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CHANGES, ALTERATIONS, AND DISCREPANCIES
IN THE
OFFICIAL FINANCE REPORTS.

SPEECHES

OF THE

HON. H. G. DAVIS,
OF WEST VIRGINIA,

IN SUPPORT OF

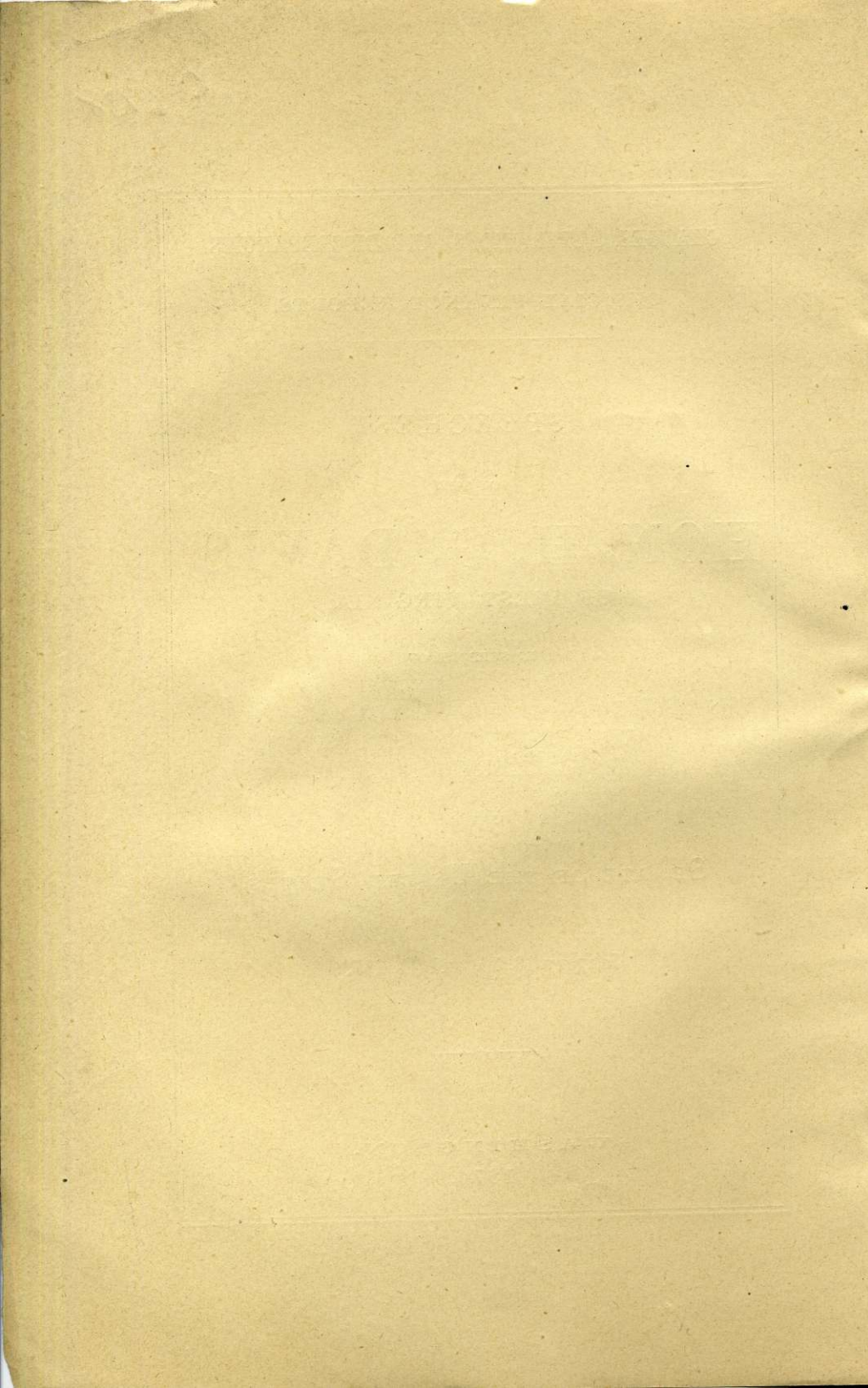
HIS RESOLUTION TO APPOINT A SPECIAL COMMITTEE OF
THE SENATE TO INVESTIGATE THE ACCOUNTS
OF THE TREASURY DEPARTMENT,

IN THE

SENATE OF THE UNITED STATES,

January 13, 18, and 24, 1876.

WASHINGTON.
1876.



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SPEECHES
OF
HON. H. G. DAVIS,
OF WEST VIRGINIA,

ON
HIS RESOLUTION TO APPOINT A SPECIAL COMMITTEE OF
THE SENATE TO INVESTIGATE AND REPORT THE
CHANGES, ALTERATIONS, AND DISCREPANCIES
IN THE ANNUAL STATEMENTS MADE TO
CONGRESS IN THE FINANCE REPORTS
OF THE EXPENDITURES, REVENUE
COLLECTED, AND PUBLIC DEBT,

IN THE
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SEPT 18

HON. HENRY C. DAVIS

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IN SENATE

REPORT OF THE COMMISSIONERS OF THE LAND OFFICE
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE
MAY 18, 1870

ALBANY: PUBLISHED BY THE STATE PRINTING OFFICE,
1871

THE STATE OF NEW YORK

OFFICE OF THE COMMISSIONERS OF THE LAND OFFICE

S P E E C H
OF
HON. HENRY G. DAVIS,
OF WEST VIRGINIA,

On his resolution asking a Committee of Investigation in relation to the changes and discrepancies in the finance reports and into the books and accounts of the Treasury Department.

IN SENATE.
January 13, 1876.

TREASURY ACCOUNTS.

The PRESIDENT *pro tempore*. If there be no other resolutions the morning hour has expired, and the Chair will lay before the Senate a resolution submitted yesterday by the Senator from West Virginia, [Mr. DAVIS.]

The Chief Clerk read the resolution, as follows:

Whereas there appear to be material alterations and discrepancies in the official finance reports of the Treasury Department as to the annual expenditures, receipts of the Government, and public debt, and particularly in the reports of 1869 to 1872, inclusive, which discrepancies and changes and alterations involve large amounts, and no satisfactory explanation appears on the face for the same: Therefore,

Be it resolved, That a committee of five be appointed to investigate the books and accounts of the Treasury Department, particularly with reference to 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 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.

Mr. MORRILL, of Vermont. I suggest to the Senator from West Virginia, as the chairman of the Committee on Finance is necessarily absent to-day, that he postpone the consideration of the resolution until to-morrow.

Mr. DAVIS. I do not hear the Senator.

Mr. MORRILL, of Vermont. The chairman of the Committee on Finance is necessarily absent to-day, and I therefore merely suggest to him the propriety of allowing this resolution to lie over until to-morrow.

Mr. DAVIS. If I knew that the Senator from Ohio desired to hear me I would certainly not go on, but it will be remembered that I have given notice that I would address the Senate to-day in support of the resolution just read. It is true that the Senator from Ohio, as I understand, has been unavoidably detained from the Senate to-day; but the senior Senator from Massachusetts, [Mr. BOUTWELL,] who appears to have taken some interest in this matter, has, on perhaps three occasions, conferred with me, and knows that I am to submit my remarks to-day, and I also gave him notice of the line of argument which I expected to pursue. Unless it is insisted upon, notwithstanding the absence of the chairman of the Committee on Finance, I would prefer going on now. The Senator from Massachusetts is in the building and spoke with me this morning, asking me if I expected to make my remarks to-day. I told him I did. I have no objection to waiting until the Senator from Massachusetts comes in.

Mr. WEST. He is here now.

Mr. MORRILL, of Vermont. I think if the Senator from West Virginia knew the facts of the case he would wait until the chairman of the Committee on Finance is present, which will probably not be to-day.

Mr. BOUTWELL. The Senator from West Virginia has some remarks to submit, and he can go on and make his speech now.

Mr. MORRILL, of Vermont. If the Senator desires to make his speech to-day and then let the question go over for further action until to-morrow, I have no sort of objection.

Mr. DAVIS. Mr. President, in support of this resolution I beg to state that, in examining the finance reports of the Secretary of the Treasury that have been made for previous years, I have been astonished to find changes and alterations of figures in many of them, involving large amounts, causing them to differ widely from each other as to the transactions of the Treasury Department in the same years. These changes I am prepared to show from the reports increase the expenditures and public debt after the amounts thereof have been ascertained, officially reported, and stood upon the books of the Treasury Department for years, in the aggregate many millions of dollars, while in other years they decrease these amounts; and that they also decrease to the amount of millions the revenue collections that have been likewise ascertained, reported, and stood upon the books for years. If I am correct in my conclusions, I do not hesitate to declare that for certain years little confidence can or should be placed in the statements of the Treasury Department; and this fact becomes a serious question, demanding the earnest and best consideration of the Senate. And in the remarks I am about to make, which will be brief, feeling my position strong, my information accurate, being entirely from official sources, I shall thank any Senator if he has reason to question them, and feels that he can throw light upon the subject, to interrupt and correct me.

At the expense of being tedious to those not interested in such matters, I propose to deal almost exclusively with figures and facts as officially reported; comparisons I expect to make, with changes and alterations such as I expect to show, may compel unfavorable conclusions as to the management of the Treasury Department during certain years, but I disclaim all desire to reflect on the present efficient head of the Treasury Department or any of his predecessors.

CHANGE OF FIGURES AS TO EXPENDITURES.

I find on examination that all of the finance reports of the Treasury Department previous to the year 1870 substantially agree as to the total annual receipts and expenditures of the Government; but taking the finance report for 1870, I find that it differs as to the total annual receipts and expenditures from all like previous reports as to the years included between 1860-'61 and 1865-'66. For instance, in the finance report for 1869, on page 321, it will appear, commencing with the year 1860-'61, the total annual expenditures are stated as follows:

1860-'61	\$85,387,313 08
1861-'62	570,841,700 25
1862-'63	895,796,630 65
1863-'64	1,298,144,656 00
1864-'65	1,897,674,224 09
1865-'66	1,141,172,666 09
Total	5,888,917,190 16

Now, taking the finance report for 1870, at page 275, we find, commencing with the year 1860-'61, that the total annual expenditures are stated as follows:

1860-'61	\$85,387,363 08
1861-'62	565,667,358 08
1862-'63	899,815,911 25
1863-'64	1,295,541,114 86
1864-'65	1,906,433,331 37
1865-'66	1,139,344,081 95
Total	5,892,189,160 59
Difference or increase	3,271,970 43

By comparing the above figures it will be seen that the total annual expenditures during the years named differ materially; for instance, in the report of 1869 the total annual expenditures for the year 1864-'65 are stated at \$1,897,674,224.09. Now, in the report of 1870 the total annual expenditures for the same year, 1864-'65, are stated at \$1,906,433,331.37, showing not only a wide difference, but, what is worse, an increase in the amount of nearly \$900,000,000. That is, the report of 1870 increases the expenditures for the year 1864-'65 over the report for 1869 and previous reports for the same year about \$9,000,000.

Mr. BOUTWELL. I would ask the honorable Senator from West Virginia whether the two classes of figures to which he now refers

are both drawn from the report of the Register of the Treasury, or whether one class of figures is drawn from the Register of the Treasury and the other from the report of the Secretary of the Treasury?

Mr. DAVIS. Mr. President, the Senator is anticipating somewhat my remarks, but I will answer his question directly. I do not want to speak of the Secretary's table at present, further than to say that the first time it appears in any report is in 1870; and consequently I could not go back beyond that date for the Secretary's report.

Mr. BOUTWELL. That was all I desired to learn now.

