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Facts Revealed in the Treasury Department.

MANIPULATION OF FIGURES, ALTERATIONS, CHANGES AND
DISCREPANCIES IN THE OFFICIAL FINANCE REPORTS.

MILLIONS INVOLVED AND UNACCOUNTED FOR.

SPEECH

OF

HON. HENRY G. DAVIS,

OF WEST VIRGINIA,

IN THE SENATE, NOVEMBER 16, 1877.

ACCOUNTS OF THE TREASURY DEPARTMENT.

Mr. Davis, of West Virginia. If there be no further morning business, I ask that the resolution submitted by me on the 18th ultimo be now taken up.

The Vice-President. The resolution called up by the Senator from West Virginia will be read for the information of the Senate.

The Chief Clerk read as follows:

Whereas there appear to be material differences, alterations and discrepancies in the official finance report of the Treasury Department as to the annual expenditures, receipts of the Government and the public debt, and particularly in the reports of 1869 to 1872 inclusive, which differences, discrepancies, changes and alterations involve many millions of dollars, and no explanation appears in said reports for the same. Therefore,

Be it resolved, That a committee of five be appointed to investigate the finance reports, books and accounts of the Treasury Department, particularly with reference to differences, discrepancies and alterations in amounts and figures that have been made in them, especially in the annual statements of the expenditures of the Government, revenue collected and the public debt, contained in said reports; and if any such differences, discrepancies and alterations be found to exist, to report the same, and the extent and nature thereof, the years wherein they occur, by what authority made, if any, the reasons that induced them, and to report generally such other and further information bearing upon the subject as to them may seem best; and that said committee have power to send for persons and papers, to take testimony, to employ stenographers, and such clerical assistance as they may deem necessary, and leave to sit during the session of the Senate; and that the expenses attending this investigation shall be paid out of the contingent fund of the Senate upon vouchers approved by the committee.

Mr. President, to do this subject justice and point out all the changes and alterations in the finance reports, it would require perhaps several hours; but inasmuch as

the subject has been discussed heretofore in the Senate by several Senators, including myself, I will be brief, probably not occupying the attention of the Senate more than forty or fifty minutes. * * * * *

It is not my purpose to make an extended argument, but to submit figures and facts drawn from the official finance reports. All the figures and facts stated or used by me are taken from the annual official statements to Congress made by the Secretary of the Treasury. And I am ready and willing to make good every figure used. If any Senator can throw light upon or correct what I am about to state, let him stop me and do so.

From the great abundance of instances showing differences, changes, and alterations in the official finance reports, I cite the following, relating to the

PUBLIC DEBT.

The annual statement of the public debt from 1835 to 1871, as appears in the finance reports for 1869 and previous reports, and 1871 and subsequent reports, shows the difference in each year and the total difference between the two reports, (see pages 12 and 368, finance report for 1871, and page 317, finance report for 1869.)

YEAR.	Reports of 1869 and previous years.	Reports of 1871 and subse- quent years.	Increase in report of 1871 over 1869.	Decrease.
1835	\$ 351,289 05	\$ 37 513 05		\$ 313,776 00
1836	291,089 05	336 957 83	\$ 45,868 78	
1837	1,878,223 55	3,308,124 07	1,429,900 52	
1838	4,857,660 46	10,434,221 14	5,576,560 68	
1839	11,983,737 53	3,573,343 82		8,410,393 71
1840	5,125,077 63	5,250,875 54	125,797 91	
1841	6,737,398 00	13,584,480 73	6,857,082 73	
1842	15,028,486 37	20,601,226 28	5,572,739 91	
1843	27,203,450 69	32,742,922 00	5,539,471 31	
1844	24,748,188 23	23,461,652 50		1,286,535 73
1845	17,083,794 80	15,925,303 01		1,168,491 79
1846	16,750,926 33	15,550,202 97		1,200,723 39
1847	38,956,623 38	38,826,534 77		130,088 61
1848	48,526,379 37	47,044,862 23		1,481,517 14
1849	64,704,693 71	63,061,858 69		1,642,835 02
1850	64,228,238 37	63,452,773 55		775,464 82
1851	62,560,395 26	68,304,796 02	5,744,400 76	
1852	65,131,692 13	66,199,341 71	1,067,649 58	
1853	67,340,628 78	59,803,117 70		7,537,511 08
1854	47,242,206 05	42,242,222 42		4,999,983 63
1855	39,969,731 05	35,586,956 56		4,382,774 49
1856	30,963,909 64	31,972,537 90	1,008,628 26	
1857	29,060,386 30	28,699,831 85		360,555 05
1858	44,910,777 65	44,911,881 03	1,103 37	
1859	58,754,699 33	58,496,837 88		267,861 45
1860	64,769,703 08	64,842,287 88	72,584 80	
1861	90,867,828 68	90,580,873 72		286,954 96
1862	514,211,371 92	524,176,412 13	9,965,940 21	
1863	1,098,793,181 37	1,119,772,138 63	20,978,957 25	
1864	1,740,690,489 49	1,815,784,370 57	75,093,881 68	
1865	2,682,593,026 53	2,680,647,869 74		1,945,156 79
1866	2,783,425,879 21	2,773,236,173 69		10,189,705 52
1867	2,692,199,215 12	2,678,126,103 87		14,073,111 25
1868	2,636,320,964 67	2,611,687,851 19		24,633,113 48
1869	2,489,002,480 58	2,588,452,213 94	99,449,733 36	
1870	2,386,358,599 74	2,480,672,427 81	94,313,828 07	
Total	\$19,973,622,423 71	\$20,221,399,098 42	\$332,843,228 59	\$5,076,553 88
		19,973,622,423 71	85,076,553 88	
Total increase		\$247,776,674 71	\$247,766,674 71	

