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TO THE

PEOPLE OF THE UNITED STATES,

ON THE

SUBJECT OF THE REPORT OF A COMMITTEE

OF THE HOUSE OF REPRESENTATIVES,

APPOINTED TO "EXAMINE AND REPORT, WHETHER MONIES

"DRAWN FROM THE TREASURY, HAVE BEEN FAITHFULLY

"APPLIED TO THE OBJECTS FOR WHICH THEY WERE AP-

"PROPRIATED, AND WHETHER THE SAME HAVE BEEN

"REGULARLY ACCOUNTED FOR,"

WHICH REPORT

WAS PRESENTED ON THE 29TH OF APRIL,

1802.

BY OLIVER WOLCOTT,

Late Secretary of the Treasury of the United States.

BOSTON,

PRINTED BY RUSSELL AND CUTLER.

1802.



AN ADDRESS, &c.

TO THE
PEOPLE OF THE UNITED STATES,

SOON after the commencement of the last Session of Congress, the House of Representatives appointed a Committee with an instruction "To enquire and report, whether monies drawn from the Treasury, had been faithfully applied to the objects for which they were appropriated, and whether the same had been regularly accounted for; and to report likewise whether any further arrangements were necessary to promote economy, enforce adherence to legislative restrictions, and secure the accountability of persons entrusted with public money."

At the close of the session, a Report was submitted to the House, founded, principally, on communications from Mr. Gallatin, Secretary of the Treasury. I am authorized to assert, that this report ought to be considered, as exclusively the act of the majority of the Committee; consisting, as is understood, of Mr. Nicholson of Maryland, Mr. Giles of Virginia, Mr. Williams of North Carolina, and Mr. Elmendorf of New York.—Mr. Bayard of Delaware, Mr. Griswold of Connecticut, and Mr. Cutler of Massachusetts, were indeed members of the Committee, but they were not apprised of the intentions of the majority, until a few days before the close of the session, when the report was already prepared and ready to be presented:—even this communication with the minority of the

Committee, produced no effect, as none of the alterations, which were suggested, were admitted.

The appointment of this committee, was certainly proper, either for the purpose of collecting information for the House of Representatives, or for the satisfaction of the community at large. To accomplish either of these objects, the Report ought, however, to have contained a full view of all the circumstances, which reasonable men would deem essential to assist their judgments, in forming correct opinions. For the purpose of preventing debates from being unnecessarily diffusive, in consequence of disputes, respecting facts, capable of being precisely ascertained, it has been a practice to compose committees, of those gentlemen, who were not only best informed, on the subjects referred to their consideration, but who were also, most likely to be opposed in sentiment, on the same, or other relative questions. The utility, justice and policy, of this practice, are too obvious to require illustration. Men are sufficiently prone to differ, respecting the proper application of principles to facts, even when the latter, are not disputed. Notwithstanding every precaution, great difficulties will frequently attend legislative discussions of complex questions. It is a primary duty of Committees, to limit the grounds of controversy ; to settle in concert, every question which is susceptible of a just compromise ; to present digested and contrasted views of those facts and arguments, upon which there remains a diversity of opinion ; and to deduce therefrom distinct propositions, susceptible of an affirmative or negative determination. When Committees fail of accomplishing these objects, they are worse than useless, by perplexing those subjects, which they were instituted to elucidate.

Judging by these principles, the conduct of the Speaker, in designating the members of the Committee, appears to have been candid and impartial; and whether in the mode of proceeding, which they adopted, the majority of the members, have discharged their duty to the public, is a point, which I leave to the judgment of the House of Representatives and the Community. So far as my personal interests are affected, I am not displeased with the course, which the enquiry has taken.—I rejoice, that at length there exists an official statement of those supposed errors in the former administration of the Finances, which have caused much public inquietude; it is peculiarly satisfactory, that this statement has been prepared by Mr. Giles and Mr. Gallatin:—both these gentlemen are known to have been the most decided, efficient and persevering opposers of the former administration;—both have, for a series of years, watched every operation of the Treasury, with unceasing vigilance, and fortunately, as I trust, for my reputation, the latter has, for a considerable period, been in possession of every possible source of information, respecting the whole course of my official conduct.

The manner in which I mean to pursue the proposed enquiry, and which is intended to be merely *defensive*, perhaps requires me to absolve the committee of *any intention unjustly to wound the characters* of the former administration. When it is recollected, that according to the Constitution, the awful sentence of DISHONOUR can only be pronounced on the concurring votes of two thirds of the Senate of the United States, the highest tribunal of our country, on full proof of misdemeanors in office, after a public hearing, and a solemn impeachment by the House of Representatives, it ought

not to be imagined, that a bare majority of a Committee, appointed by the Speaker, according to ordinary forms, would arrogate the power of inflicting the same punishment.—Such a suspicion, is peculiarly inadmissible, as there was no hearing; as no counterstatement was admitted; as the minority of the Committee were not even consulted.—In particular, decorum forbids, that such a design should be imputed to the Chairman, Mr. Nicholson:—This Gentleman, was in the preceding session, a member of a Committee for inquiring into the State of the Treasury:—he concurred with the other members, in a report upon my official conduct, with which I have every reason to be satisfied:—I can testify to the candour and uprightness of his conduct on that occasion:—he will declare that I desired the Committee to dismiss every degree of reserve, and to extend their enquiries to every subject respecting which injurious surmises had existed:—he will also recollect, that I was present at the seat of government, during the last winter, and that he was informed at my request, that I was willing to appear before the Committee and answer any enquiries, which might be proposed, and that the absence of Mr. Giles, on a visit to Virginia, was assigned as a reason, why my proposal was not accepted; Mr. Nicholson, therefore, cannot have intended, that his last report should be deemed inconsistent with the first:—to suppose that he imagined it, proper, or possible, to injure my character by a partial representation, would be to question the soundness of his understanding; his honour as a gentleman; his justice, as the arbiter of the Committee.

But though *improper motives*, will not by me, be imputed to the Committee, yet sincerity requires me to declare, that by adopting a novel mode of

proceeding, they have presented a very imperfect representation of transactions, which, if I do not greatly err, are susceptible of a vindication, perfectly satisfactory to the public :—this vindication I now commence, supported by the recollection of numerous instances of the candour of my countrymen ; and with a firm confidence, that they will examine with patience, and decide with justice.

1st. *The first subject of enquiry, relates to the construction which has been given by the Treasury Department, to various Laws, for appropriating money in the Treasury, especially those in relation to the expences of the War and Navy Departments.*

An example of the manner, in which appropriations have been generally made for the War Department, will be found in the first Section of an Act of Congress, passed on the 3d day of March 1795.—By the second Section of an Act, passed on the 31st day of December 1794, a sum not exceeding five hundred thousand dollars had been appropriated “ towards defraying the expence of “ the military establishment for the year 1795.” By this Act, a partial appropriation was made, *without any specification of the particular objects*, to which the money was destined. According to the usual course of business, a great proportion of this five hundred thousand dollars, *must have been expended before the 3d of March 1795.* On this day, the Act first referred to, was passed ; it declared, “ that including the appropriation of five hundred “ thousand dollars, made for the military establish- “ ment for the year 1795, by an Act of the “ present Session, there be appropriated, for the “ said Military establishment, a sum not exceeding “ one million, four hundred and sixty nine thou- “ sand, four hundred and thirty nine dollars and “ twenty nine cents.”—The same section then pro-

ceeds to *specify sixteen distinct heads of expenditure*, with sums annexed to each, amounting in the whole, to the aggregate sum of 1,469,439 dollars and 29 cents, first appropriated.

By the case now presented, the principles, upon which the Report of the Committee is founded, may be fairly tried. These principles are “that there are two previous requisites, which are necessary to justify the expenditure of public money, and without which no legal expenditure can be made:—First, that the expenditure for the object to which it is applied, should be authorized by Law; and secondly, that an appropriation should be made, to cover that authorized expence.”

The principles asserted by the Committee, well understood, and properly applied, are unquestionably correct; the question is, therefore, *merely how the principles ought to be applied.*

It shall be supposed that in the month of February 1795, a requisition had been made, for money to satisfy expences in the *Quarter Master Department*.—No Law has at any time defined *what expences shall be referred to this head of expenditure*—or in other words no “*objects*” of expence have been “*authorized by Law* :”—besides, there existed no appropriation, except in general terms, “*towards defraying the expence of the military establishment.*” In this state of things, would it have been proper to have refused the money, on the ground, that there existed no *legal objects of expence*, and that no *specific appropriation* for the *Quarter Master Department* had been made?—It is evident that such a refusal would have been improper, *as it would have arrested the progress of the public service, and defeated the operation of an Act of Congress.* It was sufficient, to justify a compliance with the requisition,

that the expenses of the Quarter Master Department were sufficiently defined by *usage*; that, with reference to many objects, *an established usage is equivalent to a written law*; and that a general appropriation had been made towards defraying the expenses of the *Military Establishment, which included those of the Quarter Master Department.*

It is true that the subject was revived in the act of March 1795, and that a sum of one hundred and fifty thousand dollars was, according to the construction of the Committee, *specifically appropriated for the Quarter Master Department, which sum, upon their principles, could not legally be exceeded.* It might, however, have happened, that a sum of *two hundred thousand*, instead of one hundred and fifty thousand dollars, had *been actually expended, before the act of March 3d, 1795, was passed.* Such a supposition is not extravagant, because, according to *established usage*, (the only rule in the case supposed,) the expenses of the Quarter Master Department embrace a great variety of objects; and indeed cover every discretionary and undefined expenditure, incident to military operations. In such a case, the construction of the Committee would lead to no other conclusion, than that a transaction completed in the month of February, 1795, and at that time *consistent with established usage, and contrary to no law whatever*, might be rendered *absolutely illegal*, by the operation of a *posterior act*, passed in March, 1795.

A construction, pregnant with such contradictions, and which would have rendered many of the acts of Congress altogether unsusceptible of execution, has, however, been perseveringly contended for, and is the construction upon which the Report of the Committee is principally founded.

The Report is expressly predicated on a letter from Mr. Gallatin, dated March 2d, 1802 ; and on the basis of this authority the Committee have asserted, " that the appropriations for the army and navy respectively, have been considered as constituting but one general fund for each of these objects, although in most of the laws making appropriations, a variety of heads of expenditure are distinctly specified." Considering this position as proved, the Committee remark, " that if *the general construction be correct*, it may perhaps be said, that, in *most instances*, monies have been drawn from the treasury in the manner prescribed by law." The prepossessions of the Committee are sufficiently evident from this equivocal comment ; for though they have not expressed a decided opinion, that the practice of the Treasury was unsupported by law, yet this idea has unquestionably been conveyed to the public.

The letter of Mr. Gallatin does not, however, authorize the declaration of the Committee. On the contrary, he enumerates a variety of accounts, both in relation to the War and Navy Departments, which he expressly admits " have been considered as distinct from each other, and from all other, made in relation to the Army and Navy respectively." It moreover appears, from two statements, annexed to Mr. Gallatin's letter, and which were printed for the Committee, that from the year 1797, to the year 1801, accounts were opened with the *War Department*, under *twenty four*, and with the *Navy Department*, under *seventeen heads of expenditure*. It is therefore manifest, that on a position erroneously assumed, and expressly contradicted by the document referred to as a voucher, and on which an hypothetical opinion is cautiously insinuated, the Committee have not only severely cen-

fured particular tranſactions, but have hazarded the unqualified animadverſion, that in their opinion, “conſiderable ſums of public money have “been greatly miſapplied, and that much expenſe “has been incurred, without any legal authority.”

This error, ſo eaſily detected, muſt have been accidental. It could not have happened, if any perſon, converſant with the practice of the Treasury, under the former adminiſtration, had been conſulted. It is mentioned to prove the extreme inſecurity of reputation, if Reports of Committees are formed without previouſly conſidering the explanations of thoſe, whoſe characters are to be affected.

The truth is, that all reaſonable means were exerted to confine the expenditures within the particular eſtimates, and that according to a conſtruction never diſputed at the Treasury, it became neceſſary to open a number of accounts, in the offices of the Secretary and Comptroller of the Treasury, beyond what was uſeful. Different views of the ſame ſubject by various Committees, and eſpecially the perſevering efforts of individuals of the party now in power, to limit the operations of the Executive Departments, by minute ſubdiviſions of appropriations, continually tended to produce an inconvenient complexity in the public accounts, and to paralyze every branch of the public ſervice. It was the duty of the Treasury, ſo to interpret the Laws, as to counteract this tendency as much as poſſible :—I contend that the interpretation, adopted in practice, was, at all times, *reaſonable*, that a different interpretation would have been *unreaſonable*, and frequently have entirely *deſeated their operation*. It is, however, a ſufficient and unanſwerable defence of the practice of the Treasury and the other Departments, *that it was at all times publicly avowed,*

and well understood, and deliberately sanctioned by Congress.

To prove this declaration, it is necessary to enter into a detail of transactions, which may appear tedious. It will however be remembered, that I have to contend against the weight of authority, apparently due to a Committee of the House of Representatives:—this I trust will be deemed a sufficient apology, by a candid public.

The construction and practice of the Treasury, relative to acts, appropriating money, were for the first time, questioned by Mr. Giles. In the month of February, 1793, this gentleman proposed several resolutions in the House of Representatives, with the view of censuring the official conduct of Mr. Hamilton, then Secretary of the Treasury. One of the proposed resolutions was expressed in the following terms: “Resolved, that it is essential to the due administration of the government of the United States, that laws making *specific appropriations* of monies should be *strictly observed* by the administrator of the finances thereof.” No vote appears to have been taken on this question, on the ground, it is presumed, that it called for the opinion of the House, on an abstract proposition of indefinite import. The subsequent propositions, imputing to the Secretary violations of the laws and constitution, which Mr. Giles considered as *inferences* from his supposed *axiom*, were, after full inquiry and debate, rejected by a large majority. As Mr. Giles has, during the last session, alluded to the subject of these decisions, it may be reasonably concluded, that his mind is not yet exempt from the prejudices, which were excited by the disappointment.

During the session of Congress, which commenced in November, 1794, immediately subsequent to

the first insurrection, in Pennsylvania, the question of *specific appropriations* was again agitated. With the exception of Mr. Randolph, who was then Secretary of State, the heads of departments concurred in opinion, that the sums, appropriated for the service of the War Department, might be properly applied to defray the expenses of the militia who were, on that occasion, ordered into service, by President Washington. On the meeting of Congress, the *doubts*, entertained by Mr. Randolph, of the legality of the expenditures, for the militia expedition, were extended to certain members of the Legislature. On the first day of February, 1795, I was appointed Secretary of the Treasury, on the resignation of Mr. Hamilton. Mr. Fitzsimons of Pennsylvania was Chairman of the Committee, appointed to consider the estimates, and prepare bills, for making appropriations for the War Department; and in consequence of discussions relative to these appropriations, I received a letter from this gentleman, inquiring, whether a surplus appropriation for the military establishment for one year, could be considered as a proper object of deduction from the estimate for the succeeding year. To this inquiry, I communicated the following official answer, which remains, with the other documents I shall recite, on record, in the Treasury Department.

“ TREASURY DEPARTMENT, *February 25, 1795.*

“ THE Secretary of the Treasury respectfully informs Mr. Fitzsimons, of the House of Representatives, that the question proposed by him has never been fully decided by any law, or by the practice of the Treasury.

“ It has been usual for the Legislature to grant appropriations for the military service, on esti-

“ mates of the *probable yearly expense*, and hitherto
 “ the yearly expenditures, at the Treasury, have been
 “ referred to the appropriations for the same year ;
 “ *with the exception, however, of such expenditures as*
 “ *were susceptible of an application to some precise part*
 “ *of a general appropriation.*

“ By far the greatest part of the expenditures for
 “ military purposes are, however, unsusceptible of
 “ such a minute distribution, as are appropriations
 “ for other objects, and of course the expenditures
 “ for the military Department are kept under more
 “ general heads: for instance, certain sums are
 “ granted for pay, rations, forage, clothing, trans-
 “ portation, &c. It would be very difficult, if not
 “ impracticable, to issue money under these sever-
 “ al heads ; and if it were to be attempted, *exces-*
 “ *sive appropriations and advances would become neces-*
 “ *sary, and an extraordinary risk would be incurred*
 “ *by the public.* It has been my opinion, that the
 “ appropriations for mere military purposes, ought
 “ to be general grants of such sums, as are from
 “ time to time deemed requisite for the public ser-
 “ vice, to be issued according to exigencies, and
 “ applied and accounted for according to law ;
 “ and, in this point of view, a surplus appropria-
 “ tion for one year, becomes a fair subject of de-
 “ duction from the estimate for a succeeding year.

“ As you have mentioned the question, *I shall be*
 “ *glad if some measure can be adopted, which will ex-*
 “ *press the sense of the Legislature upon the subject.*”

If, with a full knowledge of the events, which have since occurred, I were to prepare a communication to protect myself against such a report, as that under consideration, it would be impossible for me to express my ideas with more precision, than in the terms, which were adopted in this of-

ficial note. I am greatly deceived, if the reasons, briefly assigned, for the practice of the Treasury, do not afford a conclusive justification. It was stated that such expenditures, as were susceptible of application to a *precise part* of a general appropriation, *were so applied*; but that other expenditures were referred to more general heads. It is self evident, that if *distinct funds*, for the different *branches of expenditure*, were to be issued to the public agents, that the *advances must greatly exceed* what would be necessary, and that with a *sufficient sum of money on hand*, the public service would frequently suffer, merely because the *particular fund was exhausted*. It is evident that such a practice would be *unsafe*, from the temptation it would excite to *misapply monies*, which would *be known to be useless*. It would be impossible for the Treasury, or the other Departments, to prevent monies from being *drawn, or, after being drawn*, from being withheld, on *fictitious pretences*. Upon the principle of appropriating *distinct funds*, it would be necessary to provide, not only against contingencies of a *general nature*, but against contingencies, in relation to *each subordinate branch of the service*. It might of course happen, that *two millions* of dollars, granted under twenty distinct heads, would be found a less efficient and useful fund, than *one million* of dollars, subject to a general application. The result is, that the practice of the Treasury was alike conducive to order and economy.

That such, at least, were my sincere opinions, cannot be doubted, when my situation is considered: I had just entered on the duties of a most responsible office; it was impossible that there could exist more cogent motives to enforce a strict economy. The degree of order, which, with much labour, had been introduced in the collection of the

internal revenue, had been recently disturbed by an insurrection. An expense of more than one million of dollars had been incurred by this object : a loan of eight hundred thousand dollars had just been negotiated, with the approbation of all parties, for effecting a peace with Algiers and the ransom of our citizens. Both these expenses were unexpected charges upon the domestic resources of our country ; all expectation of foreign loans had been extinguished by the then recent conquest of Holland ; powerful causes were operating, with incalculable force, to subvert public and private credit, in every part of Europe, and it was impossible to foresee the extent of their influence in America ; an act was on its passage through the Legislature, providing for the reimbursement of the domestic debt, and the reputation of the Department, committed to my care, depended on a successful execution of this measure.

Nor were my motives for a frank conduct, towards the Legislature, less influential than those of economy. I had witnessed the cares and excessive labour, which had been accumulated upon my predecessor, merely in consequence of the misconceptions of Mr. Giles, and I knew that a question, not very dissimilar in principle, was then under consideration, relative to the expenses of the insurrection.

But notwithstanding the explicit information to Mr. Fitzsimons, who prepared the bills for making the appropriations, and though a number of members of Congress were acting under impressions that the expenditures, for suppressing the insurrection, were not strictly authorized, yet no modification of the laws on the subject of appropriations was introduced ; except that, in the act making provision for the redemption of the public debt, a clause

was inserted, that no appropriation for the current service should continue in force for more than two years, after the year in which it was made, unless a longer duration was specially assigned by the law. Even this limitation, upon the validity of acts of appropriation, originated in a recommendation of my predecessor, Mr. Hamilton.

The construction of the Treasury Department, not having been *formally* ratified by Congress, I presented the question respecting *specific appropriations*, to the consideration of the Committee of Ways and Means, in a report dated the 17th of May 1796. This report was accompanied with an estimate for the service of the War Department, and concluded in the following terms, being nearly the same, which had been adopted in the note to Mr. Fitzsimons.

“ TO PREVENT FUTURE MISCONCEPTION, *and for the immediate information of the Committee*, I think proper to observe, that by far the greatest part of the expenditures, for the Military Department, are found, *by experience*, to be unsusceptible of that particular distribution, which is observed in the issues of monies for other objects—of course it has been the usage of the Treasury to open the accounts, with the War Department, under more general heads. Unless this mode of proceeding is continued, excessive appropriations and advances will be necessary, and an extraordinary risk will be incurred by the public.

