

The Committee to whom was referred the letter from the late Secretary of the Treasury, of the 22d of November last, REPORT

First—In relation to the General State of the Department, and the mode of directing the business thereof.

ON the 22d day of May, in the year 1794, a report was made to the House of Representatives by a committee appointed to examine the state of the Treasury...

These matters do not, in any instance, pass through the hands of the Secretary of the Treasury; he merely authorizes the receipts and disbursements...

Secondly—In relation to Receipts and Disbursements.

It is the uniform custom of the Treasury to enter in a book kept for that purpose, the office of the Treasury, the various objects for which appropriations of money have been made by law...

By the constitution of the Treasury Department, the Secretary superintends the collection of revenue, and grants all warrants for monies issued from the Treasury...

The foregoing enquiries embrace the principal duties of the Secretary of the Treasury; in the discharge of which the department is regulated by positive law and established forms.

Thirdly—In regard to loans of money.

On the 11th of January 1795, being the day when the late Secretary of the Treasury was called upon...

with part of the proceeds of the said loans.

The following loans have been negotiated by the late Secretary.

1st. Under the act, entitled "An act for the redemption of a loan authorized by the last session of Congress,"...

The above loan was obtained of the bank of the United States, at 6 per cent. interest, and was declared to be repayable by instalments...

2d. Under the act, entitled "An act making further appropriations for the military and naval establishments, and for the support of government,"...

3d. And under the said act, the further sum of five hundred thousand dollars.

The two last mentioned loans were obtained of the bank of the United States, at 6 per cent. interest; on the 1st, from April 11th 1795; and on the second, from October 11th 1795...

4. Under the act, entitled "An act making further provision for the support of public credit, and for the redemption of the public debt,"...

The above loan was obtained of the bank of the United States, at 6 per cent. interest, from January 11th 1796, repayable on or before the 1st of January 1797.

5th. Under the act, entitled "An act making provision for the payment of certain debts of the United States,"...

6th. Under the act, entitled "An act making further provision for the support of public credit, and for the redemption of the public debt,"...

The six loans above mentioned amount to two millions eight hundred and twenty thousand dollars.

The first loan of eight hundred thousand dollars, was negotiated for the purpose of effecting a treaty of peace with Algiers.

On the 4th of February, 1795 the subject was submitted to the consideration of Congress, in a message from the President.

The committee, consisting of Mr. Sedgwick, Mr. Madison, Mr. Baldwin, Mr. William Smith, and Mr. Giles. The Secretary of the Treasury was deputed by the committee to ascertain in what manner the proposed loan could be obtained; and it is stated by him that the specific terms on which the contract was afterwards concluded, were presented to the committee; who after being informed of the conditions...

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The necessity of negotiating the second and fourth loans of five hundred thousand dollars each, was evinced by an examination of the state of the Treasury, on the 11th of January 1795, and 11th of Jan. 1796.

The third loan of one hundred thousand dollars, negotiated on the 11th of October 1795, appears to have been in like manner justified; with the additional circumstance in favor of the transaction, that an equal sum was applied on the same day, to the payment of the six per cent. stock, purchased by the Secretary of the Treasury, and retained in Amsterdani, under circumstances herein after detailed.

The loan of three hundred and twenty thousand dollars obtained of the bank of New-York, the sum of one hundred and twenty thousand dollars was immediately applied to satisfy part of a loan obtained of the bank of the United States, in the year 1793; the remaining two hundred thousand dollars operated merely as a prolongation of a loan made by the bank of New-York, in the year 1794.

The different capitals of the temporary loans made of the bank of the United States, were at the close of the year 1801, reduced to three millions four hundred and sixty thousand dollars; at which time the U. S. remains consisted of two thousand five hundred and twenty shares of the capital stock of the said bank.

In consequence of the failure of the attempt to negotiate loans of six per cent. stock, on terms advantageous to the public, the Secretary of the Treasury was authorized by the Commissioners of the sinking fund, with the consent of the President...

The foregoing presentation contains a detail of all the loans which were negotiated by the late Secretary of the Treasury, prior to the year 1795, the effects of which, so far as they produced an increase of debt, existed in the unexpected and pressing expences of the year 1793, of which the information in Pennsylvania may be considered as the principal; and in the necessity which existed early in the year 1795, of providing a fund for defraying the expence of effecting a treaty of peace with Algiers; for neither of which objects adequate revenues had been or could be provided.

