

OFFICIAL DOCUMENT.

REPORT OF THE SECRETARY OF THE TREASURY ON THE FINANCES, &c.

In obedience to the directions of the act of Congress of the 10th of May, 1800, supplementary to the "Act to establish the Treasury Department," the Secretary of the Treasury respectfully submits the following report:

1. Of the public revenue and expenditures.

The receipts and expenditures for the year 1840, were as follows:

The available balance in the Treasury on the 1st of January, 1840, (exclusive of amount deposited with the States, trust funds, and indemnities, and the amount due from Banks which failed in 1837,) was, as appears by the books of the Register of the Treasury, \$3,663,083 60

The receipts into the Treasury during the year 1840 were from: Customs \$12,439,502 17 Lands 8,322,285 68 Bond of the Bank of the United States 1,774,513 80 Miscellaneous and incidental sources 283,258 23

Banks which failed in 1837, 748,629 55 Treasury notes issued 5,589,547 51

Making \$28,850,920 44

The expenditures in the same year were, for: Civil list, foreign intercourse, and miscellaneous \$5,492,030 98

Military department 10,866,236 45 Naval department 6,021,088 98 Public debt 11,932 77

Add outstanding warrants issued prior to 1st January, 1841, 1,416,334 28

Treasury notes redeemed, including interest, 4,045,802 05

Making 27,863,473 41

Leaving a balance in the Treasury on the 1st of January, 1841, of 987,345 03

The receipts from the 1st of January to the 4th of March, 1841, were: (See statement A.)

From Customs 1,974,436 46 Lands 886,148 56 Miscellaneous and incidental sources 31,349 65

Banks which failed in 1837 18,000 00 Treasury notes issued per act of 31st March, 1840, 1,110,611 09

Treasury notes issued per act of 15th of February, 1841, 673,681 32

Bond of the Bank of the United States, 17,913 00

Making, with the balance in the Treasury, January 1, 1841, 5,199,895 10

The expenditures for the same period were: Civil list, miscellaneous, and foreign intercourse, \$943,517 14

Military Department, 2,273,097 11 Naval Department, 759,349 60

Public debt, 8,512 70 Treasury notes redeemed, including interest, \$647,890 09

Making, 4,627,166 64

Leaving the balance in the Treasury on the 4th of March, 1841, 572,718 46

The balances of appropriations outstanding on the 4th of March, 1841, were: (Statement A.)

Civil, foreign intercourse, and miscellaneous \$5,227,234 23

Military 15,991,895 15 Naval 6,910,268 69

Public debt 9,007 00

Treasury notes issued prior to the 1st of January, 1841, and outstanding on the 4th of March, 1841, 3,873,320 00

Do. issued under the act of 1840, from 1st January to the 4th of March, 1841, which may, and most of which probably will, be presented in payment of public dues during the year 1841, 1,110,611 08

Interest estimated at about 300,000 00

Making in the aggregate \$33,429,616 50

Of this there will be required for the service of the current year 24,210,000 00

Additional appropriations required by the War Department for the year 1841, viz: Fortifications and works of defence \$1,435,500 00

For armaments of fortifications and ordnance stores 220,000 00

For payment of arrears, and taking care of public property on roads, harbors, rivers, &c. 40,199 12

For arrears for preventing and suppressing Indian hostilities 825,637 86

Making 2,521,336 98

The actual and estimated means under the existing laws to meet these demands are, viz: The available balance in the Treasury on the 4th of March, 1841 — (See statement B.) 646,803 12

Treasury notes authorized under the act of 1840, issued after the 31st of March, 1841 413,592 72

Treasury notes authorized by the act of 1841 to be issued after the 4th of March, 1841 5,000,000 00

Receipts from customs estimated at 12,000,000 00

Miscellaneous sources 170,900 00

Making 6,087,374 64

Leaving unprovided for, the demands for the present year, the sum of 6,000,941 14

There will also be receivable for public dues in the present year, or payable in 1842, Treasury notes the issues of the present year, viz: Issued under the act of 1841, prior to the 4th of March, \$673,681 32

Do. do. 1840, after 31st March 413,592 72

Do. do. 1841, to be issued after the 4th of March, and included in the estimate of ways and means 5,000,000 00