“ It follows, that appropriations, for military purposes, ought to be considered as general grants of such sums, as the public service is found to require, to be issued according to exigencies, and applied and accounted for, according to law.”

Mr. Gallatin was a member of the Committee of Ways and Means, to which this Report was addressed; and on the 1st of June 1796, the following resolution was adopted by the House of Representatives, in consequence of his motion. “Resolved, that the Secretary of the Treasury be directed to lay before this House, within the first week of the next session of Congress, a statement of the monies expended for the military establishment, for each calendar year, from the establishment of the present government, to the 1st day of January 1796, distinguishing the sums expended under each of the heads, for which specific appropriations have been made; and also, a statement of the expenditure attending the militia, in their expedition to the western counties of Pennsylvania; under the several heads, for which specific appropriations were made.”

In the autumn of the year 1796, before a report could be made, in compliance with this resolution, a volume was committed to the press, compiled by Mr. Gallatin, principally from public documents, which had been printed by the direction of Congress, entitled “*A Sketch of the Finances of the United States.*”

In this work, Mr. Gallatin referred to my report of the 17th of May 1796, before recited, and commented thereon, in the following manner. “It would seem, that if those appropriations (namely, the appropriations for the military establishment) are considered, by the Treasury Department, as general grants, to be issued according to exigencies; that, or some other Executive Department, is to judge; and if, therefore, the monies *specifically* appropriated to one head of service, are applied to another head, they are not applied and accounted for pursuant, but *contrary to law.*”

“Such a mode is undoubtedly liable to great
 “*abuses* :—*it deceives the Legislature*, who, when ap-
 “propriating one hundred thousand dollars for
 “the defensive protection of the frontiers, did not
 “think that the Treasury would assume a power
 “to apply them to the Quarter Master, or any oth-
 “er Department :—*it deprives the Legislature of any*
 “*control*, not only over the distribution of monies
 “amongst the several heads of service, *but even over*
 “*the total sum to be expended.*”

Speaking of the expenditures for suppressing the
 insurrection, Mr. Gallatin observed : “Another
 “*irregularity* has once taken place on an *extraordi-*
 “*nary occasion*. Although the President of the
 “United States *was authorized to call out the militia*,
 “*in order to suppress insurrections, no monies were ap-*
 “*propriated for that service. When the western insur-*
 “*rection took place, until Congress had covered the*
 “expenditures of the expedition, by an appropri-
 “ation made only on the 31st of December, 1794,
 “the expenses were defrayed out of the monies
 “appropriated for the military establishment.”——
 “But as the *militia, called out to suppress an insurrec-*
 “*tion, make no part of the military establishment, the*
 “expenses attending such a call *were not amongst*
 “*the various objects enumerated in the law, making*
 “appropriations for the military establishment ;
 “the only item, applicable to militia, being express-
 “ly confined to the defensive protection of the
 “frontiers. The monies, drawn from the Treas-
 “ury, on that occasion, were paid out of a fund,
 “appropriated for other and distinct purposes :—
 “*they were not drawn agreeably to the Constitution, in*
 “*consequence of any appropriation made by law. It*
 “might have been a defect in the law authorizing
 “the expense, not to have provided the means,

“but that defect *should have been remedied, by the only competent authority, by convening Congress.*

“The necessity of the measure may, in the mind of the Executive, have superseded every other consideration; the popularity of the transaction *may have thrown a veil over its illegality; but it should by no means be drawn hereafter as a precedent.*”

Although many reflections are suggested by the authoritative style of these remarks, yet it is sufficient for the present purpose to observe, that strange and unexpected consequences have followed the official communications, which I have recited. Two reports had been made, in successive years, each addressed to the Committees, entrusted with preparing the bills for making appropriations; a *practice* of the Treasury was mentioned, with the *reasons*, on which it was founded; it was declared to be the object of these reports, “*to prevent future misconception,*” and to obtain the “*sense of the Legislature,*” on a litigated question; yet notwithstanding this practice was thus avowed, and appears to have been known only in consequence of a *voluntary disclosure*, it has, by a gentleman, who has since been appointed my successor, been represented as an *abuse, as contrary to law, as calculated to deceive the Legislature, and to deprive that body of any control, not only over the distribution of monies, amongst the several heads of service, but even over the total sum to be expended.* Still more strange, a Committee of the House of Representatives has referred to one of these reports, *not to justify the practice, therein mentioned, but merely as evidence of the existence of a practice, deemed liable to exception!*

On the ninth of December 1796, during the first week of the Session of Congress, I transmitted four statements, exhibiting the appropriations and ex-

penditures, for the War Department, from the establishment of the Government to the close of the year 1795. These statements were prepared, in obedience to the resolution moved by Mr. Gallatin, on the first of June 1796, and before recited. A laborious revision of all the accounts had been found necessary, and several Clerks, in the offices of the Register of the Treasury and Accountant of the War Department, had been employed on this business, during nearly the whole recess of Congress. These statements, with explanatory observations by the Officers, were printed for the use of Congress, and they fully confirmed the representation in the reports of February 25th, 1795, and 17th of May, 1796.

On the 16th of December, 1796, a Committee of Ways and Means, consisting of sixteen members, was appointed; it was the duty of this Committee "to inquire into the state of the public debt, of the Revenue, and of *the Expenditures*, and to report from time to time their opinion thereon." Mr. Gallatin was one of this Committee; he had just published a volume, in which the practice of the Treasury had been represented as illegal; three distinct reports had placed the controverted question, completely in the view of the Legislature; yet notwithstanding these circumstances, the appropriations were made according to established precedents; and no intimation was given that the Legislature considered the construction of the Treasury, as illegal, or, in any manner, improper.

On the 28th of March, 1798, the House of Representatives resolved, "That the Secretary of War be directed to lay before the House a statement, *in detail*, of the expenditure and application of the monies, appropriated by law for the subsistence of the army, and for the Quarter Master Department; the Indian Department; bounties;

“ the defensive protection of the Frontiers, and all
 “ the contingent expences of the War Department
 “ for the year 1797, from which have resulted the
 “ deficiencies, by him stated, in his estimate of the
 “ 29th of January last, to amount to the two re-
 “ spective sums of one hundred and fourteen thou-
 “ sand one hundred and sixty-five dollars and nine-
 “ ty-five cents, and fifty thousand dollars ;—that he
 “ include, in the said statement, an estimate of the
 “ number of rations, which have been issued, dur-
 “ ing the same year, at the several posts and gar-
 “ risons respectively ; and that he also arrange, un-
 “ der a number of general heads, the different ex-
 “ penditures, incurred in the Quarter Master Depart-
 “ ment, Indian Department, and for contingent ex-
 “ penses of the War Department respectively.”

To satisfy the objects of this resolution, it was
 necessary for the Secretary of War to have recourse
 to the Office of the Secretary of the Treasury. A
 statement was accordingly prepared and transmit-
 ted, by my direction, which exhibited, *in detail, ev-
 ery Warrant, with the purpose, for which it was issued.*
 Knowing, however, that the sums issued to subor-
 dinate agents had not been, and could not be, in-
 variably applied to the purposes originally contem-
 plated, I accompanied the accounts with the follow-
 ing observations.

“ It is not in my power to class the expenditures,
 “ incurred in the Quarter Master Department, un-
 “ der particular heads, as many of the accounts are
 “ unsettled. I have, however, given a detail of
 “ the purposes, for which the monies were requir-
 “ ed, as expressed in the Warrants to the Treasurer.

“ But though I have done all in my power to
 “ confine the expenditures within the limits of the
 “ specific appropriations, I am confident, that re-
 “ sults will appear on the settlement of the accounts,

“very different from the accounts, detailed in my
 “Office. Of the monies advanced under the head
 “of subsistence, supplies have been purchased,
 “which have been issued to Indians;—Stores
 “destined to one use, at the time of purchase, have
 “been applied to another;—the Public Agents, es-
 “pecially those at a distance from the seat of gov-
 “ernment, are frequently governed more by the
 “real, or apparent urgency of the service, than by
 “considerations, which have reference to the form
 “of their accounts.

“*I mention these things* TO PREVENT FUTURE MIS-
 “CONSTRUCTION OF MY CONDUCT, *and that there*
 “*may be a due understanding of the circumstances, un-*
 “*der which the account, now presented, has been fram-*
 “*ed.*”

At the time this Report was made, and which was printed for the use of Congress, a Bill was on its passage, in the House of Representatives, which had been previously reported by the Committee of Ways and Means:—Mr Gallatin was a member of this Committee, and the Bill contained the principle, for which he had contended: this was proposed to be effected by a clause declaring, that the *specific sums*, mentioned in the Bill, *should be solely applied to the objects, for which they were respectively designated.* This Bill passed the House, without debate on the principle in question, and, as I presume, without observation of the new clause. The Senate, however, refused to concur in the *proposed innovation*, and on a question for introducing an amendment, to render the Bill conformable to established precedents, two Senators only, Mr. Mason and Mr. Tazewell of Virginia, voted in the negative. On reconsideration, the House of Representatives, *after solemn debate*, concurred in the amendments of the Senate, *and thereby, as I contend,*

EXPRESSLY AND UNDERSTANDINGLY SANCTIONED the construction and practice of the Treasury. Mr. Elmen-
dorf, one of the Committee of investigation, vot-
ed with the minority of the House, on this occasion.

It is not necessary for me to prove, that the con-
struction and practice of the Treasury were *original-
ly free from doubt*: it is certain, that the practical
interpretation was principally to be defended, by
shewing, that a different construction would pro-
duce absurd, or mischievous consequences. It was
on this ground that legislative explanations were
requested. The political adversaries of the former
administration were not wanting in perseverance;
they, surely, in their writings and debates, availed
themselves of every proper opportunity of es-
tablishing their rules of interpretation;—now
that they have acquired the power, it may be
proper, that their conduct should be governed by
the principles formerly professed; if the public in-
terests will permit, I shall not be displeased to see
the result of a fair experiment; to be fair, it will
be necessary, however, that the experiment be made
when a considerable body of troops is forming, or
in the field; or in a season of extensive military
and naval preparations: but surely no rule of jus-
tice will give to these principles a retrospective op-
eration, injurious to the reputation of men, whose
official conduct was avowedly governed by oppo-
site maxims.

According to principles contended for by the
Committee, many of the laws, heretofore enacted,
were utterly unsusceptible of execution. Reflec-
tion, aided by experience, has, I believe, at length
induced Mr. Gallatin to adopt the same opinion;
for though he has recommended “that* it be en-

* See Appendix, C.

“acted, by a general law, *that every distinct sum, appropriated by any law, for an object distinctly specified in the law, shall be applicable only to that object,*” yet he has, at the same time, observed, that “*as Laws can be executed only, so far as they are practicable, and as unavoidable deviations will promote a general relaxation, it will be expedient, in the several appropriation Laws, especially for the war and navy Departments, NOT TO SUBDIVIDE THE APPROPRIATIONS, BEYOND WHAT IS SUBSTANTIAL-
LY USEFUL AND NECESSARY.*”

The feelings, which a collective consideration of the report of the Committee, and this part of the communication of Mr. Gallatin, are calculated to excite, will be most properly expressed by a virtuous community. All candid men will perceive, that *principles never recognized, and always disavowed,* are, with the utmost rigor, applied to *past* transactions of an administration, *which has retired*—to the transactions of a period, of *great difficulty, when preparations of all kinds, for the public defence, were progressing with activity*: they will, at the same time, perceive, that the *future* application of the *same principles, in a period of profound quiet, and in respect to reduced establishments, IS DEPRECATED by the present administration*;—the justice of the public will not permit, that men, who have served their country, in conspicuous stations, should be dishonored for a course of conduct, which their successors have *proposed to pursue*, under a change of the most *unessential forms*: it must pronounce, that the Report of the Committee is founded on a fallacious and untenable principle; that the repeated and explicit representations to the Legislature, which have been recited; the tacit approbation, which may be inferred from their silence, during several successive years, and the formal sanction of

both houses of Congress, to propositions, which expressly involved the question under consideration, afford a complete justification of the former administration.

2d. The Committee have observed, that “some *irregularities* are stated to have occurred, where monies have been advanced upon the simple application of the Secretary of the Treasury, by letter, without the formality of a warrant, and sometimes even without a previous appropriation; but in these cases, the *irregularity* has been afterwards covered by subsequent warrants and appropriations, and the Committee do not discover, that it has been productive of any injurious consequences to the United States.”

It is satisfactory to find it admitted, that the numerous payments to and from the Treasury, have been so conducted, that *no loss, or confusion*, has ensued. I trust that this will be considered by the public as decisive proof, that the deviations, from the *forms approved by the Committee*, have not been very important:—it is no bad evidence of the propriety of a practice, that it has *uniformly* produced correct results. It is however true, that it has been the practice for the Secretary of the Treasury, to direct payments and remittances to be made, by letters to the Treasurer, and afterwards to cover the payments by warrants. This mode has been almost universal in respect to disbursements at a distance from the seat of Government. I do not understand that it is meant to be alledged, that monies have been advanced *from the Treasury* without an appropriation:—It is however certain, that monies have been frequently thus advanced, by *Banks*, and by *Collectors* and *Supervisors*, on Letters from the Secretary of the Treasury. These modes of payment are particularly described in a Report

made in May 1794, by a Committee of the House of Representatives, appointed to examine the state of the Treasury, in consequence of propositions offered by Mr. Giles. This report was the result of a laborious and systematic enquiry:—I declare, without fear of contradiction, from any quarter, that this report was satisfactory to Congress, and that it has been ever considered as evidence, that the business of the Treasury was correctly and prudently conducted. No practice, therein described, can be justly questioned.

The instances, in which monies have been advanced by Banks, or applied by Collectors, to the public service, have been in cases where the expenditure *was authorised by Law*, and (when no appropriation existed) where the *public faith effectually obliged Congress to make such appropriation*. I can now recollect but one exception, in a case of urgent necessity, of no great amount, and which was in a few months sanctioned by Law:—It has frequently happened that protracted debates on important questions, or other causes, have delayed the provisions for the current service, for several months, *after the commencement of the year*;—the delay was frequently very inconvenient, and always increased the labour and responsibility of the officers of the Treasury;—the manner, in which payments were made in such cases, *was perfectly understood*—I believe I am not mistaken, in my recollection, that the compensations of the members of the Legislature itself, have sometimes been thus informally advanced. Is it not the extreme of rigour, at this period, when the Committee are doubtless satisfied that the future operations of the Treasury will not be influenced by precedents, deemed liable to exception, to describe a well known usage, which has been productive of no in-

jurious consequences, and which was founded on a respectful confidence in Congress, by the offensive appellation of an "*irregularity?*"

3d. The expences of the officers and clerks, attached to the Seat of government, for the removal of themselves and families from Philadelphia to Washington, and amounting, as is stated, to the sum of 32,372 Dollars and 34 Cents, the Committee are of opinion "was drawn from the Treasury, and "expended without any legal authority."

The act, establishing the temporary and permanent seat of the government of the United States, was passed on the 16th of July 1790, at which time, Congress and the public officers were convened, in New York. The act directed, that prior to the first Monday in December 1790, all the offices should be removed to Philadelphia, *where they were directed to remain, until the first Monday in December 1800. No provision was made for defraying any expences, incident to the removal from New York, to Philadelphia.*

The Section, directing the removal from Philadelphia to Washington, and upon which the committee have founded their opinion, is expressed in the following words.

"That on the said first Monday *in December, in the year 1800*, the seat of the government of the "United States, shall, by virtue of this Act, be "transferred to the district and place aforesaid ; "and all OFFICES, *attached to the said seat of Govern-* "ment, shall accordingly *be removed thereto, by their* "respectively holders, and shall, after the said day, "cease to be exercised elsewhere ; and that the ne- "cessary expence of such removal, shall be defrayed out "of the duties on imposts and tonnage, of which a "sufficient sum is hereby appropriated."

In March 1791, after the removal from New York

to Philadelphia, Congress, by a special law, directed, "that there be allowed to the Clerks, employed in the several offices, attached to the Seat of Government, in addition to their respective salaries, their reasonable and necessary expences, incurred by the removal of Congress, from the city of Newyork, to the city of Philadelphia."

During the same Session, a temporary addition was made to the Salaries of the Attorney-General, Comptroller, Assistant Secretary of the Treasury, Auditor and Register, which was sufficient to cover the expences of the removal.

On the 24th of April, 1800, Congress by Law, authorised the President, to direct the various offices to be removed to Washington, at any time, *after the end of the then session*, and before the time appointed, *for such removal, by the act of July 16th, 1790.*

By the same act of April, 1800, a sum not exceeding fifteen thousand dollars, was appropriated for providing furniture, for the house, allotted for the President of the United States; a sum not exceeding nine thousand dollars, for furniture, for the Capitol, and for the removal of the records and papers of the two Houses of Congress; a sum not exceeding ten thousand dollars, for making footways, for the greater convenience of the members of both Houses of Congress, and a sum not exceeding five thousand dollars, for the purchase of Books, necessary for the use of Congress, and for fitting up a suitable apartment for containing them. The execution of all these directions, except in respect to the purchase of Books, was committed to the Secretaries of the four Executive Departments.

In the Bill, a provision was at first inserted, or proposed, for allowing a sum to each of the Clerks, proportioned to their respective Salaries; but this

clause was rejected, when it was understood, that the act of July 16th, 1790, *authorized the allowance of all necessary expences*, both to the Clerks and officers. I distinctly recollect to have been present in the House of Representatives, to have been consulted by several members, and to have then expressed an opinion, that a special provision, for the Clerks, was unnecessary.

The avowed motive for passing the act of April 1800, for expediting the removal of the offices, was, that it would stimulate the exertions of the citizens of Washington, to make better provision for the accommodation of Congress, than could otherwise be expected.—Some reliance was placed on the exertions of the executive officers, and I trust, that experience proved, it was well founded.

The committee observe, that the appropriation made by the act of July 16, 1790, “is indefinite in its nature,” and that “*perhaps some contrariety of opinion* may exist, as to the extent of the expence “it was intended to cover.”—They however “conceive, that a *strict adherence to the letter of the Law* would confine the appropriation to the expences, actually incurred, in removing the *books, papers, records and furniture of the respective offices.*”

If there was perceived to be ground for a “*contrariety of opinion,*” the obligation of declaring an opinion, that the expenditure was “*without any legal authority,*” is not obvious, as the Law had been *completely executed*, and as even an erroneous construction could lead to *no future inconvenience.*

The Committee have not said, and I presume will never say, that the construction, which prevailed, was *inequitable* ; their objection rests solely on a supposed departure from the *strict letter of the Law* ; I am willing that what has been done, shall be examined by this criterion.

The Law declares, that the NECESSARY EXPENCE of removing the OFFICES, shall be defrayed out of the duties on imposts and tonnage, of which a SUFFICIENT SUM is appropriated. This appropriation was indeed, in a certain sense, “*indefinite*,” but it cannot be denied, that it was *coextensive with the “necessary expense.”*

This “*necessary expense*,” thus expressly authorized by law, was that occasioned by the removal of certain “*offices* ;” the Committee say, *that the strict letter of the Law*, will confine the appropriation to the expenses of removing the “*Books, papers, records and furniture* ;”—if this be true, it seems to be a necessary inference, that, according to a *strict* definition of the term *office*, the *Books, papers, records and furniture of an office* are, in fact, *the office*.

An execution of the Law on this principle, would have been very unsatisfactory to the citizens of Washington, it would have been deemed full evidence of a malignant hostility to the Seat of Government, and have been justly pronounced, by all men, to be malicious and perverse.

It was my understanding of the Law, that *the institutions of the Government were to be removed to Washington, and at the public expense* ; this construction was doubted by no one, before the appointment of the Committee of Investigation ; no person can, in imagination, separate these *institutions* from the *individuals of which they are composed* ; these consisted of the officers, clerks, messengers and their families ; and there were cogent reasons, why the allowances ought, on every principle of justice and policy, to comprize a full indemnification.

The Session of Congress terminated on the 14th of May 1800, only twenty days after the act passed. The President, in compliance with the expect-

tation of Congress, then directed the removal to take place *as soon as possible*, and it was actually accomplished, in the month of June.

It was as much a public stipulation, that the offices of Government should remain in Philadelphia untill Dec. 1800, as that they should be removed to Washington *at that time* :—the *losses* in consequence of engagements for *Rent in Philadelphia, from June till Dec. 1800*, became therefore a just charge against the public.

In consequence of the *short notice* which was given, many persons attached to the Seat of Government, had not engaged Houses or Lodgings in Washington, and were obliged to live, for some time, at expensive Taverns ;—the *extra expence* occasioned by this necessity, was deemed a just charge.