Mr. DAVIS. The figures I am speaking from, so as to answer correctly, are taken from the report of the Register of the Treasury, whose official duty I understand has been from the organization of the Government to the present day to make up this table of annual statements and report it to Congress through the Secretary of the Treasury.

Taking the year 1862-'63, it will be seen that the report of 1870 increases the total annual expenditures of that year over the report for 1869 for the same year over \$4,000,000. It will be further found that, taking all the years above named together, they are at times increased and then decreased; but the report of 1870 increases the average total expenditures of the Government during these years over the report of 1869 above \$3,000,000. How it can be possible for the Secretary of the Treasury, or any other officer, after the total annual expenditures of the Government have been ascertained, fixed, and officially reported to Congress for several years in the finance reports for a certain year, to go back, as in some instances eight or ten years, and change this amount to a greater or less one, is something I cannot understand. It appears that the Register's reports for the years 1871 and 1872 differ materially as to the total annual expenditures of the Government for certain years, while the reports for 1872 and years following agree with each other. But I will not detain the Senate to note the difference in these two reports, but will confine myself to changes made in those of 1869 and 1870, and the years preceding.

The net ordinary expenditures of the Government for the year 1865, as stated in the finance report for 1869, are \$1,212,911,270.41. The same expenditures for the same year, as stated in the finance report for 1870, is \$1,214,349,195.43, showing an increase of \$1,437,925.02. In other words, the finance reports of 1865, 1866, 1867, 1868, and 1869, which agree with each other, show that the net ordinary expenditures of the Government were nearly one and one-half millions less than the report of 1870 shows them to have been for that year.

Taking the Navy, War, pension, and Indian expenditures especially from 1860 to 1866, it will be seen that many of the figures have been changed in the finance report of 1870, after having been officially reported for many years.

PENSION EXPENDITURES.

In the report of 1870 the expenditures for pensions are stated for the year 1864-'65 at.....	\$16,347,621 34
In the report of 1869 the same expenditures for the same year are stated at.....	9,291,610 48
<hr/>	
Showing an increase in the report of 1870 over the figures in the report of 1869 of.....	7,056,010 86
<hr/>	
In the report of 1870 the pension expenditures for the year 1863-'64 are stated at	4,985,473 90
In the report of 1863-'64 the same expenditures for that year (1863-'64) are stated at.....	4,979,633 17
<hr/>	
Showing an increase in the report of 1870 over the figures stated in the report of 1869 of.....	5,840 73
<hr/>	
In the report of 1870 the expenditures for pensions in the year 1870 are stated at.....	28,340,202 17
In the report of 1874 the same expenditures for the same year (1870) are stated at.....	28,402,241 20
<hr/>	
Showing an increase in the report of 1874 over 1870 of	62,039 03
<hr/>	

NAVAL EXPENDITURES.

In the finance report for 1871 the expenditures in the Naval Department are put down for the year 1865 at.....	122,617,431 07
In the report for 1869 these same expenditures are stated for the same year at.....	122,567,776 12
<hr/>	
Showing an increase in the report of 1871 over the report of 1869 in the naval expenditures for the year 1865 of.....	49,657 95
<hr/>	

WAR DEPARTMENT.

In the report of 1871 the expenditures of the War Department are put down in the annual statement of Government expenditures for the year 1862-'63 at..	603,314,411 82
In the report of 1869 the same expenditures for the same year, as appears in the annual statement of expenditures, is stated at.....	\$599,298,600 83
<hr/>	
Showing an increase in the figures of the report of 1871 over the report of 1869 for the year 1863 of..	4,015,800 99
<hr/>	

EXPENDITURES IN INDIAN DEPARTMENT.

In the report for the year 1870 the expenses in the Indian Department for the year 1863 are reported in the statement of annual expenditures at.....	3, 152, 032 70
While in the report for the year 1868 these same expenses are reported for the same year at.....	<u>1, 076, 326 35</u>
Showing an increase in the figures of the report of 1870 over the report of 1868 in the Indian expenditures for the same year of.....	<u>2, 075, 706 35</u>

Mr. BAYARD. May I ask the Senator, as a matter of explanation, whether the errors he now points out consist of discrepant repetitions of the same expenditures?

Mr. DAVIS. Yes, sir.

Mr. BAYARD. I understand the Senator to state that by the official accounts of the Treasury he finds that an amount is stated for one year at such a sum, and then when the same account for the same year is to be recited it is recited differently, and these are the discrepancies he is pointing out.

Mr. DAVIS. The Senator from Delaware is correct. What I am now endeavoring to point out is that the reports made previous to 1870 especially, and the reports made subsequently to that time do not agree. There appear to have been changes after the figures had been given to the public, in some cases for eight or ten years. These changes occur in the official reports that succeed 1870, and in some cases come down even as far as 1874, as in a case I have just cited.

I come next to the discrepancies in the statements of revenue collected.

REVENUE COLLECTED.

In the finance report for 1863, in the annual statement of revenue collected for that year, we find the internal revenue stated at	\$37, 640, 787 95
The total revenue, exclusive of loans and treasury notes, at.....	132, 889, 746 95
And the total receipts from all sources stated for the same year at.....	889, 379, 652 52
Now, in the report of 1864 for the same year the internal revenue is stated at the same figures.....	37, 640, 787 95
Total revenue, exclusive of loans and treasury notes, at.....	112, 687, 290 95
And the total receipts from all sources at.....	889, 379, 652 52

That is to say, the Treasury Department makes the total receipts the same, although there is a wide difference in the amount of the total revenue, exclusive of loans and treasury notes.

And in the report of 1870 of the annual statement of revenue col-

lected for the year 1863 we find that no internal revenue is stated as having been collected during that year whatever, and the total receipts, exclusive of loans and treasury notes, at \$74,448,157.55, and the total receipts from all sources, \$889,373,652.51; showing that in the year 1863, although no internal revenue appears in the report for that year, and the net revenue is stated at a less sum by more than \$30,000,000, yet the total receipts from all sources, as in the report of 1863 and 1864, is nearly the same, \$889,373,652.51.

Now, it seems to me that large amounts are increased and decreased, as occasion may require in the annual statements, under the head of loans and treasury notes. When a sum is required to make the total receipts agree as to the same year, it is added to or subtracted from "loans and treasury notes," as the case may be.

LOANS AND TREASURY NOTES.

The loans and treasury notes for the year 1863 are stated as follows in the various finance reports of the annual statements of revenue collected:

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 these reports, in order to make the grand total, or total receipts from all sources, the same for the year 1863, it became necessary to add to the "loans and treasury notes," which seems to be the column in which to merge all differences, increase or decrease all amounts, so as to make the balances the same, no matter what changes and manipulations may have been made under other heads, and, if there be errors or frauds, giving an opportunity to attempt to cover them up under that head.

I have cited these differences in the reports as to the year 1863 to show how glaring they appear and how irregular the system of book-keeping and statement of accounts has been in the Treasury Department, for I am aware that the greater portion of this amount re-appears in later reports, but I feel very certain that there are other changes, and especially those I have referred to, which cannot be so satisfactorily explained.

If Senators will take the trouble they will find many more instances of changes of figures in the finance reports of revenue collected from different sources after they had been reported for several years, and particularly the years commencing with 1860 and ending with 1872. But the greatest changes in the figures in the finance reports seem to have been in the annual statements of the public debt, my attention having been first called to them by the able senior Senator from Connecticut, [Mr. EATON;] and I will now refer to them.

But before doing so, I desire to state that, in the comparisons just made as to receipts and expenditures, I have taken the figures from the Register's reports in the various finance reports made by the Secretary of the Treasury.

I find that up to 1870 the Register is the only officer that incorporated in his report statements and tables showing the annual revenue collected, annual expenditures, and public debt from the organization of the Government. In the year 1870, and following up to the present time, it seems that, accompanying the Secretary's report in each of the finance reports, these same tables are to be found, giving an annual statement of the revenue collected, expenditures, and public debt, notwithstanding the Register, whose official duty it is, continues these same tables in his report.

These tables and statements accompanying the Secretary's report, and, commencing in the finance report of 1870, differ from the Register's tables in many respects, but seem to be copies of them, except as to the public debt; and here the differences in figures are the most marked.

How these tables have been made, from what sources, and the necessity for them, I have been unable to ascertain, because to make these annual statements and tables seems to have been the official duty of the Register, and they have always been found in his reports.

CHANGES IN THE PUBLIC-DEBT STATEMENT.

By examining the Register's reports for 1870 and 1871, it will be seen that great changes have been made in the statement of the public debt, particularly for the years between 1862 and 1870, inclusive. For instance, in the report of 1871 the statement of the public debt is, commencing with the year 1862, as follows:

1862.....	\$524, 176, 412 13
1863.....	1, 119, 772, 138 63
1864.....	1, 815, 784, 370 57
1865.....	2, 680, 647, 869 74
1866.....	2, 773, 236, 173 69
1867.....	2, 678, 126, 103 87
1868.....	2, 611, 687, 851 19
1869.....	2, 588, 452, 213 94
1870.....	2, 480, 672, 427 81
Total.....	19, 272, 555, 561 57

In the report for 1870 for the same years the public debt is stated as follows:

1862.....	\$514, 211, 371 92
1863.....	1, 098, 793, 181 37
1864.....	1, 740, 690, 489 49
1865.....	2, 682, 593, 026 53
1866.....	2, 783, 425, 879 21
1867.....	2, 692, 199, 215 12
1868.....	2, 636, 320, 964 67
1869.....	2, 489, 002, 480 58
1870.....	2, 386, 358, 599 74
Total.....	19, 023, 595, 208 63
Difference, or increase.....	248, 960, 352 94

From the above nine years it will be seen that in the report of 1871 the public debt for the years named is increased over the same years in the report of 1870, in the aggregate, \$248,960,352.94; and that in the single year of 1870 the report of 1871 increases the public debt over the report of 1870 for that year over \$94,000,000 and for the year 1869 over \$99,000,000; and for the year 1864 the increase is more than \$75,000,000 and for the year 1863 more than \$21,000,000.

In the report of 1871 the years in which the public debt is increased over the report of 1870 are—

1862.....	\$524, 176, 412 13
1863.....	1, 119, 772, 138 63
1864.....	1, 815, 784, 370 57
1869.....	2, 588, 452, 213 94
1870.....	2, 480, 672, 427 81
Total.....	8, 528, 857, 563 08

In the report of 1870 these same years are put down as follows:

1862.....	\$514, 211, 371 92
1863.....	1, 098, 793, 181 37
1864.....	1, 740, 690, 489 49
1869.....	2, 489, 002, 480 54
1870.....	2, 386, 358, 599 74
Total.....	8, 229, 056, 123 06

Showing an aggregate increase in these years of \$299,801,440.02.

In the report of 1871 the years in which the public debt is decreased, as compared with the report of 1870, are—

1866.....	\$2, 773, 236, 173 69
1867.....	2, 678, 126, 103 87
1868.....	2, 611, 687, 851 19
Total.....	8, 063, 050, 128 75

In the report of 1870 these same years are stated—

1866.....	\$7, 283, 425, 879 21
1867.....	2, 692, 199, 215 12
1868.....	2, 636, 320, 964 67
Total.....	8, 111, 946, 059 00

Showing the aggregate decrease in these years to be \$48,895,930.25.

The aggregate increase in the other years named has been ascertained to be \$299,801,440.02.

There are a few other years in which the figures have been changed, but these changes, when compared with those just stated, are so slight as to amounts that they will not materially affect the aggregate increase ascertained.