And the increased figures appear in *all* finance reports since 1871. In other words, the changes and alterations made in the finance report for 1871 as to the public debt for the years from 1835 to 1870 inclusive increase it in the aggregate during the period \$247,766,674 71.

Since the formation of the Government the Register of the Treasury, the official book-keeper of the Treasury Department, has made as required by law an annual statement of the public debt. Up to 1870 his reports substantially agree; but in 1871 this officer makes his usual statement of what the public debt was during each year from the beginning of the Government, and we find, without explanation, that com-

mencing with the year 1835 it entirely differs from the report he made in 1869 from all former reports and increases the public debt in the aggregate the enormous sum above stated; and it can be established by positive proof that the Register did not re-state his accounts from the data in his office, the only proper source, but, without any reference to them whatever, made the public debt statement referred to, under directions from the Secretary of the Treasury and according to a statement furnished, which changed former public debt statements as far back as 1835 in the manner and to the extent above stated.

Again, by comparing the public debt statements found in the report for 1870 (page 276) and 1871 (pages 368, 369), we find large differences commencing with the year 1862. And although these changes extend as far back as 1835, yet the greatest increase, indeed almost all of it, was from 1862 to 1870, as the following table will show:

YEAR.	Report for 1870, page 276.	Report for 1871, pp. 368, 369.
1862	\$ 514,211,371 92	\$ 524,176,412 13
1863	1,068,793,181 37	1,119,772,138 63
1864	1,740,690,489 49	1,815,784,370 57
1865	2,682,593,026 53	2,680,647,869 74
1866	2,783,425,879 21	2,773,236,173 69
1867	2,692,199,215 12	2,678,126,108 87
1868	2,636,320,964 67	2,611,687,851 19
1869	2,489,002,480 58	2,588,452,213 94
1870	2,386,358,599 74	2,480,672,427 81
Total	\$19,023,595,298 63	\$19,272,555,561 67
Difference, or increase		\$ 248,960,262 94

Now, it is a matter of importance to know, and it should be fully explained, why it was that the Secretary of the Treasury in 1870-'71 directed a new and different statement of the public debt from statements regularly made in former years, and particularly why or how in 1871 he could go back a period of ten years or more and change the public debt for a given year, largely increasing it, after it had been officially stated, reported, and stood on the books at a fixed and certain amount, as the following table will show he did in a number of years:

YEAR.	Public debt, stated in report for 1870 (page 276.)	Public debt, stated in report for 1871 (pages 368 and 369.)
1862	\$ 514,211,371 92	\$ 524,176,412 13
1863	1,068,793,181 37	1,119,772,138 63
1864	1,740,690,489 49	1,815,784,370 57
1869	2,489,002,480 54	2,588,452,213 94
1870	2,386,358,599 74	2,480,672,427 81
Total	\$8,220,056,322 96	\$8,528,857,563 08
Showing an aggregate increase in these years of		\$308,801,240 02

It will be borne in mind that in the year 1862 and each of the years up to 1870 the public debt was reported and stood on the books of the Treasury Department just as stated by the Register in the finance report for 1870; yet in 1871 the Secretary changes these amounts by increasing them largely in each year.