It is well known, that in every family, there are a number of necessary articles of furniture of considerable bulk, and small comparative value ;—it was found, on calculation, that the loss on the sale of such articles, would be of less amount, than the expence of transportation :—this loss which, on no principle, ought to be borne by individuals, was allowed, on principles, which the Committee will, on reflection, approve—*on principles of economy*. It was to be expected, that notwithstanding the utmost care, some articles would be damaged, or destroyed by transportation : the obligation to repair this damage, was considered a consequence of the general principle, that the expenses of removal were to be borne by the public.

The general principles, upon which the accounts were to be adjusted, were, after full reflection on the subject, determined at Philadelphia, before the removal : if less liberal principles had been adopted, it is certain that some of the most capable, faithful and experienced men, in the public service, would

have retired. If censure has followed the course, which was pursued, still severer censure would have followed a different course. There was, indeed, no ground to doubt that Congress considered those expenses as provided for; and that, having liberally provided for their own accommodation, it was not intended to oppress the Executive Departments.

The subsequent measures of the Legislature prove, that, in the judgment of that body, the allowances were not excessive. During the first session, after the removal of the Government to Washington, Congress granted the sum of eleven thousand eight hundred dollars to the Clerks in the Executive Offices, in addition to their former compensations. This grant was made, after it was publicly and universally known on what principles the expenses, incident to the removal of the Government, had been adjusted. It was made, after the account, which I personally exhibited on retiring from office, had been printed in the newspapers, and every possible attempt made, by a favourite of the present administration, to excite prejudice against me, on the score of that account.

As the same account has been recently republished, with the opinion of the Committee, that I have received *five hundred and ten dollars*, being the amount of the account by me exhibited, to which, according to the *strict letter of the law*, I had no legal title, it appears, that this is regarded as a serious accusation. The public are now informed of all the circumstances, and they must pronounce whether I have misjudged. I shall, indeed, feel the most sincere regret, if my reputation is injured for so trivial a consideration. During nearly twelve years, in which I was in the service of the United States, the aggregate amount of my expenses somewhat ex-

ceeded the different compensations I received. These expenses were much below those, of some zealous professors of economy. During this whole period, I contracted no debts, except for the necessary expenses of my family. These debts have been fully discharged. I do not recollect to have derived the emolument of a single dollar, from any business or services, except from the United States. I was, indeed, restrained by law, from engaging in those employments, which afforded a prospect of much profit; but the restriction, I imposed on myself, was still more extensive: under these circumstances, I cannot perceive, that there existed any obligation on my part, to renounce a just, though inconsiderable, claim on the public.

If the Committee had permitted their eyes to explore objects, not connected with individuals of the former administration, they might have found precedents, which would perhaps have restrained them from indulging strict interpretations, on subjects where there may exist an honest "*contrariety of opinion.*" Unless it has been closed since his elevation to the Presidency, they might have found an account open with Mr. Jefferson as Minister to the Court of France; they might have discovered, that in May 1784, Congress declared *that the Salary of a Minister of the United States, at a foreign Court, should not exceed nine thousand dollars per annum,* and that, notwithstanding this restriction, Mr. Jefferson retained, in addition to his Salary, and on the score of *personal expenses, a sum considerably exceeding five hundred and ten dollars.* I do not mention this as a mistake committed by Mr. Jefferson, I should scorn to justify a known error, even under the authority of his example.

Fourth. The Committee say, that "the expenses in relation to the Civil List, being chiefly for

“ Salaries, are not *otherwise liable to abuse*, than in
 “ cases where monies advanced to agents, *have not*
 “ *been applied* to the objects, for which the advance
 “ was made, and *have not been afterwards* regularly
 “ accounted for ;” and that “ amongst the *subordi-*
 “ *nate Agents*, to whom monies have been advanced,
 “ for *miscellaneous objects of a civil nature*, some appear
 “ to be *delinquent*, and some not to have rendered
 “ their accounts ; as will be seen by a reference to
 “ the document, marked (D), herewith reported.”

The document, marked (D), which could alone render these observations intelligible, *has not been printed* ; at least, it is not connected with the printed report, which was laid before the House of Representatives. The imagination of the public is therefore left to wander without restraint. It is only to be inferred from the report, that *some part* of the expenses of the Civil List are *liable to abuse* ; that some of the *subordinate agents*, to whom monies have been advanced, for objects of a *miscellaneous nature*, appear to be *delinquent*, and that others have not rendered their accounts ; the nature of the *abuses*, to which the expenditures were *liable*, the names of those *individuals*, who appear to be *delinquent*, and whether there are, or are not good reasons, why the accounts are not fully rendered, are the *only* interesting facts, which the Committee should have investigated, and all these are left, in a state of *total uncertainty*.

It is fortunately in my power to supply some of these deficiencies ; I am as well acquainted with the state, in which the business of the Treasury was left, at the close of the year 1800, as any Committee of Congress can possibly be. The accounts, to which the Committee refer, as those of *subordinate agents*, and which are described by a form of expression, which may lead the public to consider them, as mere agents of the Executive Departments, appointed

to receive and disburse the compensations of the *Civil List*, are, in fact, the *Marshals of Districts*; officers of the government of the United States, of high rank, and great responsibility; whose duties are, indeed, attended with much risk to their estates, but who give bonds to indemnify the public and individuals.

The monies, which the Marshals receive out of the funds, appropriated for the Civil List, are chiefly for the compensations of jurors and witnesses, the contingent expenses of Courts, and the custody of prisoners. These expenditures are made in small sums, and to a great number of individuals. In proportion to their amount, they perhaps comprise a more tedious detail, than any other accounts. It is a fact, which I well know, and which cannot be disputed, that this class of accounts has, in general, been rendered with punctuality. In a few instances, monies have been paid under *special circumstances*, chiefly for expenses occasioned by insurrections, and to jurors and witnesses, which the Officers of the Treasury have not considered themselves authorized to allow. One case, at least, of this description, is well known to the Legislature. The questions, which have arisen, are in respect to sums of inconsiderable amount, and they are only evidence of a diversity of opinion, which, in all human affairs, is unavoidable. I am certain, that, if every real question, in relation to the expenses of the Civil List, shall be decided against the claimants, and if they, and their sureties, prove insolvent, suppositions, which can never be realized, that the public loss, on the score of Civil List expenses, can never exceed a few thousand dollars. I have examined statements, and am unable to discover, and therefore do not believe, that, in the payment of the compensations and salaries of the members of the

Legislative, Executive and Judicial Departments, of every grade, from the establishment of the government; the public have sustained a loss of a single dollar. If, in particular instances, any of the Marshals are found to be delinquent, the cases ought to be specified; the penalties of the law ought to pursue the offenders. I do not mean to be the advocate of delinquency; but merely to dispel the obscurity, with which the Report of the Committee has surrounded transactions, which have been conducted with fidelity, regularity and success.

5th. The next subject, to which the Committee have directed their attention, relates to the expenditures, "incident to the intercourse between the United States and foreign nations."

It is truly stated, in the Report, that monies, for defraying the expenses of intercourse with foreign nations, were, "till lately, paid to the Secretary of State, who used to disburse the same." From the Letter of Mr. Gallatin, it appears, "that the Secretary of State *no longer receives any money*;" that the sums, "required for this part of the public service, are paid immediately at the Treasury, to the agents, or other individuals, to whom they were formerly advanced by him, and these are at once charged, and *made accountable to the Treasury*." That "those agents are principally the purveyors of public supplies, at Philadelphia, and bankers in England and Holland."

An obvious question arises:—What consequences are expected from this deviation from a practice, commenced when Mr. Jefferson was Secretary of State, and continued to the era of the present administration? The only answer, which can be given, involves a dilemma, which cannot recommend the new practice. Either the requisitions of the

Secretary of State are *imperative*, or they are not. If they are *imperative*, if the Secretary of State can designate the agent, who is to be the receiver, and the sum to be advanced; if he is, moreover, competent to direct the mode of applying the money, after the advance has been made; if the Treasury, as formerly, are merely to judge whether there exists an appropriation by law, and afterwards to adjust the accounts of the Secretary of State; then the new practice is a mere change of form, without any real object or effect, except that of obliging the officers of the Treasury, to perform the duty of Clerks of the Department of State. On the other hand, if the Secretary of the Treasury is to designate the agents, judge of the expediency of making advances, or, in any manner, to direct the subsequent application of the money, so as to exempt the Secretary of State from responsibility, then the Secretary of the Treasury has, indeed, acquired a new and solid addition of power and influence in the government, at the expense of a co-ordinate Department. Upon either supposition, it may be doubted, whether the innovation does not tend to confound authorities, between which there ought to be preserved a clear and visible distinction.

The Committee proceed to observe, that “the accounts of Messrs. Jefferson, Marshall, and Madison, who have, at various periods,” been Secretaries of State, “have been settled, and no balance is due thereon. A suit, not yet decided, has been instituted against Mr. Randolph, formerly Secretary of State, for a balance unaccounted for by him. The accounts of Mr. Pickering are not yet finally settled. He remains charged with a sum of 3,383 dollars and twenty cents, erroneously paid by him, for the freight of a vessel supposed to have been employed by the Consul at Tripoli; and with another sum of 3,289 dollars

“ and 50 cents, being the balance of an advance,
 “ made to Samuel Hodgdon, for the purpose of
 “ being remitted to Mr. Humphreys at Madrid, in
 “ part of his salary, which Mr. Humphreys did not
 “ receive. Both these sums, it is believed, may and
 “ will be recovered from the persons, to whom they
 “ were respectively advanced. But the *principal*
 “ *reason*, which appears to have prevented an ulti-
 “ mate settlement with him, arises from the cir-
 “ cumstance of his not having applied the whole of
 “ the money, drawn by him from the Treasury,
 “ to the *specific objects*, for which it was appropriated
 “ by law. For the extent and result of this *misap-*
 “ *plication*, the Committee refer to the statement
 “ marked (C), accompanying the communication
 “ of the Secretary of the Treasury, under date of
 “ the 2d of March. From this statement, it ap-
 “ pears, that Mr. Pickering drew from the Treas-
 “ ury, under the appropriations made for defray-
 “ ing the expenses incident to the intercourse with
 “ foreign nations; for negotiating treaties with
 “ the Barbary Powers; and for the contingent ex-
 “ penses of government,—the sum of *sixty-three*
 “ *thousand nine hundred and ninety-nine dollars and*
 “ *fifty-seven cents*, more than he applied to those
 “ several objects, *which, together with the sum of four-*
 “ *teen thousand five hundred and eighty-eight dollars and*
 “ *fifty-four cents*, gained by him on the purchase of
 “ Bills of Exchange, for the use of the Government,
 “ *form an aggregate of seventy-eight thousand five hun-*
 “ *dred and eighty-eight dollars and eleven cents*. The
 “ same statement (C) will shew, that the whole of
 “ this sum was expended by him, on objects of a
 “ public nature, (*as far as the Committee can ascertain*
 “ *the fact*), but this expenditure having been made
 “ from appropriations, designed for other objects by
 “ law, the *misapplication* of the money has prevent-

“ed the Comptroller of the Treasury from settling
“his accounts.”

With a view to a due explanation of the true state of Mr. Pickering's accounts, I deem it proper to transcribe the observations of Mr. Gallatin, upon the accounts of the several Secretaries of State, that they may be more conveniently *compared* with those of the Committee. It is, however, proper to premise, that the diversity, between the two representations, respecting the accounts of Mr. Marshall, is to be attributed to a settlement, subsequent to the date of Mr. Gallatin's letter on the 2d of March, and prior to the report of the Committee on the 29th of April 1802.

“In relation to the accounts under the control
“of the Department of State, those of Mr. Jefferson
“have been settled since the 31st of December, in
“the year 1793, and no balance is due thereon.
“Those of Mr. Randolph have been adjusted, and
“a suit instituted, ever since the year 1797, for a
“balance of about 51,000 dollars, *which, notwithstanding the strenuous efforts of the Comptroller, to
“bring it to issue, has not yet been decided. The diffi-
“culty to recover balances, due to the United States, be-
“ing one of the great impediments to the public service,
“extracts of the correspondence of the District Attorney
“of Virginia, on that subject, marked (B), are annexed.“The accounts of Mr. Marshall have been render-
“ed, but are not settled. Those of the present
“Secretary of State, for the short time, during
“which he received public monies, are settled, and
“no balance is due thereon. Those of Mr. Pick-
“ering have been rendered, and his *general account
“has been stated by the auditor. By this it appears,
“that with the exception of two items, suspended for
“want of vouchers, or disputed by the parties, he has
“accounted for all the public monies received by him, so**

" far as to show, that the whole has been applied for
 " public purposes. But, as he has only designated
 " the persons, to whom the monies were advanced
 " by him, without specifying, under their respective
 " appropriations, the objects for which they were thus
 " advanced, it is not practicable to state, with precision,
 " how much has been paid by him, under each *distinct*
 " head of expenditure. It is, however, evident, from the
 " account itself, and from a sketch, stated by Mr. Kimball,
 " late Clerk in his Department, that, although he drew
 " the monies from the Treasury, under *distinct*
 " appropriations, he did not sufficiently attend to
 " these, in the application of the money, but has, in
 " many instances, applied the sums drawn under one
 " head, to another head of expenditure; and has therefore,
 " in some cases, spent less, and in others more, than
 " was authorized by Law. The statement (C) shews the
 " excess, which it appears has been thus expended, so
 " far as the same can be ascertained. *The greater part*
 " *of the sums thus expended for certain objects, is covered*
 " *by appropriations made principally after the expenditure*
 " *had taken place; and in order to enable the Comptroller*
 " *to pass the whole of the accounts, some further*
 " *appropriations are still necessary.*"

The statement marked (C), referred to by Mr. Gallatin, exhibits the following sums expended by Mr. Pickering beyond the sums drawn by him, under the appropriations to which they refer :

Under the head of <i>Prize Causes</i>	- -	13,231	83
<i>British Treaty</i>	- - - -	27,094	35
<i>Spanish Treaty</i>	- - - -	32,747	36
Payments by James Munroe, Esq. to Madame De La Fayette	- -	5,509	57

Total, dolls. 78,583 11

The sums before mentioned are represented to have been paid out of the *following funds*, received, or acquired, by Mr. Pickering :

<i>Foreign Intercourse</i> , being a balance of monies received under this head - - - - -	22,734 81
<i>Expenses</i> in relation to <i>Mediterranean Powers</i> . - - - - -	36,928 42
<i>Contingent Expenses</i> of Government	4,331 34
<i>Gain</i> on the purchase of Bills of Exchange - - - - -	14,588 54
	<hr/>
Total, as before, dolls.	78,583 11

The following remarks are, however, added by Mr. Gallatin to this statement :

“ It is believed that the Secretary of the Treasury may, with the consent of the Secretary of State, draw warrants, in favour of T. Pickering, to be paid out of the unexpended balances of appropriations, which will cover the whole of the above expenditure, the following sums excepted, for which new appropriations will be wanted, viz.

“ Prize Causes - - - - -	8,231 82
“ Spanish Treaty - - - - -	1,020 63
“ General La Fayette - - - - -	5,509 57
	<hr/>

Dolls. 14,762 02

I desire any candid man to peruse the Report of the Committee, and the Letter of Mr. Gallatin, and pronounce, which presents the most intelligible, as well as favourable, representation of the transactions of Mr. Pickering.

Mr. Gallatin expressly admits that Mr. Pickering's accounts have been *rendered and stated by the Auditor*, and that, with the exception of two items, (*suspended for want of vouchers, or disputed by the parties*) he has accounted for all the public monies received by him, so far as to shew, that the whole has been applied for public purposes. With the exception of Mr. Madison's accounts, of which I have no knowledge, I can assert, that no Secretary of State has ever accounted in any other manner. Unless in relation to expenditures for objects within the United States, neither Mr. Jefferson, Mr. Randolph, or Mr. Marshall, could, at the time their accounts were settled, do more than exhibit vouchers for monies, paid by them to accountable agents of the public. The ultimate account, which is to exhibit the application of the money to the destined object, must, from the necessity of the case, be exhibited by the *Ministers, Consuls, Agents and Bankers of the United States, in foreign countries*:—on this point, the accounts of Mr. Pickering stand on equal ground with those of either of the Secretaries.

In vain do we seek, in the Report of the Committee, for the important facts, that the accounts of Mr. Pickering have been *stated by the Auditor*, and that *subsequent appropriations, by Law, have sanctioned the principal part of the sum of 78,583 dollars and 11 cents*, which they represent as a *misapplication of money*, which prevents the Comptroller from settling the accounts. In respect to the *suspended and disputed items*, there is a *positive opinion* advanced, that one sum, being 3,383 dolls. 29 cts. was “*erroneously paid for the freight of a vessel, supposed to have been employed by the Consul at Tripoli;*” and that the other sum, being 3,289 dollars and 50 cents, is the balance of an advance made to Samuel Hodgdon “*for the purpose of*

“ being remitted to Mr. Humphreys at Madrid, in part of his salary, which Mr. Humphreys did not receive.” It appears clearly, that the officers of the Treasury have formed no definitive opinion on these claims: it is certain, that they relate directly to two of the most abstract, litigated, and artificial principles of law; in any event, they involve no question of reputation. Why, therefore, was it mentioned, that Col. Pickering “ *remains charged*” with these sums? why was it so emphatically represented, that he conducted “ *erroneously?*” especially if the opinion is considered correct, that both these sums “ may and will be recovered from the persons, to whom they were respectively advanced?”

The Committee have repeatedly represented, that there has been a “ *misapplication*” of the public money, and that this *misapplication* has prevented the settlement of the accounts. Without inquiring whether it was intended that this word, of doubtful import, should or should not be understood by the community, in an odious sense, or the propriety of applying it to this subject, in any sense, it may be confidently asserted, that the amount so applied, has been greatly exaggerated by the Committee. The sum stated by the Committee, is 78,583 dolls. and 11 cts. and though it appears, from the statement, annexed to Mr. Gallatin’s Letter, that there exist *nominal balances* to this amount, yet it also appears, that without the *actual receipt or payment* of one dollar, by the mere form of *issuing warrants*, and which *transaction the laws authorized*, when the Report was made, these balances may be reduced to 14,762 dollars and 2 cents. The system of specific appropriations requires, that, until these warrants are issued, the accounts should remain in their present situation: no act on

the part of Mr. Pickering can be effectual; it remains to be performed by the *present Administration*, whenever it may suit their convenience.

The amount of the misapplication, if such it must be called, is thus at once reduced in fact to 14,762 dollars and 2 cents, being less than two hundred dollars above the sum gained to the public on the purchase of Bills of Exchange.

This sum is composed of advances,

* for defraying the expense of Prize Causes in England, and remitted to the Bankers of the United States in London - - - -

8,231 82

Advances for expenses of running the Line between Florida and the United States, in pursuance of the Treaty with Spain - - - -

1,020 63

Advances to the family of Gen. La Fayette, by Mr. Munroe, and supposed to have been made in the year 1795. - - - -

5,509 57

Total, dolls. 14,762 02

Perhaps no subject will more fully illustrate the perplexity, which minute specific appropriations occasion, than a view of those, made in relation to the treaty with Great Britain.

The first appropriation was in *general terms*, "towards defraying the expenses, which may arise, in carrying into effect, the Treaty of Amity, Commerce and Navigation, between the United States, and the King of Great Britain." There have been since *distinct* appropriations, for defraying expenses under the *fifth*, and *awards under the sixth and under the seventh articles*: these have been still subdivided into appropriations, for the payment of *agents*, under the *sixth article*, and

for the expenses of *prize causes in England*, which is a special expense, arising under the *seventh article*. In March, 1801, there was a *general appropriation*, for satisfying *any expenses*, under this treaty, and a *distinct appropriation*, for prosecuting the claims of American citizens, *for property captured by the belligerent powers*.

The natural division of the subject would have been, to appropriate a certain sum for the payment of awards, and another sum, for the expenses of executing the several commissions, instituted by the treaty: if it had been judged expedient, to limit the compensations of all the agents, and regulate the other expenses, so far as they were susceptible of regulation, there could have existed no objection.

But the perplexity, which these subdivisions of appropriations tended to occasion in the Departments of *State* and the *Treasury*, was not the only obstacle to their adoption. To execute the system, it would be necessary, that each of the Ministers, Consuls, Bankers and Agents of the United States, in foreign countries, should be completely instructed in all the intricacies of the *new science of specific appropriations*.

This science has, hitherto, been in a state of progressive improvement; yet, even upon principles, conceded in the report of the Committee, comprising the latest refinements, the transactions of Mr. Pickering appear to be susceptible of a defence.

The report contains the following clause. “ Although the Committee will not say, that there are no cases, in which a public officer would be justified in applying monies, appropriated to one object, to expenditures on another, yet they are of opinion, that, in every deviation, the necessity for the application ought to be for *some obvious*

“benefit to the United States ; and, in every such case,
 “a disclosure thereof to Congress ought to be made, at the
 “next session, which should immediately thereafter
 “ensue.”