The only loans negotiated by the present Secretary of the Treasury, which have not been before enumerated, are, a sum of five millions of dollars obtained in 1796, in pursuance of an act passed on the 16th day of July 1795, entitled "An act to enable the President of the United States to borrow money for the public service," for an equal amount of stock...

bearing interest at eight per centum per annum, until the 1st day of December 1803; and thereafter at like interest, during the pleasure of Congress, until the said stock shall be redeemed; also a further sum of one million five hundred and sixty-five thousand two hundred and twenty-nine dollars and twenty-four cents, obtained in pursuance of an act of Congress, passed on the 7th of May, in the year 1803...

The principal reason which these loans were negotiated have been considered by the committee, and must be familiar to the House. The situation of the country was new and embarrassing; the prospect of a war was threatening; a reliance on public credit was necessary; the aids which could be afforded by the banks were limited and could only be considered as resources which might be rendered auxiliary to more extensive and permanent negotiations.

No loan had been previously negotiated by the government, of individuals in the United States. A reliance upon loans in foreign countries appeared to be immoderate and dangerous, from its tendency to diminish the confidence of the country in its internal resources.

The first loan of five millions, was obtained by subscription, and without extending to the public the stock above par. Under the second contract, the loan was extended to three millions and one half of dollars; the government should have occasion to raise that sum: No more than one million five hundred and sixty-five thousand two hundred and twenty-nine dollars and twenty-four cents, have yet been borrowed; for which, the sum of one million four hundred and eighty-one thousand seven hundred dollars in stock, has been issued; no false have been made for less than the price of advance in money, upon national accounts of the stock, being the mean value in the market at the time the contract was published.

In every instance the most favorable terms for the public were preferred. The money being offered at eight per cent. advance in money, at which rate on a small amount in stock was issued; and the committee are no reason to doubt, that these loans were negotiated upon the best terms that could be procured, and with a laudable view to the public interest.

secondly,—In regard to remittances:

Remittance to the banks of the United States in Amsterdam for the purpose of providing for the payment of the principal and interest of the foreign debt, have been effected in the three following modes:—1st. By purchasing six per cent. funded stock, and authorizing the banks to sell the same in Europe on account of the United States.

2d. By bills of exchange on Amsterdam, Rotterdam, Hamburg and London.

3d. Contracts with merchants in the United States, for cargoes consisting principally of West India produce, the proceeds of which were directed to be placed to the credit of the United States, in Amsterdam.

In relation to the first object, it is observed, that the present Secretary of the Treasury, in January, 1795, purchased of the Bank of the United States, five hundred thousand dollars of six per cent. stock, at par, payable by instalments: The late Secretary of the Treasury, in April 1795, an additional sum of one hundred and sixty thousand dollars of like stock, for which immediate payment was made in money, to the Bank of the United States.

In respect to the terms at which the stock was purchased, they were conformable to the current price of stock at the periods when the purchases were made.

A necessity of purchasing the full mentioned sum of five hundred thousand dollars on credit, was created by the heavy and unexpected expence recently incurred: These had greatly exhausted the Treasury and incapacitated the bank from indicating its loan to the government.

It appears from the correspondence of the Treasury, with the bankers in Holland, which the committee have carefully examined, that an expectation was entertained, that the stock would be sold at par, including interest; as that the installment of principal due in Holland, for the payment of which the stock was intended to provide, would be continued on both by a new contract. A though both of these expectations were disappointed in consequence of the unfortunate situation of Holland at that time, yet it clearly appears to the committee, that every measure within the power of the Secretary was adopted, to render the remittance as productive as possible.

The second mode of remittance in bills of exchange is that which has most usually been resorted to.

The rates of exchange at which bills were purchased, have it is believed, been the most favourable which circumstances would permit; at no time exceeding forty-two cents per guilder, and frequently for very considerable sums, as low as thirty-six cents per guilder: No loss has been sustained by the public except in one instance, of a bill for one hundred and twenty-five hundred guilders, drawn by Pragers & Co. of Philadelphia, endorsed by Peter Blank, which was purchased by the Cashier of the Bank of the U. States, at the request of the Secretary, at the rate of thirty-six cents per guilder, and remitted in October '99. The drawers and endorser of the bill, at the time of the purchase, were in high credit; it is moreover stated by the Secretary, as his opinion, that a part of the debt arising from the protest, will be eventually paid to the public.