Again the statements made by the Secretary of the Treasury in the annual finance reports and in the monthly debt statements, as also those made by the Register of the Treasury, for a given year, often differ materially from each other. For instance, take the year 1869:

Finance report for 1869, page 29	\$2,656,603,355 73
Monthly debt statement, July 1, 1869	2,645,170,294 16
Finance report, 1870 (June 30, 1869), page 25	2,588,452,213 94
Finance report, 1870 (by the Register), page 276	2,489,002,480 58

From this comparison it is impossible for any one to know what the public debt was for 1869; and yet there is no explanation for this difference, although it varies from eleven to one hundred and sixty millions of dollars.

Again the Register, at page 317, finance report for 1869, states the public debt for that year to be.....	\$2,439,002,480 58
The Secretary, at page 25, finance report for 1870, and page 13, report for 1871, states the public debt for the year 1870 to be.....	2,480,672,427 81
The difference between these sums ought to show the decrease of the public debt for 1870, which is.....	\$8,830,052 77
But the monthly debt statements for the year 1870, state the decrease of the public for that year was.....	102,643,880 84
Making a difference between the finance reports and monthly statements of.....	\$94,313,828 07

Now, up to 1869, the Pacific railroad debt was carried as part of the public debt, but in 1870 it was taken from the public debt and stated as the debt of the Pacific railroad, amounting at that time, which was only an apparent and not real reduction, to.....	\$58,638,320 00
If from this amount we subtract the real decrease as shown above.....	8,830,052 77
It would appear that the public debt for 1870 was increased.....	\$50,608,267 28
And not decreased, as set forth in the monthly debt statements.....	\$102,643,880 84

The public debt for a given year is susceptible of being accurately determined and stated; and when once determined and stated to be a certain sum, it should remain for all time, not subject to change by succeeding officers of the Treasury.

In connection with these differences, changes, and discrepancies, I wish to state a remarkable fact, that the finance reports, in their annual statements of the public debt, expenditures, and revenue, all substantially agree, from the beginning of the Government up to and including the year 1869, and from 1872 until the present year. In the finance report for 1870 the new table of the Secretary first appears, in which these and other great changes were made. Now take the

LOANS AND TREASURY NOTES.

Under this head I call the attention of the Senate to the great difference in the finance reports as to what they were for the year 1863. They are stated differently in four annual reports, as follows:

In the report of 1863.....	\$756,489,905 57
In the report of 1864.....	776,682,361 57
In the report of 1870.....	814,925,494 96
In the report of 1876.....	717,284,707 01

These reports differ for the same year from twenty to more than ninety millions of dollars; and who can tell which is correct?

EXPENDITURES.

The various finance reports differ widely as to the annual expenditures of the Government, as the following table will show:

Years.	Total annual expenditures as stated in financial report for—		Increase in report of 1870 over 1869.	Decrease in report of 1870 over 1869.
	1869 and previous reports (pp. 320, 321.)	1870 and subsequent reports, (pp. 274, 275.)		
1860-61.....	\$ 85,387,313 08	\$ 85,387,362 08	\$ 50 00	
1861-62.....	570,841,700 25	565,667,358 08		\$ 5,174,342 17
1862-63.....	835,796,630 65	899,815,911 25	4,019,280 60	
1863-64.....	1,298,144,656 00	1,295,541,114 86		2,603,541 14
1864-65.....	1,837,674,224 09	1,906,433,331 37	8,759,107 28	
1865-66.....	1,141,072,666 09	1,139,344,081 95		1,728,584 14
Total.....	\$5,888,917,190 16	\$5,892,189,160 59	\$12,778,437 88	\$9,505,467 45
Difference or increase.....			3,271,970 43	

And, what is remarkable, the reports for 1870 and subsequent reports increase the expenditures over the report for 1869 and former reports from three to four millions of dollars.

The finance report for 1871 in its statements of the annual expenditures materially increases them as stated in the report of 1869 and previous reports, as the following table will show :

Increase in Expenditures in Report of 1871 as Compared with Report of 1869.

Year.	Military Service.	Pensions.	Indians.	Naval establishment.	Total.
1860.....	\$2,000,000 00				
1862.....			\$ 104,546 10		
1863.....	4,015,810 99		2,075,706 35	\$ 50,130 04	
1864.....		\$ 5,840 73	91,678 17		
1865.....		7,056,010 86	92,395 81	49,657 95	
1866.....		197 53	48,664 76		
Total.....	\$6,015,810 99	\$7,061,949 12	\$2,412,991 19	\$99,787 99	
Increase:					\$6,015,810 99
Military service.....					7,061,949 12
Pensions.....					2,412,991 19
Indians.....					99,787 99
Naval establishment.....					
Total.....					\$15,590,529 29

Again, the Pension Bureau on the 25th day of July, 1876, furnished an official statement from its books that from 1860 to 1870, inclusive, there were paid for Army and Navy pensions \$129,391,228 38, while the Secretary of the Treasury in the finance report for 1870 states the pension expenditures for the same period at \$142,540,493 44, which is an increase of \$13,149,265 06, as the following table will show:

Statement showing the total amount paid in each fiscal year for Army and Navy pensions, as per finance report for 1870 and letter of the Commissioner of Pensions of July 25, 1876.