In the finance report for 1874 the public debt is stated for the years—

1872.....	\$2, 253, 251, 078 78
1873.....	2, 234, 482, 743 20
Decrease for that year.....	18, 768, 335 58

On page 5 of the finance report for 1873 the Secretary says the decrease for that year was \$43,667,630.05, making a difference of \$24,899,324.47.

In the finance report for 1874 the public debt for 1874 is stated at	\$2, 251, 690, 218 43
In the same report the public debt for 1873 is stated at	2, 234, 482, 743 20

Increase, according to these figures, in 1874 over 1873.....	17, 207, 475 23
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These figures are from the Register's report of 1874, page 496. The Secretary's new table, page 9, differs very slightly from the above. It will be seen by this statement that the debt has increased over seventeen millions between 1873 and 1874, instead of decreased, as claimed. It is true that there is a foot-note explaining this, but it is my opinion that if the debt is actually decreased the figures and annual statements should show it without necessity of explanation of any kind.

SECRETARY'S NEW TABLE OF 1870.

It seems that the new table or annual statement of the public debt from 1789 accompanying the Secretary's report, which made its first appearance with the report of 1870, as I have before stated, makes the public-debt statement agree, but the figures and statements seem to be arbitrary, because they not only differ from the tables and statement of the public debt put down in the Register's tables from 1870 to 1875, but also from the tables preceding 1870.

These new tables change materially the public-debt statement, as put down by the Register for the year 1869 and before. Congress and the country, until 1870, took the tables and statements of the public debt of the Register to be entirely correct from the organization of the Government. They could not do otherwise; they had no other information, and no doubt all confidence was placed in them; but now we see this new table accompanying the report of the Secretary for 1870, and succeeding reports, changes the figures reported by the Register before 1870, and does not agree as to the statement of the public debt with the Register since. For instance, in the Register's report of the public debt for the year 1863 it is stated at \$1,098,793,181.37; and in the new table of the Secretary, in the finance report for 1870, page 13, the public debt for the same year is put down at \$1,119,772,138.63, showing a great difference and an increase of over \$20,000,000.

This is one of many changes. Now, by what authority did the Secretary of the Treasury, in his new table in 1870, go back and change the Register's report for that year, which had been reported, taken, and accepted for years as an undisputed fact? But this is not all.

In the finance report for 1862, Mr. Chase, the Secretary of the Treasury, at pages 2 and 44 of his report, states the public debt on July 1 of that year at \$514,211,371.92. The Register in his table, at page

213 of same report, records the public debt for the same year at the same figures; and this stood on the books, with no other contradicting report, until 1870, a period of eight years, and must have been relied on as accurate, when the Secretary, in the new table of the statement of the public debt, for some reason that I cannot understand, states the public debt for the same year, 1862, at \$524,176,412.43, showing an increase of near \$10,000,000.

Here this new table stands impeached by both Mr. Chase and the Register.

THE POSITION STATED.

Then, Mr. President, my position, reduced down and expressed more clearly, is this: That the books, figures, and annual statements of the Treasury Department, after having been reported to Congress for a number of years, have been changed; at times decreased, but generally increased, as to amounts. I am aware that it is claimed that headings and foot-notes explain some of the changes by stating that some of the annual statements are made up from "warrants paid," and others from "warrants issued," &c.; but why not continue one system, so that when the receipts and expenditures are determined they can be relied on? Why change from one plan of keeping the books and making statements to another? If you allow an expert to change the manner of stating accounts or statements of magnitude, he can produce results to suit objects in view. And no matter if these officers have different systems of book-keeping, there can be no satisfactory way in which to explain or answer why official reports made to Congress and published to the country, and repeated year after year—reports upon which Congress, the people, and the public creditors relied and acted—should years afterward be changed in the manner I have shown. For example, how is it that the Register of the Treasury in his official report for 1864 states the public debt for that year at \$1,740,690,489.49, the total expenditures at \$1,298,144,656, the total receipts at \$1,385,758,614.58, and these sums remain of record in the Treasury Department as fixed and determined for years, and until 1870, and are accepted as correct, there being no other source of information; and then the Secretary, in the finance report of 1870, goes back and states for the same year, 1864, different sums entirely; as, for instance: Public debt, \$1,815,784,370.57; total expenditures, \$1,295,541,114.86; total receipts, \$1,393,461,017.57? If the amounts determined in 1864 were correct they should remain so, and no power should change them. It is a remarkable fact that the different Secretaries' and Registers' reports previous to 1860 substantially agreed, after which year the difference amounts to many millions in a single year.

I am aware there may and ought to be made some explanation as to these changes and differences; but this explanation, whatever it may be, must and will bring to light why, by what authority, and

what necessity induced the change of figures I have cited, and many more not referred to, that exist in the books and statements, and no doubt the willing aid of the officers of the Treasury Department will be given to any Senator who may think my remarks worthy of reply.

The figures and changes I have referred to in official reports are so very large and the amounts so enormous that I can hardly believe them myself, but after careful and earnest examination of the facts in reference thereto, and such information as I could obtain after consultation with different officers of the Treasury Department, I am forced to declare that I can find no satisfactory explanation of them. If there is one, I should be glad to have it. If there is a Senator upon this floor, or an officer of the Government, who can make plain and satisfactory explanation of these changes and discrepancies, I hope he will lose no time in making himself heard; for, in my judgment, if it is incapable of explanation it is more dangerous than any default, no matter what the amount.

CONCLUSION.

In the face of the above comparisons, the conclusion cannot be avoided that the official statements of the Treasury Department have been changed, especially in the report of 1870, from former reports as to the "revenue collected" and "expenditures," and in the report of 1871 from former reports as to the public debt, these changes involving large amounts, for some object that is not apparent upon their face. This power to go back and change figures and entries on the books, which have been ascertained and reported for years and been the subject of official and public confidence, has not been conferred upon any officer or set of officers in the Government service, and, in my judgment, cannot be. If it should be, however, it would be a dangerous innovation, destroying all confidence and certainty in the financial affairs of the Government. If these changes and alterations are permitted to be made and to pass unnoticed, what safety has the Government as to the public funds, and what value can be attached to statements in reference thereto? If the principle be acknowledged as a correct one, that an officer or set of officers can change the books of the Treasury Department, either to increase or decrease them for any cause, even for a single penny, they can do it for tens of millions, as has been the case, and instantly there ceases to be a proper check or safeguard thrown around the funds or records of the Government.

The largest railroad corporations, commercial and manufacturing establishments in the country, whose accounts reach tens of millions, when managed upon proper business principles, have no difficulty in making intelligible their books and being able to make a statement of the exact condition of their business at any time. And while I concede that the Government is on a larger scale, yet its management should be such that its financial affairs may be readily understood; and, indeed, the larger the operations the greater the necessity for rigid,

prompt, and accurate accountability, and careful and regular statements, which should always agree and, when once rendered, should be, like the laws of the Medes and Persians, not subject to change.

I will here remark, as I notice the senior Senator from Massachusetts [Mr. BOUTWELL] is paying attention, that in one of the reports made by him when he was Secretary of the Treasury he says that the Government is managed on the principle of a business house, though on a much larger scale. That principle I agree to; and, therefore, I have been unable to find out why such great discrepancies occur in the reports of the different years.

Mr. MERRIMON. I beg to ask the Senator from West Virginia if there is no note or word of explanation of such discrepancies?

Mr. DAVIS. Mr. President, there are in some instances, as I have stated, foot-notes and headings which state in effect that some of the years have been made up from warrants issued and others from warrants paid. There are a few explanations noted in the annual statement of the public debt, but they will not explain the discrepancies I have pointed out in the years named; but I am unable to see how any system of book-keeping can change amounts after they have been once officially determined and reported to Congress. I have no objection to any question whatever upon this subject, for every figure that I have used and every change that I have referred to is of official record and taken from the official reports.

It will be recollected that the able chairman of the Finance Committee [Mr. SHERMAN] said in debate the other day, while reading from one of the reports of the Secretary of the Treasury and referring to a monthly statement of the public debt made by that officer: "We have a statement of the public debt made under the highest sanction of law, made under the oaths of many officers. * * * Do you pretend to say that document is not true? It is the strangest thing in the world that Senators should make such an assertion. There it is, and this statement gives the interest accrued up to the time that it was made and published, and no one has ever questioned the accuracy of this statement." I have not referred to nor have I examined the report my distinguished friend from Ohio read from, but from his statement he certainly had great confidence in the accuracy of reports and statements of the Treasury Department; but I submit now, in face of the facts I have shown from other finance reports, ought any one to place full confidence in these statements as to the transactions of the financial affairs of Government?

I have no suitable words to express my condemnation of anything that looks like a change in the books and statements of the Departments of the Government, and *there is no escape from the fact that changes in the books and statements of the Treasury Department have been made.* In all private corporations, banks, and commercial establishments, it

is an established fact that the first step toward criminality and defalcation on the part of their officers and servants is to tamper with, manipulate, and change the books. Could or would any confidence be placed in any banking institution or corporation in the country if it could be shown that its books and annual statements, from time to time, had been changed, and the figures and entries did not agree with each other in the different departments of their business? Certainly no one would or ought to trust such an institution or individual; and how much more important is it to avoid anything of the kind on the part of the Government. The facts and figures stated justify, in my opinion, the appointment of a special committee of the Senate to look into the changes in and the condition of the books and accounts of the Treasury Department; and I therefore ask the passage of the resolution.

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Mr. BOUTWELL. It is one of the chief objects in a great system of accounting to be able to test the truthfulness of the statements that appear upon the record; and incidentally I make this observation, that nothing which the honorable Senator from West Virginia has presented this morning goes at all to the point that the books of the Treasury Department have been tampered with or changed by anybody.

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Mr. DAVIS. May I ask the honorable Senator whether or not the statements of the public debt or of the revenues or the expenditures, it is immaterial which, previous to 1869 or 1870, and subsequent to 1870, as reported to Congress, agree in figures?

Mr. BOUTWELL. Agree in figures! No, sir.

Mr. DAVIS. Then do I understand that the reports previous to 1870 and subsequent to 1870 are different? In other words, do I understand that in 1870 the figures of the expenditures of the Government for 1862, previously reported at so many millions, had been changed and raised to a higher figure?

Mr. BOUTWELL. Not at all.

Mr. DAVIS. Well, that is the case according to the official reports.

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Mr. THURMAN. How does it come that precisely the same amounts in regard to both expenditures and receipts for a particular year were repeated year after year, not corrected the next year, but the identical sums to a mill repeated year after year in some instances for four or five years?

Mr. BOUTWELL. The honorable Senator from Ohio is not quite as definite in his question as he should be to enable me to answer it.

If he means to say that the statements made by the Register in different years are different as regards particular items of expenditure or receipts in previous years, I should explain that difference in the manner to which I have last called the attention of the Senate; but if the honorable Senator from Ohio refers to the fact that the report of the Secretary of the Treasury as to receipts and expenditures—a report first presented to the Congress in the year 1870—is different in regard to previous years from the report previously presented by the Register of the Treasury, that difference is to be explained by the view that I was taking of the subject some minutes ago.

Mr. THURMAN. If I do not interrupt the Senator I will say that that is not the point. Why is it that these reports of previous years corresponded; that it was reported, for instance, in 1862-'63 that the expenditures were so much; that in the report of 1864 the expenses of 1862-'63 were put down at precisely the same amount; that the same thing was repeated in 1864-'65; and so on, until we come to the report of 1870?

Mr. BOUTWELL. But it is not the Register's report of 1870 that was different from the Register's report of 1864; but it is the report of the Secretary of the Treasury, made up, as I have before stated, from the warrant account both of receipts and expenditures—not from the report of the Register.