It is certain, that, when Executive Officers, in consequence of some *urgent necessity*, venture to adopt measures, *not authorized by law*, they cannot too soon apply to the Legislative Body, for acts of indemnity. Such applications must, however, in all cases, be preceded by a *consciousness, that legal boundaries have, in fact, been exceeded*. The equitable principle of the Committee, when applied to *specific appropriations*, may hereafter prove a convenient shield for the *present administration*, although not equally calculated to protect the measures of the *former administration*.

It has, however, *happened*, (for I will not pretend it was the *result of design, founded on a conviction that the laws had been violated*) that estimates were exhibited by Mr. Pickering, and his immediate successor, Mr. Marshall, and that *specific appropriations were made by Congress, more than sufficient to cover the advances, under the heads of Prize Causes, and the Spanish Treaty, by Mr. Pickering*. That warrants cannot now be issued, to cover these expenditures, in the manner, which it is admitted may be done, in respect to the other *nominal balances*, before mentioned, is solely owing to the circumstance, *that the funds have been otherwise applied by his successors*.

Mr. Pickering retired from office, between the 10th and 14th of May 1800. On the 7th of May, there was appropriated, for executing the treaty with Spain, twenty thousand dollars, and on the 13th of May, forty-four thousand dollars, for “defraying
 “the expense, which *has been*, or, during the *present*
 “year, may be, incurred, by the payment of costs, in

“*Prize Causes*, before the Court of Admiralty and
“Court of Appeals, in England.”

During the next session, on the 3d of March 1801, Congress appropriated “forty-six thousand five hundred dollars, for a *deficiency of former appropriations*,” for carrying into effect the treaty with Spain; also, “fifty-eight thousand eight hundred and sixty-four dollars, for carrying into effect” the treaty with Great Britain; and “sixty-four thousand dollars, for prosecuting the claims of American citizens, for property captured by the “belligerent powers.” Either of the two last mentioned sums might be lawfully applied to defray the expenses of prize causes, in England.

Nothing can be more evident, than that these appropriations were, in the *first place*, applicable to the reimbursement of all advances, which had been *previously made*, and secondly, to the payment of *future expenses*.

To prove an “*obvious benefit to the United States*,” arising from the advances made by Mr. Pickering, and to bring them therefore within the rule of the Committee, it is only necessary to observe, that the records of the Department of State will prove, that, in respect to the expenses of prize causes, *a debt was actually due, and demanded, which the public faith required should be discharged*:—this reason must be deemed sufficient.

In respect to the advances for executing the treaty with Spain, it is proper to say, that the expenses of running the line between Florida and the United States, greatly exceeded the first calculations: the obstacles arose entirely on the part of Spain, and over these, the United States had no control. The line being through a wilderness, and the whole subject requiring the aid and concert of the Spanish government, and the concur-

ference of the Indian tribes, it was impossible to foresee what expenses would be necessary. The advances were principally, if not wholly, made, to satisfy bills of exchange, drawn by Mr. Ellicot, payable on short notice, not exceeding, if I am not mistaken, the period of ten days. Any hesitation in paying these bills, would have blasted their credit, and proved exceedingly injurious to the holders, who had received them on the credit of a public agent. To have denied credit to Mr. Ellicot, might, in his actual situation, have defeated the execution of the treaty, and, by depriving him of his resources, possibly have exposed him and his party to destruction, in the wilderness:—surely these reasons are sufficient.

But, as before observed, these *advances were covered by subsequent appropriations*, and have been completely *sanctioned*. If the funds cannot be so applied *at this time*, Col. Pickering, who is out of office, is not to be censured. Mr. Madison has received at least two thousand dollars, and so far impaired the fund appropriated for *Prize Causes*; and he has received out of the fund appropriated, *during the former administration*, for *satisfying deficiencies in former appropriations*, in respect to the treaty with *Spain*, a sum exceeding six thousand dollars, being more than five times the sum required to liquidate the remaining balance of advances by Mr. Pickering.

Let it not be imagined, by any one, that I am defending Mr. Pickering, at the expense of his successors. This gentleman would disdain such a defence. There are abundant and obvious grounds, which fully justify the conduct of Mr. Marshall and Mr. Madison. Their attention, in a new and important situation, was very properly directed to other objects, than an examination of the accounts of their predecessor; they did not, and could not,

doubt, that the application of the public money, by Mr. Pickering, had been *proper*; they knew that these appropriations had been made on *estimates*, and that the expenses for both objects could not be ascertained, but in consequence of *progressive information*; they also knew, that the obligation of the Government, to make the necessary appropriations, was *absolute*; and, under such circumstances, all men will agree, that it would be unjust to judge of their conduct by the captious subtleties of a hypercritical logic.

The remaining item is a sum of 5,509 dolls. 57 cts. paid by Mr. Munroe, while minister to France, to relieve the necessities of the family of General La Fayette. I presume that this sum was *passed to the credit of Mr. Munroe*, on settlement with Mr. Pickering, *while Secretary of State*, and in this way constitutes a *charge against the latter*, in the public books. This being the fact, the payment must have been made by Mr. Munroe, out of *monies advanced, or paid out of the general fund, for expenses of intercourse with foreign nations, or out of the fund for the contingent expenses of government*. The details in my possession do not enable me to state how the payment was considered *at the time*; it is however certain, that no monies are *now to be advanced* from the Treasury, and that the only question is, whether Mr. Pickering *shall be allowed credit* for a sum, which *he has passed to the credit of Mr. Munroe*.

Whatever may be the opinion of others, I do not question the propriety of the credit, which Mr. Munroe obtained. The advance was probably authorized by the government, and I have an indistinct recollection that such was the fact: if the point is deemed important, it may be proper to inquire, whether the advance was not made at sev-

eral times, and whether the first payments were not authorized by Mr. Randolph. The fact, however it may appear on inquiry, is not in my opinion important, as the representation, on which the authority was given, must have been made by Mr. Munroe, as otherwise the necessities of the family of Gen. La Fayette could not have been known in the United States.

Assuming these facts, which must be essentially correct, or at any rate not so erroneous as to affect the argument, it appears, that, on the representation of Mr. Munroe, a minister of the United States, payments were authorized to the family of Gen. La Fayette, out of funds advanced from the Treasury in 1795, or the beginning of 1796; that Mr. Pickering passed the amount of these payments to the credit of *Mr. Munroe*, and now claims a corresponding credit, in the settlement of *his own accounts*.

If credit is refused to Mr. Pickering, it must be on the principle, asserted in the President's message of the 8th of December 1801, of "*disallowing all applications of money, varying from the appropriation in object, or transcending it in amount.*" Those who receive money *hereafter*, to be accounted for according to *this principle*, will have no right to complain of its operation; but before it is applied to transactions of so early a date as the years 1795 and 1796, the *state of the laws*, and the complexion of *existing precedents*, ought to be examined.

By referring to preceding observations, it will be found, that the discussions respecting *specific appropriations* had but commenced; and that the payments in question were made, even before the publication of Mr. Gallatin's "Sketch of the Finances of the United States." In the year 1793, Mr. Jefferson, while Secretary of State, had au-

thorized a payment, *for the use of Gen. La Fayette*, which, if I recollect correctly, was not very different in amount from that in question: Although there existed no *specific appropriation*, no embarrassment delayed the settlement of Mr. Jefferson's accounts; the subject was communicated to Congress, and, so far from disapproving of what was done, that body voluntarily granted 24,424 dollars, being the pay and emolument which General La Fayette had renounced, while in the American service. It is known to some of the present administration, that unfortunate circumstances rendered this grant less beneficial than was expected. The public sympathy for the misfortunes of the General had not abated. His family, in consequence of the disorders of the French revolution, was in a state of destitution. The application of the monies, granted for defraying the expenses of intercourse with foreign nations, was *then* believed to be *discretionary* with the President, subject to a limitation in respect to the salaries of *ministers and their secretaries*. The same opinion existed in respect to the fund appropriated for the *contingent expenses of government*: This was known to have been the opinion of Mr. Jefferson, as in August, 1790, he authorized the fund for expenses of foreign intercourse to be applied in "*necessary aids to poor American Sailors.*" If this application was *lawful*, (which cannot for a moment be doubted, by any mind not shielded against every sentiment of humanity, policy and justice) upon what grounds can it be denied, that it might also be *lawfully applied* in "*necessary aids*" to the family of a General, *highly distinguished by American favour?*

There is one fact, relative to the report of the Committee on the accounts of Mr. Pickering, which ought to be stated, that the censure, if any

is due, may attach where it belongs, and there only. The letter of Mr. Gallatin, to the Committee, certainly conveys an opinion, that there exists a delinquency, on the part of Mr. Randolph, while Secretary of State, amounting to about 51,000 dollars; and he refers to extracts of a correspondence with the District Attorney of Virginia, marked (B), as being annexed to his letter. In the official publication of Mr. Gallatin's letter, the statements marked (A) and (C), the latter being relative to the accounts of Mr. Pickering, were printed, but the *intermediate* documents, marked (B), relating to the accounts of Mr. Randolph, were *suppressed*. Surely, on questions of such moment, an exact impartiality ought to be observed: surely, the fame of Mr. Pickering is, and ought to be, as dear to the public, as that of Mr. Randolph.

6th. The next observations of the Committee relate to the advances for the service of the War and Navy Departments.

The whole sum, "chargeable to the War Department, from the year 1797, to 1801, both inclusive," is stated by the Committee to be

Dolls. 10,213,116 43

Of which they report, that "the Accountant has settled, and rendered to the Treasury accounts, to the amount of - - - 6,335,923 93

"Leaving a balance of - - - 3,877,192 50
"unaccounted for, or not yet settled."

It is to be observed, that the first sum includes the amount of all balances, open on the books of the Accountant of the War Department, on the first of January 1797, *comprising every unsettled account, from the establishment of his office, being 1,756,391 dollars, 36 cents.*

The expenditures of the War Department, during five years, from 1797 to 1801, inclusive, were therefore only 9,846,963 dollars, 29 cents. This last amount comprises all the expenditures of the year 1797, a year, when the army was on a very reduced establishment, and before any measures, attended with expense, had been adopted, to repel the hostilities of France. It also comprises all the expenditures of the year 1801, although the new army was disbanded in the summer of the year 1800, and though the expenditures, since March 3d, 1801, *have been made under the direction of the present Administration.*

The expenditures of the War Department, on a reduced peace establishment, before the year 1798, may be estimated at one million two hundred thousand dollars per annum; this for five years would amount to dolls. 6,000,000.

The extra expenditures of the War Department, in consequence of the preparations against France, therefore, amounted to no more than dolls. 3,847,000.

This last sum not only comprises the pay, subsistence and clothing of the new army, but all expenses of fortifications, magazines, the fabrication of cannon and other arms, and the purchase of military stores:—the value of these objects may be estimated at one half of the sum last mentioned.

A part of the military stores were consumed in service; the residue, constituting a liberal supply, compared with the quantity on hand in 1797, with all the other public property, acquired by these expenditures, was delivered over to the present Administration.

The first experiments for casting cannon were but partially successful, owing to a deficiency of skill in the country: it was even necessary to bor-

row cannon of the state of Newyork, to equip the first frigates for sea. All difficulties were finally surmounted; and the cannon, afterwards cast in the United States, were equal to any, which could be imported, and were attainable in any quantities, which were desired.

Manufactories of small arms were established, the productions of some of which, rivalled those of the first establishments in Europe. The acquisition of this skill is solely to be attributed to public encouragement, and its value is not to be estimated in money.

In respect to the Navy Department, the Committee state the whole expenditures, from 1798, when the Department was established, to the 31st of March, 1801, at - - - Dolls. 9,981,313 73

Of which the Accountant has rendered; to the Treasury, accounts to the amount of - - - - - 5,810,661 98

Leaving, to adopt the expression of the Committee, "an *unaccounted for, or unsettled, balance of*" - - 4,170,651 75

The expenditures for the Navy Department include the *cost of the navy itself, and its equipments*, except cannon, and a part of the military stores; also the cost of the navy yards, stores and magazines, which came into the possession of the present Administration. The only exception, recollected, is in respect to three frigates, which, though nearly finished, were not equipped for sea, when the Navy Department was established.

It is necessary that these facts should be known, and well considered; they will certainly dispel many prejudices: they demonstrate, that a *great proportion of those expenditures*, which have excited so

much inquietude, have been for objects, which the most sincere patriots of our country have deemed proper preparations for the public defence, even in periods of the greatest tranquillity.

The sums which the Committee represent as *unaccounted for, or unsettled*, are,

In the War Department, dolls. 3,877,192 50

And in the Navy Department, 4,170,651 75

The Committee, by adopting the expression that these sums were "*unaccounted for, or unsettled*," did not mean to suggest, that there existed any *uncertainty respecting the situation of the accounts*, or any *doubt*, whether the *whole of these sums had been advanced for the public service*.

There has been a time, when doubts were expressed, of the propriety of *advancing monies for the public service*: such doubts could only have been suggested by ignorance, want of reflection, or a desire to delude the public. It is certain, that if no payments were to be made at the Treasury, but of *ascertained balances*, it would be necessary for the public agents to draw from the community a capital equal to the public expenditure, and for the Treasury to hoard another equivalent capital, for the purpose of being enabled to make payments. The disorders, which such an attempt would occasion, need only be imagined, to justify the practice, which has obtained.

Advances of money being indispensable, it only remained for the Government to adopt the best measures, for securing a faithful and economical application of the public funds, and a regular settlement of accounts, at convenient periods.

Though the Committee have criticised particular transactions, yet they have not suggested any doubts of the propriety of the principles, by which the expenditures have been governed, or that the

officers have not proceeded with all practicable celerity, in adjusting the accounts; they merely remark, on the statements of the Accountants, that, "although they exhibit balances, apparently unaccounted for, to a large amount, they likewise shew, that accounts have been rendered for a *considerable portion*, which are in a *train of settlement*, but not finally closed."

Such a state of things, as is described, must forever exist in a public office, for the settlement of accounts: there will be accounts on hand, which have not been examined; others, which have been examined, but not stated, according to the forms requisite for entry; others, which have been stated, but not entered in the public books: even after all these formalities are completed, it remains for the Accountants to prepare statements of the accounts, which have been adjusted in their offices, and to transmit them, with the original accounts, to the Treasury, for revision. The balances, reported by the Committee, comprise all accounts, which had not been "*rendered to the Treasury*;" they must of course comprise an amount of accounts, which had been *settled in the offices of the Accountants, when the Report was made*. This amount cannot be conjectured, as the *periods, to which the Accountants have made their returns to the Treasury*, are not stated in the Report.

The misconceptions of the public, from well known causes, in the summer of the year 1800, in respect to the state of the public accounts, led me to a critical examination of this subject, before I retired from office. The information then obtained, and the result of inquiries at the seat of government, during the last winter, enable me to make the following declarations:

That there exists no delinquency, in the offices of the *Pay Master General*, or the former or present *Purveyor of Public Supplies*, or the former or present *Quarter Master General*.

That the public will sustain no loss, in consequence of the contracts for *clothing*: this I infer, from a statement, in my possession, which exhibits only one balance due to the public, of less than two thousand dollars, and which is well secured by bond:—The contractor discharged his duty faithfully, but was rendered insolvent by an unexpected rise of the prices of cloth. If it is judged equitable, the debt can be recovered of his surety.

All the *principal contracts* for supplying the army with provisions, to the latter part of the year 1800, have been finally settled; most of the *subordinate* contracts, for supplies at recruiting posts, have also been settled.

From its first establishment, until the summer of 1798, it was the duty of the Treasury Department, to provide, by contract or otherwise, for all kinds of stores and supplies, for the army and navy. As many transactions were commenced, but not finished, when the act of 1798 was passed, my agency in procuring stores and supplies necessarily continued for a considerable time longer, and did not entirely terminate till I resigned my office. I am well informed of the characters of the different contractors, the state of their accounts, and the responsibility of their sureties, and perceive no reason to believe *that the public will sustain any loss by any contract, which I formed while Secretary of the Treasury.*

In respect, therefore, to all the *principal offices of expenditure*, and all *contracts of much importance*, it appears to me safe to affirm, that there has been NO DELINQUENCY, and that the public business has been

executed, *with as much success as has ever attended like transactions.* It is possible, that, amidst such a variety of concerns, as are embraced by this statement, some, which ought to form exceptions, have been overlooked. If such is the fact, I desire that the error may be corrected by the present administration. There is no transaction, which I am not willing should be correctly and fully understood by the public.

It is true, that there are a *great number* of accounts open in the public books; but this is a necessary consequence of *numerous establishments*, over an *extensive country.* The *aggregate amount* of unsettled accounts is also considerable: but this amount must always be *proportioned to the Revenue and Expenditure.* Particular transactions may have issued unfortunately, and contrary to original expectations; let these be scanned with a critical eye; let them be fully understood, and they will need no apology.

In respect to the Navy Department, a single observation will suffice. The expenditures have been principally made by the Purveyor of Public Supplies, and by agents, in Portsmouth, Boston, Newport, Philadelphia, Baltimore, and Norfolk. I believe that no member of the present administration will, at this time, impute any delinquency to either of the agents at these places. Indeed, as no individual is mentioned by the Committee, it is right to presume, that no suspicions were entertained. To foster a suspicion against an individual, merely because he has an account open with the public, is to reason perversely, as the circumstance, distinctly considered, proves nothing more, than that he has been deemed worthy of confidence.

The Committee say, that “the late hour, at which the *voluminous documents*, accompanying this report, were received by the Committee, (upon

“the 9th of April) and the labour necessary to investigate such a mass of accounts, and of advances unaccounted for, particularly in the War and Navy Departments, embracing an expenditure of twenty millions of dollars, have rendered it impossible for the Committee, consistently with their attention to other duties, to form an opinion, as to the manner, in which this sum has been expended.”

These observations lead to an inquiry, *what kind of investigation was proposed? Whether the statements of the officers ought to be regarded as evidence of facts? Or whether it was the duty of the Committee to examine all, or any, of the original accounts and vouchers?*

The statements, to which the report refers, are not annexed to the printed report, which was laid before the House of Representatives. There is certainly danger, that unjust prejudices may be excited against individuals, especially if the practice of printing *extracts from these statements is continued*. Not having seen the statements, I can only conclude, that they are such, as have been prepared on former occasions: that they exhibit the *amount of accounts settled, under proper heads of expenditure, and the names of all individuals, charged with monies in the public books, with remarks, shewing whether accounts have, or have not, been rendered, and the opinion of the officers, whether the monies have, or have not, been properly applied, and whether a loss will, or will not, probably be sustained by the public.*

In forming these statements, there is little danger of error, as the *general amount, for which an account is to be taken, can, at all times, be readily ascertained at the Treasury*. There is, moreover, the least possible danger, *of an improper bias on the mind of the officer, as his reputation is always interested in assigning*

true and satisfactory reasons, *why the accounts remain unsettled*, and because it has ever been an established principle, *that the officers, who settle accounts, are in no manner responsible for making advances.*

If the statements are regarded as *evidence of facts*, then I venture to assert, that an opinion might have been formed, in a very short time, whether the public business has, or has not, been well conducted. In making this assertion, I cannot be mistaken, because such investigations are familiar to me, and have been frequently made. On the other hand, if the *truth of the statements is to be questioned*, then, indeed, the Committee have assumed a task of serious difficulty, of the extent of which, some of the members are, probably, not apprized. Mr. Giles has had much experience of the duties of similar Committees; but though he possesses this advantage, which is of great use, in enabling him to *form Reports*, he will, I presume, continue to be disinclined to the labour of *investigating vouchers.*

7th. The remaining part of the Report is confined to criticisms upon *particular transactions* of the former administration; each of which I hope to place in a satisfactory light, before the public.

For reasons, which justify the purchase of scites, for navy yards, the public are referred to a recent publication of Mr. Stoddert, the former Secretary of the Navy.* I can add nothing to the force of his arguments, which must be considered as conclusive, by all men, who are not decided converts to the theory of specific appropriations:—For the satisfaction of such minds, however, I take the liberty to state a fact, not noticed by Mr. Stoddert:

In March 1801, Congress expressly appropriated, “*for the expenses ATTENDING*” (not “*completing,*” as mentioned by Mr. Gallatin) “*six seventy-four-*

* See Appendix A.

“gun ships, and for COMPLETING NAVY-YARDS, DOCKS AND WHARVES, the sum of five hundred thousand dollars.” It is proved by Mr. Stodert, that the purchase was attended “*with an obvious benefit to the United States.*” The whole expense has been *expressly sanctioned by a subsequent if not prior appropriation.* Upon principles, *conceded by the Committee, and upon which their system of specific appropriations rests,* the whole transaction, therefore, stands completely *justified.* When will accusations against the former Administration cease, if their conduct cannot be protected even by the acts of the Legislature?

