Canals opening an inlandnavigation for sea vessels from Massachusetts to North Carolina, 0

being more than two-thirds of the Atlantic seacoast of the United States, and across all the principal capes, Cape Fear excepted,

2. A great turnpike road from Maine to Georgia along the whole extent of the Atlantic Seacoast,	\$4,800,000	
	0	\$7,800,000

II. From east to west, forming communications across the mountains between the Atlantic and western rivers.

	\$1,500,000	
1. Improvement of the navigation of four great Atlantic rivers, including canals parallel to them		
2. Four first-rate turnpike roads from those rivers across the mountains, to the four corresponding western rivers,	\$2,800,000	
3. Canal around the falls of the Ohio,	\$300,000	
4. Improvement of roads to Detroit, St. Louis and New Orleans,	\$200,000	
		\$4,800,000

III. In a northern and northwestwardly direction, forming inland navigations between the Atlantic seacoast and the Great Lakes and the St. Lawrence.

	\$800,000	
1. Inland navigation between the North River and Lake Champlain,		
2. Great inland navigation opened the whole way by canals from the North River to Lake Ontario,	\$2,200,000	
3. Canal around the falls and rapids of Niagara, opening a loop navigation from Lake Ontario to the upper lakes as far as the extremities of Lake Michigan,	\$1,000,000	
		4,000,000

Making, together, \$16,600,000

IV. The great geographical features of the country have been solely adhered to in pointing out those lines of communication; and these appear to embrace all the great interests of the Union and to be calculated to diffuse and increase the national wealth in a very general way, by opening an intercourse between the remotest extremes of the United States. Yet it must necessarily result from an adherence to that principle that those parts of the Atlantic States through which the great western and northwest communications will be carried must, in addition to the general advantages in which they will participate, receive from those communications greater local and immediate benefits than the Eastern and perhaps Southern States. As the expense must be defrayed from the general funds of the Union, justice, and perhaps policy not less than justice, seems to require that a number of local improvements sufficient to equalize the advantages should also be undertaken in those states, parts of states, or districts which are less immediately interested in those inland communications.

Arithmetical precision cannot, indeed, be attained in objects of that kind; nor would an apportionment of the moneys applied according to the population of each state be either just or practicable, since roads and particularly canals are often of greater utility to the states which they unite than to those through which they pass. But a sufficient number of local improvements, consisting either of roads or canals may, without any material difficulty, be selected, so as to do substantial justice and give general satisfaction. Without pretending to suggest what would be the additional sum necessary for that object, it will, for the sake of round numbers, be estimated at

\$3,400,000

Which, added to the sum estimated for general improvements, \$16,600,000
Would make an aggregate of \$20,000,000

An annual appropriation of two millions of dollars would accomplish all those great objects in ten years and may, without inconvenience, be supplied in time of peace by the existing revenues and resources of the United States. This may be exemplified in several ways.

The annual appropriation on account of the principal and interest of the public debt has, during the last six years, amounted to eight millions of dollars. After the present year or, at furthest, after the ensuing year, the sum which, on account of the irredeemable nature of the remaining debt, may be applied to that object cannot, in any one year, exceed four million six hundred thousand dollars; leaving, therefore, from that source alone, an annual surplus of three million four hundred thousand dollars applicable to any other object.

From the 1st January, 1801 to the 1st January, 1809, a period of eight years, the United States shall have discharged about thirty-four millions of the principal of the old debt, or deducting the Louisiana debt incurred during the same period and not yet discharged, about twenty-three millions of dollars. They may, with equal facility, apply, in a period of ten years, a sum of twenty millions of dollars to internal improvements.

The annual permanent revenue of the United States, calculated on a state of general peace and on the most moderate estimate, was, in a report made to Congress on the 6th day of December, 1806, computed for the years 1809, 1815, at fourteen millions of dollars. The annual expenses on the peace establishment, and including the four million six hundred thousand dollars on account of the debt, and four hundred thousand dollars for contingencies, do not exceed eight millions and a half, leaving an annual surplus of five millions and a half of dollars. To provide for the protection and defense of the country is undoubtedly the object to which the resources of the United States must, in the first instance, be applied, and to the exclusion of all others, if the times shall require it. But it is believed that, in times of peace, and to such period only are these remarks applicable, the surplus will be amply sufficient to defray the expenses of all the preparatory measures of a permanent nature which prudence may suggest, and to pay the sum destined for internal improvements. Three millions annually applied during the same period of ten years would arm every man in the United States, fill the public arsenals and magazines, erect every battery and fortification which could be manned, and even, if thought eligible, build a navy. That the whole surplus would be inadequate to the support of any considerable increase of the land or naval force kept in actual service in time of peace will be readily admitted. But such a system is not contemplated; if ever adopted, the objects of this report must probably be abandoned; for it has not heretofore been found an easy task for any Government to indulge in that species of expense, which, leaving no trace behind it, adds nothing to the real strength of the country, and, at the same time, to provide for either its permanent defense or improvement.

