

43. *System of Finance*

To the Secretary of the Treasury. (Albert Gallatin.)

Washington, April 1, 1802

Dear Sir,—I have read and considered your report on the operations of the sinking fund, and entirely approve of it, as the best plan on which we can set out. I think it an object of great importance, to be kept in view and to be undertaken at a fit season, to simplify our system of finance, and bring it within the comprehension of every member of Congress. Hamilton set out on a different plan. In order that he might have the entire government of his machine, he determined so to complicate it as that neither the President nor Congress should be able to understand it, or to control him. He succeeded in doing this, not only beyond their reach, but so that he at length could not unravel it himself. He gave to the debt, in the first instance, in funding it, the most artificial and mysterious form he could devise. He then moulded up his appropriations of a number of scraps and remnants, many of which were nothing at all, and applied them to different objects in reversion and remainder, until the whole system was involved in impenetrable fog; and while he was giving himself the airs of providing for the payment of the debt, he left himself free to add to it continually, as he did in fact, instead of paying it. I like your idea of kneading all his little scraps and fragments into one batch, and adding to it a complementary sum, which, while it forms it into a single mass from which everything is to be paid, will enable us, should a breach of appropriation ever be charged on us, to prove that the sum appropriated, and more, has been applied to its specific object.

But there is a point beyond this on which I should wish to keep my eye, and to which I should aim to approach by every tack which previous arrangements force on us. That is, to form into one consolidated mass all the moneys received into the treasury, and to the several expenditures, giving them a preference of payment according to the order in which they should be arranged. As for example. 1. The interest of the public debt. 2. Such portions of principal as are exigible. 3. The expenses of government. 4. Such other portions of principal as, though not exigible, we are still free to pay when we please. The last object might be made to take up the residuum of money remaining in the treasury at the end of every year, after the three first objects were complied with, and would be the barometer whereby to test the economy of the administration. It would furnish a simple measure by which every one could mete their merit, and by which every one could decide when taxes were deficient or superabundant. If to this can be added a simplification of the form of accounts in the treasury department, and in the organization of its officers, so as to bring everything to a single centre, we might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress, and every man of any mind in the Union, should be able to comprehend them to investigate abuses, and consequently to control them. Our predecessors have endeavored by intricacies of system, and shuffling the investigator over from one officer to another, to cover everything from detection. I hope we shall go in the contrary direction, and that by our honest and judicious reformatations, we may be able, within the limits of our time, to bring things back to that simple and intelligible system on which they should have been organized at first. . . .