8th. Referring to the purchase of navy-yards, the Committee observe, “that, in the War Department, there likewise appears to have been a transaction, *equally unauthorized.* In the year—a pile of buildings was commenced, under the directions of the then Secretary of War, on the banks of Schuylkill, near the city of Philadelphia, which have since been carried on in a manner *highly expensive.* These buildings have been called a *Laboratory,* and, although yet in an *unfinished state,* have already cost the United States 152,608 dollars and 5 cents, which sum has been paid out of the appropriations heretofore made for the *Quarter Master Department.* The Committee are of opinion, that this expenditure of money could not be justified *at any time,* but more particularly at a moment when the United States were borrowing money, at a *high rate of interest,* to meet objects, which the Legislature considered necessary, and had sanctioned by Law.

There is doubtless much propriety in classing the purchase of the navy-yards, and the expenses of erecting these buildings, under one head, and con-

sidering them as "equally unauthorized" by Law. Though, in some particulars, the two establishments may be justified, on distinct grounds, yet the *general principle* is the same, that *both were necessary to the successful execution of measures, enjoined by law*. It is presumed, that no valid objection can be drawn from the name of *laboratory*, for though it may be suitable, yet that of *arsenal*, or *magazine*, is equally proper. Before these buildings were erected, I believe there did not exist, in the United States, a single public building, accessible by water transportation, in which arms, military stores, clothing, and other valuable articles of public property, could be deposited. No less a sum than twelve hundred thousand dollars, was appropriated, in 1798, for the purchase of cannon, small arms, ammunition and military stores. A considerable proportion of these supplies was expected to be drawn, and was actually drawn, from the market of Philadelphia and its vicinity. At least one central magazine, accessible by water, was necessary for receiving such supplies as were imported, and for effecting distributions to the navy and to garri- sons on the sea coast. Before these buildings were erected, the public property was distributed in private buildings, in various parts of the city of Philadelphia, and its vicinity, where they could not be conveniently inspected, and where they could not be guarded by the military, without hazard of disturbing the order of the city: a great accumulation of military supplies, in the midst of a populous city, was unsafe; the powers vested in the Executive Department, in a season of military preparations, were known to be of the highest importance, and the nature of the discretionary authority, actually entrusted by Law, to the President of the United States, seemed necessarily to imply the right to

judge of the most suitable means of *preserving the public property*; a power which, when compared with others, was of no importance.

The Committee say, that these buildings have “been carried on in a manner highly expensive, “and are yet in an unfinished state.” If it was intended that it should be understood, that *more money has been expended, than was necessary*, considering the extent and solidity of the buildings, then it is certain a hasty opinion has been expressed, without acquiring due information. If the suggestion is, that the materials, decorations, or workmanship were too costly, then it is answered that the buildings are brick structures, and an appeal is made to the public, on a comparison with buildings erected by the different states, or by the city of Philadelphia, or by incorporated companies, whether the design was unsuitable. It is true that the whole design has not been completed, but this idea is not communicated by the expression that *this pile of buildings is yet in an unfinished state*. The public understand, that the expenditures hitherto made are useless; let the senses of the people of Philadelphia, and its vicinity, decide on the correctness of this impression.

The Committee say, that the expense has been defrayed “out of the appropriations heretofore made, for the Quarter Master Department.” I shall not attempt to reconcile this assertion with their first declaration, “that the appropriations for the army have been considered as constituting “but one general fund,” but proceed to remark that the observation appears to imply an opinion that the fund appropriated for the *Quarter Master Department* could not lawfully be applied for erecting necessary magazines. With such men, as on reflection maintain this opinion, it will be in vain to reason, respecting the measures of the former ad-

ministration; as the opinion will prove, that there remains no common source, from which arguments can be deduced. Unquestionably it has been considered as a *primary duty* of the Quarter Master Department, to *provide all Magazines, by purchase, lease, or otherwise, as should be deemed expedient*:—this was the *established principle*, during the revolutionary war, and every subsequent regulation and instruction, with which I am acquainted, has proceeded on the same idea. It cannot surely have been imagined, that *specific appropriations*, for *distinct* items of expence in the *Quarter Master Department* were necessary; if not, the expence has been defrayed out of the *proper fund*, even upon the *principles assumed by the Committee*.

There is an allusion to the Loans, negotiated for the public, at an interest of eight per cent for ten years, which cannot be misunderstood:—These are said by the Committee to have been obtained at a “high rate of interest.” Mr. Gallatin has not thought it unsuitable, in an official report, to represent the interest as “*exorbitant*.” I shall at all times be ready to explain the reasons of my conduct, when required; but to indirect imputations, from any, quarter it must be sufficient to observe, that this subject has been fully considered by a Committee of equal authority with the Committee of investigation, the members of which, with the concurrence of Mr. Nicholson, unanimously reported, that they saw “no reason to doubt that these Loans were negotiated upon the best terms, which could be procured, and with a laudable view to the public interest.”

9th. The next subject relates to the application of money for purposes of a confidential nature, in the war and navy departments, upon which the Committee express their opinion in the following terms:

“ The Committee beg leave likewise to refer to
 “ an important principle formerly settled by the
 “ Executive, and actually practised upon, in the
 “ war department, in relation to the expenditure
 “ of public money, which they deem improper, in
 “ a government like ours, where taxes cannot be
 “ imposed but by public consent ; and where mo-
 “ nies, arising from those taxes, cannot be disburf-
 “ ed, but upon the authority of a law, previously
 “ passed by the Representatives of the nation. By
 “ an act passed on the 9th of February, in the year
 “ 1793, the President is directed to cause the mo-
 “ nies drawn from the Treasury, for the purpose of
 “ intercourse with foreign nations, to be settled by
 “ causing the same to be accounted for specifically
 “ in all cases, wherein the expenditure thereof
 “ may, in his judgment, be made public ; and by
 “ making a certificate, or certificates, or causing the
 “ Secretary of State to make a certificate, or certi-
 “ ficates, of the amount of such expenditures, as
 “ he may think it adviseable not to specify ;—and
 “ such certificates are to be taken as sufficient
 “ vouchers, for the sums expressed to have been
 “ expended. The policy of this law, the Commit-
 “ tee do not intend to question, but it is clear, that
 “ it extends only to cases of compensation, for what
 “ are usually called ‘ *secret services,*’ that may be
 “ rendered to the United States, in their inter-
 “ course with foreign nations. The Section above
 “ recited, has been ingrafted into two Laws, passed
 “ in the respective years, 1798, and 1800, but in
 “ every Law on the subject, it has been expressly
 “ confined to foreign intercourse ; and in the act
 “ of 1800, is farther limited to the *contingent* ex-
 “ pences only of foreign intercourse. It has not
 “ therefore been without considerable surprize,
 “ that the Committee have seen the same principle

“ applied to the expenditures of the war department.”

“ In the instructions, given by the Secretary of war to the Accountant of the War Department, in his letter of the 28th of December, 1797, here- with reported and marked (L,) a rule is positively laid down, that expenditures for secret services, rendered in relation to the duties of the War Department, are to be admitted. And on the 20th day of December, in the year, 1799, the Secretary of the Treasury made a report on this subject, to the President of the United States, (subjoined and marked (M.) in which the principle is again recognized, as applicable to the departments of State, War and the Navy. On the subsequent day, the President accordingly, signed two Certificates, as vouchers for monies, said to have been expended, in relation to the duties of the War Department, which Certificates are annexed to this Report, and are marked (N. and O.) The Committee entertain no doubt, as to the illegality of this measure, as it is authorized by no Law whatsoever, and they had flattered themselves that the Federal Government required no services of any nature, which ought to be concealed from the officers of the Treasury, or from the Legislature. They consider these facts as coming properly under the head of expenditures, not authorized by Law.”

I do not possess a copy of the letter of the Secretary of War, but I recollect that the Accountant of the War Department, declined complying with a requisition of the Secretary of War, respecting an expenditure of a confidential nature;—that a representation of the case was made to the President, who required my opinion in writing. The following is a copy of my report to the President.

“ The Secretary of the Treasury, in obedience to
 “ the command of The President of the United
 “ States, has considered the letter of the Secretary
 “ of War, dated, November 29th, 1799, and there-
 “ upon most respectfully submits the following
 “ Report.

“ That by an act of Congress, passed on the 9th
 “ of February, 1793, it is declared, “ *That in all ca-*
 “ *ses, where any sum, or sums of money, have been issued,*
 “ *or shall hereafter issue, from the Treasury, for the*
 “ *purpose of intercourse, or Treaty, with Foreign nations,*
 “ *in pursuance of any Law, the President shall be, and*
 “ *he is hereby authorised to cause the same to be duly*
 “ *settled with the Accounting officers of the Treasury, in*
 “ *manner following, that is to say, by causing the same*
 “ *to be duly accounted for, SPECIFICALLY in all instan-*
 “ *ces wherein the expenditure thereof may in his judg-*
 “ *ment BE MADE PUBLIC; or by making a Certificate or*
 “ *Certificates, or causing the Secretary of State to make*
 “ *a Certificate, or Certificates of the AMOUNT of such*
 “ *expenditures as he may think it adviseable NOT TO*
 “ *SPECIFY, and every such Certificate, shall be deemed*
 “ *a sufficient voucher for the sum or sums therein expres-*
 “ *sed to have been expended.*

“ The foregoing express provision by Law, con-
 “ tains, as is believed, a safe and proper rule, for
 “ controuling the expenditure of all monies dis-
 “ burshed for secret purposes:—it is impossible to
 “ conduct the business of the Departments of State,
 “ War and the Navy, without sometimes incurring
 “ expences, the precise objects of which cannot be
 “ safely disclosed? It is however at the same time
 “ necessary, that such expenditures, should be
 “ made, in a manner best calculated to shield the
 “ officers of Government from odium, or suspicion.

“ To reconcile these objects in the best manner
 “ possible, and to preserve the means of ascertain-
 “ ing the aggregate amount of all secret disburse-

ments, it is respectfully submitted as the opinion of the Secretary, that all such expenditures ought to be ascertained to the satisfaction of the President, and certified according to the form hereto annexed."

"All which is respectfully submitted."

The following is a copy of the form referred to.

"By * * * * *

"President of the United States."

"It is hereby declared, that by the representation of the Secretary of the Department of
it appears to my satisfaction, that Dolls.
Cents, have been disbursed, for objects in relation to the duties of the said Department, and to promote the interests of the United States, the specification of which disbursements, at this time, is deemed inexpedient. This certificate is therefore granted to serve as a voucher, for the sum aforementioned, which is (here insert the words, "*to be paid,*" or the words, "*to be passed to the credit of,*" as also the name) by the proper officer, or officers, of the Government of the United States."

"In witness whereof, I have signed these Presents, this day of and caused the same to be countersigned by the Secretary of the Department of and the Seal of the said Department to be hereto annexed."

It will be perceived, that it was merely the object of this Report to establish such a form for controuling expenditures of a confidential nature, as would most effectually prevent abuses, and shield the Officers of Government, from odium, or suspicion." I never doubted for one instant, that such expenditures were *lawful*, and that the principle should now be questioned, has excited a

degree of *astonishment* in my mind, at least equal to the "surprize" of the Committee.

Is it then seriously asserted, that in the War and Navy Departments ;—establishments, which from their nature presuppose an actual, or probable state of *War* ;—which are designed to protect our country against *enemies*, that the precise *object* of every expenditure must be *published* ? Upon what principle are our Generals and Commanders, to be deprived of powers, which are sanctioned by universal usage, and expressly recognized as lawful, by all writers on the Law of Nations ? If one of our naval Commanders, now in the Mediterranean, should expend a few hundred dollars for intelligence, respecting the force of his enemy, or the measures meditated by him, ought the present Administration to disallow the charge, or publish the source, from which the intelligence was derived ? Is it not equivalent to a publication, to leave in a public office of Accounts, a document explaining all circumstances relating to a payment ?—Ought the truth to be concealed, by allowing fictitious accounts ? Could a more effectual mode of preventing abuses be devised, than to establish it as a rule, that all confidential expenditures should be ascertained to the satisfaction of the Chief Magistrate of our country, that his express sanction should be obtained and that the amount of all such expenditures, should be referred to a *distinct account*, in the public Records ?

There exists no colourable excuse, for exciting the public jealousy on this subject ;—I am confident that the secret expences of the War Department, since the establishment of the present government, do not exceed a few thousand, probably not more than five, or six thousand, dollars ;—The first expenditure, which I can recollect was made

in 1790, or 1791, and from the nature of the object, as well as the usual mode of conducting such affairs, it is highly probable that it was known to all the then heads of Departments ;—information, that such expenditures were made, was given to Congress in 1792, as is proved by the following extract from a printed Report, in relation to an estimate for the contingent expences, of the War Department.

“ It is to be observed upon this article, as well
 “ as every other, in this estimate, that for every
 “ cent expended in pursuance thereof, vouchers
 “ must be produced at the Treasury, *excepting per-*
 “ *haps the sums, which may be expended for secret in-*
 “ *telligence, where the names might be important to be*
 “ *concealed ;*—but for the propriety of the small
 “ sums, which might be expended, *the reputation of*
 “ *the Commanding Officer is pledged to the public.*”

An explanation is due for Mr. Ross of Pennsylvania, who, in consequence of the certificate of President Adams, obtained a credit for five hundred dollars. It is within my knowledge that the expence was incurred in 1796, that the object was authorized by President Washington, and that it related to supposed designs of a foreign nation.

The Committee seem to suppose that the act of February 9th, 1793, first *authorized secret expenditures*, in relation to the Department of State. In my opinion, they have neither traced the subject to its source, nor comprehended the object of the regulation, which they have cited ;—the act, which made the first provision for the expences of foreign intercourse, was passed on the first of July 1790 ;—this act first gave activity to the operations of the Department of State, under Mr. Jefferson, it authorized the President *to draw from the Treasury, Forty Thousand Dollars annually, for the support*

of such persons, as he might commission to serve the United States in foreign parts, and for the *expence*, incident to the *business*, in which they might be employed ; except in respect to the *Salaries of Ministers and Secretaries*, which were *limited*, the expenditure of the fund, was *absolutely committed to the discretion of the President* ;—this discretion could not however be more *unlimited*, than that which was velted in respect to the Fund for the *contingent expences of the Department of War* ;—the proviso of the Law of July 1st. 1790, only directed that the President should account *specifically* for all such expences, as in his judgment *might be made public*, and also for the *amount* of such expenditures as he might think it adviseable *not to specify* :—it is certain that this proviso, did not *extend the discretionary power* previously given, and is to be understood merely as a direction respecting the *mode of rendering accounts*.

The Act of February 9th, 1793, cited by the Committee expressly *revives* the Act of July 1st 1790, then about to expire :—this circumstance is not stated by the Committee :—it is however important, because the *discretionary power* of the President, was thereby *continued in full force* :—while the second Section, which the Committee have pleaded to consider as a *special authority* to expend money for *secret services*, merely provides for the *settlement of accounts*, according to principles, *presupposed to be well understood, or defined*.

The Act of May 10th. 1800, the last cited by the Committee, is, if possible, more irrelevant to the subject than the former ;—it merely considers expenditures for secret services in the Department of State, as a description of *contingent expences* ;—they must truly be so viewed :—they have been so considered by the Department of War ;—no person

ever imagined that such expenses were an *ordinary charge* of the Government, requiring an *established provision*.

The result of this examination, therefore, proves, that certain sums have been appropriated for the *Contingent Expenses* of the Departments of State, War and the Navy: that no *specific objects* have been defined in the laws, to which these funds should be applied: that the application, in respect to *all* the Departments, has been *equally discretionary*; and therefore that *all the expenditures* have been *equally lawful, or unlawful*: that a few inconsiderable expenses have been incurred in the War Department, the objects of which could not, with propriety, be communicated to the public: and that, in the *mode of adjusting the amount of these expenses*, a rule has been pursued, which the Legislature had previously established, in respect to the Department of State.

The Committee wish to have it believed, that a *special authority* has been given to the *Department of State*, to expend money for *secret services*, and to infer, from the defect of a similar authority in the *other Departments*, that the expenditures have been *illegal*. As the facts, relating to the subject, were not fully and correctly stated, the inferences have been demonstrated to be unsound: if, however, the erroneous premises of the Committee must be assumed, it is proper to note, to what conclusions a spirit of charity would lead. It might be observed, that it is the duty of the Secretary of State, to conduct negotiations, in time of war, for the purpose of obtaining peace; and in time of peace, by friendly and *sincere* representations to the agents of foreign nations, to preserve the peace; and that no duty has been assigned to this officer, which

has not a pacific tendency, or relation. If the refinements of casuistry must be substituted for the maxims, which ordinarily govern men of business; if the possession of a *secret* necessarily implies the concealment of some immorality; and if the funds for *secret services* are always employed for purposes of corruption, (positions which I do not admit), still it might be urged, with a semblance of argument, at least equal to that of the Committee, that the Laws of War authorize the employment of *Spies*, and, in many instances, the *seduction of enemies*; but that all *artifice, bribery and corruption*, in the *Civil Intercourse* of nations, is declared to be unjustifiable: from hence it might be concluded, that, while no doubt could exist, of the right of a Secretary of War, or a Secretary of the Navy, to employ money as an engine of *hostility*, a *Legislative dispensation* was requisite, to satisfy the philosophic scruples of a Secretary of State.

The suggestion of the Committee, that the practice of the former Administration is not reconcilable with the *principles* of a representative government, is as incorrect as their other observations. If they had proved, that the Government had united all the citizens in one bond of affection and confidence; that it had purified all exotic and *spurious* elements; that it had so elevated the virtue, and confirmed the patriotism, of the people, that the funds of *foreign nations* could here find no employment; then indeed there would be cause for congratulation, that these *principles* had received a desired illustration: but to be silent on these topics, and to deny to *our Government* the means of repelling the force, or combating the intrigues, of *foreign nations*, is virtually to declare, that our *own magistrates*, chosen by ourselves, have no integrity, and that unlimited confidence may be placed in the justice and virtue of *foreign rulers*.

10th. The last items in the catalogue of financial crimes committed by the former Administration, and which were sufficiently "*prominent*" to attract the attention of the Committee, are thus described :

“ Two other cases of *exceptionable expenditure* in the War Department, have been *sufficiently examined to warrant a report upon them*. The first relates to an appointment confirmed by the late President on Uriah Tracy, Esq. in the summer of the year 1800, while he was a member of the Senate of the United States :—the second relates to a payment made from the contingent fund of the War Department, to Mrs. Ariana French, of Georgetown, in the month of July, 1800. *Neither of these are very extensive in amount, but both deemed important, for the precedents they may hereafter furnish*.

“ It appears, from a document herewith exhibited, and marked (P), that Mr. Tracy was appointed to visit and examine into the actual state of the garrisons, Indian trading houses, factories, &c. in the North Western Territory, on the Mississippi, and on the frontiers of Tennessee and Georgia,” and that Mr. Tracy received, for this service, the sum of one thousand nine hundred and eighty-five dollars and five cents ; seven hundred and fifty-three dollars and five cents being for travelling and other incidental expenses, and twelve hundred and thirty-two dollars for his compensation, from the 16th of June, to the 16th of November, in the year 1800, at eight dollars per day. From the account exhibited by Mr. Tracy for his expenses, it will be seen, that, during these five months, he visited Pittsburgh, Presque Isle, Niagara, Detroit and Michillimachinac, but did not fulfil the other objects of his mission.

“ The Committee cannot forbear to remark,
 “ that Mr. Tracy’s acceptance of this appointment
 “ has the appearance, at least, of inconsistency with
 “ that part of the Constitution, which provides,
 “ that “ no person, *holding an office under the United*
 “ *States*, shall be a member of either House of
 “ Congress.” Mr. Tracy was, at the time of re-
 “ ceiving the appointment, during the whole of its
 “ continuance, and has ever since been, a member
 “ of the Senate of the United States; and, from
 “ an inspection of the pay-roll of the Senate, the
 “ Committee find, that, for the last seventeen days
 “ of the five months of his service under the above
 “ appointment, he not only had his expenses borne
 “ by the public, to a considerable amount, and re-
 “ ceived likewise eight dollars per day, but that he
 “ at the same time received, as a member of the
 “ Senate, six dollars per day, for travelling from
 “ Litchfield, in Connecticut, to the Seat of Govern-
 “ ment—a distance of three hundred and forty-
 “ four miles; twenty miles being allowed for trav-
 “ elling one day.