Years.	From Secretary's table, finance report of 1870, page 30.	From letter of Commissioner of Pensions.	Increase.	Decrease.
1860.....	\$1,100,802 32	\$1,154,321 73		\$53,519 41
1861.....	1,034,599 73	1,089,218 75		54,619 02
1862.....	852,170 47	800,819 94	\$51,350 53	
1863.....	1,078,513 36	1,044,364 47	34,148 89	
1864.....	4,985,473 90	4,521,622 18	463,851 72	
1865.....	16,347,621 34	8,542,885 27	7,804,736 07	
1866.....	15,605,549 88	13,250,980 17	2,354,569 71	
1867.....	20,936,551 71	18,681,711 79	2,254,839 92	
1868.....	23,782,386 78	24,079,403 18		297,016 40
1869.....	28,476,621 78	28,445,089 09	31,532 69	
1870.....	28,340,292 17	27,780,811 81	559,390 36	
Total.....	\$142,540,493 44	\$129,391,228 38	\$13,554,419 89	\$405,154 83

Secretary's table, finance report for 1875.....	\$142,540,493 44	
Increase.....		\$13,554,419 89
Letter of Commissioner of Pensions, July 25, 1876.....	129,391,228 38	
Decrease.....		405,154 83
Difference or increase in Secretary's tables.....	\$13,149,265 06	\$13,149,265 06

Many more instances might be cited, but these are deemed sufficient to show that the finance reports do not agree as to the expenditures or debt of the Government for the same year.

REVENUE COLLECTED.

Nor do the reports agree as to what amount of revenue has been collected for various years; and what is most remarkable in this case, instead of the changes I cite in the reports increasing the revenue as they do the public debt and expenditures, they decrease it, as the following table shows:

Year.	Report, 1869.	Report, 1871.	Decrease in report of 1871.
	States' total revenue collected.	States' total revenue collected.	
1832.....	\$31,867,450 66	\$31,865,561 16	\$1,889 50
1837.....	27,947,142 19	27,889 853 84	63,288 35
1839.....	35,340,025 82	33,881,242 89	1,458,782 93
1840.....	25,069,662 84	25,032,193 59	37,469 25
1847.....	55,401,804 58	55,338,168 52	63,636 06
1848.....	57,006,889 65	56,992,479 21	14,410 44
1850.....	47,669,766 75	47,649,388 88	20,377 87
1853.....	61,803,404 58	61,500,102 81	303,301 77
1859.....	81,773,955 64	81,758,557 30	15,408 34
1863.....	889,373,652 52	889,373,652 51	6,000 01
1865.....	1,805,939,945 93	1,805,933,250 82	6,695 11
1866.....	1,270,834,173 11	1,270,712,078 82	172,094 29
Total decrease in report of 1871.....			\$2,163,353 92

There are other changes and many large differences between the Secretary's, Treasurer's and Register's reports relating to currency, bond, loan and interest accounts which I have not referred to, leaving them to the committee, if appointed.

In view of the facts I have stated and figures cited, all drawn from the official finance reports, showing differences, changes and alterations involving hundreds of millions of dollars, and this without explanation, I will not permit myself to doubt that the Senate will readily agree to have the whole matter thoroughly investigated and understood; and in my opinion this can be best done by a special committee empowered as provided in the resolution now before the Senate.

To my mind it is a matter of great moment, demanding serious consideration, and concerns not one political party more than another, but the whole country, because the official reports of the financial operations of the Government ought to correctly show what they are and have been; ought to be certain and positive, and when once made should not be subject to change or alteration, and if any person or persons, officer or officers, have from good or bad motives, or from any consideration, assumed the power to make changes and alterations in the finance reports, as has certainly been done and without authority, it belongs to and is the duty of Congress to know the reasons.

Why, Mr. President, you or the Secretary of State would have the same right to change a law on the statute book as the Secretary of the Treasury has to change and alter the finance reports after they have once been made to Congress.