Making 6,087,374 64

Making an aggregate of debt and deficit, to be provided for in this and the ensuing year, of 12,088,215 18

This estimate is founded on the assumption that all the moneys in the public depositories can be at once made available, and that any and all of the demands upon the Treasury can be satisfied so long as money to a sufficient

amount remains in any or all the depositories. But that is by no means the case; while the power to issue Treasury notes exists, there should be at all times, for the convenience of the Treasury, a sum equal to \$1,000,000 in the various depositories subject to draft. When this power is expended, the sum should be increased to not less than 4,000,000 00

Which sum, added to the above, makes the estimated deficit \$16,088,215 18

But the undersigned feels it his duty to call the attention of Congress to the more immediate demands of the public service, and the means by which those demands are to be supplied.

The sums which will be required from the 1st of June to the 31st of August next are estimated as follows, viz: For the payment of Treasury notes which will fall due within that time, and the interest thereon, about \$2,750,900 00

Balance for taking the 6th census 294,000 00

For the civil list, miscellaneous, and foreign intercourse 1,369,308 37

Military service 4,591,098 00

Naval do. 1,844,000 00

Public debt 6,837 00

Expenses of the extra session of Congress 350,000 00

Making about 11,151,693 37

The ways and means in the power of the Treasury, and which will probably accrue under existing laws, are as follows: 1. Funds in the Treasury (see statement C) \$644,361 16

2. Treasury notes authorized by the act of 15th of February, 1841 1,595,911 91

3. Estimated receipts from the customs Do. do the lands Do. do miscellaneous sources 3,000,000 00 700,000 00 50,000 00

Making 5,900,305 07

And leaving a deficit of 5,251,388 30

To which add the sum recommended to be kept in the Treasury to meet any emergencies of the public service, viz. 4,000,000 00

Making an aggregate of 9,251,388 30

From the year 1816 to 1837, a period of twenty-one years, the revenues constantly exceeded the expenditures.

The average annual surplus during that time was \$11,464,226 97. (See tables 1 and 2.) Making an aggregate excess of \$240,748,764 27. Of this there was applied to the extinction of the national debt \$208,792,127 44, and there was under the provisions of the act of the 23d of June, 1836, deposited with the States \$32,016,644 91, and there remained on the 1st of January, 1837, in the Treasury of the United States, including the fourth instalment due to the States, a surplus of 17,109,473 26

There were, also, outstanding debts due and falling due to the Treasury, arising from other sources than those of the ordinary revenue, and which were paid between the 1st of January, 1837, and 4th of March, 1841, the amount of (see statement D) 9,124,747 00

There were, also, included within that period, and outstanding on the 4th of March, 1841, Treasury notes to the amount of 5,648,512 40

Making the aggregate available means which were in the Treasury on the 1st of January, 1837, and which came in prior to the 4th of March, 1841, over and above the current revenue \$1,892,732 66

From which deduct the amount (less the trust funds) remaining in the Treasury on the 31st of March, 1841 972,718 46

And there appears an excess of expenditure over the current revenue of \$31,310,014 20

It is proper to remark that the entries on the books of the Register of the Treasury do not always show the true dates of the receipts and expenditures. An item involved in the above statement (table D) will serve to illustrate this fact. The sum of \$512,136 47 was, on the 2d and 31st of October, 1840, paid by the Bank of the United States on its last bond to William Armstrong, superintendent at Fort Gibson, by order of the Secretary of War. Though this sum was in fact received and expended on those days, it did not find its way into the office of the Register until the 4th of March, 1841, on which day it appears on his books both as a receipt and an expenditure.

Thus and to this extent, within the last four years, were the expenditures pushed beyond the amount of the revenue. They were made to absorb the surplus in the Treasury and the outstanding debts due to the United States, so that the Treasury was, on the 4th of March, 1841, exhausted of its means and subject to heavy and immediate liabilities. It was already burdened with a debt incurred in time of peace, and without any adequate resources except the authority granted by law to augment that debt.

As yet no provision has been made to reduce this debt or to check its constant and rapid increase. We find it, therefore, as far as past legislation and financial arrangements characterize it, a permanent and increasing national debt. The temporary expedients by which it has been sustained do not at all vary its essential character.