It must not be omitted that the facility of communications constitutes, particularly in the United States, an important branch of national defense. Their extensive territory opposes a powerful obstacle to the progress of an enemy; but, on the other hand, the number of regular forces which may be raised, necessarily limited by the population, will, for many years, be inconsiderable when compared with that extent of territory. That defect cannot otherwise be supplied than by those great national improvements which will afford the means of a rapid concentration of that regular force and of a formidable body of militia on any given point.

Amongst the resources of the Union, there is one which, from its nature, seems more particularly applicable to internal improvements. Exclusively of Louisiana, the General Government possesses, in trust for the people of the United States, about one hundred millions of acres fit for cultivation, north of the River Ohio, and near fifty millions south of the State of Tennessee. For the disposition of these lands a plan has been adopted, calculated to enable every industrious citizen to become a freeholder, to secure indisputable titles to the purchasers, to obtain a national revenue, and, above all, to suppress monopoly. Its success has surpassed that of every former attempt and exceeded the expectations of its authors. But a higher price than had usually been paid for waste lands by the first inhabitants of the frontier became an unavoidable ingredient of a system intended for general benefit and was necessary in order to prevent the public lands being engrossed by individuals possessing greater wealth, activity, and local advantages. It is believed that nothing could be more gratifying to the purchasers and to the inhabitants of the Western States generally, or better calculated to remove popular objections and to defeat insidious efforts, than the application of the proceeds of the sales to improvements conferring general advantages on the nation and an immediate benefit on the purchasers and inhabitants themselves. It may be added that the United States, considered merely as owners of the soil, are also deeply interested in the opening of those communications which must necessarily enhance the value of their property. Thus the opening an inland navigation from tidewater to the great lakes would immediately give to the great body of lands bordering on those lakes as great value as if they were situated at the distance of one hundred miles by land from the seacoast. And if the proceeds of the first ten millions of acres which may be sold were applied to such improvements, the United States would be amply repaid in the sale of the other ninety millions.

The annual appropriation of two millions of dollars drawn from the general revenues of the Union, which has been suggested, could operate to its full extent only in times of peace and under prosperous circumstances. The application of the proceeds of the sales of the public lands, might, perhaps, be made permanent until it had amounted to a certain sum and until the most important improvements had been effected. The fund created by those improvements, the expense of which has been estimated at twenty millions of dollars, would afterwards become itself a perpetual resource for further improvements. Although some of those first communications should not become immediately productive; and although the same liberal policy which dictated the measure would consider them less as objects of revenue to government than of increased wealth and general convenience to the nation, yet they would all, sooner or later, acquire, as productive property, their par value. Whenever that had taken place in relation to any of them, the stock might be sold to individuals or companies and the proceeds applied to a new improvement. And by persevering in that plan, a succession of improvements would be effected until every portion of the United States should enjoy all the advantages of inland navigation and improved roads of which it was susceptible. To effect that great object, a disbursement of twenty millions of dollars, applied with more or less rapidity, according to the circumstances of the United States, would be amply sufficient.

The manner in which the public moneys may be applied to such objects remains to be considered.

It is evident that the United States cannot, under the Constitution, open any road or canal without the consent of the state through which such road or canal must pass. In order, therefore, to remove every impediment to a national plan of internal improvements, an amendment to the Constitution was suggested by the executive when the subject was recommended to the consideration of Congress. Until this be obtained, the assent of the state being necessary for each improvement, the modifications under which that assent may be given will necessarily control the manner of applying the money. It may be, however, observed that in relation to the specific improvements which have

been suggested, there is hardly any which is not either already authorized by the states respectively or so immediately beneficial to them as to render it highly probable that no material difficulty will be experienced in that respect.

The moneys may be applied in two different manners. The United States may, with the assent of the states, undertake some of the works at their sole expense, or they may subscribe a certain number of shares of the stock of companies incorporated for the purpose. Loans might also, in some instances, be made to such companies. The first mode would, perhaps, by effectual controlling local interests, give the most proper general direction to the work. Its details would probably be executed on a more economical plan by private companies. Both modes may, perhaps, be blended together so as to obtain the advantages pertaining to each. But the modifications of which the plan is susceptible must vary according to the nature of the work and of the charters, and seem to belong to that class of details which are not the immediate subject of consideration.

At present the only work undertaken by the United States at their sole expense, and to which the assent of the states has been obtained, is the road from Cumberland to Brownsville; an appropriation may, for that purpose, be made at any time. In relation to all other works, the United States having nothing at this time in their power but to assist those already authorized, either by loans or by becoming stockholders; and the last mode appears the most eligible. The only companies incorporated for effecting some of the improvements considered in this report as of national and first-rate importance, which have applied for such assistance, are the Chesapeake and Delaware Canal, the Susquehannah Canal, and the Dismal Swamp companies; and authority might be given to subscribe a certain number of shares to each on condition that the plan of the work to be executed should be approved by the General Government. A subscription to the Ohio Canal, to the Pittsburg Road, and perhaps to some other objects not fully ascertained, is also practicable at this time. As an important basis of the general system, an immediate authority might also be given to take the surveys and levels of the routes of the most important roads and canals which are contemplated: a work always useful, and by which the practicability and expense of the undertakings would be ascertained with much more correctness than in this report.