Mr. DAVIS. My understanding is, I will say to the Senator, that the Register's and the Secretary's tables differ. For instance, as the Senator from Ohio has said, take 1860; the accounts run along agreeing substantially up to 1870, and then there is a large change, not only as to 1860, but as to all the different years from that time. The amount reported by the Register has also been changed, as well as the amount reported by the Secretary. While I am up I will say further that I am at a loss to know how the Secretary's table was made up, as I understand the Register's Office is the final resting-place of all warrants, and from the warrants he makes up his statement.

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Mr. DAVIS. Will the Senator allow me a moment?

Mr. BOUTWELL. Certainly.

Mr. DAVIS. The statement I made as to pensions was, that in 1865, the expenditures for pensions are put down at \$9,000,000, in round numbers. It so ran along in the annual statements until 1870 or 1871—I forget which, for I have not the figures before me—and it then changed from \$9,000,000 to \$16,000,000. This amount, which was reported for several years at \$9,000,000 as the pension expenditure for 1865, is altered and changed in the reports and tables made since 1870 to \$16,000,000. Now, if it had been \$16,000,000 in 1865, and had afterward been transferred, put into some other fund, then

I could see very well how it would be reduced, but I cannot see how it should be increased for the same year.

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Mr. THURMAN. May I interrupt the Senator?

Mr. BOUTWELL. Certainly.

Mr. THURMAN. But let whatever system be adopted of keeping the books which show the amount of receipts for a particular year, when you have followed that system and settled upon the amount for that particular year, then there ought to be no alteration in the statement of that account in the subsequent reports.

Mr. BOUTWELL. There has been no alteration.

Mr. THURMAN. There have certainly been alterations. I do not say there have been alterations on the books, but the fact was stated by the Senator from West Virginia.

Mr. BOUTWELL. It is only because in 1870 a statement was made, which has been continued from year to year, of the state of the finances as represented by the books in the office of the Secretary of the Treasury, and previous thereto and since that time there have been statements made by the Register which rest upon different facts, but when the two statements are compared and the facts included in the one and not included in the other are considered, they will agree. That is the truth.

Mr. DAVIS. I can understand very well how the receipts in the manner the Senator from Massachusetts has described can be increased after the 30th of June, but I cannot understand how they can be decreased by revenue coming in. It would certainly increase them and not decrease them; yet this is the case in more than one instance.

Mr. BOUTWELL. I did not observe any such statement made by the Senator from West Virginia in his remarks submitted to the Senate some time ago.

Mr. EDMUNDS. If the Senator from Massachusetts will give way, as there are some messages from the President of the United States, I will move that the Senate proceed to the consideration of executive business.

The PRESIDING OFFICER, (Mr. MORRILL, of Vermont, in the chair.) Does the Senator from Massachusetts yield to the Senator from Vermont?

Mr. BOUTWELL. Yes, sir.

Mr. DAVIS. May I ask whether the resolution now pending will be the unfinished business to-morrow?

The PRESIDING OFFICER. As a matter of course if we adjourn upon this question to-day it will be the unfinished business to-morrow.

IN SENATE.

January 18, 1876.

TREASURY ACCOUNTS.

The PRESIDENT *pro tempore*. The Senator from Massachusetts moves that the unfinished business be laid aside for the purpose of taking up the resolution introduced by the Senator from West Virginia [Mr. DAVIS] on the 12th instant.

The motion was agreed to.

Mr. BOUTWELL then made an explanation, reviewing Mr. DAVIS's speech of the 13th, and concluded as follows :

Mr. President, I have, I believe, considered every one of the specific allegations made in the speech of the honorable Senator from West Virginia. I not only assent to the reference of this resolution to a committee, but I think it proper that it should go to a committee.

Mr. DAVIS. Mr. President, there have been a great many figures produced in the course of this debate, and it is impossible for me to carry them in my mind. I cannot therefore say whether or not the explanations made as far even as the Senator went are complete. I take it that it is probable they are, but there are still two or three hundred million dollars, according to the figures I gave the Senator, and he says they ought to be facts, which are unaccounted for. When he says that the figures ought to tell the truth I agree with him. If so, then I say according to the figures, taken in his own way, there are discrepancies to the amount of two or three hundred million dollars yet to be explained. I have never said, nor do I believe now, that anything like that amount has gone astray. Certainly there may be explanations, as the Senator has stated, but the Senator, as I understand him, has all the way through admitted that every single figure that I produced is correct, and has been taken from the regular reports. He has said, however, that there has been no change in the books. He admits that there has been change in the annual statements to Congress year after year. Now, sir, is it possible that reports are made to Congress which the books do not sustain? Is it possible that we have been receiving reports from year to year, and for eight or ten years in succession, which do not agree with the books? That is a still worse state of things than I supposed could exist. If Congress and the country receive reports stating one set of facts and the books state another, then, indeed, it is time for examination. I understand the Senator to admit that fact.

I should also be glad to know how this new table of 1870 was made up. It seems to have made its first appearance in 1870, and to have changed the annual reports, if not the books, to a very considerable extent, and I take it the annual reports should be made from the

books whether they are or not. The new table makes material changes, and those changes are nearly always to advanced figures. It has been the duty of the Register of the Treasury, as I understand, it, from the beginning of the Government, to make up statements of the public expenditures, of the revenue, and of the public debt, and he has made his regular annual reports, and up to 1870 they agreed very well, there being but slight differences. Sometimes some few figures differed; but between 1869 and 1870, and certainly between 1869 and 1871, this new table of the Secretary of the Treasury, as the Senator himself has called it, appears, and that table changes the figures in the Register's report very materially.

Mr. EDMUNDS. May I ask the Senator a question for information?

Mr. DAVIS. Certainly.

Mr. EDMUNDS. I should like to have the Senator tell us whether it is not true, as a matter of business necessity, that there is no day in the year when the amount of the public debt would appear on the books of the Register to be the same for that year that it does on the books in the Secretary's office, from the very necessity of business?

Mr. DAVIS. I understand the Senator's question, and I will answer it as near as I can. I understand from the Senator from Massachusetts that up to 1870 there was no table kept in the Secretary's office. Since 1870 there has been. I understand, too, that before a statement is made up at the end of the year, no matter what the debt may be during the year on a particular day, there are forty-five days allowed to get in all outstanding warrants, and regulate all differences that may occur between the two offices, and that not only are those forty-five days generally taken, but sometimes they go even up to November, I am told. If such is the case there are two or three or four months to get in the differences, if there are differences, between the Secretary and the Register. But I cannot understand, I will say to the Senator from Vermont, when the Register once makes up his table and reports it to Congress, and puts down \$10,000,000 or \$1,000,000,000—it makes no difference what the amount—how, five years after that, or one year after, those figures can be changed. I do not understand how that can be done.

Mr. EDMUNDS. Does the Senator mean to say that the figures on the books of the Register's office have been changed in any instance, to his knowledge or belief?

Mr. DAVIS. The facts are stated as I find them without my belief, for I have not much belief in this matter yet. I hope, though, there will finally be some one who will get the real facts in the case. Take the report of 1862, if you please. Mr. Chase reported that the debt was \$516,000,000; I speak in round numbers. The Register stated that it was \$514,000,000, and so reported to Congress. Mr. Chase, in discussing the situation of the country, said it was \$514,000,000. Each

annual report of the Register from that day up to 1871—I think certainly up to 1870—continued to say it was \$514,000,000; but the report of 1870 or 1871 said it was \$524,000,000, a difference of \$10,000,000.

Mr. EDMUNDS. Now the Senator has not answered my question; perhaps he has forgotten it. The question which I put to my honorable friend was this: when he speaks about changes being made in the books of the Register's Office, does he mean to say that he has understood or believed that any change of entries has been made, like striking out a standing entry and putting something else in its place? That was my question.

Mr. DAVIS. I have not had an opportunity of examining the books, and have not asked for it. I take the finance reports, and I believe they ought to, if they do not, represent the books from which they purport to be taken. When a report is made to Congress or to the country, I believe it represents the books; and if that be so, I say the reports which have been sent to Congress from year to year have been changed. Now, whether the books have or have not been changed, I cannot say. I hope they have not been; but the statements that have been sent to Congress certainly have been; and if the statements are not taken from the books, where are they taken from?

Mr. EDMUNDS. I guess they are taken from the books.

Mr. DAVIS. If they are, they have been changed, for the finance reports have been changed, as the honorable Senator from Massachusetts has admitted.

Mr. EDMUNDS. Does the Senator mean, in the sense in which he is wishing to have the country understand, that if he, as my counsel in a lawsuit—and I certainly could not have a better one—last term charged me with \$500 for attending to a motion and next term finds that he has paid since the last term \$50 for clerk's fees, and he adds that to my account, he has been changing his books?

Mr. DAVIS. No, sir, I do not mean that; but I mean that if I should go back and change the original entry to a different amount that would be changing it.

Mr. EDMUNDS. Decidedly; and yet when the Senator reported to me a statement of the account he would report it as it stood each time and the two statements would differ just as these do.

Mr. SHERMAN. It is clear that there has been no change of the books.

Mr. DAVIS. Now the Senator from Vermont and the Senator from Ohio both say the books have not been changed. Of course they speak with knowledge. I take it they would not say so unless they knew it. Then will either of these Senators tell me how it is that the reports to Congress have been changed if they are not taken from the books?

Mr. EDMUNDS. It is amazing that my friend and I cannot under-

stand each other. I have no doubt at all that the books in the Register's Office, in the sense of having additional entries made in them, are changed every day. They ought to be if there is any business going on in the Treasury Department. If those entries are made as entries in books of account generally are, by putting figures into columns where there are already some, when you foot them up again there will be a change in the footing. Therefore, I take it to be true that the entries in the Register's books are changed from day to day in that sense.

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Mr. DAVIS. Will the Senator allow me to say that I have not stated at any time but what the amounts on the books ought to change from day to day? On the contrary, I know they ought to change from day to day; but after they have been made up and reported for five or six or more years to Congress, they ought not to be changed. That is my position.

Mr. THURMAN. Now, will the Senator from West Virginia allow me to interrupt him a moment?

Mr. DAVIS. Certainly.

Mr. THURMAN. Is it true that after 1870 the Register's account and the account kept in the office of the Secretary of the Treasury do agree for a series of years?

Mr. DAVIS. I was just coming to that.

Mr. THURMAN. If that is so, then, according to the remark of the Senator from Vermont, there must have been some collusion or fraud.

Mr. DAVIS. My friend from Ohio has anticipated me, and very properly anticipated me. If the Senator from Massachusetts, or the Senator from Vermont, or any other Senator will take the trouble to look, he will find that previous to 1860 the reports of the Register agreed very well, from the beginning of the Government down; but between 1860 and 1870 they do not agree by large amounts; and between 1871 and the present day they agree again. They run along very well and very regularly. How is it that between the ten years I have named they change constantly and for two, three, or four years afterward they do not change? I admit that changes ought to take place during the year, and I had attempted to state that the law has given forty-five days, and practice has taken three or four months, to close up the accounts after the end of the fiscal year; and after that the statements ought not to disagree; yet it is a fact that they do.

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Mr. DAVIS. My recollection is that since 1871 they agree to a cent; that is, after the figures are once reported to Congress in the annual report, there are no changes since that time. But in 1870 the debt was reported as such an amount, and when the report of 1871 or 1875 comes in it is changed, and made a larger or a smaller amount. Since 1871 the figures agree, as I believe, and no changes have occurred.