The attention of Congress is respectfully invited to the necessity of early and effectual measures to prevent its further augmentation. The obvious remedy is to increase the revenue as far as may be without unreasonably burdening commerce, and to reduce the expenditures within the limits of strict economy.

But as it may not comport with the views of Congress to go into a revision and adjustment of the customs so long before the act of March 2, 1833, comes to have its final and permanent operation, the undersigned would respectfully recommend, as a temporary measure, the levy of a duty of 20 per cent. ad valorem on all articles which are now free of duty, or which pay a less duty than 20 per cent. except gold and silver, and the articles specifically enumerated in the 5th section of the act of March 2d, 1833.

If this measure be adopted, it is estimated that there will be received into the Treasury from customs, in the last quarter of the present year, about \$5,300,000; in all of the year 1842, about \$22,500,000; and in the year 1843, after the final deduction under the act of March 2, 1833, about \$20,500,000. The details of this estimate will be found in the accompanying paper, marked E, and enclosures.

It is believed that, after the heavy expenditures required for the public service in the present year shall have been provided for,

the revenues which will accrue from that, or a nearly proximate rate of duty, will be sufficient to defray the expenses of Government, and leave a surplus to be annually applied to the gradual payment of the national debt, leaving the proceeds of the public lands to be disposed of as Congress shall think fit.

The general principles on which the final revision of the tariff is to rest, are perhaps simple and easy to be apprehended, but the work of revision itself, in its adaptation and detail, must be a work of time. It should be done on calm reflection and careful deliberation, with a view to reconcile, as far as possible, the conflicting opinions, and to promote all the various interests of the whole People of these United States. And it may be important, in that adjustment, not only to reciprocate on fair and equal principles, and in a liberal spirit, the concessions which may be accorded to our own commerce by foreign nations, but also to do justice to our own citizens by meeting in a like equal spirit any heavy exactions or prohibitions which foreign nations may think fit to impose upon the importation of our staple productions.

Some legal provisions are also required to correct inequalities between the duties upon sugar and molasses, and the drawbacks upon refined sugar and rum, manufactured or distilled from foreign materials. The relation between the duty and the drawback was adjusted by the acts of January 21st, 1820, and May 29, 1830, since which time the duties have been diminished, while the drawbacks remain the same. And a provision of law declaring that all non-enumerated articles which bear a similitude to any enumerated article chargeable with duty shall pay the same rate of duty with the article which it most resembles, would save a large sum annually to the revenue, and prevent much annoyance and litigation between the importer and the officers charged with the collection of the customs.

Of the Public Debt.

But it is not expected that any modification of the revenue laws will be operative to supply the immediate wants of the Treasury, and to pay the debts which fall due in the present and in the ensuing year. A further loan is necessary to effect these objects, and the only questions that can arise are as to the mode of procuring the loan, the character of the securities, and the assumed duration of the debt.

It would, in the opinion of the undersigned, be unwise to charge upon the commerce or the resources of the country, in any form, the burden of paying at once, or at all hastily, the national debt. Before that is done, measures of restoration and relief are required. The currency of the country should be restored, and commerce and industry relieved from their present state of embarrassment and depression, and a benign and liberal policy on the part of the General Government should call forth once more the hardy industry and active enterprise of our people, and the vast resources of our country.

If we assume the period of from five to eight years as that in which this debt can be paid without inconvenience and embarrassment—and the time appears to be short enough—we have one of the most essential elements on which to form our judgment as to the best and most convenient mode in which the loan can be kept up, and the credit of the Government sustained.

In the inception and during the progressive increase of a national debt, the issues of Treasury notes, though dangerous and deleterious, have yet their advantages. They need not be issued faster than the actual wants of the Treasury require, and the power to issue any given sum, for all effective purposes of immediate expenditure, a fund in the Treasury available to that amount.—But, when the debt has acquired its maximum and ceases to accumulate, or when it becomes larger than the amount necessary to be let on hand to meet the current wants of the Treasury, these advantages disappear. This mode of loan then becomes to the Government what the sale in market of new promissory notes, for the purpose of raising money to take up old promissory notes, is to an individual. It is the issue of Treasury notes to take up other Treasury notes year after year in succession; and, under those circumstances, it is inconvenient and expensive.

