

CONGRESS.

The following was read in the HOUSE of REPRESENTATIVES on Monday last.

Treasury-Department, Feb. 4, 1793.

S I R,

I HAVE lost no time in preparing, as far as has been practicable, consistently with the course of facts, the several statements required by the resolutions of the House of Representatives of the 23d of last month; and I have concluded to add to them such further statements as appeared to me necessary to convey fully the information which is understood to be the object of those resolutions. It was my first intention to submit these Statements collectively, with such explanatory remarks as the occasion might demand; but finding on experiment, from the extent and variety of the matter involved in the resolutions, that more time will be requisite for a full development of it than I had anticipated, considerations of weight in my mind have determined me to present the different parts of the subject successively. Among other advantages incident to this course of proceeding, will be that of having it in my power to give a more accurate and mature view of the entire subject, without too great a dereliction of the current business of the Department. In executing the task I propose to myself, I shall rely on the indulgence of the House to a latitude of observation, corresponding with the peculiar circumstances of the case.

The resolutions to which I am to answer, were not moved without a pretty copious display of the reasons on which they were founded. These reasons are before the public, through the channel of the press. They are of a nature to excite attention—to beget alarm—to inspire doubts. Deductions of a very extraordinary complexion may, without forcing the sense, be drawn from them.

I feel it incumbent upon me to meet the suggestions, which have been thrown out, with decision and explicitness. And while I hope, I shall let fall nothing inconsistent with the cordial and unqualified respect which I feel for the House of Representatives,—while I acquiesce in the sufficiency of the motives that induced on their part the giving a prompt and free course to the investigation proposed—I cannot but resolve to treat the subject with a freedom which is due to truth and to the consciousness of a pure zeal for the public interest.

I begin with the last of the four resolutions; because it is that which seeks information relative to the most delicate and important of the suggestions that have been hazarded.

Here however I have to regret the utter impossibility of a strict compliance with the terms of the resolution. The practicability of such a compliance would suppose nothing less than that since the last day of December 1792, all the accounts of all the Collectors of the Customs and other officers of the Revenue throughout the whole extent of the United States could be digested, made up, and forwarded to the Treasury,—should be examined there, settled and carried into the public books under their proper heads. In a word, that all the accounts of the revenues, receipts and expenditures of this extensive country, could have passed through a complete exhibition, examination and adjustment, within the short period of twenty-three days.

It was made (as I presume from the result) satisfactorily to appear to a Committee of the House of Representatives, who were charged during the last session with framing a direction to the Treasury for bringing forward an annual account of Receipts and Expenditures, that the course of public business would not admit of the rendering of such an account in less than nine months after the expiration of each year; in conformity to which idea their report was formed and an order of the House established.

I need do nothing more, to evince the impracticability of an exact compliance with the resolution in question, than to observe, that it is even more comprehensive (though with less detail) than the order of the House to which I have alluded.

To evince nevertheless my readiness to do all in my power towards fulfilling the views of the House, and throwing light upon the transactions of the department,

I shall now offer to their inspection sundry statements marked A, AB, B, C, D, E, F, which contains as far as is at this time possible, the information desired,—and with sufficient accuracy to afford satisfaction on the points of enquiry involved in the Resolution.

The Statement A, shews in abstract the whole of the Receipts into, and Expenditures from the Treasury, commencing with the first of January and ending with the last of December 1792,—corresponding with the accounts of the Treasurer. These accounts have been regularly settled up to the end of September, and copies have been laid before the two Houses of Congress. The account of the quarter terminating with the year, has not yet passed through the forms of settlement—but is under examination, and will, no doubt, be settled as it stands,—the manner of conducting the business and the usual care and accuracy of the officer concerned leaving very little room to apprehend mistake or error. A copy of it is herewith transmitted in the schedule marked C.

This Statement takes up the balance of the General Account of Receipts and Expenditures, to the end of the year 1791, as reported to the House of Representatives, within the first week of the present session, and continuing it down to the end of 1792, shews a balance then in the Treasury of 783,444 dollars and 51 cents.

The Statement B is a more comprehensive document. It is a General Account of Income and Expenditure. It shews not merely the actual Receipts of money into the Treasury, but the whole amount of the National Revenues from the commencement of the present government to the conclusion of the year 1792, as well outstanding as collected,—the proceeds of domestic loans,—the whole amount of the sums which have been drawn into the United States on account of the proceeds of the foreign loans,—and all other monies, from whatever source, which have accrued, within the period embraced by the statement.