Mr. EDMUNDS. That is because I do not think the Register of the Treasury has made any report in the year 1873, for instance, about the year 1870. He made a report in 1870 about the preceding year, and then in 1871 he made a report about that year; but this report to which the Senator is referring of the Secretary of the Treasury respecting the state of things in what is called his office, that branch of the Treasury Department, as has been stated by the Senator from Massachusetts, was a revisory report; not a revision of facts or of wrongs, but a revision of double-entry book-keeping, by which certain things which had been charged to one set of accounts were turned over and charged to another, and so on.

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Mr. DAVIS. The Senator has spoken of double-entry book-keeping twice, I believe. I understand that there is no such thing in the Department.

Mr. EDMUNDS. It is triple or quadruple, I should have said, perhaps.

Mr. DAVIS. I understand that there is not what is known as double-entry book-keeping in the Department. I believe I am correct. The Senator from Massachusetts knows whether he inaugurated it or not; but I do not think he will say that what is commonly known as double-entry book-keeping prevails in the Department.

Mr. EDMUNDS. In order to get at the proper solution of this fresh ground of difficulty for this country, I must ask the Senator what he understands double-entry book-keeping to be?

Mr. DAVIS. I have not talked of double-entry book-keeping further than the Senator has named it, and I state what I believe to be the fact in regard to its use in the Treasury Department.

The Senator, without intending it I think, has drawn a conclusion as to what he imagines was my object in citing the figures I have presented. I know that Senator too well to believe that he would misrepresent myself or any other gentleman. The Senator cannot put his finger on a single sentence in anything that I have said which spoke about robbery or collusion. The Senator from Massachusetts and the Senator from Vermont, as I understand, have both admitted that my figures are correct, and not in a single instance incorrect. They both have admitted, at least the Senator from Massachusetts has, that part of my ground was well taken. He has gone over very many of the figures from a statement prepared, as I am led to believe, for him by the Treasury Department. The answer, then, that the Senator from Massachusetts has made is the answer of the Treasury Department, as I understand from him.

Now, Mr. President, I wish here to state, for I did not think it was necessary previously, that I have had no intention whatever, no desire whatever, to throw discredit on any particular person, or even to

bring discredit upon the nation in any manner or to injure the credit of the nation. If there are abuses in the Treasury Department, I think they ought to be corrected; the Senator from Vermont thinks they ought to be corrected; and certainly no Senator here will state that I have misrepresented anything. The Senator from Massachusetts has admitted over and over again that I was correct in my figures. He has admitted the figures in the annual reports to Congress have been changed years after they have been reported here, but he says the books have not been tampered with, and so says the Senator from Vermont. My question was, if that be so, how did the statements come to Congress? Is it possible that statements come here which the books do not bear out? I have asked two or three times, without an answer, how that new table of 1870 was made, and from what data it was made. Was it made from the Register's books, or was it made from some other division that I know not of? Certainly the first time it appeared was in 1870, and when it did appear, it appeared to increase the public debt very largely.

Now, by way of illustration, let me say that this is not only true of the public debt and the expenditures, but the figures of the revenue collected from year to year, after having been reported to Congress for a number of years, have been changed and the amounts made less. If Senators will take the trouble to look, as I have done, to the tables themselves, they will see that in the year 1862 the gross revenue as collected was reported at \$51,939,000. If we take the report of 1871, we find that it says that in 1862 there were \$51,907,000 of revenue collected, making a difference and decrease of \$32,000,000. I suppose the first report was of the revenue collected after it had been covered into the Treasury. It was so reported for a number of years, and yet ten years afterward it was reported there was a less amount of revenue collected in that year than the report for that year showed. For the next year, 1863, you will find that there was a difference of \$38,000,000. That was the year that the \$37,000,000 disappeared connected with the internal revenue, which is but a million less, and that re-appeared in the report a year or two afterward; but let me say that when that disappeared the line that contained the Treasury notes and loans was raised so as to make the grand total about the same.

Mr. BOUTWELL. Does not the Senator understand what has been already explained, and which I believe he had the means of knowing before he brought the matter to the notice of the Senate, that it was a clerical error, which was corrected as soon as it was discovered; that the thirty-seven millions disappeared one year as an internal-revenue receipt and the aggregate of the public debt was swollen to the same extent, and the next year, when the error was corrected, the public-debt account was diminished just to that ex-

tent, and the internal-revenue item re-appeared? It was before my time. I am not in any way responsible for it. Does not the Senator understand that that was the error of a subordinate clerk in the Department, and did not really involve any responsibility upon any other person? It was a mistake by which no harm came to anybody.

Mr. DAVIS. I have so stated each time I have referred to it. For each amount that I have given if I could find an explanation I have always stated it. Just here let me say to my friend the Senator from Massachusetts that certainly on one occasion in public, and it is the only one I will speak of, he has said to me that I should have gone to the Treasury Department and had these discrepancies explained. I wish now to tell that Senator that I did all in my power in that direction, and I so stated in words and in effect to the Senator before he made his public statement of what I ought to have done. I thought it did not come very well from him, after I had in personal conversation intimated to him that I had done so, to tell me in public what my duty was. It is true I had done just what he intimated I should have done, and what I have no doubt he was correct in saying if I had not done I should have done. But this thirty-eight millions of dollars the Senator says he knew about; it was about thirty-seven millions in round numbers when it disappeared from the internal revenue, but it came back thirty-eight millions. What I complain of in that particular is that when it did disappear it was made up in loans and Treasury notes.

Mr. BOUTWELL. Does the Senator suppose that there was any intention to make it up in the aggregate of the loans? Was there any motive existing on the part of anybody in the midst of a perilous war to increase the aggregate of the public debt thirty-seven millions? It was a mistake by a clerk, who was adding up the public debt on his sheet, and right above it was the item of thirty-seven millions of internal revenue, which probably was not separated by a distinct line, and he added it into the public debt, and it disappeared as an internal-revenue receipt. There could not have been any intention on the part of anybody to deceive the country.

Mr. DAVIS. I have not stated that there was any intention to deceive. I have gone over this thirty-seven millions item to show how easy it was to drop thirty-seven millions, such a small amount, and pick it up again when it was necessary. That was the only motive, and I have so stated a half-dozen times.

Mr. EDMUNDS. I might suggest to my friend from West Virginia that a good illustration of what he is now impressing on the Senate is in the story—I have no doubt it is true—of the Scotch merchant who told his friend that his balance-sheet made up by his clerk made him £1,790 richer than he knew he was; he had made it that year, and that the rascal did it by adding the year of our Lord

at the top when he started on his column of figures. And this "bad boy" in the Treasury Department seems to have done something of the same sort.

Mr. DAVIS. There appear to be a good many bad boys in the Treasury Department, and I hope some of them will be found out. [Laughter.]

Mr. MORTON. They evidently will in this way.

Mr. DAVIS. I tell you, Mr. President, that while this item of \$37,000,000 is explained, and while the Senator from Massachusetts and the Senator from Vermont are very ready to take up what I admit, it is to be noticed that the other decrease in the revenue-figures after they had been reported for ten years neither of the Senators has said anything about; and now I am going to bring to your attention another year in which the revenue decreased, and I will thank either of the Senators to correct me in it, or to say "bad boy" about that.

In 1864 the report of that year says there was collected of revenue \$264,626,000. The report of 1871 says it was not \$264,626,000, but \$262,000,000, \$2,000,000 less, and you will notice that years afterward there was a decrease in that revenue which is said to have been covered into the Treasury. These things may be explained perhaps; I can see how warrants paid and warrants unpaid may make a difference in the statements; but you cannot explain, as I think, why it is that the internal-revenue receipts have thus decreased. If you take the next year the same thing is true. In 1865 there was a change of nearly \$10,000,000, and all of it made in this new table of 1870. Recollect now that the Register went straight along. It is this table of 1870 that makes these changes.

Mr. EDMUNDS. Is the Senator now on internal-revenue receipts?

Mr. DAVIS. I am speaking of internal revenue alone.

Mr. EDMUNDS. Will the Senator, then, be good enough to tell us in what way the expenditures of the Internal Revenue Department were paid down to the year 1865 or 1866; out of what fund?

Mr. DAVIS. Of course out of the general fund of the Government, out of the general Treasury. All the receipts, I understand, were covered in and the expenses paid out on warrants. If that is not so, I should like the Senator to tell me how it is that the reports ran along for six years before this change took place. Did those gentlemen wait five or six years for their money? Were they not paid at the time when the receipts were covered in?

Mr. EDMUNDS. The Senator says that he understands that down to 1865 or 1866 the expenses of collecting the internal revenue were paid out of the Treasury of the United States, and so by appropriation of course; but the money must have been in the Treasury that was expended; and all the money collected of course ought to have been covered into the Treasury.

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Mr. DAVIS. I have stated that there were several months between the 30th of June, to the making up of each of these statements from which I have taken the figures, to be reported to Congress. That, in the first place, would be sufficient time to know and see whether or not there were any expenses coming against the revenue that had been paid in; but, were that not so, how is the lapse of six years to be accounted for? This revenue was collected in 1865 and the amount reported to Congress—and it is so reported in each annual report, year after year—at a given sum; but in 1871 it is changed; it is made \$10,000,000 less, if that is the amount, or certainly some millions less. I do not understand that process of reduction, nor do I understand the theory of the Senator from Vermont, that the gentlemen who collected the revenue waited five or six or seven or eight years for their pay.

However, Mr. President, I have said much more than I expected to say, but I have been led on by questions. What I desire is to look over the statement made by the Senator from Massachusetts, or through the Senator from Massachusetts, by the Treasury Department; to make some comparisons; and at no distant day I will have something to say in that connection.

The Senator from Massachusetts, I understand, has said that he has taken up, item after item, the figures that I submitted in my remarks the other day. He overlooked several, perhaps a dozen, of the different statements wherein I showed that they differed. I take it that he admits all that he has not attempted to answer. For instance the Army, the Navy, the Indian accounts, and so on. I take it that those he passed by and took no notice of are admitted to have been correctly stated by myself.

Mr. BOUTWELL. I do not desire by my silence to admit as true anything which the Senator has said. I do not deny the truth of anything he said, except so far as I have denied and explained in the remarks I have submitted to the Senate. But, if there are other matters which have escaped my observation or to which I have not this morning called the attention of the Senate, I by no means admit that what has been said by the Senator from West Virginia is true.

Mr. DAVIS. At least there has been no explanation of a part of the statements I presented. I am not aware of the Senator's reasons for overlooking them.

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Mr. THURMAN. Mr. President, it will be seen by the resolution that this is not necessarily an inquiry to find out whether the public Treasury has been robbed. This is not to be an inquiry into the misconduct of officers. It is founded on certain discrepancies that appear in reports made to the Congress of the United States that have been repeated year after year, that have gone to the public, that have been

relied on by the people and by the public creditors, and which are found by comparison with other reports made from the same source to involve discrepancies amounting to several million dollars. I was going to say many millions, for the discrepancy in a single year with reference to the amount of the public debt, the year 1864 I think it is, is \$75,000,000. It has properly been said there is no party question about this. The Senator from West Virginia in the speech which he made uttered not one word of party accusation. He criminated nobody; but he called the attention of the Senate to the fact of these discrepancies between these reports. They were matters calculated to strike the mind of any one unacquainted with any explanation that might be made. Now what answer has been given?

It has been said, and first by the Senator from Massachusetts, that if the Senator from West Virginia had called upon the Secretary of the Treasury peradventure all his difficulties would have been removed by an explanation made by that officer. That was intimated at least by the Senator from Massachusetts. Is that any answer at all? Are the official reports made to Congress, upon which the people, the business men of the country, and the public creditors act, so uncertain, so unreliable, that a man has to go to the Treasury Department to find out whether they are correct or not? The Senator from Massachusetts admits in his speech that the records of the Register and the reports of the Register of the Treasury as to the amount of the public debt cannot be relied upon.