“ James M’Henry Esq, former Secretary of
 “ War, resigned that office, it is believed, in the
 “ month of May 1800, and the document marked
 “ (R), hereto annexed, shews that, in the month
 “ of April preceding, Mrs. Ariana French leased
 “ a house to him for one year, to commence from
 “ the first of June following: that an award
 “ was made between the parties, by which it was
 “ declared, that Mr. M’Henry should pay to Mrs.
 “ French two hundred and eight dollars and nine-
 “ ty-five cents, for damages sustained by her, by
 “ reason of his not occupying her house, agreeably
 “ to the contract; and that, in conformity to the
 “ opinions of the Secretary of the Treasury and
 “ the Secretary of the Navy, and by the direction

“ of the Secretary of War, this sum was paid to
 “ Mrs. French, out of the fund for defraying the
 “ contingent expenses of the War Department.”

The ideas to be collected from this narrative, in respect to Mr. Tracy, are, that this gentleman, while a Senator of the United States, received an appointment, which has the *appearance* of inconsistency with the Constitution; that but a small proportion of the duty assigned was performed; that an excessive allowance has been made for his services as agent, and that for seventeen days he received a double compensation, both as an agent and as a senator.

From what the people have heard of repeated violations of the Constitution by the former Administration, and what they have observed, during the short career of the present, it is but fair to conclude, that, owing to the force of the passions of men, or other causes, an observance of its injunctions is a task of no little difficulty. After what has happened, it is high time to dismiss all concern about *appearances*, and consider whether the Constitution has, or has not, *in fact*, been violated.

Though the Committee have cited a part of the Constitution, they have not said, in what manner it has been violated. They surely do not maintain the opinion, that the President cannot appoint agents for special services, without being expressly authorized by law: this power has been exercised from the commencement of the government, and repeatedly by Mr. Jefferson, since his election to the office of President. They will not say, that Mr. Tracy was *incapable of receiving the appointment*. The violation of the Constitution, if it has been violated, is therefore imputable to the *Senate*, in consequence of having permitted Mr. Tracy to retain his seat in that body, after it was known that

he had accepted this appointment. If, however, the Committee intended to cast any reflection on the Senate, (which I do not suspect), then they may be justly charged with the *appearance* of having usurped a power, which cannot be constitutionally exercised by the whole House of Representatives—*that of judging of the qualifications of Senators.*

The phantom raised by the imagination of the Committee will, however, vanish, when it is considered, that *all offices of the United States* are derived immediately from the *Constitution*, and created by *legislative acts*; that the agency entrusted to Mr. Tracy originated with the Executive Department; and that the authority to employ agents, for a variety of purposes, results from the nature of the Executive power, and has never been questioned. If no distinction between an *Executive Agency*, and an *Office*, is permitted, the consequence must be, that all persons who *perform services of any kind for the United States, for a compensation, must be considered as Officers.* The perplexities, which such a construction would occasion, in administering the government of the United States, and the still greater perplexities in executing the constitutions and laws of the particular States, most of which have declared, that *offices* under the two governments shall be *incompatible* with each other, sufficiently evince, that the idea suggested by the Committee would be as mischievous, in practice, as it is unsound, in principle.

The Committee were probably convinced, that the circumstances of the public service were such as rendered the employment of an agent proper. The military posts of the United States extended through an immense region: the communications between these posts and the Government were so uncertain, and attended with such difficulty, that

it was reasonable to presume, that many of the advantages in respect to discipline and economy, which result from military subordination, had been but partially realized: it is notorious, that influential individuals of the party now in power, had continually represented the arrangements of the military establishment and the public factories, as being greatly defective. At no time had their complaints been more vehement than just before the period when this agency was instituted. Under these circumstances, it was the right, and it became the duty, of the Administration, to ascertain, through an impartial channel, whether there existed any just cause for the clamour, which had been raised.

There is much reason to fear, that party-prejudice against *individuals* has too frequently prevented a fair estimate of the merit of *measures*. The appointment of Mr. Tracy has accordingly been exclusively attributed to personal favour. It is true that Mr. Tracy has been a distinguished advocate for the system of the former Administration; but it will be admitted by his opponents, that, with the exception of questions, having a direct relation to that system, upon which a diversity of opinion has existed, that no person has given more uniform or decided evidence of a disposition to protect the public against improper expenditures. No one of his adversaries will assert, that on the score of information of the laws and existing arrangements of the government, and the views and wishes of the different parties, respecting the military establishment, a more suitable appointment could have been made. All will agree, that, being a stranger in the western country, and having no connexion with the army, his representations were likely to be entirely impartial; every objection against the *person designated*, is therefore resolved into

one—that he was personally esteemed by the members of the former Administration :—whether this ought to be urged, when the only object of the agency was to acquire information, to direct the *future measures of that Administration*, and for the propriety of which they were to be responsible to their country, the public must judge.

The most important fact on this subject, however, is, that the result has proved, that the agency was proper, and was well executed. I assert, with confidence, that the report, now in the possession of the Secretary of War, embraces important and various information, which must have been highly useful to him, in conducting the business of his Department. At the same time, the report proves, that the alledged abuses did not exist, and that what were represented as defective arrangements, were necessary consequences of the unsettled state of the country, or of public establishments too slender for the objects, proposed to be accomplished. That these establishments were not more efficient, and of course more expensive, will not now be deemed an error of the former Administration.

That there should appear, in the report of the Committee, any suggestion, however indirect, that the services mentioned in the instructions, were not performed, is much to be lamented. It could not have been unknown, that these services were interrupted by a severe and dangerous illness; surely this is an excuse; surely the grievous consequence, a loss of health, ought to have excited so much sympathy, as to have prevented the Committee from representing, a personal misfortune, as a political error.

On the subject of compensation allowed to Mr. Tracy, it is sufficient to say, that it was no greater than was judged reasonable, considering the na-

ture of the service ; that it is believed that a like inspection was never accomplished at less expense ; and that, compared with an agency instituted by the present administration, it may even claim the merit of *economy*. The suggestion that a double compensation was received is unjust : the law directs that each of the members of the Legislature “ shall be allowed, at the commencement and end “ of every Session, six dollars, for every twenty “ miles of the estimated distance, by the most usual road, from his place of residence to the seat of “ Congress.” It is well known that this allowance has been constantly paid, although the members of Congress have continued at the seat of Government during the whole recess ; the allowance was established as a compensation for *services in Congress*, not for *travelling* ; and an *appearance in the House* has ever been deemed evidence of a title.

The circumstances relating to the payment on account of Mr. M^cHenry are : that this Gentleman engaged a house at Washington for his family, and that a new appointment to the office of Secretary of War was made by the President before a removal. It was right, that the proprietor should be compensated, having *removed from the House, which she had leased* ; it was clearly inequitable that the compensation should be made by Mr. M^cHenry ; it seemed to follow, that payment ought to be made by the public. If an error was committed, then the United States of America have lost two hundred and eight dollars and ninety-five cents ! Was this case really “ deemed important, for the “ precedent it might hereafter furnish ?”

I have now finished my remarks upon the different subjects mentioned in the report of the Com-

mittee, and from which they have concluded “ *that*
“ *considerable sums of the public money have been great-*
“ *ly misapplied, and that much expense has been incurred,*
“ *without any legal authority.*” I appeal to the integ-
rity and candour of my Countrymen :—I entreat
them to consider the explanations I have offered,
and then to pronounce, WHETHER THE INFERENCE
IS JUST.

OLIVER WOLCOTT.

LITCHFIELD, CONNECTICUT,
July 12th, 1802.

APPENDIX.

A.

TO THE PUBLIC.

GEORGETOWN, MAY 1, 1802.

A COMMITTEE of Congress, styled "the Committee of Investigation," was appointed, early in the present session, for purposes, which the resolution for their appointment will best explain. A majority of this Committee, after consuming nearly five months in inquiring into the frauds alledged to have been committed by former Administrations, have at length, at the close of the session, made a report, when it is too late to vindicate in debate, on the floor of Congress, the fair fame of men, who have performed meritorious service to their country, from the foul aspersions contained in the report.

From the Chairman of this Committee, I received a letter, at 3 o'clock, on the 27th of April, dated that day, desiring to know by what authority six navy-yards had been purchased, while I was Secretary of the Navy; and observed, that my answer must be in writing, and must be delivered to him by 10 o'clock the next morning, as the Committee would report in the course of the day. The subject was familiar to me; no time for deliberation was necessary; I answered him the same evening. But as it would be swelling to an unreasonable length a newspaper address, to insert my answer here, I omit it, contenting myself with the single observation, that I doubted not the explanation it contained, was sufficient to satisfy gentlemen of candid minds, and conversant with public affairs, that not a single navy-yard had been purchased, nor a single shilling of money expended on their improvement, without full and ample legal authority.

This letter produced no effect on the majority of the Committee. It had been previously determined, that the purchase of navy-yards should at all events be condemned, and it was urged in vain by gentlemen on the Committee, who concurred not with the majority, and whose utmost abhorrence could not fail to be excited by the conduct of that majority, that the letter should at least be suffered to accompany the report to Congress, that the defence might be as public as the accusation.

but this would have been fair proceeding, and it suited not the views of the majority, that the poison it was their purpose to instil into the public mind, should be attended by its antidote, and the letter was suppressed. From this instance of the uncandid course of the majority of this Committee, in relation to a person on the spot to answer them, a just estimate may be made of the treatment, which former servants of the public, absent, and at a distance from the seat of government, have experienced at their hands.

Fortunately for the free citizens of the United States, a report of a majority of a Committee of Congress is not condemnation—is not even proof of guilt. No person laments more than I do, the too great probability that such reports will soon lose the power of creating even the slightest suspicion of guilt, in the persons they shall accuse.

As far as their power extended, the majority of this Committee have gone, to rob me of that, which is dearer than fortune, or life—reputation, in reward for having, at a crisis portentous and alarming, to the neglect and infinite injury of my private concerns, devoted, and most zealously, a small portion of my life to the public service. From their unjust decision, I make my appeal to a tribunal where truth will be heard, and will not be suppressed; and where reason and justice will prevail. Before the tribunal of the public, I am as sure of an acquittal the most complete, and the most honourable, because my conduct has been right, as I am that the men who, to indulge party rancour, have dared to accuse me, will quickly find that public delusion is rapidly on the decline. It is for these men to reflect on the estimation, in which their present conduct will be held, when this delusion shall have passed entirely away.

But it is time to attend to the report of the majority of the Committee, with their reasons for an unqualified condemnation of the late Secretary of the Navy.

After quoting the act, directing six seventy-four-gun ships to be built within the United States, and not to be built or *purchased*, as they wish to have the act understood; and two other acts, which had no more connexion with the building of ships than of houses—one of them authorizing two docks to be erected for the purpose, as expressed in the act, of repairing ships; meaning docks, into which ships might enter without unloading, and be left dry at the fall of the tide, or after the water should be pumped out, and be repaired without the expensive operation of heaving down, things totally dissimilar from building yards. And the other authorizing the purchase of timber, not

for the use of six 74 gun ships, as these gentlemen certainly meant to imply, if they understood their own meaning; but, as expressly stated in the act itself, to be preserved, for the future use of the navy. [All these acts were passed in Feb. '99.] I say, after quoting these several acts, these gentlemen proceed, "under that authority only, (meaning the three acts) the then Secretary of the Navy expended the sum of 135,846 dollars, in the purchase of six navy yards. For this expenditure, the Committee conceive that *no authority was given by law, nor any appropriation made, except for the two docks above mentioned, as the sum of 1,000,000 of dollars was appropriated, by the act of '99, for building or purchasing the ships only—and the sum of 200,000 dollars for the purchase of timber. As public ships of war had been before built under similar authority, for the use of the United States, at private yards; and as Congress did, at the same time that they authorized the building or purchasing the ships, provide for the erection of two docks only, the Committee are of opinion, that four of the navy yards were purchased without authority, and the money misapplied, which was paid for them.*"

The then Secretary of the Navy informs these sagacious gentlemen, the majority of the Committee, that it never was contended, or imagined, that the acts for procuring timber for the future use, and for erecting docks, conferred any power to buy, or even to hire building yards, or as they are more frequently called, navy-yards—the whole power, to buy such yards, was communicated by the single act, directing that six 74 gun ships should be built within the United States, not *built or purchased*, as they represent the act: If this act did not confer the power to purchase the yards, then the purchase was made without the authority of law, and the report of the majority of the Committee, though malignant, is correct.

The short question, then, before the public, is, Did this act confer the power to purchase yards?

I will not labour to establish a self-evident position. Is there a man, of common reason, in the United States, who will believe that an act of Congress, directing a thing to be done by the Executive, and appropriating money for doing it, does not confer on the Executive full and ample legal authority, not only to do the thing itself, but to do every thing incidental to it—every thing, without which the thing directed by the act could not be performed? In the present instance, an act had passed, directing that seventy-four-gun ships should be built: There was not a stick of timber, nor an article of any kind, in the public arsenals, necessary to be employed in their building:

they could not be built without the necessary materials: the act, then, intended to confer, and did confer, complete power to procure the materials. So of yards, in which to build the ships—there was not one yard in the United States, public or private, fit for building ships of such a size. It was essential that such yards should be procured; and the act intended to give, and did give, full power to procure them, and to procure them by hire, or by purchase, as should best comport with the public interest:—the argument of the Committee, that it would have been legal to hire, and was not legal to purchase, because, under the preceding Administrations, yards had been hired, and had not been purchased, is really too puerile to merit serious refutation, and I am not disposed to trifle with the public. So much for the legality of the purchase of navy-yards: and as the majority of the Committee have attacked the measure on the ground of its illegality only, I might here close my address; but it may be proper to add some remarks, to shew, that the measure of buying yards was economical, as well as legal.

I know not how many years have elapsed, since Congress authorized the building of three frigates. At that time, the business of building ships of war of large size was new in this country; and it is not surprising that great errors were committed in making the arrangements for building these ships. One very great error, and for which the public have severely paid, was, hiring instead of buying ground to build them upon. After hiring the ground, it was found indispensable that wharves and other improvements should be made on the ground so hired, and at the public expense. But the evil did not stop here, for the yards were too contracted, as all private yards are, to admit of such distribution of the enormous quantities of timber, required for large ships, as to enable the workmen to get at the pieces, hourly wanted in the progression of the ships; hence it became necessary to employ great numbers of labourers, merely for the purpose of removing timber. I have not such accurate knowledge of the expense incurred in the improvements made on private property, and useless to the public when the ships were finished, and in the employment of labourers whose services, under a different system, might have been dispensed with, as to pretend to exactness in stating the sum; but I have no hesitation in averring, that it exceeded the whole cost of the six navy-yards purchased by me.

With a full knowledge of these facts before me, would it have been a proper discharge of duty, to have fallen into the same error? Would it not have been a shameful sacrifice of the public interest, a wanton waste of the public money? It is

my pride that the error was avoided, and that such a course was pursued, as will restore to the public a large portion of the money expended on the yards, should a measure, so pregnant with folly and madness, be resorted to, as a sale of them.

BENJAMIN STODDERT.

B.

REPORT

Of the Committee, appointed to examine and report whether Monies drawn from the Treasury, have been faithfully applied to the objects for which they were appropriated, and whether the same have been regularly accounted for; and to report likewise whether any further arrangements are necessary to promote economy, enforce adherence to legislative restrictions, and secure the accountability of persons entrusted with public money. April 29, 1802, Read, and ordered to lie on the table. [Duane, Printer.]

THE Committee appointed "to inquire and report whether monies drawn from the Treasury have been faithfully applied to the objects for which they were appropriated, and whether the same have been regularly accounted for; and to report likewise whether any further arrangements are necessary to promote economy, enforce adherence to legislative restrictions, and secure the accountability of persons entrusted with public money," submit

THE FOLLOWING REPORT:

IN order to ascertain generally in what manner, and under what checks, monies were drawn from the treasury of the United States, and were afterwards expended and accounted for, the Committee applied to the Secretary of the Treasury, stating the several objects, to which they intended to direct their inquiry; his answers under date of the second of March, and the ninth of April, are annexed to this report; to which, as well as to the statements of the accountants of the War and Navy Departments, on the same subject, they beg leave to refer.

The Committee deem it sufficient to state here, that all public monies are drawn from the Treasury in virtue of warrants signed by the Secretary of the Treasury, and countersigned by the comptroller, and are paid to the officers or agents to whom

the same are due, or who are entrusted with their application ; or when relating to the War or Navy Departments, they are placed in the hands of the Treasurer as agent for those Departments, who disburses them on warrants drawn by the Secretary of the Department, and countersigned by the respective accountant.

For the general construction heretofore given by the Treasury Department to the various appropriation laws, the Committee refer to the communication made to them by the Secretary of the Treasury on the 2d of March, and more particularly for the construction given to the annual appropriations for the support of the navy and army respectively, they refer to a report made by the late Secretary of the Treasury on the 17th day of May, one thousand seven hundred and ninety-six, to the committee of ways and means. From both of these it appears that the appropriations for the army and navy respectively, have been considered as constituting but one general fund for each of these objects, although in most of the laws making appropriations a variety of heads of expenditure were distinctly specified. If the general construction be correct, it may perhaps be said that in most instances monies have been *drawn* from the treasury in the manner prescribed by law. Some irregularities are stated to have occurred, where monies have been advanced upon the simple application of the Secretary of the Treasury by letter, without the formality of a warrant, and sometimes even without a previous appropriation, but in these cases the irregularity has been afterwards covered by subsequent warrants and appropriations, and the Committee do not discover that it has been productive of any injurious consequence to the United States. The Secretary of the Treasury, in his communication of the second of March, having expressed a doubt whether the monies advanced on account of the removal of the seat of government from Philadelphia to Washington had been authorized by any previous law, the Committee directed their attention to that object, and now offer the result.

The law establishing the permanent and temporary seat of government (passed on the 16th of June, in the year seventeen hundred and ninety) provided " that all offices attached to the " seat of government should be removed to this district on the " first day of December, in the year one thousand eight hundred, by their respective holders," and declared that the necessary expense of such removal should be defrayed out of the duties on impost and tonnage. This appropriation is indefinite in its nature, and perhaps some contrariety of opinion may exist as to the extent of the expense it was intended to cover ;

but the Committee conceive that a strict adherence to the letter of the law, would confine the appropriation to the expenses actually incurred in removing the books, papers, records and furniture of the respective offices. From the document (marked G) hereto annexed, it appears that the sum of 15,293 dollars and 23 cents were paid for the transportation of the books, papers, records and furniture of the several offices, and the furniture of the President; and the sum of 32,872 dollars and 34 cents for expenses incurred by the officers and clerks for the removal of themselves and families. In general the vouchers produced in support of these last mentioned expenses, are the stated accounts and the declarations of the officers and clerks, to whom the same were allowed. Transcripts of the accounts of the officers only are annexed, those of the clerks being too numerous to be detailed. From these accounts (which are marked g 1, to g 12, inclusive) it will be seen that the charges consist of travelling expenses, losses on the sale of articles thought too inconvenient to remove, packing, breakage, and transportation of furniture, house-rent in Philadelphia, and *extra* expenses after their arrival at the city of Washington. As all the officers and clerks were, at the time, in the service and pay of the government, and received the full amount of their salaries, exclusively of these extraordinary allowances, and as the act of June, 1790, provided only for defraying the expenses incident to the removal of the offices, the Committee are of opinion that this sum of 32,872 dollars and thirty-four cents was drawn from the Treasury and expended without any legal authority.

The manner in which monies drawn from the Treasury under previous appropriations have been afterwards applied, presents a subject of inquiry of more difficulty and importance.

The expenses in relation to the Civil List, being *chiefly* for salaries, are not otherwise liable to abuse, than in cases where monies advanced to agents have not been applied to the objects for which the advance was made, and have not been afterwards regularly accounted for. Amongst the subordinate agents, to whom monies have been advanced for miscellaneous objects, of a civil nature, some appear to be delinquents, and some not to have rendered their accounts, as will be seen by a reference to the document marked D, herewith reported.

The monies necessary to defray the expenses incident to the intercourse with foreign nations, have, till lately, been paid to the Secretary of State, who used to disburse the same. The accounts of Messrs. Jefferson, Marshall and Maddison, who have, at various periods, filled that appointment, have been settled,

and no balance is due thereon. A suit, not yet decided, has been instituted against Mr. Randolph, formerly Secretary of State, for a balance unaccounted for by him. The accounts of Mr. Pickering are not yet finally settled. He remains charged with a sum of 3,383 dollars and 20 cents, erroneously paid by him for the freight of a vessel supposed to have been employed by the Consul at Tripoli, and with another sum of 3,289 dollars and 50 cents, being the balance of an advance made to Samuel Hodgdon, for the purpose of being remitted to Mr. Humphreys, at Madrid, in part of his salary, which Mr. Humphreys did not receive. Both these sums, it is believed, may, and will be recovered from the persons to whom they were respectively advanced. But the principal reason which appears to have prevented an ultimate settlement with him, arises from the circumstance of his not having applied the whole of the money drawn by him from the Treasury, to the specific objects for which it was appropriated by law. For the extent and result of this misapplication, the Committee refer to the statement marked C, accompanying the communication of the Secretary of the Treasury, under date of the 2d of March. From this statement it appears, that Mr. Pickering drew from the Treasury, under the appropriations made "for defraying the expenses incident to the intercourse with foreign nations, for negotiating treaties with the Barbary powers, and for the contingent expenses of government," the sum of 63,999 dollars and 57 cents more than he applied to those several objects, which, together with the sum of 14,588 dollars and 54 cents, gained by him on the purchase of bills of exchange for the use of the government, form an aggregate of 78,588 dollars and 11 cents. The same statement, C, will shew that the whole of this sum was expended by him on objects of a public nature, (as far as the Committee can ascertain the fact) but this expenditure having been made from appropriations designed for other objects by law, the misapplication of the money has prevented the Comptroller of the Treasury from settling his accounts.