In presenting this resolution, as with the one at the last Congress, it is not my intention to reflect upon any party or upon the past or present officials of the Treasury Department, but my greatest desire is now, as it was then, that all of the facts in connection with these changes and differences might be made to fully appear. Now that the country is comparatively free from political excitement, it seems an opportune time to investigate this whole subject, elicit all the truth, and let in all the light possible.

It may be claimed that the Finance committee of the Senate at the last session of Congress investigated and reported upon this subject. I admit the question was referred to that committee for report, and a report was made, but it is a well known fact that, as was predicted when the resolution was referred, it did not have the time to make a proper investigation.

The committee as such made no investigation or examination whatever of the books, accounts, or records of the Treasury Department. Neither did they individually, except the chairman (and he only once or twice), or as a committee ever visit the Treasury Department on the subject.

The matter was referred to the chairman of the Finance Committee, now the Secretary of the Treasury, and the distinguished Senator from New York (Mr. Kernan), both of whom have stated in the Senate that they made no personal examination and could not make any for want of time. The resolution was referred by them to the Secretary of the Treasury, and the Treasury officials made an *ex parte* statement or defense by way of explanation of some of the changes and alterations pointed out by myself, which statement was embodied in the report of the committee, and this was the extent of the investigation.

The reports are important, however, in this: it makes certain admissions upon this subject, some of which I cite as a further reason why this resolution should pass

On page 9 of the report, the committee, after speaking of the examination of the public debt from the year 1836, quoting from the finance report of 1871, say:

A part of the differences has arisen from a want of knowledge and care on the part of subordinate clerks in stating loan accounts, but much the larger proportion has occurred from want of a unity, system, and proper method in the accounts as heretofore kept in the department.

The committee also incorporated in their report a letter from the Acting Secretary of the Treasury, in which, after speaking of the discrepancies that exist in the finance report, he says:

They arose from a system of book-keeping which was defective and which has been of late years greatly improved.

On page 13 of the report the Secretary, in this same letter, says:

Some of the discrepancies referred to have actually existed for many years, in fact commencing with some of the accounts of the first loans issued by the Government, and were first shown in the reports of the years 1870 and 1871, for the reason that during that period an examination into the subject was begun, and changes were then made in the published statements as the result of such examination.

Further on, under the head of public debt, he says:

In 1871 this account was restated from 1836 from the receipts and expenditures.

And he also says:

When this examination was completed the Register was directed to state his accounts accordingly.

On page 16 of the report, Secretary Bristow, in this same letter, says:

The year 1869 was the first of Secretary Boutwell's administration, who remodeled the debt statement.

Here we have several admissions, both from Secretary Bristow and the Finance Committee, that alterations and changes were made, and that the public debt statement was "remodeled." Now, the business of the special committee, if appointed, will be to ascertain why they were made and to what extent.

In my investigations I have been confined to the reports as made to Congress. I have not had the opportunity of looking into the books of the Treasury Department or getting aid from the officials, and I submit, from the examination I have been able to make, if so many discrepancies and alterations appear, what may we not expect from a committee with full authority to examine the reports before they are made to Congress, as also the books and accounts of the Department?

The facts and figures which I have given, all taken from the official reports, clearly establish—

First. That differences, changes and alterations, involving millions of dollars, have been made in the annual finance reports after being officially made to Congress.

Second. That ex-Secretary Bristow and the Finance Committee admit that they were made between the years 1869 and 1871, without explanation and without authority, and the reasons for making them ought to be known.

Third. That the annual finance reports to Congress substantially agree, up to and including the year 1869 and from 1871 to the present, as to the public debt, expenditures and receipts of the Government, but between these years differ widely.

Fourth. That in 1870 the Register of the Treasury was directed to restate the public debt and expenditures from the year 1835 to 1870 according to a statement sent him from the Secretary's office, and not according to the data or books in his office.

Fifth. That, between the years 1869 and 1871, the Secretary's new tables stating and "remodeling" the public debt and expenditures of the Government first appear in the finance reports, which makes these changes and alterations and increase the public debt and expenditure more than a hundred million dollars.

Mr. Thurman. Mr. President, this subject is not new to me; and although my recollection of the details of it is not so good as it once was, it is sufficiently vivid to compel me to dissent from some of the remarks made by the Senator from Vermont.

This subject came before the Senate by a resolution offered by the Senator from West Virginia two or three sessions ago for a special committee to investigate certain alleged discrepancies in the books of the Treasury Department and in the reports made to Congress; and that Senator, in support of his resolution, made a speech that quite startled the Senate, I am sure, for I do not think anybody had imagined before that such discrepancies existed.

I supposed that the resolution would pass, but it did not pass. On the contrary,