* * * * *

Now, Mr. President, it is not a question whether or not a most expert accountant could go into the Treasury and with sufficient aid find out, with the means which are there, what the state of the public debt is. The question is, is there no mode of keeping the accounts of the Treasury so that the public can know through the official reports what is the amount of public debt, what is the amount of public expenditure, what is the amount of public revenue, so that we can understand all these subjects? We all know that Congress acts upon these reports from year to year. We make them the basis of our legislation. The people act upon them, the public creditors act upon them, and it is high time that the inquiry is made, is there no system of book-keeping by which the reports made to Congress in regard to the revenues of the Government, the expenditures of the Government, and the public debt of the Government can be absolutely relied upon? That is the main question. I say that the thanks of the Senate and the country are due to the Senator from West Virginia for calling our attention to this subject, not in a partisan spirit at all, but in the spirit of a business man, in the spirit of a Senator anxious to protect and promote, and not to injure, much less to destroy, the public credit. Not a word was said by him or by any other Senator who

has spoken on this resolution calculated to destroy or to impair the public credit. Every one has hoped that there is an explanation of this business, but every one can see that unless there shall be an explanation and unless some system shall be adopted that in the future shall render such explanations unnecessary, shall remove such discrepancies, shall assure the public that the reports made to Congress can be relied upon—unless something of that kind shall be done the public credit will suffer damage; it will be impaired.

I say again, as has been said, that this is no party question. There is nothing of party in it. It was not inaugurated, I believe, in any spirit of party. It was not inaugurated to criminate anybody at all. It was inaugurated for the legitimate purpose, for the true and loyal purpose, of ascertaining whether or no the accounts of the Treasury cannot be kept as well as the accounts of a great railroad company or of a great mercantile firm. They ought to be kept in a better way.

* * * * *

Mr. EATON. My friend from Vermont asked my friend from West Virginia what double-entry book-keeping was. Well, it is not that sort of book-keeping that the Treasury Department adopts. Theirs is single-entry. There is no general stock account, as there must be a general account in double-entry book-keeping where the debit and credit can be shown every day. There is no such thing. It is not done. I am not about to say that it ought not to be done, but it is not done in the Treasury Department. Theirs is a system of single entries, and a system under which the people of this country cannot take the reports of the Secretary of the Treasury and the Register of the Treasury and arrive at the debt of the Government within \$50,000,000. There is not a Senator upon this floor who can take the reports of the Secretary of the Treasury and arrive at the absolute amount of the public debt within \$50,000,000. The present Secretary of the Treasury reports that there has been a diminution of the public debt in the last two years of \$20,000,000 in round numbers. Make a thorough examination of the report of the Secretary of the Treasury which I hold in my hand, and you will find that the reduction of the public debt in that time is \$5,907,557.88. Those are my figures. I think the Secretary of the Treasury is entirely wrong in his last report, and it is because he manipulates the cash on hand that he arrives at the twenty millions of which he speaks. There is something to look at here. The people ought to know what the condition of their monetary affairs is.

* * * * *

Mr. EDMUNDS. As this debate is going on I will now make a motion which I hope will be agreeable to everybody, and that is that we proceed to the consideration of executive business.

Mr. DAVIS. One minute before that, if the Senator from Vermont will give way.

Mr. EDMUNDS. Very well.

Mr. DAVIS. Several Senators, especially my friend from Ohio, the chairman of the Finance Committee, have said to-day, as the Senator from Massachusetts did the other day, that I ought to have gone to the Treasury Department to have the discrepancies, or alterations, or changes in the statement explained. Now I want to say to Senators that I did go to the Treasury Department more than once, and I sought everybody there who I supposed could give me information; and to this time we have not—

Mr. EDMUNDS. I suggest to the Senator whether it would not be just as agreeable to him to go on in the morning, as it is getting late.

Mr. DAVIS. I do not want to make a speech, but only to say a few words in explanation. I did go to the Treasury Department to seek information, and it seems that the Senator from Massachusetts has gone to the Treasury Department and sought information and he has got it in writing; but the Senate will bear me out that only a portion, if any, of the changes that I submitted in my remarks has been touched upon by the Senator from Massachusetts; and I say now, as I understand from the Treasury Department, they cannot explain them, nor have they done so.

The PRESIDENT *pro tempore*. The Senator from Vermont moves that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

IN SENATE.

January 24, 1876.

TREASURY ACCOUNTS.

The Senate resumed the consideration of the resolution submitted by Mr. DAVIS on the 12th instant.

Mr. DAVIS. Mr. President, I hope to be as brief as the subject will permit, and I expect to show that the statements made in my former remarks in support of this resolution are fully sustained by the facts and figures, while the explanations of the changes of figures and discrepancies made by several Senators, and especially the Senator from Massachusetts, the Ex-Secretary of the Treasury, are not well founded and are not fully sustained by the reports.

I will also cite a few other instances and examples from the finance reports of changes and discrepancies in the annual statements of receipts and the public debt. I have been told by Senators in debate that my statements and remarks might affect the public credit. In this connection I desire to say that it is far from me by word or deed to injure the public credit. It belongs to us all, and to sustain and uphold it should be the pride and duty of all. What I have said or done I have intended to be in the interest of the public credit and the welfare of the people of this country, and I desire to ask who is the true friend of the public credit and of the country? Is it he who attempts to cover up and keep in the dark errors, irregularities and frauds (if there are any) in the administration of the Government, or he who exposes and brings them to light?

If there have been gross errors and mismanagement, changes of figures and statements without warrant of law in the Treasury of the nation, let it be known, to the end that they may be corrected and such laws passed and regulations adopted as will prevent a recurrence of the same.

To me this is a most serious question, and of vital interest to the whole country away above and beyond all party considerations, and I have endeavored fairly, calmly, and impartially to treat it as such. If the records, figures, and statements of the Treasury Department that have been fixed and reported for years can be changed and altered at will, then our financial affairs can never rest on a sound basis, and our public credit, so long as this state of affairs exists, will be constantly imperiled.

I will now review the speech of the able Senator from Massachusetts [Mr. BOUTWELL] in reply to my former remarks. He informs us that he was aided by a statement prepared at the Treasury De-

partment. I ask the Clerk to read the remarks of the Senator [Mr. BOUTWELL] which I have marked in the paper I send to the desk.

The Chief Clerk read as follows:

The first definite statement made by the honorable Senator from West Virginia related to the annual expenditures from 1861 to 1866, including two statements, one drawn from the reports previous to 1870 and the other drawn from the report of 1870, showing a difference or increase in the latter report of the sum of \$3,271,970.43. This difference is made up from many items. The entire amount of the difference shows an increase in the expenditures during the years mentioned of the sum of \$3,271,970.43; and a summary explanation may be stated thus: In the finance report of 1869, page 321, are included outstanding warrants to the amount of \$4,018,091.91 which do not appear in the report for 1870. In the report for 1870, page 275, are included trust funds to the amount of \$7,290,062.54 which do not appear in the report for 1869. The difference between the two, the sum of \$3,271,970.43, is the exact difference claimed to be an increase of expenditures as shown by the statement.

Mr. DAVIS. The Senator says the difference "is made up from many items," yet explains only two. Warrants and trust funds. What warrants? We are not told by the Senator, what or how or where they came from. He simply says warrants and trust funds. He has not even told us what trust funds? If we examine the reports of 1869, page 321, also the report of 1870, page 275—which are the pages we are directed by the Secretary to examine—you find no reference to warrants or trust funds. Again, the reports of 1869 and 1870, from which I took the figures used, was years after the report was closed and sent to Congress. The amounts given by the Senator is not as he states "the exact difference." They do not agree. The next point of the honorable Senator [Mr. BOUTWELL] is as follows, which the Clerk will read.

The Chief Clerk read as follows:

The next specific statement by the honorable Senator from West Virginia is this. He says:

"The net ordinary expenditures of the Government for the year 1865, as stated in the finance report for 1869, are \$1,212,911,270.41. The same expenditures for the same year, as stated in the finance report for 1870, are \$1,214,349,195.43, showing an increase of \$1,437,925.02."

In the preparation of these two statements different data are included under the head of "net ordinary expenditures." For instance, in the finance report of 1869 there was included an item for the purchase of gold coin authorized by the first section of the act of March 17, 1862, amounting to \$5,072,900.11. Under the same head there was also a payment of \$735,416.93 of outstanding warrants which belonged to previous years, these two items amounting to \$5,808,304.04. In the report for 1870 the items of trust funds, namely, Chickasaw and Choctaw and Navy pension fund, amounting to \$7,242,242, are included under the head of "net ordinary expenses," precisely as I before stated in reference to a similar matter under the head of expenditures. The difference between these two accounts represents the discrepancy referred to, \$1,433,937.96.

Mr. DAVIS. Here again you have warrants and trust funds coming in. Whether or not they are the same warrants and trust funds used in the last explanation the Senator does not tell us.

Again, this year's (1865) accounts had been closed and reported to Congress five times in five annual reports, and then it is changed and increased near a million and a half of dollars.

If the figures given were the true cause of the increase they ought to agree, but they will not by thousands of dollars.

It is plain, Mr. President, that the figures given do not balance by several thousand dollars. Now I will ask the Clerk to be kind enough to read the next point of the Senator from Massachusetts [Mr. BOUTWELL] which is in regard to pensions.

The Chief Clerk read as follows :

The next item relates to pension expenditures. In the report of 1872, as stated by the honorable Senator from West Virginia—and his statement, I believe, is correct—the expenditures for pensions are stated for the year 1864-'65 at \$16,347,621.34. In the report of 1869 the same expenditures for the same year are stated at \$9,291,610.48. The latter, a small sum, represents the amount of pensions actually paid to persons authorized to receive pensions under the laws of the United States. There had accumulated in the Treasury Department an amount of money, \$7,000,000 and more, arising from naval operations or forfeitures under the laws, which had been placed on the books of the Department to the credit of the pension appropriations, whether wisely or not I cannot say.

Mr. DAVIS. In this case warrants would not do; the amount was too large. So the naval pension fund is brought in and seven millions taken from that to make up this large increase. Now, this naval pension fund was set aside by law, and no one had a right to use it. This the Ex-Secretary knew, and in his remarks he admitted this. Bear in mind this large increase occurred five years after the report was made to Congress and after the accounts for 1865 were closed. Now, after \$7,000,000 are taken from the pension fund unlawfully, there is still unaccounted for \$56,010.86, to which no reference whatever is made.

The next item that the Senator refers to in his reply to me is the item showing a discrepancy of \$5,840.73. The Senator says :

That is explained by the circumstance to which I have referred, that warrants drawn had not been paid in full, and when the analysis was made there was a difference of that amount.

"In the report of 1870"—

Says the honorable Senator from West Virginia—

"the expenditures for pensions in the year 1870 are stated at \$28,340,202.17.

In the report of 1874"—

"The last report preceding that which we now have—

"the same expenditures for the same year (1870) are stated at \$28,402,241.20, showing an increase in the report of 1874 over 1870 of \$62,039.03."

This is explained in the same way: warrants drawn in prior years and paid that year.

The next item is naval expenditures, showing an increase in the report of 1871 over the report of 1869, in naval expenditures for the year 1865, of \$49,657.95, the amount of outstanding warrants paid, including the naval hospital fund.

There are three or four separate and distinct items in different years which increase largely the amounts reported to Congress as expendi-

tures. Warrants and hospital funds are used here to cover up and explain this increase. Now this is a convenient way to explain increases and changes in statements to Congress. If the amounts had been ten times as much and ten times as great, warrants paid and unpaid might have been used. What convenient things these warrants are!