Although the Committee will not say that there are no cases in which a public officer would be justified in applying monies appropriated to one object, to expenditures on another, yet they are of opinion that in every deviation the necessity for the application ought to be for some obvious benefit to the United States, and in every such case, a disclosure thereof to Congress ought to be made, at the next session which should immediately thereafter ensue.

The monies which have been advanced to the several Secretaries of State have been remitted by them principally to minif-

ters, consuls and other agents abroad, whose accounts are not yet rendered, (although many of them are of an old date) and the Committee cannot say how, or in what manner, the money has been expended.

The advances necessary for defraying the expenses of the military and naval establishments were formerly made in part to individuals who have accounted directly with that Department: but since the law of the 16th of July 1798, the whole of the monies have been paid to the Treasurer as agent for these two Departments, and have been subject to the drafts of the respective Secretaries. The letter of the Secretary of the Treasury, under date of the 9th of April, accompanied by sundry abstracts, (marked from A 1, to A 9, inclusive) together with the statements of the two accountants (marked E, e 1, e 2, e 3, and F respectively) herewith reported, exhibit the amount advanced, settled and remaining unaccounted for, in each Department. From these it appears, that from the first day of January 1797, to the end of the year 1801, the advances made by the Treasury, on account of the War Department, have amounted (exclusively of a sum in the hands of the Treasurer) to dolls. 9,846,963 29 cts.

Of which there have been paid to individuals, who have accounted with, or are accountable to, the Treasury, a sum of - - - -	dolls.	cts.
	1,390,238	22
And there have been paid, by virtue of the warrants of the Secretary of War, or to individuals accountable to the War Department, the sum of - - - - -	8,456,725	7
Making an aggregate equal to the above sum of	9,846,963	29
To which is to be added, a balance remaining unaccounted for, on the books of the Accountant, on the 1st of January 1797, - -	1,756,391	36
Making, in the whole, a sum chargeable to the War Department, from the year 1797 to 1801, (both inclusive) of - - - - -	10,213,116	43
Of which the Accountant has settled, and rendered to the Treasury, accounts to the amount of	6,335,923	93
Leaving a balance of - - - - , - - - - unaccounted for, or not yet settled.	3,877,192	50

The monies advanced to the Navy Department, from its establishment in 1798, to the 31st of March 1801, exclusively of the sum paid by the Treasury to individuals, amount to - - - - -	9,981,313	73
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Of which sum, accounts have been settled by the Accountant, and rendered to the Treasury, to the amount of - - - - -	5,810,661 98
Leaving an unaccounted for, or unsettled, bal- ance of - - - - -	4,170,651 75

Dolls. 9,981,313 73

These sums differ in amount, nominally, from those contained in the statement annexed to the letter of the Secretary of the Treasury, of the 2d of March, but the difference is explained, and the actual amount proved to be the same in the letter, and statements of the 9th of April.

The statements of the Accountants, although they exhibit balances, apparently unaccounted for, to a large amount, will likewise shew, that accounts have been rendered for a considerable portion, which are in a train of settlement, but not finally closed.

The late hour at which the voluminous documents, accompanying this report, were received by the Committee, (upon the 9th of April) and the labour necessary to investigate such a mass of accounts, and of advances unaccounted for, particularly in the War and Navy Departments, embracing an expenditure of twenty millions of dollars, have rendered it impossible for the Committee, consistently with their attention to their other duties, to form an opinion as to the manner in which this sum has been expended. But, from the partial view which they have taken, they beg leave to present some facts and principles which they believe to be worthy of the notice of Congress.

There are two previous requisites, which are necessary to justify the expenditure of public money, and without which no legal expenditure can be made: First, that the expenditure for the object to which it is applied, should be authorized by law; and secondly, that an appropriation should have been made, to cover that authorized expense. In the War and Navy Departments, this rule does not appear to have been strictly adhered to, in all cases; but, for the reasons above assigned, the Committee have been unable to ascertain how far it has been departed from. The most prominent instances, which have yet presented themselves, are herewith stated.

By an act, passed on the 25th day of February, in the year 1799, an authority was given to the President of the United States, to cause to be built, six ships of war, to be armed with, and to carry not less than 74 guns each; and to build or purchase six sloops of war, to be armed with 18 guns each. In part of the necessary expenditures for these objects, a sum, not

exceeding one million of dollars, was appropriated by the same law. And by another act, passed on the same day, it was declared that two docks should be erected, in suitable places, under the direction of the President of the United States, for the convenience of repairing the public ships; and the sum of fifty thousand dollars was appropriated for that purpose; and by another act, passed on the same day, the sum of 200,000 dollars was appropriated to be laid out in the purchase of growing or other timber, or of lands on which timber is growing suitable for the navy, and to cause the proper measures to be taken to have the same preserved for the future uses of the navy. Under this authority, only, the then Secretary of the Navy expended the sum of 135,846 dollars and 92 cents, in the purchase of six navy yards, at Portsmouth, Charlestown, (Mass.) New York, Philadelphia, Gosport, (Vir.) and the city of Washington. For this expenditure the Committee conceive that no authority was given by law, nor any appropriation made, except for the two docks abovementioned, as the sum of 1,000,000 of dollars was appropriated, by the act of 1799, for building or purchasing the ships only, and the sum of 200,000 dollars for the purchase of timber. As public ships of war had been, before, built under a similar authority for the use of the United States, at private yards, and as Congress did, at the same time that they authorized the building or purchasing the ships, provide for the erection of *two docks only*, the Committee are of opinion, that 4 of the navy yards were purchased without authority, and the money misapplied which was paid for them.

In the War Department there likewise appears to have been a transaction equally unauthorized. In the year a pile of buildings was commenced under the directions of the then Secretary of War, on the banks of Schuylkill, near the city of Philadelphia, which have, since, been carried on in a manner highly expensive. These buildings have been called a *Laboratory*, and although yet in an unfinished state, have already cost the United States 152,608 dollars and 5 cents, which sum has been paid out of the appropriations heretofore made for the Quarter Master's Department. The Committee are of opinion, that this expenditure of money could not lie justified at any time, but more particularly at a moment when the United States were borrowing money at a high rate of interest, to meet objects which the Legislature considered as necessary, and had sanctioned by law.

The Committee beg leave likewise to refer to an important principle, formerly settled by the Executive, and actually practiced upon in the War Department, in relation to the expenditure of public money, which they deem improper in a gov-

ernment like ours, where taxes cannot be imposed but by public consent, and where monies, arising from those taxes, cannot be disbursed, but upon the authority of a law previously passed by the Representatives of the nation. By an act, passed on the 9th of February, in the year 1793, the President is directed to cause the monies drawn from the Treasury, for the purpose of intercourse with foreign nations, to be settled, by causing the same to be accounted for specifically in all cases wherein the expenditure thereof may, in his judgment, be made public; and by making a certificate or certificates, or causing the Secretary of State to make a certificate or certificates of the amount of such expenditure, as he may think it adviseable not to specify; and such certificates are to be taken as sufficient vouchers for the sums expressed to have been expended. The policy of this law the Committee do not intend to question; but it is clear, that it extends only to cases of compensation for what are usually termed "*secret services*," that may be rendered to the United States, in their intercourse with foreign nations. The section above recited has been ingrafted into two laws, passed in the respective years of 1798 and 1800; but in every law on the subject, it has been expressly confined to foreign intercourse, and in the act of 1800 is farther limited to the *contingent* expenses only of foreign intercourse. It has not, therefore, been without considerable surprize, that the Committee have seen the same principle applied to the expenditures of the War Department.

In the instructions given by the Secretary of War to the Accountant of the War Department, in his letter of the 28th of December 1797, herewith reported and marked L, a rule is positively laid down, that expenditures for secret services, rendered in relation to the duties of the War Department, are to be admitted. And on the 20th day of December, in the year 1799, the Secretary of the Treasury made a report on this subject to the President of the United States, (subjoined, and marked M) in which the principle is again recognized as applicable to the Departments of State, War, and Navy. On the subsequent day, the President accordingly signed two certificates as vouchers for monies said to have been expended in relation to the duties of the War Department, which certificates are annexed to this report, and are marked N and O. The Committee entertain no doubt as to the illegality of this measure, as it is authorized by no law whatsoever, and they had flattered themselves that the Federal Government required no services of any nature, which ought to be concealed from the Officers of the Treasury, or from the Legislature. They consider these facts as coming properly under the head of expenditures, not authorized by law.

Two other cases of exceptionable expenditure in the War Department, have been sufficiently examined to warrant a report upon them. The first relates to an appointment conferred by the late President on Uriah Tracey, Esq. in the summer of the year 1800, while he was a member of the Senate of the United States:—The second relates to a payment made, from the contingent fund of the War Department, to Mrs. Ariana French, of Georgetown, in the month of July, 1800. Neither of these are very extensive in amount, but both deemed important for the precedents they may hereafter furnish.

It appears, from a document herewith exhibited and marked P, that Mr. Tracey was appointed “to visit and examine into the actual state of the garrisons, Indian trading houses, factories, &c. in the North Western Territory, on the Mississippi, and on the frontiers of Tennessee and Georgia,” and that Mr. Tracey received for this service the sum of 1,985 dollars and 5 cents; 753 dollars and 5 cents being for travelling and other incidental expenses, and 1,232 dollars for his compensation, from the 16th of June to the 16th of November, in the year 1800, at eight dollars per day. From the account exhibited by Mr. Tracey, for his expenses, it will be seen, that, during these five months, he visited Pittsburg, Presque Isle, Niagara, Detroit, and Michillimachenack, but did not fulfil the other objects of his mission.

The Committee cannot forbear to remark, that Mr. Tracey’s acceptance of this appointment has the appearance, at least, of inconsistency with that part of the constitution, which provides that “no person, holding an office under the United States, shall be a Member of either House of Congress.” Mr. Tracey was, at the time of receiving the appointment, during the whole of its continuance, and has ever since been, a member of the Senate of the United States; and from an inspection of the pay roll of the Senate, the Committee find, that, for the last seventeen days of the five months of his service, under the above appointment, he not only had his expenses borne by the public to a considerable amount, and received likewise eight dollars per day, but that he, at the same time, received, as a member of the Senate, six dollars per day for travelling from Litchfield, in Connecticut, to the Seat of Government; a distance of 344 miles—20 miles being allowed for travelling one day.

James M’Henry, Esq. former Secretary of War, resigned that office, it is believed, in the month of May, 1800, and the document, marked R, hereto annexed, shews that in the month of April preceding, Mrs. Ariana French leased a house to him for one year, to commence from the first of June following; that an award was made between the parties, by which it was

declared, that Mr. M^cHenry should pay to Mrs. French 208 dollars and 95 cents, for damages sustained by her ; by reason of his not occupying her house agreeably to the contract, and that, in conformity to the opinions of the Secretary of the Treasury and the Secretary of the Navy, and by the direction of the Secretary of War, this sum was paid to Mrs. French out of the fund for defraying the contingent expenses of the War Department.

Upon the whole, the Committee are of opinion, that considerable sums of the public money have been greatly misapplied, and that much expense has been incurred without any legal authority ; but, for the reasons before assigned, it has been impossible for them to make a complete investigation. Nor do they believe that an investigation, entirely satisfactory, can be made, unless the House should think proper to appoint a Committee for this purpose, to sit during the recess, with directions to make a report to the next session of Congress.

The Committee deem it their duty to observe, that appropriations for the contingencies of the War and Navy Departments are, at all times, liable to abuses, not only from the very large sums usually appropriated therefor, but also, from the impracticability of specifying by law, the precise objects to which such sums are applicable ; and the Committee are of opinion, that giving publicity to the accounts of the expenditures of monies appropriated for contingencies, would have the most direct tendency, to correct the latitude of construction formerly exercised in that respect, by the heads of those departments, to promote economy in, and attach a proper degree of confidence to the future proceedings in those departments. And the Committee can discern no possible inconvenience in a disclosure of that nature, since they believe, that there is no necessity nor propriety for applying the principle of secret service money to either of those departments ; and at least, it ought to be so considered, until it should be otherwise determined by law.

The Committee are, therefore, of opinion, that a clause to this effect, ought to be inserted in the bill already reported by them, respecting the accountability of public officers.

For other arrangements which appear to be necessary "to promote economy, enforce adherence to legislative restrictions, and secure the accountability of persons entrusted with public money," they refer to the bill reported by them during the present session, to provide for the due application of public money, and to secure the accountability of persons entrusted therewith, and also to the communication of the Secretary of the Treasury, made to them on the 2d day of March last.

All which is respectfully submitted.

COMMUNICATION

From the Secretary of the Treasury to the Chairman of the Committee, appointed to investigate the state of the Treasury, in answer to the inquiries made by the Committee. [Washington City, printed by William Duane, 1802.]

SIR,

January 21, 1802.

I THIS morning submitted to the Committee appointed to investigate the state of the Treasury Department, &c. a proposition that the Committee should direct their inquiries to the several particular objects contained in the annexed statement. This proposition was agreed to, and I have been desired by the Committee to enclose it to you, for the purpose of obtaining from you such information, as you may be able to furnish, in answer to these inquiries. It may not perhaps be in your power *immediately* to give the whole information required, but it is expected that you will transmit it from time to time, as it can be prepared, keeping in view the necessity of all possible dispatch. In the interim, it is the intention of the Committee to call at the Treasury office, at convenient periods, in order to inspect the books of the Department, and the accounts of those persons who have been entrusted with the expenditure of public money.—I have the honour to be, Sir, with high consideration, your obedient Servant,

JOSEPH H. NICHOLSON,

Chairman of the Committee.

*The Hon. Albert Gallatin, Esquire,
Secretary of the Treasury.*

Objects of Inquiry, submitted by the Chairman, and agreed to by the Committee appointed "to inquire and report whether monies drawn from the Treasury have been faithfully applied to the objects for which they were appropriated, and whether the same have been regularly accounted for; and to report likewise whether any further arrangements are necessary, to promote economy, enforce adherence to Legislative restrictions, and secure the accountability of persons entrusted with public money."

OBJECTS OF INQUIRY, GENERALLY.

1. How are monies drawn out of the Treasury ?
2. How are they expended ?
3. How are they accounted for ?

More particular Objects of Inquiry.

1. Under what checks, founded either on law or usage, are monies paid out of the Treasury ?
2. To whom are these monies paid ?
3. Under whose control, and under what checks, are monies, drawn out of the Treasury, expended by the agents or Departments to whom the same may have been advanced ?
4. What construction has been given to the appropriation laws, by the Treasury Department, and by the several agents or departments to whom monies have been advanced ?
5. Have monies always been paid by the Treasury, and applied by the agents or departments, in conformity to the laws authorizing expenses and making appropriations for the same ?
6. To whom, and in what manner, are the receivers of public monies accountable ?
7. In what situation are the accounts of persons, at this time, who have received monies from the Treasury ; and, where any of those accounts remain unsettled, what are the causes ?
8. What is, particularly, the situation of accounts for monies advanced to the Secretary of State, or to the War and Navy Departments ?
9. Are the checks, under which public monies are expended, sufficient to enforce a due application to the objects for which they are advanced ?
10. Can any mode be devised, by which more efficient checks, in relation to the public expenditure, may be adopted, and the accountability of those who receive monies from the Treasury be more effectually secured, without embarrassing the public service ?

TREASURY DEPARTMENT, March 2, 1802.

SIR,

I HAVE the honour to enclose an answer to the queries proposed in your letter of the 21st January last. The statement of balances due by individuals had been prepared as they stood on 30th June last ; but having been enabled to obtain them, since, as they stood on the 31st December last, that statement is delayed for two or three days longer, in order to give time to transcribe several marginal notes.

I have the honour to be, most respectfully, Sir, your obedient Servant,

ALBERT GALLATIN.

*Hon. Joseph H. Nicholson, Chairman of
the Committee of Investigation.*

In pursuance of the request of the Committee of Investigation, contained in the letter of their Chairman of the 21st day of January last, the Secretary of the Treasury respectfully submits, to the consideration of the Committee, the following facts, observations and statements :

BY the Constitution it is provided that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law." By the act to establish the Treasury Department, it is enacted, that the Secretary of the Treasury shall grant, under certain limitations, all warrants for monies, to be issued from the Treasury, in pursuance of appropriations by law; and that the Treasurer shall disburse the monies of the United States, "upon warrants drawn by the Secretary of the Treasury, countersigned by the Comptroller, recorded by the Register, and not otherwise."

Although the construction given by the Treasury Department to appropriation laws may not have been universally uniform, yet it seems to have been generally understood, that the whole of the monies appropriated for the annual support of the army and navy, respectively, were to be considered as making but one general appropriation for each of those two objects; and that the sums thus appropriated were indiscriminately applicable to every distinct object of expenditure embraced under those two general heads.

The appropriations for the Indian Department, and those made generally for fortifications, have also been mostly blended with those of the War Department. But it seems, though it is difficult to reduce the practice heretofore established to any uniform and certain rule, that the appropriations in relation to the purchase of cannon, arms, ammunition and military stores, to the purchase or leasing of founderies and armories, and to the fortifications of certain designated harbours; and also those in relation to the purchase of land with growing timber, or of timber, to the erecting two docks, to the purchase or building of twelve vessels, to building and equipping three ships, not less than 32 guns, to the building of ten galleys, to the building six sloops of war, and six 74-gun ships, to the safe keeping of French prisoners, as well as those respectively made during the last session of Congress, for completing six 74-gun ships, and the public navy-yards, docks and wharves, and for erecting marine barracks, have been considered as distinct from each other, and from all other made in relation to the army and navy, respectively.

The appropriations made in relation to the public debt, to the civil department, to domestic expenses of a miscellaneous nature (such as the mint establishment, light-houses, census, &c.)

and to foreign expenses, have been generally considered, as constituting for each distinct object of expenditure embraced under each of those general heads, a specific distinct appropriation, the amount of which was applicable only to that specific object for which it was appropriated.

If the construction of appropriation laws adopted by the Treasury Department, shall be considered as having been correct, it is believed that monies may be said to have been *drawn from the treasury* in the manner prescribed by law, only in consequence of appropriations made by law.—The only object of expenditure within the knowledge of the Secretary, which may perhaps be excepted, is that which relates to the removal of the seat of government.—An examination of the appropriation books, kept in the offices of the Secretary and Comptroller, will give complete information on that part of the inquiry.—But the Secretary here begs leave to state, that having thought it his duty, not to innovate in the usual practice, except in cases where the laws appeared to him not to admit of any doubt, his having conformed, in doubtful cases, to the construction heretofore adopted, is not to be considered, as expressing an opinion in favour of the correctness of such constructions—but a custom had, till lately, prevailed to *pay monies out of the Treasury*, on a simple letter, addressed from the Secretary to the Treasurer, which payments have *afterwards* been covered by warrants, instead of being grounded according to law, on those warrants.—And in some instances, monies have been thus informally paid by the Treasurer, or advanced by the bank of the United States, before an appropriation had been made by law, to cover the expense for which the money had thus been advanced. In every such instance, the payment has been authorized by a subsequent appropriation, and covered by a warrant, grounded on the appropriation. It must also be observed, that, in some instances, monies are advanced by the Collectors of the Revenue, out of the public monies in their hands, and before the same have been drawn in the Treasury. The two principal objects of expenditure, to which this exception to the general rule applies, and the expenses incident to the courts of the United States, other than those for salary, namely, those for jurors, witnesses, fees, safe keeping of prisoners, and contingencies, which are advanced by the Collectors of the Customs to the Marshals; and those incident to the ordinary support and repairs of light-houses, buoys and piers, which are also generally defrayed out of the public monies in their hands, by those Collectors, or other revenue officers, under whose superintendance those establishments are placed. In those instances, warrants issue, as if the monies expended had

been previously drawn into the treasury, and afterwards paid out of the same, to the revenue officers, in order to enable them to defray the expense.

All warrants regularly granted by the Secretary of the Treasury, on the Treasurer, for the disbursement of public monies, issue, either in payment of a balance actually due, or in advance : in the first case they are drawn in pursuance of a settled account certified by the Comptroller ; in the last case, they rest on the authorization of that particular Department, who has the control of the object of expenditure, to which they refer.