But the raising of money by the issue of Treasury notes is objectionable, because it is deceptive; by this means a heavy debt may be raised and fastened permanently upon the country, the amount of new issues being involved with the payment of the old; while the people, and even those who administer the finances, may not be impressed with the important fact that a national debt is created or in the process of creation.

Therefore, in the opinion of the undersigned, when a national debt does exist, and must continue for a time, it is better that it should be made a funded debt, according to our ancient financial usage. It is not to be created by no cover, and is the subject of no delusion. It is open, palpable, true; the eyes of the country will be upon it, and will be able at a glance to mark its reduction or its increase; and it is believed that a loan for the requisite amount, having eight years to run, but redeemable at the will of the Government, on six months' notice, could be negotiated at a much less rate of interest than Treasury notes. Much expense would also be saved in dispensing with the machinery of the issue and payment and cancelling of Treasury notes.

It is therefore respectfully recommended that a sum sufficient to pay the debt at present existing, and such as will necessarily accrue in this and the ensuing year, be raised on loan for the time, and on the condition above suggested.

On keeping and disbursing the public money.

The undersigned would also respectfully invite the attention of Congress to the present mode of keeping and disbursing the public moneys; and also to the subject of the creation or employment of a fiscal agent to be charged with the performance of these and other duties. The subject is one of great importance, both to the Government and to the community. Such agent or depository ought to unite, in the highest practicable

degree, the safety of the public funds, and convenience and economy in their administration; and it should, if possible, be so selected or framed as to exert a salutary influence over the business and currency of the country.

The mode of keeping and disbursing the public money, provided by the act of July 4, 1840, will be found, on comparison with that heretofore chiefly used by the Government, eminently deficient in all these essential requisites. The financial history of the United States, especially for the last twelve years, furnishes abundant proof that the public money is unsafe in the custody of individuals, and that their official bonds are no sufficient security for its safe-keeping and faithful application. Within the period above named many receiving officers connected with the Treasury Department have become defaulters to the Government. The aggregate loss from that cause within that period, as shown by the books of the Department, amounts to \$2,620,500, but a small part of which will probably be recovered from their bonds. It is true that, in any system which can be adopted, some part of the public money must, in the process of collection, pass through the hands of individuals, and be subject to their defalcations; but the act of July 4, 1840, extends and continues the risk beyond the period of collection, and it subjects large masses which, in the fluctuations of commerce, sometimes accumulate, to the same dangerous custody.

Not only is the public money in the hands of individuals more exposed to loss from ordinary defalcations than when deposited in a well-regulated bank; but the Government is also liable to the risks of fire, robbery, and other casualties, occurring either in deposit or transmission, from which it is entirely protected when a well-regulated bank is the depository and the fiscal agent.

The present system is also, in many respects, cumbrous and inconvenient. Its tendency is to centre the disbursements of the public money at some of the Eastern cities, chiefly at New York. That being the great commercial emporium of the United States, is the point at which funds are the most valuable, and, therefore, the most sought; hence those who are entitled to payments out of the public Treasury claim them there. It is true there is a general discretion in the head of the Department to refuse or grant the favor of such payments according to its convenience; but when the currency is devalued, and the premium on exchanges is high, this discretion involves discrimination to a large amount among creditors equally entitled. It then becomes a dangerous discretion, and one that ought not to exist. But, under the present system, it cannot be avoided, save in a few cases, without discharging every public liability at the most favorable point. This would at once centralise all the disbursements at a few of the Eastern cities, and involve the Treasury in the risk and expense of transporting the public funds from the various points of collection to the places of disbursement.

An item of less importance, but still worthy of consideration, in settling on a permanent and economical arrangement, is the direct expense of the present system, including the cost of the buildings for the depository of the public money, and the salaries of the officers and their clerks who receive and disburse it. No portion of this risk, inconvenience, or expense need be incurred where a well-regulated bank is made the fiscal agent.

But the present system is also, in the opinion of the undersigned, injurious to the business and currency of the country. Instead of permitting the credit and the finances of the Government to lend their indirect but efficient aid in sustaining the credit and regulating the currency of the country, it brings into direct hostility those important interests. In the progress of the system a sufficient amount of gold and silver to supply the wants of the Treasury must be withdrawn from circulation and locked up in vaults, leaving no representative to supply its place in the general circulation.