The next item that the Senator refers to is the accounts of the War Department, where there was a discrepancy of \$4,015,800.99.

The Senator says:

Now, it happens that at the close of that year there were outstanding warrants, that is, warrants on which the full amount had not been paid, amounting to \$5,306,612.24, and at the end of the year there were still outstanding warrants which had been drawn previous to the commencement of that year amounting to \$1,290,801.25, showing \$4,015,810.99, being within \$10 of the precise amount, according to the statement made by the Senator from West Virginia. That \$10 thus far has not been explained.

Again, the warrants paid and unpaid come in and are made to explain over four millions in a single year in one Department. But still the warrants would not quite balance, and the Senator says \$10 is yet to be explained. Why stop to talk about \$10 when there are many millions not accounted for, which the Senator passes without explanation; \$10, let it go. Pensions or warrants will explain it.

Mr. President, I come next to a statement as to the Indian expenditures, which I will thank the Clerk to read, and I call the attention of the Senate especially to this because I was corrected by the Senator from Massachusetts, and two or three other Senators joined with him, and I want to show him and the Senate that I was then correct, and that the matter stands to-day as it then stood.

The Chief Clerk read as follows:

The expenditures of the Indian Department for the year 1870 are stated by the Senator from West Virginia as follows:

In the report for the year 1870 the expenses in the Indian Department for the year 1863 are reported in the statement of annual expenditures at.....	\$3, 152, 032 70
While in the report for the year 1868 these same expenses are reported for the same year at.....	1, 076, 326 35

Showing an increase in the figures of the report of 1870 over the report of 1868 in the Indian expenditures for the same year of..... 2, 075, 706 35

Somebody has to plead guilty to an error there. If the honorable Senator from West Virginia will look at the statement he will observe that the Indian expenses and the pension expenses are in parallel columns, one following the other. It happened that one year, 1868, the compositor set up the figures which should have been placed under the head of "Indian expenses" under the head of "pensions." They were exactly reversed. The next year each was put in its proper place, and the country is indebted to the honorable Senator from West Virginia for compelling us to make this discovery.

Mr. DAVIS. Mr. President, here is a positive and plain statement that the above was an error of the printer, and existed but one year,

and that after that all was made right; and I have the credit, according to the Senator from Massachusetts, of compelling us to make this discovery.

I ask the attention of Senators to what followed; and it will be seen that the Senator from Massachusetts was in error, and not the printer nor the Senator from West Virginia.

Here is what was said; and you see several Senators joined to help the Ex-Secretary [Mr. BOUTWELL] to clinch the nail:

Mr. DAVIS. Of course I have not the figures before me, but my impression is that the Senator will find a different state of things. I think there is a discrepancy in several reports.

Mr. SHERMAN. The first statement is correct?

Mr. BOUTWELL. They were transposed one year.

Mr. SHERMAN. Which is the correct one?

Mr. BOUTWELL. I am not prepared at this moment to say which is the correct one, but they were transposed, so that what the Senator from West Virginia says, that there appeared to be that change, actually did appear. That is, the pension expenses one year were put under the head of the Indian expenses and the Indian expenses at the same time were put under the head of pension expenses.

Mr. EDMUNDS. That was done by the printer.

Mr. BOUTWELL. By the printer. It was not discovered in time, but the change was made back again the next year with an alteration of about \$8,000 finally, in consequence of warrants drawn and not paid; so that one of those accounts was changed.

Mr. CONKLING. The transposition was not on the books of the Department?

Mr. BOUTWELL. It did not touch the books of the Department. It was merely a mistake in the printing office, which was not observed by the proof-reader.

Now, let us see what the facts are. The Indian expenses were stated in the report of 1863 at \$1,076,326.35, and at the same amount in the reports of 1864, 1865, 1866, 1867, 1868, and 1869; and in 1870 the amount was changed and increased to \$3,152,032.70, sustaining my figures and position—showing an increase of \$2,075,076.35.

Now we will examine the reports since 1870 and see if the statement of the honorable Senator [Mr. BOUTWELL] is sustained, namely, that it was a transposition of figures, which occurred but one year and was the fault of the printer.

Mr. President, up to to-day the figures stood just as I stated them. There is no transposition of them. They are in the reports to-day as I stated them, and they have been in the reports from that day to this. You will find in the statement just made to Congress by the Secretary of the Treasury that under the head "Indians" for 1863 the figures I then gave still stand, and there could not have been a transposition or change simply of figures; but the fact remains that the Indian expenses between 1863 and 1870 were raised over \$2,000,000, and the figures are standing to-day, and prove what I asserted. But several Senators who took part in the discussion at that time thought differently; nevertheless, it is yet so, and has remained so all the time.

We find that the Indian expenditure continues at \$3,152,032.70, and no change or transposition, as stated by the honorable Senator, [Mr. BOUTWELL.] We also find the figures as to pensions differ, and are not the same previous and subsequent to 1870. Therefore a mere transposition, as claimed, will not answer the purpose, and in fact it is not the case. The figures to-day stand as I stated, and the annual statements show the \$2,000,000 increase in Indian expenditures for 1863.

I will thank the Clerk to read what I have marked from the remarks of the Senator from Massachusetts.

The Chief Clerk read as follows:

The Senator from West Virginia says:

"I come next to the discrepancies in the statements of revenue collected.

"In the finance report for 1863, in the annual statement of revenue collected for that year, we find the internal revenue stated at \$37,640,787.95."

Then he goes on to say—it is not a very definite statement, as I understand it—that afterward this sum one year, or a sum equal to this, disappeared from the receipts and afterward re-appeared. The simple truth about it is this, that a clerk in the Treasury Department, the public-debt account standing upon the sheet from which he prepared his statement for the printer immediately below the receipts of internal revenue for that year, added the receipts from internal revenue into the public debt. It was a gross mistake, inexcusable; but that is the fact. It was afterward explained in the reports, but I suppose it escaped the observation of the honorable Senator from West Virginia. The error was corrected in a subsequent report.

This thirty-seven millions the honorable Senator says was dropped from revenue and added to the debt statement by a clerk, and yet the books balanced! How is it possible that \$37,000,000 could drop in and out and cause no confusion in the books or alarm in the Treasury Department? This is a sad commentary upon the book-keeping of this great nation!

The Senator from Massachusetts said further:

In the report for 1871, which is one of the years to which the attention of the Senate has been called, the statement of the public debt represents the principal of the debt as made from receipts and expenditures. That for the year 1870 is made up from entirely different data, principally from the loan accounts. Other items are included, however, as will be made apparent from the following analysis:

The statement in the report of 1870 of the amount for the year appears as given, \$2,386,358,591.74. The data from which this was made up are as follows:

Principal of the debt.....	\$2,601,675,127 83
To which is added interest accrued.....	50,607,556 52

Making total debt, principal and interest.....	<u>2,652,282,684 35</u>
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From this amount were deducted—

Coin in the Treasury	112,776,048 88
Currency in the Treasury.....	28,945,067 19
Sinking fund in United States coin-interest bonds with accrued interest thereon, and other coin-interest bonds purchased with accrued interest thereon.....	124,502,968 54
Leaving the amount of the debt as above stated, less cash in the Treasury and bonds with interest thereon	2,386,358,599 74

The amount of the debt in the report of 1871, which of course was larger for the fiscal year 1870, is stated at \$2,480,672,427.81, and represents the exact principal of the debt after deducting the principal of the bonds purchased on sinking-fund account, and excluding the item of accrued interest as above stated, and also the entire amount of cash in the Treasury.

The Senator from Ohio [Mr. SHERMAN] explained the debt for the same year—1870—and did so with different items and figures. This shows that the Ex-Secretary [Mr. BOUTWELL] and the chairman of the Finance Committee [Mr. SHERMAN] do not understand alike the annual statements of the public debt. Now, if those two Senators do not understand the statements of the Treasury Department, who can? It will be noticed that the Senators have taken but one year of the nine I cited, and both the same year—1870—for the purposes of explanation, leaving eight years, in which the public debt was increased or decreased, entirely unnoticed.

I now come to the discrepancies and changes of figures cited in my former remarks which have not been explained or attempted to be by the honorable Senator from Massachusetts or any other Senators. I have the statement of expenditures as given by myself showing that \$3,271,970 was the total; but by looking over the report it will be found that I gave separate and distinct years, one of which was \$9,000,000, another \$4,000,000, another one and a half millions of dollars; yet the Senator passed over this entirely without any notice whatever. Nine millions in a single year the expenditures were advanced, and no notice was taken of it whatever in the reply!

I come now to the loans, Treasury notes, &c., cited by myself. I stated that the report of 1863 and subsequent reports put the loans and Treasury notes for the year 1863 at different amounts:

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

These different figures are all for the same year. Now think of it, loans and Treasury notes that ought to agree, changing with the different years, and if you take the report of 1875 you will find that the figures are again changed to another amount. In the debt statements of which I drew comparisons I showed that there was a difference of \$248,960,352.94, and gave nine years as examples. Those, too, are passed over with very slight explanation. I said then, and I say now, that for the nine years it will be seen that the report of 1871 increased the public debt for the years named in the aggregate, \$248,960,352.94; and that in the single year of 1870 the report of 1871 increases the public debt over the report of 1870 for that year over \$94,000,000 and for the year 1869 over \$99,000,000; and for the year 1864 the increase is more than \$75,000,000 and for the year 1863 more than \$21,000,000; in the year 1862 about \$10,000,000; and yet but one

of the years is noticed by either of the Senators who made replies to myself.

Now, it is a fact that in 1871 there was a wholesale change in figures running back thirty or forty years in the table of the Register, and altering the amounts, which, in some instances, had been fixed, closed, and reported to Congress for twenty or thirty years. This change and alteration of figures increased the public debt in the aggregate \$247,766,674.71.

Now, Senators, think of it, that official annual statements of the public debt, after having been reported to Congress each year for from one to thirty years, are changed and increased hundreds of millions of dollars and no report is made to Congress of the fact, nor is there any law to justify it. *There must have been an object. What it was let those who made the changes answer.*

There is no question about the change of annual official statements; but the Senator from Massachusetts says the books have not been changed. If they have not, the statements to Congress and the books do not agree; one or the other or both may be wrong. Certainly both cannot be right. Which are we to accept as correct, or ought each to be rejected?

It is said that the Register changed the figures. I cannot believe he would do so without authority from some official whose order he felt bound to obey. I venture the prediction that if to-day you ask the Register whether or not the warrants, &c., in his office will sustain the reports to Congress or his books, he will tell you they cannot sustain both. I again ask, why were the annual reports and statements to Congress changed? What was the object? Was it to force balances? Was it that the bonds sold, revenue received, cash on hand, and expenditures would not agree?

I have several times asked how and from what was the Secretary's new table of 1870 made up, and no reply has been made. This table is the starting-point of great changes. We are told that in the nature of things the reports from year to year cannot agree. If this be so, how is it that from the beginning of the Government to 1870 they did substantially agree and for the last few years they agree? It is strange, yes more than strange, that at about 1870 the great changes took place which decrease revenue years after it was covered into the Treasury, also increased the public debt and expenditure many, many millions. The large alterations and changes involving hundreds of millions took place between the years 1860 and 1871.