The third mode of remittance by purchasing the proceeds of cargoes, has been found effectual, and has in no instance occasioned any loss to the public; by the terms of the contracts the public have been secured for all advances, by assignments of the policies of insurance, & by the bonds of the shippers. No commercial rigour has ever been assumed by the government, who have had no concerns with the market, paying only for the net amount paid to their creditors. In other words, these shipments have been merely a collateral security for the remitting foreign countries, the advances made by the Treasury.

Thirdly—In regard to provisions made for enforcing punctuality on the part of public agents and receivers.

It is the immediate duty of the comptroller, to superintend the adjustment of the public accounts and to direct prosecutions for all delinquencies of officers of the revenue, and for debts due to the United States. Though the Secretary in virtue of his authority superintends of the collection of the revenue, would be relinquishable for the permission of any negligence or abuse of trust in the officers of the revenue, and receivers of public money, after the same should come to his knowledge. In the collection of the revenue, through an extensive country, it is by the fraud, negligence & insolvency of individuals are unavoidable.

When the Secretary has obtained and presented to

the President, the best information in respect to characters recommended by him for appointments to office; when he has established those official forms and checks which are best calculated to preserve a true state of the accounts of the public agents and of the money in their hands; when, on just grounds, for suspicion of improper management, the Secretary has preferred to the President of the United States his complaints against those who are disqualified for office, and the Comptroller has directed prosecutions for delinquencies. It is conceived that these officers have respectively discharged their duty in this particular. It is therefore not naturally to be expected, of public delinquencies to a very considerable amount, while no blame could attach to these officers of the Treasury: But on the contrary, if the number of persons of this description, and the amount due from them are to be compared to the comparative inconsiderable, the future is fair and plain that due caution has been observed in the appointments and diligence in the superintendance of the subordinate officers.

Upon this subject the committee have been solicitous to acquire such information as might be satisfactory to the House, and having examined the particular cases of delinquency which appear on the books of the Treasury, and the proceedings adopted by the Secretary and Comptroller, respectively, are convinced that the utmost diligence from the delinquency of those concerned in the collection of the revenue, from a duties on imports and tonnage, for six years, will not exceed one hundred thousand dollars; being less than one seventh of one per cent. on the whole amount collected and secured.

The full statement in the management of the internal revenue, will exceed this ratio; for reasons of which, some are incident to the nature of the duties and mode of collection; and others, which happen at an early period, attributable to the novelty of the system. This loss by officers commissioned by the President, is estimated at fifteen thousand dollars.

The committee have also examined with attention the statement of monies advanced to individuals on account of current services. This amount is always a partly considerable, and the details are too voluminous to be annexed to this report. No inference can be drawn from them of the balances actually due from the public agents, as the sums advanced always appear to their debit, while the amounts of their expenditures, and their vouchers, which may afford the whole amount, are either not received, or are in a state of settlement in the public officers. It does not appear to the committee, that there is any foundation to conjecture that those persons who have been principally entrusted with considerable sums of money, will be found in arrear. These accounts of the late Secretary of State, Secretary at War, and purveyor of public supplies, have been duly examined, and are in their proper course of settlement in the officers. Their accounts have been so far examined as to satisfy the accounting officers of the Treasury, that no balance will be found due from them. On the whole, after such an examination as they have been enabled to make, the committee beg leave to express their opinion that the business of the Treasury Department has been conducted with regularity, fidelity, and a regard to economy. That the disbursements of money have been always made conformable to law; that every attention consistent with the magnitude and nature of the business has been bestowed in removing delinquencies from office; in compelling them to account for securing monies due from them, and in preventing an improper and unreasonable accumulation of monies in the hands of public agents; that the loans effected on account of government, have been procured upon the most advantageous terms for the public; that the most eligible modes of remittance to foreign, have been devised; & generally, that the financial concerns of the country have been left by the late Secretary in a state of good order and propriety.

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