These items form the debit side of the account amounting to 17,879,825 dollars and 33 cents.

The credit side consists of two items. First, the whole amount of the actual expenditures to the end of the year 1791, as stated in the General Account of Receipts and Expenditures before referred to. Second, the whole amount of the actual expenditures during the year 1792, as specified generally in the statement A, and particularly in the several quarterly accounts of the Treasurer, amounting to 12,765,128 dollars and 83 cents.

The balance of the Account of Income and Expenditure is consequently 5,114,696 dollars and 50 cents; which corresponds with the Excess of the Public Income (including the proceeds of loans foreign and domestic) beyond the actual Expenditure, or more properly speaking, Disbursement to the end of the year 1792. This of course is exclusive of those parts of the proceeds of foreign loans which have been left in Europe to be applied there; the amount, application and balance are exhibited, as far as they are yet known at the Treasury, in the Statement No. 1, of my late report on foreign loans.

This Balance, as noted in the Statement B, is composed of the following particulars:

I. Cash in the Treasury, per statement A.	Dollars,	783444	51
II. Cash in the Bank of the United States, and the Offices of Discount and Deposit of New York and Baltimore, not yet passed to the account of the Treasurer, per statement A, B.		605883	08
III. Proceeds of Amsterdam bills remaining in deposit in the Bank of North America, including the sum of 156,595 dollars and 56 cts. advanced by the Bank without interest, which is credited in the general account of receipts and expenditures, statement A.		177998	80
IV. Proceeds of Amsterdam bills sold, but not yet received.		614593	02
V. Cash in hands of collectors of customs, per abstract D.		151851	25
VI. Bonds unpaid at the end of the year 1792, on account of the duties on imports, and falling due between that time and May 1794, per abstract E.		2442069	15
VII. Uncollected residue of duties on spirits distilled within the United States, per abstract F.		341057	19
	Dollars	5110897	00

This aggregate somewhat exceeds the balance of the account; but in case where estimates must necessarily supply the defi-

ciency of ascertained results, differences of this nature are of course. It is at the same time satisfactory to observe, that the estimates which have been heretofore communicated are proved by the official documents already received, to have been essentially correct.

It will no doubt readily occur to the House that a very small part of the excess, which has been stated, is a real surplus of income. There remain to be satisfied objects of Expenditure charged upon the fund by the appropriations which have been made, that cannot fail ultimately to exhaust it probably within four or five hundred thousand dollars; which will be embraced in the appropriations for the service of the year 1793. A further explanation on this point is reserved for future communication.

A due comprehension of the statements now presented, must obviate every idea of a balance unaccounted for; in whatever sense the allegation may have been intended to be made.

If there was before any obscurity on the subject, it was certainly not the fault of this Department. Till the last resolutions, no call has been made upon it, which rendered it proper to exhibit a general view of the public monies and funds,—or to shew the amount and situation of such as were unapplied. Particular calls for particular objects were made which as I conceive were complied with; but they were not comprehensive enough to embrace a disclosure of that nature.

It could not therefore with propriety have been alledged that there was a balance unaccounted for. To infer it from documents, which contained only a part of the necessary information, was not justifiable, nor could it otherwise happen, than that conclusions wholly erroneous would be the consequences of taking such imperfect data for guides.

It may be of use by way of elucidation, to point out some of the most palpable features of the errors which has been entertained.

The following Items are stated as the basis of the supposed deficiency:

Residue of the proceeds of the Foreign bills supposed to be unapplied [after deducting the sums furnished for St. Domingo, and the amount of the debt to Foreign officers]	1668190
Surplus of Sinking Fund, meaning, that part of the surplus of the revenue to the end of the year 1790, which had not been applied in purchases	400000
Surplus of the revenue of the year 1792, as reported	277385
	Dollars 2345575
Deduct in Bank, meaning, I presume, the balance of the treasurer's cash account,	790648

Balance unaccounted for 1554933

It appears in the first place to have been overlooked, that in Statement No. 3, of my late report concerning foreign loans, mention is made, that on the 3d of January there remained to be received of the proceeds of the foreign bills 632,132 dollars and two cents; consequently that sum could not be considered as in the Treasury, and ought to be deducted from the supposed deficiency.