The payments on account of the compensations of the members of the Senate, and of the contingent expenses of that body, are made on his requisition, to the Secretary of the Senate : those on account of the compensation of the members of the House of Representatives, on his requisition, to the Speaker of the House : those, on account of the contingent expenses of the House, in the same manner, to the Clerk of the House.

The payments on account of the official contingent expenses of the several departments, are made at the requisition, and are afterwards under the control of the head of each department, respectively : those on account of the expenses relative to the Courts of the United States, other than those for salary, are made on the requisition of, and to, the Marshals.

The payments on account of the Mint are made to the Treasurer thereof, on the requisition of the Director : those on account of Invalid Pensions, to the several Commissioners of Loans, or other agents, on the requisition of the Secretary of War.

The greater part of all other payments, in relation to the civil list, and to miscellaneous domestic expenses of a civil nature, as they are made only after the amount has become due, and the account has been settled, never can be liable to abuse. All other payments, whatever, are generally made in advance, and in the following manner :

1. Those on account of the interest on the whole of the public debt, of the annual reimbursement of the principal of the six per cent. and deferred stocks, and of the instalments of the Dutch debt, are made by the Secretary of the Treasury, as follow, viz. those on account of the interest and principal of the Dutch debt, to the Commissioners of the United States at Amsterdam ; those on account of the interest and reimbursement of the domestic debt, standing on the books of the Treasury, to the bank of the United States ; those on account of the interest and reimbursement of the same debt, standing on the books of the several Commissioners of Loans, to the said Commissioners respectively.

The advances to the Commissioners in Holland are made from time to time, by remittances purchased heretofore, by the several Cashiers of the bank of the United States; and the Commissioners render their accounts, annually, to the Treasury. Those to the bank and Commissioners of Loans, are made quarterly, and to the amount ascertained to be due to the creditors, on the respective books of the Treasury, and Commissioners. The Commissioners of Loans render their accounts to the Treasury, quarterly; and as the dividends, which remain unclaimed for nine months, are payable only at this Treasury, such unclaimed amount is quarterly deducted from the advances, which otherwise should be made to the Commissioners, and is paid to the bank.—From this arrangement it results, that the accounts of the Commissioners of Loans uniformly exhibit a considerable apparent balance charged to them, and which consists, partly, of the dividends, paid by them during the six preceding months, and not yet accounted for, and partly of the sums necessary to pay the outstanding dividends. The accounts with the bank of the United States, for advances and payments of interest and reimbursement of the domestic debt, not having been settled since the year 1797, they exhibit an apparent balance against the bank of more than six millions of dollars, the whole of which, however, has been paid by them, with the exception of the accumulated unclaimed dividends, the amount of which is not ascertained.

It is here proper to add, in relation to the other payments, on account of the public debt, that those for interest, on the temporary loans obtained from the bank, are made, as the same became due; quarterly or semi-annually, in pursuance of accounts settled and certified by the Comptroller; those for the principal of the same loans, occasionally, and at the discretion of the Secretary of the Treasury, as the situation of the Treasury may permit, and that those for purchase of the public debt, or in payment of any part of the same, which may be payable at the will of the United States, but is not actually demandable by the creditors, are under the exclusive control of the Commissioners of the Sinking Fund.

No abuse is supposed to have taken place, in relation to the expenditure of the advances made, for the purpose of paying, either the interest or principal of any part of the public debt. All the agents are immediately accountable, and generally account regularly, to the Treasury. The whole amount of balances, due on that account, to the United States, for monies not accounted for, is only 3,393 dollars and 49 cents.

2. The advances for the War and Navy Departments are uniformly made on the requisition of the Secretaries of War

and of the Navy respectively, to the Treasurer of the United States, who becomes thereby Treasurer of each Department, and disburses the monies, thus placed in his hands, according to law, on warrants signed by the Secretary, and countersigned by the Accountant of each Department respectively. The monies, thus advanced by the Treasury, are charged, in fact, to the proper Department, in accounts, opened in the names of the Accountants of the same. Individuals, who receive monies from the Treasurer, by virtue of warrants of either of those two Departments, are accountable to the Accountants, who settle provisionally those subordinate accounts, and account themselves quarterly to the Treasury.—The credits they claim, embrace, therefore, all those to which individuals accountable to them were entitled, and the whole is ultimately adjusted and settled by the Auditor and Comptroller, in the same manner as all other accounts.

3. The advances for all expenses incident to the intercourse with foreign nations, including the diplomatic establishment, the monies expended in relation to the Barbary Powers, those applied to the relief of seamen abroad, those advanced in the prosecution of claims, for property captured by the belligerent powers, the salaries of agents, and other officers abroad and at home, appointed under, or in relation to, certain articles of treaties with foreign nations, as well as all other expenses, incidental to the execution of those treaties, are made, on the requisition of the Secretary of State, who has that class of expenditures under his control. The monies, thus advanced, are paid partly to the Purveyor of Supplies, and to some other agents, who are accountable to the Treasury; but, they have, till lately, been made principally to the Secretary of State himself, who disbursed the same, and became personally accountable for the amount. The individuals, to whom he advanced the money, used to render their accounts to him; and his account, in some instances, embraced those subordinate accounts, but generally exhibited only the disbursements, made by him to those individuals, who were thereupon charged with the proper amount, and became accountable to the Treasury. But, by an arrangement made in the month of June last, the Secretary of State no longer receives any money. The sums required for that part of the public service, are paid immediately by the Treasury, to the agents or other individuals, to whom they were formerly advanced by him; and these are at once charged and made accountable to the Treasury. Those agents are principally, the Purveyor of Public Supplies at Philadelphia, and Bankers in England and Holland.

From this statement, it is evident that the branches of the public expenditure, which have been most liable to abuse, are those under the control of the three last mentioned Departments, the discretion of the Head of the Department, having been the only check, in relation both to the legality of the expense, and to the amount expended under each appropriation; and the accountability of the receivers of public monies, being too remote from the Comptroller, who, by law, can alone ultimately settle and decide upon all accounts whatever. It has not been the duty of the Secretary, nor would the attention due to the business immediately entrusted to his care, have permitted him to investigate the accounts, relative to past transactions, in either of the War or Navy Departments. It is, however, believed, that the most easy mode of investigation will be, by a recurrence to the books and accounts, of the Accountants themselves; and, in order to facilitate the inquiries of the Committee, an account, marked [A], is annexed, which exhibits the sums advanced to each of those two Departments, from the first day of January 1797, to the 31st day of December 1801, under each head of appropriation, for which a distinct account has been opened in the books of the Secretary and Comptroller of the Treasury, and by virtue of which, the warrants granted by them, for the monies thus advanced, have been issued.

In relation to the accounts under the control of the Department of State, those of Mr. Jefferson have been settled since the 31st of December, in the year 1793, and no balance is due thereon. Those of Mr. Randolph have been adjusted, and a suit instituted ever since the year 1797, for a balance of about 51,000 dollars, which, notwithstanding the strenuous efforts of the Comptroller, to bring it to issue, has not yet been decided. The difficulty to recover balances, due to the United States, being one of the great impediments to the public service; extracts of the correspondence of the District Attorney of Virginia, on that subject, marked [B], are annexed. The accounts of Mr. Marshall have been rendered, but are not yet settled. Those of the present Secretary of State, for the short time, during which he received public monies, are settled, and no balance is due thereon. Those of Mr. Pickering have been rendered, and his general account has been stated by the Auditor. By this it appears, that, with the exception of two items, suspended for want of vouchers, or disputed by the parties, he has accounted for all the public monies received by him, so far as to show, that the whole has been applied for public purposes. But as he has only designated the persons, to whom the monies were advanced by him, without specifying, under the respective appropriations, the objects for which they were thus advanced,

it is not practicable to state with precision, how much has been paid by him, under each distinct head of expenditure. It is, however, evident from the account itself, and from a sketch stated by Mr. Kimball, late Clerk in his Department, that although he drew the monies from the Treasury, under distinct appropriations, he did not sufficiently attend to these, in the application of the money, but has, in many instances, applied the sums drawn under one head, to another head of expenditure, and has, therefore, in some cases spent less, and in others more, than was authorized by law. The statement [C] shows the excess, which it appears has thus been expended, so far as the same can be ascertained. The greater part of the sums, thus expended for certain objects, beyond the sums he had drawn from the Treasury, for those objects, is covered by appropriations, made principally after the expenditure had taken place; and in order to enable the Comptroller to pass the whole of the accounts, some further appropriations are still necessary. In relation to accounts of every description, the statement [D] is annexed, which exhibits the balances, which appeared due on the 31st day of December last, on the Treasury books, by all the receivers of public monies, arranged under distinct classes, and accompanied with notes, in order to distinguish those cases, where the balance is merely nominal, from those where it is either ascertained, or expected to be actually due.

The most apparent defects, in the present arrangement, seem to be—in relation to the drawing public monies from the Treasury, a want of specification in the several appropriations, defined by law with such precision, as not to leave it in the power of the Secretary of the Treasury to affix an arbitrary construction, and to blend together objects, which might be kept distinct, without any inconvenience.—In relation to the expenditure of monies, drawn from the Treasury, the want of a proper check in the War and Navy Departments, which might prevent the expenditure of money, either for an object unauthorized by law, or beyond the sums appropriated by law—and in relation to the accountability of persons, entrusted with public monies, the delay and other inconveniencies arising from the manner in which the monies, advanced for those two departments, are now accounted for.

The following provisions are respectfully submitted, as necessary and sufficient for those several objects, viz.

In relation to the first,

1st. That the accumulated balances of appropriations for the War and Navy Departments, made before the present year, and remaining unexpended, shall henceforth cease and deter-

mine, except so much thereof, as may be necessary to defray any expense, incurred before the present year.

2d. That it be enacted, by a general law, that every distinct sum, appropriated by any law, for an object distinctly specified in the law, shall be applicable only to that object; but as laws can be executed only so far as they are practicable, and unavoidable deviations, will promote a general relaxation, it will be expedient, in the several appropriation laws, especially for the Navy and War departments, not to subdivide the appropriations, beyond what is substantially useful and necessary.

In relation to the two last objects, it is proposed generally, to place the expenses, which relate to the War and Navy departments, precisely on the same footing, now established for those, under the control of the department of state, and that the arrangement now existing for these last, be made permanent. This may be done, by providing,

1st. That the monies to be paid, on account of the expenses, under the control of those three departments, shall neither be paid to the head of the department, nor placed, subject to his drafts or warrants, in the hands of the treasurer, or any other agent, but shall be paid, like all other public monies, either to the individuals, to whom the same may be due, or to the proper agents, or contractors, who are to be accountable for the same. The monies paid in advance, to continue as usual to be disbursed by the treasury, on the requisition only of the head of the proper department.

2d. That the individuals to whom monies may be advanced on account of any of the abovementioned expenses, shall hereafter, as all other receivers of public monies, be accountable immediately to the accounting officers of the treasury department; that it shall be the duty of every receiver of public monies, to apply the same only to the object for which they shall have been advanced, and to render quarterly accounts, if residing within the United States, and at least annually, if abroad, of his expenditures, to the accounting officers.

3d. That the offices of accountant of the War and Navy departments be abolished, and in lieu thereof an additional auditor be substituted, whose duty it shall be to examine and state all the accounts generally of receivers of public monies, other than those of persons employed in the collection of revenue, the said accounts to be as usual, settled and finally decided upon by the comptroller, or, (if it shall be thought more eligible to trust to actual experience for a proper and equal distribution of duties between the two auditors,) that the said additional auditor shall examine and state accounts of such description as shall be assigned to him by the Secretary of the Treasury.

4th. That no credit shall be allowed by the accounting officers, in the settlement of the accounts of individuals, except for expenses authorized by law, and to the amount appropriated for the same.

5th. That it shall be the duty of the auditors respectively, to state quarterly, all accounts rendered to them, so far as the same can be supported by vouchers, making at the end of each quarter, a new statement in relation to any account, on which a new debit or credit may be charged or allowed.

Respectfully submitted,
ALBERT GALLATIN.

Treasury Department,
March 1, 1802.

(A)

Statement of all Monies drawn out of the Treasury, on account of the Military Department, from the year 1797, to the year 1801, both inclusive; specifying the particular accounts to which the same have been charged in the books of the Secretary of the Treasury.

MILITARY DEPARTMENT.

General account, total amount in 1797,		1,069,410 58
Ditto, in 1798,		1,834,033 04
Ditto, in 1799,		2,295,643 24
Ditto, in 1800,		2,454,323 37
Ditto, in 1801,		1,612,421 49
		<hr/>
		9,265,831 72
	<i>Particular Accounts.</i>	
Deficiencies of appropriation for		
1796 in 1797,		177,994 26
Pay of the army in 1797,	174,092	
Ditto, in 1798,	82,358	
	<hr/>	256,450
Subsistence of the army in 1797,		38,000
Subsistence of non-commissioned officers and privates in 1797,		243,014 90
Subsistence of officers non-commissioned officers and privates in 1798,		111,836 46
Forage, &c. for the army in 1797,	8,408	
Ditto in 1798,	6,496	
	<hr/>	14,904
Clothing for the army in 1797,	40,381 75	
Ditto in 1798,	42,668 25	
	<hr/>	83,050

Horses and equipments for the cavalry in 1798,		16,085
Hospital department in 1797,	6,363 55	
Ditto in 1798,	8,636 45	
	<hr/>	15,000
Ordnance department in 1797,	22,500	
Ditto in 1798,	17,500	
	<hr/>	40,000
Pay and subsistence of officers discharged in 1797,	3,000	
Ditto 1798,	2,580	
	<hr/>	5,580
Quarter Master's department in 1797,	257,407 03	
Ditto in 1798,	142,592 97	
	<hr/>	400,000
Militia service on frontiers of Georgia in 1798,		70,496
Ditto on do. South Carolina in 1797,		48,400 25
Repairs and fabrication of arms and cannon carriages in 1797,	10,000	
Ditto in 1798,	29,000	
	<hr/>	39,000
Purchase of arms and ammunition in 1798,	328,473 95	
Ditto in 1799,	195,018 90	
Ditto in 1800,	497,844 16	
Ditto in 1801,	177,731 45	
	<hr/>	1,199,068 46
For militia services on frontiers of Kentucky in 1798,		3,836 76
Pay of Gen. Sevier and his brigade in 1797,		22,816 95
Payment for saltpetre, by Commissioners in Amsterdam, in 1797,		17,031 89
Military Department (particular account) or support of the army in 1798,	948,042 85	
Ditto in 1799,	2,042,024 34	
Ditto in 1800,	1,885,759 21	
Ditto in 1801,	1,404,833 41	
	<hr/>	6,280,659 81
Leasing or purchasing founderies and armories in 1798,	16,180	
Ditto, in 1799,	43,100	
Ditto, in 1800,	40,720	
	<hr/>	100,000

Purchase of swords or sabres, and pistols with holsters for 4000 cavalry, in 1798,	7,250	
Ditto, in 1799,	15,500	
Ditto, in 1800,	20,000	
	<hr/>	42,750
Providing arms for militia of Unit- ed States,		
Transportation of annuities to cer- tain Indians, in 1800,		10,000
Paying Clement Biddle, in 1801,		29,856 63
	<hr/>	
	Dolls,	9,265,831 72
Fortifications of ports and harbours, (not included in military depart.) in 1797,	40,090 78	
Ditto, in 1798,	186,673 91	
Ditto, in 1799,	171,300	
Ditto, in 1800,	116,000	
Ditto, in 1801,	85,000	
	<hr/>	
	Dolls.	599,064 69

Statement of all Monies drawn out of the Treasury on Account of the Naval Department, from the Year 1797 to the Year 1801, both inclusive; specifying the particular Accounts to which the same have been charged in the Books of the Secretary of the Treasury.

PARTICULAR ACCOUNTS.

1. For finishing the frigates United States, Constitution and Constella- tion, in 1797,	379,912 95	
Ditto in 1798,	136,492 96	
	<hr/>	516,405 91
2. Purchase, &c. of 12 vessels, in 1798,	950,000	
3. Building and equipping 3 vessels of not less than 32 guns, in 1798,	110,286 57	
Ditto, in 1799,	489,713 43	
	<hr/>	600,000 .
4. Building and equipping 10 gal- lies, in 1798,	14,000	
Ditto, in 1799,	66,000	
	<hr/>	80,000
5. Extra expense of revenue cutters, in 1799,		10,000
6. Purchasing land or timber for naval service, in 1801,		200,000

7. Building six 74 gun ships, in 1799,	166,500	
Ditto, in 1800,	522,425 82	
Ditto, in 1801,	311,074 18	
	<hr/>	1,000,000
8. Augmenting ships in service, in 1801,		35,000
9. Erecting 2 docks, in 1801,		50,000
10. Expenses of six 74 gun ships, and completing navy yards, docks and wharves, in 1801,		304,605 76
11. Wear, losses, and contingent expenses navy department, in 1798,	1,804 48	
Ditto, in 1799,	56,356 22	
Ditto, in 1800,	1,839 30	
	<hr/>	60,000
12. For pay and subsistence of 3 Captains in navy, in 1797,	2,000	
Ditto, in 1798,	3,000	
	<hr/>	5,000
13. Pay and subsistence of officers and crews of the frigates, in 1797,	2,000	
Ditto, in 1798,	163,721 82	
Ditto, in 1799,	150,957 18	
	<hr/>	316,679
14. Salaries of persons having charge of navy yards, in 1798,		2,200
15. Support of navy, in 1799,	1,918,555 01	
Ditto, in 1800,	2,906,450 91	
Ditto, in 1801,	1,162,079 56	
	<hr/>	5,987,085 48
16. Safe keeping persons captured in French ships, in 1800,	18,000	
Ditto, in 1801,	61,067 13	
	<hr/>	79,067 13
17. Erecting marine barracks, in 1801,		18,080 45
		<hr/>
	Dolls.	10,214,123 73

(A)

Warrants issued after 1st July, 1798, on accounts settled at the Treasury, charged to Naval Department.

		Dolls.	Cts.
1798, August 8. Warrant No. 8588,		111	
	8590,	144	74
September 1,	8682,	21,000	
	8683,	28,000	

	December 6,	8975,	348 74
1799,	February 27,	9319,	10
	May 14,	9699,	3,854 83
	June 26,	9865,	555 01
1800,	June 6,	864,	22 98
	December 31,	1396,	14,804 56
		1397,	31,856 65
		1402,	247 90
		1403,	52 64
		1404,	22,138 92
		1459,	67 38
1801,	January 28,	1536,	446 81
	March 9,	1609,	17,358 18
	December 31,	2505,	1,010

Dolls. 142,030 34

(c)

Statement of the sums which appear to have been expended by Timothy Pickering, Esq. late Secretary of State, beyond the sums drawn by him from the Treasury, under the several appropriations to which they respectively refer.

Prize-Causes—Amount accounted for under that head, per Mr. Kimball's statement, Dolls. 67,235 59

Expended beyond Appropriations.

Balance due from him, per report No. 11,356, 54,003 76

13,231 83

British Treaty—Amount accounted for under that head per same statement, 79,923 31

Balance due from him per report No. 11,929, 52,828 96

27,094 35

Spanish Treaty—Amount accounted for under that head per same statement, 99,128

Balance due from him per report No. 11,930 66,380 64

32,747 36

Amount accounted for—being monies paid to Mrs. De La Fayette, by James Munroe,

5,509 57

78,583 11

The above appear to have been paid out of the following funds, viz.

		Unaccounted for
<i>Foreign Intercourse</i> —balance due from him per report No. 11,915,	264,831 74	
Amount accounted for under that head, per Mr. Kimball's statement.	242,096 93	
	<hr/>	22,734 81
<i>Mediterranean Powers</i> —Balance due from him per report No. 11,918,	347,394 59	
Additional debit, per report 12,583,	526 22	
	<hr/>	
	347,920 81	
Amount accounted for under that head per same statement,	310,992 39	
	<hr/>	36,928 42
<i>Contingent expenses of Government</i> —Balance due from him per report No. 11,934,	6,431 34	
Amount accounted for under that head per same statement,	1,400	
Do. of Warrant No. on him for	700	
	<hr/>	
	2,100	
		4,331 34
Gained in the purchase of bills of exchange,		14,588 54
Amount to be repaid into the Treasury,		<hr/>
		78,588 11

It is believed that the Secretary of the Treasury may, with the consent of the Secretary of State, draw warrants in favour of T. Pickering to be paid out of unexpended balances of appropriations which will cover the whole of the above expenditure, the following sums excepted, for which new appropriations will be wanted, viz.

Prize Causes,	8,231 82
Spanish Treaty,	1,020 63
General La Fayette,	5,509 57
	<hr/>

Dolls. 14,762 02

FINIS.