A large amount, also, in the hands of those who pay to or receive from the Treasury, is equally withdrawn from general circulation, and made to flow through those channels alone which lead into and out of the public coffers. The other avenues of commerce and intercourse are thus deprived of their proportion of the precious metals.

Within the fifty-two years during which our constitutional Government has existed, we have had, for two periods of twenty years each, a bank chartered by Congress as a depository of the public moneys and as a fiscal agent. We have had, also, at two intervals, amounting to about nine years, State banks employed for like purposes; and, during the remainder of the time, the funds of the Government have been kept and the finances administered partly by banks and partly by individual officers and agents. The losses sustained by State banks, as depositories, during the first period of their employment, extending from 1811 to 1816, agreeably to a statement prepared by the Secretary of the Treasury in 1833, and revised and republished in 1837, were \$1,000,676. In the latter period, from 1833 to 1837, though no actual loss is believed to have occurred, yet the Treasury and the country suffered inconvenience and embarrassment from the financial arrangements with those numerous and disconnected institutions. But, during the forty years that the two banks of the United States were the depositories of the public money and the fiscal agents of the Government, no loss whatever was sustained, nor any delay or any expense incurred in transmitting or disbursing the public money, so far as the agency of those institutions extended. Then, as regards the wants of the Treasury merely, the safety of the public funds, and economy in their administration, experience has demonstrated the superior utility of a bank constituted and adopted by Congress as a fiscal agent. It has also proved to us that the active business of the country, its currency, its credit, its industry, and its commerce, are intimately connected with and dependent upon the financial arrangements of the General Government. If they be wise and beneficial, they indirectly, but efficiently, promote those great interests of the People; if constant and uniform in their

action, they give to those interests confidence and stability.

Since the removal of the public depositories from the Bank of the United States, in 1833, the Government has had no permanent fiscal agent and no definite financial system. All has been experiment, transfer, and change. The business of the country has yielded to the unsteady impulse, and moved forward with wild irregularity; at one time stimulated to excessive action, at another sunk into lethargy. And, in providing for the wants of the Treasury, it is surely important to look, also, to the wants and the welfare of the community, from the products of whose industry the Treasury is supplied.

And as regards those great interests, we find the testimony of past years is no less distinct and strong in favor of a moneyed institution chartered by the General Government, and possessed of its confidence and credit. The period embracing the last ten years of the existence of the late Bank of the United States as the fiscal agent is fresh in the memory of us all, and is looked back to as a period of great public prosperity; and though other causes did, doubtless, co-operate to produce that favorable condition of things, yet one of the governing principles on which depended the steady advance of the country in commerce, in industry, and in substantial wealth, was the existence of a fiscal agent established by the General Government, and charged with the equalization of exchanges, and the regulation of the currency.

In the present condition of our country, the relief to be anticipated from such an institution cannot be immediate, but must be the work of time. The business of the country would, however, in the opinion of the undersigned, steadily and certainly revive under its influence.

In whatever point of light the undersigned is able to view this subject, he is irresistibly led to the conclusion that such a fiscal agent, so framed as to possess those important functions, is alike essential to the wants of the Treasury and of the community. Such an institution should be framed with deliberation, for it must have high duties to perform, and extensive interests to protect and promote; and it should be granted with care, for it will be liable to great and dangerous abuses. As the fiscal agent of the Government, and an effective regulator of the currency in a wide-spread community, it should be steady and uniform in its action, and fixed and stable in its character.

The undersigned has no doubt of the power of Congress to create such an institution. Experience has proved its necessity to carry out other expressly granted powers; it has been exercised and recognized by the Legislative and Executive departments of the Government during four-fifths of the whole period of our national existence, and it has received the uniform sanction of our highest judicial tribunal.

Yet that power has been questioned by many wise and patriotic statesmen whose opinions are entitled to consideration and respect; and in a measure like this of high national import, which, if wisely conceived and cordially concurred in, must have a great and enduring influence on the prosperity of the country, it is important, as far as possible, to obviate objections and reconcile opinion.

If such an institution can be so conceived in principle and guarded in its details as to remove all scruples touching the question of constitutional power, and thus avoid the objections which have been urged against those heretofore created by Congress, it will, in the opinion of the undersigned, produce the happiest results, and confer lasting and important benefits on the country.