I have not compared the Treasurer's and Register's accounts. There I would expect a difference, owing to paid and unpaid warrants, &c., but I cannot see why the Secretary's and Register's accounts differ so widely. I now desire to cite other and further instances and examples not referred to in my former remarks wherein the statements of the

revenue collected have been changed so as to decrease the amounts, and the statements of the expenditures and public debt changed so as to increase the amounts thereof for the same year, and I omit for the present to refer to the changes, discrepancies, and irregularities that I think exist in the loan division of the Treasury Department, especially as to bonds issued and redeemed, commissions and interest paid, the cash and coin account for different years, and the Bureau of Printing and Engraving; nor to the confessed difference of \$116,000,000 in the statement of the public debt, which is attempted to be explained away on page 20 of the finance report of 1871, believing the committee, if appointed, will bring these and many others to light, or they will be treated by some other Senator abler than myself if the committee should not do it.

If we compare the statements of the annual revenue collected made by the Register in the finance report for 1866 for the years 1862, 1863, 1864, and 1865 with the statements of the annual revenue collected in the finance reports for 1870 for the same years, we not only find that the amounts differ widely but the finance report for 1870 states that the revenue collected for these years was much less. For instance:

For year 1862.

Report for 1866 states net revenue collected.....	\$51,935,720 76
Report for 1870 states net revenue collected.....	51,907,944 62
	27,776,14
Showing a decrease of.....	

For year 1863.

Report for 1866 states net revenue collected.....	112,657,290 95
Report for 1870 states net revenue collected.....	74,448,157 55
	38,239,133 40
Showing a decrease of.....	

For year 1864.

Report for 1866 states net revenue collected.....	\$264,626,771 60
Report for 1870 states net revenue collected.....	262,742,354 32
	1,884,417 2
Showing a decrease of	

For year 1865.

Report for 1866 states net revenue collected.....	333,714,605 08
Report for 1870 states net revenue collected.....	323,092,785 92
	10,621,819 16
Showing a decrease of	

What explanation there can be for these enormous differences I cannot imagine, and I do not believe any whatever can be made. Here we find that the amounts of the net revenue collected during certain years have been determined and fixed for these years at certain and definite sums and reported to Congress in the annual reports for eight

years without any difference or disagreement between the reports until 1870, when it occurs that these sums so determined, fixed, and reported are changed and altered to smaller amounts, showing that the net revenue was not what it had been reported by former officers for these years, but was in the aggregate \$50,000,000 less.

Now what became of this fifty millions; how did it disappear? If the reports from 1862 to 1869 are to be believed and credited it was in the Treasury of the United States; but the Secretary in 1870 says in effect it was not there.

It is useless to say that when money is once covered into the Treasury it can be paid out or disappear except by virtue of an appropriation by Congress.

Warrants issued and warrants paid, trust funds, pension funds, coin in the Treasury, and other items have been made use of to explain discrepancies in the statement of the annual expenditures; but they can be of no aid to show why, when revenue has once been covered into the Treasury and reported to Congress for a certain year, it can be decreased.

PUBLIC DEBT STATEMENTS.

I will now refer to some changes in the statement of the public debt. In all of the finance reports from 1835 to 1870 the public debt has been stated for the following years as follows:

July 1, 1836.....	\$291,089 05.
1837.....	1,878,223 55
1841.....	6,737,398 00
1843.....	27,203,450 69
1858.....	44,910,777 66
1859.....	58,754,699 33
1860.....	64,769,703 08

The finance report for 1871 on page 369 in the statement of the public debt changes these figures, in every instance increasing them, and states the public debt for these same years at—

July 1, 1836.....	\$336,957 83
1837.....	3,308,124 07
1841.....	13,594,480 73
1843.....	32,742,922 00
1858.....	44,911,881 03
1859.....	58,496,837 88
1860.....	64,842,287 88

The aggregate increase in the public debt in these years is over \$13,000,000.

The report of 1871 changes the figures and increases the public debt over all former reports for the year 1837 nearly \$1,500,000; for the year 1841, over \$6,000,000; and for the year 1843, over \$5,000,000.

It must be borne in mind that these changes which were made in the year 1871 reach back from that year to the year 1836, a period of thirty-five years.

Now, how is it possible there can be an explanation of these discrepancies or any warrant for them?

While on this subject of the public debt and the changes in the statements thereof, I desire to state further that I find what is generally known as the Pacific Railroad debt was, by Mr. McCulloch for several years and his successor in the year 1869, stated and reported as a part of the public debt, amounting in that year to near \$60,000,000; but in the report of 1870 this item of near \$60,000,000 is stricken from the public debt and placed in a separate table, and from that year until now it has been and is reported and treated not as a part of the public debt but as a debt of the Pacific railroad, when in fact it was and is as much a public debt as it was when stated and reported as such in the reports of 1869 and previous years.

In the year 1870 there was an apparent reduction of the public debt of over \$100,000,000, (according to the finance report;) but this reduction was in a large measure only apparent, and due to a stroke of the pen—a mere transfer of about \$60,000,000 to another table. The country gave credit to the administration for this large decrease of the public debt during this year, when in fact the larger part of it was due to the change in book-keeping and the Secretary's new tables.

In the course of the debate on the resolution now under consideration the distinguished chairman of the Committee on Finance [Mr. SHERMAN] made use of this language, which I will thank the Clerk to read.

The Chief Clerk read as follows:

The accounts of the Treasury Department have always been based upon the system established by Alexander Hamilton, enlarged from time to time by the growth of the operations of the Government. Instead of one Auditor in the Treasury, there are now six; instead of one Comptroller, there are now three; instead of thirty or forty clerks in the different branches of the Treasury, there are now somewhere from two to three thousand—the amount of business is so enormously enlarged. I have often heard it complained that the system of keeping accounts in some branches of the service ought to be changed, but it is a very difficult and very dangerous process, and I invite the careful scrutiny of any man who undertakes to improve on the work of Alexander Hamilton and Albert Gallatin and all the great men who have filled the office of Secretary of the Treasury, and to devise a better system of accounting than they with their mature minds and long experience established, and which has been enlarged with the gradual growth of our Government. Their system has been the frame-work of our finances for more than eighty years. The gradual additions to the mode of accounting that have been made by law have probably made as perfect a system as can be devised. But he must be a bold man and a wise man who will undertake, without study and experience, to step in and devise a better system than this. If we had such a man, if there is such a one who is willing to undertake the task, I shall be very glad to co-operate with him. I doubt very much the propriety of any tinkering with so complicated a machine as the Treasury Department.

Mr. DAVIS. Mr. President, I know that figures and facts are always very dry subjects, and I am sorry to see that the Senator from

Massachusetts [Mr. BOUTWELL] has left the Chamber for a moment. I have something to which I want to call his attention.

I fully agree with the Senator from Ohio [Mr. SHERMAN] in all that he has stated as to the complete system of keeping the accounts in the Treasury Department, adopted and perfected by such great men as Alexander Hamilton, Albert Gallatin, and others; and I particularly agree with him when he says:

He must be a bold man and a wise man who will undertake, without study and experience, to step in and devise a better system than this.

But, sir, this bold and wise man seems to have been found in 1870 and 1871, because in those years great changes and alterations are found to have taken place in the statements and annual reports of the Treasury Department. And I agree with the Senator entirely when he says:

I doubt very much the propriety of any tinkering with so complicated a machine as the Treasury Department.

And because of this interference, changing and alteration of statements, especially in the years 1870 and 1871, I have introduced this resolution so that the facts may be made known. The Senator from Massachusetts [Mr. BOUTWELL] admits that he introduced a new system, and uses this language:

In 1869 and 1870, when we found that there were no present means of checking the accounts of the Register of the Treasury, we instituted a public-debt account in the office of the Secretary of the Treasury, and we went back. * * * And therefore this system of which so much complaint is made now was instituted in 1869 and 1870 as a check upon the Register's Office and for the purpose of enabling the Senator from West Virginia to ascertain whether the accounts of the Treasury were accurate or not—

giving as a reason that this "system was instituted in 1869 and 1870 as a check upon the Register's Office."

My understanding and belief are that the First Comptroller and the Treasurer have always been a check upon the Register, and the Senator may have been in error in his statement and reason for instituting his new system and tables; certainly he was as to the revenue and expenditures.

Now, in the face of these facts, enough to produce alarm, I do not hesitate to re-affirm and declare that changes and alterations of figures in the finance reports have been made involving large amounts. It is certain that in the report for 1870-'71 the revenue collected for certain years has been decreased and that the expenditures and public debt have been increased. There must have been some object more than has been made known, and I leave it to them who know best to explain what it was.

Since the introduction of the resolution under consideration I have been asked if I charged or intended to charge fraud or the improper

use of money in the Treasury Department during certain years. I have not stated that there was fraud, nor have I said there was not. When I first presented to the Senate figures and facts which clearly showed many changes and alterations in the annual statements made to Congress involving large amounts, I was disposed to believe and did hope they could and would be explained by some Senator or Treasury official.

The facts are, however, that several Senators, and especially the senior Senator from Massachusetts, aided by a statement from the Treasury Department, have endeavored to explain a portion of these changes and discrepancies, and in my judgment have thrown but little, if any, light upon them; and as to the other portion no attempt whatever has been made to explain them. And when I consider that every opportunity has been afforded those who ought to understand the workings of the Treasury Department, and even the Treasury officials themselves, to render an explanation, and they fail, I am reluctantly compelled to the conclusion that there is no reasonable explanation to be had, and that these changes and alterations have not resulted in public good, and if there have been frauds they have in part served to cover up and conceal them.

In my investigations I have been compelled to rely on the official reports only for information. I have had no aid in discovering these alterations and changes from the Treasury Department or its officials. Whenever I have made inquiry of any person connected with the Treasury Department as to changes and discrepancies pointed out by myself, I have been treated with politeness and met with a disposition to explain them away.

The resolution now under consideration was introduced with no purpose except to obtain what I regard as important public information, and in the presentation of the facts I have gleaned in its support I have undertaken to be fair toward the subject and toward all who may have been in the least generally or especially affected by it. I believe the matters I have presented demand thorough investigation and prompt correction. I am sorry there are leading Senators on the other side who do not agree with me. At first it seemed that all were for investigation by a special committee; but now it is proposed to send it to a committee a large majority of which is friendly to the Administration responsible for the changes and discrepancies I have pointed out, and some of whom have avowed opinions as to the correctness of such alterations. Would not this be sending the child to an unfriendly nurse?

The PRESIDING OFFICER, (Mr. EATON in the chair.) The question is on the amendment of the Senator from Vermont, [Mr. EDMUNDS,] to strike out the words "a committee of five be appointed" and insert in lieu thereof the words "Committee on Finance be instructed."

Mr. STEVENSON. I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

YEAS—Messrs. Allison, Anthony, Boutwell, Cameron of Pennsylvania, Christiancy, Clayton, Conkling, Cragin, Dawes, Dorsey, Ferry, Frelinghuysen, Hamlin, Harvey, Hitchcock, Howe, Ingalls, Jones of Nevada, Logan, McMillan, Mitchell, Morrill of Maine, Morrill of Vermont, Morton, Paddock, Robertson, West, and Wright—28.

NAYS—Messrs. Bayard, Bogy, Booth, Caperton, Cockrell, Davis, Dennis, Eaton, English, Goldthwaite, Gordon, Jones of Florida, Kelly, Key, McCreery, McDonald, Maxey, Norwood, Randolph, Saulsbury, Stevenson, and Withers—22.

So the amendment was agreed to.

The PRESIDING OFFICER. The question recurs on the resolution as amended.

Mr. DAVIS. Let the resolution, as amended, be reported.

The Chief Clerk read as follows:

Be it resolved, That the Committee on Finance be instructed to investigate the books and accounts of the Treasury Department, particularly with reference to 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 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.

The resolution, as amended, was agreed to.