Among the official papers which it is intimated were consulted, was an original account, rendered by the Bank of the United States, of the sales of Amsterdam Bills, shewing a sum of 605,883 dollars and 8 cents, as having been received by the Bank and two of its Offices of Discount and Deposit, for the proceeds of those Bills. Had that document been understood, it would have been known, that this sum was in Bank over and above the Balance of the Treasurer's Cash Account; and this also would have served to account for a large part of the supposed deficiency; namely 605,883 dollars and 8 cents. The course of this transaction will be hereafter explained.

But among the misconceptions which have obtained, what relates to the surplus of Revenue for the year 1792, is not the least striking. The laws inform (and consequently no information on that point from this Department could have been necessary) that credits are allowed upon the duties on Imports, of four, six, nine, twelve months, and in some cases of two years. Reason dictates, that a surplus in such case, must be considered as postponed in the Collection or Receipt, till all the appropriations upon the fund have been first satisfied. The account of Receipts and Expenditures for the year 1791, in possession of the House, shews that at that time, no less a sum than 1,828,289 dol-

lars and 28 cents of the antecedent duties were outstanding in Bonds. How then could it have happened, that the surplus of 1792, was sought for in the Treasury, at the very instant of the expiration of the year? I forbear to attempt to trace the source of a mistake so extraordinary.

Let me however add, that of the Surplus in question, 172,584 dollars and 82 cents, are not payable till April and May 1794, as will be seen by the Abstract E.

Thus have I not only furnished a just and affirmative view of the real situation of the Public Account, but have likewise shewn, I trust in a conspicuous manner, fallacies enough in the Statement, from which the inference of an unaccounted for balance is drawn, to evince that it is one tissue of error. In this, I might have gone still further, there being scarcely a step of the whole process, which is not liable to the imputation of misapprehension. But I wish not unnecessarily to weary the patience of the House,

Another circumstance to which importance has been given, and which was noticed in connection with the suggestion last discussed, is a disagreement between a Memorandum in the Treasurer's Bank Book and the Statement reported by me, of the amount of Bills drawn at the Treasury upon the Foreign Fund. Such a disagreement no doubt exists, and to the extent of 5,760,138 florins or guilders—

But the following circumstances contain the solution of this disquieting appearance.

There will be found in the Statement A, two several credits; each for 2,000,000 dollars, as for monies received into the Treasury, with corresponding Debts of equal sums as for monies paid out of the Treasury.

But neither the one nor the other did in reality take place. The whole is a mere operation, to accomplish the purposes of the XIth section of the act to incorporate the subscribers to the Bank of the United States; without an inconvenient and unnecessary displacement of funds.

That Section authorizes a subscription to the stock of the Bank, on account of the Government, not exceeding in amount two millions of dollars, and provides for the payment of it out of the monies which should be borrowed by virtue of either of the acts of the 4th and 12th of August 1790, the first making provision for the public Debt, the last for reducing it; enjoining at the same time, that a Loan should be made of the Bank to an equal amount, to replace the monies which were to be applied to the payment of the subscription.

It is evident, that nothing could have been more useless (at the same time that it would have been attended with obvious disadvantages to the government) than actually to draw from Europe, out of the monies borrowed there, the sum necessary for the payment of the Subscription to the Bank, and again to remit out of the Loan which was to be obtained of the Bank a sufficient sum to replace those monies or such part of them as may have been destined for the foreign object. Loss upon exchange in consequence of overstocking of the market with Bills.—Loss in interest by the delays incident to the operation; and which would necessarily have suspended the useful employment of the fund for a considerable time. These are some of the disadvantages to the Government. To the Bank alone could any benefit have accrued; which would have been in proportion to the delay in restoring or applying the fund to its primitive destination. Such an operation therefore, could only have been justified by an indisposition on the part of the Bank to facilitate the principal object, without the intervention of actual payment.

But no such disposition existed. On this, as on every other occasion, a temper liberal towards the Government has characterized the conduct of the Directors of that institution.

It was accordingly proposed by me, and agreed to by them, that the object to be accomplished should be carried into effect by a merely formal arrangement. In this however it was necessary to consult the injunctions of law, and the principles of the constitution of the Treasury Department.

These points then were to be effected, a payment of the Subscription money, to vest the Government with the property of the Stock,—possession of the means of paying it, which were to be derived from the foreign fund, and of course were first to be in the Treasury before payment