The undersigned, therefore, respectfully recommends the creation of such fiscal agent, and the repeal of the act of July 4th, 1840, providing "for the collection, safe-keeping, transfer, and disbursement of the public revenue," except the penal provisions thereof, which will probably require revision and modification.

All which is respectfully submitted.

T. EWING, Secretary of the Treasury.

TREASURY DEPARTMENT, JUNE 2, 1841.

After Mr. Garland, the Clerk of the last House of Representatives, had, at the opening of the present session of Congress, called over the roll of the House,

Mr. Halstead rose for information. He desired the Clerk to inform him by what authority the name of Linn Banks, of Virginia, was placed upon the roll, as he (Mr. H.) understood that there was a person contesting his seat, and who claimed to have a majority of the legal votes.

The Clerk here read the regular certificate of election of the members from the State of Virginia, issued in pursuance of instructions from the acting Governor of the Commonwealth, and signed by J. H. Richardson, Clerk, &c.

The Clerk remarked that this was the only paper in his possession.

Mr. Halstead remarked that this was the same evidence as was presented by the New Jersey members at the last Congress, and on which they were refused their seats.

This was a fair hit, and Mr. Garland must have felt it.—Alex. Gaz.

RAPID TRAVELLING.—The Government Express, which carried the President's Message, left Washington at three minutes before 12 o'clock, M. on Tuesday and arrived at New York at half past nine in the evening of the same day. Time 9 hours and 33 minutes; distance, 225 miles, being at the rate of 24 miles an hour. The distance between the two places was never run in so short a time before.

Arrived at Baltimore, 1 05, left do. 1 30

“ Havre de Grace, 2 23

“ Wilmington, 4 00

“ Philadelphia, 5 15 Camden, 5 45

“ N. Brunswick, 8 00

“ Jersey City, 9 00

“ New York, 9 30

STOP THIS!—We find the following singular advertisement in the Salem Register:

Five Dollars Reward.—Violence from the pulpit of the Catholic Church on Sunday last, the written discourse delivered in the forenoon. For the discovery of the thief, the above reward will be paid.

CONGRESSIONAL.

In the U. S. Senate on Tuesday, after the President's Message was read—

Mr. Mangum moved that 10,000 additional copies of the Message be printed, together with 1,500 copies accompanying the documents.

Mr. Clay suggested that Mr. Mangum to modify his motion so as to reduce the number of copies to be printed from 10,000 to 5,000.

After some conversation, Mr. M. consented to make the modification proposed, so that his motion should be to print 5,000 copies of the Message, of which number 1,500 should be accompanied with all the documents sent with the Message.

Mr. Clay expressed his satisfaction that this modification had been made, as he was satisfied that the larger number would have been useless. He said, however, that he had not risen simply for the purpose of returning his thanks to his friend from North Carolina, but also to show his earnest hope that the Senate would early commence the work of curtailing its contingent expenditure. He had heard with infinite surprise that those expenses had increased in the session of 1838 to so fearful an extent as to equal in that single year a whole amount of the expenditure for the same purpose for the four years of Mr. Adair's administration. They ought to begin to see the example, in their own habits, of a rigid economy, and this never could be accomplished without some attention to matters of detail. Almost the whole of the farming increase, it might so denominate it, consisting of the very reprehensible increase of the Senate's expenses, had occurred in this one great item of the public printing. He went for the purpose of pointing out what had been the standard eight or ten years ago.

Mr. Calhoun was most happy to hear such an avowal from the Senator from Kentucky. He accented heartily in the sentiment that the Senate ought to set an example of economy. Without this their expenditures would continue to increase still more.

He hoped the gentleman would go on to economize and to reduce the public debt, and to reduce the public printing. It was vain to make the People pay promises, unless the axe were laid to the root of the evil; public virtue and the efficient defence of the country called for the act of retrenchment. The Government must resort to no demands on the People but for objects absolutely and indispensably necessary. Unless a due regard should be manifested to public economy, Mr. M. would never vote to lay a cent of taxes on the People.

Mr. Preston rose to state the principle on which he should vote for 5,000 copies in preference to 10,000. Heretofore it had