Little

HJ256
.G3

REVENUES AND EXPENDITURES.

SPEECH

OF

HON. JAMES A. GARFIELD,

OF OHIO,

In the House of Representatives,

THURSDAY, MARCH 5, 1874.

LIBRARY OF CONGRESS
U.S.A.
WASHINGTON

John H. Cunningham, Printer.

1874

HJ256
.G3

M.S.L. 13 Ap 07

REVENUES AND EXPENDITURES.

SPEECH

OF

HON. JAMES A. GARFIELD,

OF OHIO,

In the House of Representatives,

THURSDAY, MARCH 5, 1874.

The House having resolved itself into Committee of the Whole on the state of the Union, (Mr. WOODFORD in the chair,) proceeded to the consideration of the special order, being the bill (H. R. No. 2064) making appropriations for the legislative and judicial expenses of the Government for the year ending June 30, 1875, and for other purposes—

Mr. GARFIELD said:

Mr. CHAIRMAN. I regret that I have to ask the attention of the Committee of the Whole at so late an hour of the day; but in the present condition of the public business I am unwilling longer to delay the consideration of the appropriation bills.

The bill now pending before the Committee of the Whole is the best gauge by which to measure the magnitude and cost of the national Government. Its provisions extend to every leading function of the Government in the three great departments—legislative, executive, and judicial—and includes the civil functions of the military and naval establishments. It appropriates for all the salaries and contingent expenses of all the officers and employees of the civil service. If its provisions could be thrown upon canvas, they would form an outline map exhibiting the character and the magnitude of the Government of the United States.

This is the proper stand-point from which to study the public expenditures, to examine the relation of expenditures to taxation, and of both to the prosperity and well-being of the nation.

What the House may do with this bill will be the test of what they will do with the appropriation bills generally. Their action upon this bill will lay the base line from which the scale of our expenditures for the coming fiscal year is to be measured; and it is for that reason, Mr. Chairman, that I ask the attention of the House, not only to the bill, but to the larger question of our expenditures and our revenues. A very wise man said many years ago, concerning the finances of a European kingdom, that if one of their annual budgets alone should survive the next deluge, if it were the only fragment left after dry land appeared, from that annual budget alone could be read and reconstructed the entire history of the nation.

A government is an artificial giant, and the power that moves it is money—money raised by taxation and distributed to the various parts of the body-politic according to the discretion of the legislative power.

NECESSARY EXPENDITURES THE BASIS OF FINANCIAL POLICY.

The necessary expenditures of the Government form the base line from which we measure the amount of our taxation required, and on which we base our system of finance. We have frequently heard it remarked since the session began that we should make our expenditures come within our revenues—that we should "cut our garment according to our cloth." This theory may be correct when applied to private affairs, but it is not applicable to the wants of nations. Our national expenditures should be measured by the real necessities and the proper needs of the Government. We should cut our garment so as to fit the person to be clothed. If he be a giant we must provide cloth sufficient for a fitting garment.

The Committee on Appropriations are seeking earnestly to reduce the expenditures of the Government; but they reject the doctrine that they should at all hazards reduce the expenditures to the level of the revenues, however small those revenues may be. They have attempted rather to ascertain what are the real and vital necessities of the Government; to find what amount of money will suffice to meet all its honorable obligations, to carry on all its necessary and essential functions, and to keep alive those public enterprises which the country desires its Government to undertake and accomplish. When the amount of expenses necessary to meet these objects is ascertained, that amount should be appropriated; and ways and means for procuring that amount should be provided.

There are some advantages in the British system of managing their finances. In the annual budget reported to the House of Commons, expenditures and taxation are harnessed together. If appropriations are increased, taxes are correspondingly increased. If appropriations are reduced, a reduction of taxes accompanies the reduction.

On some accounts, it is unfortunate that our work of appropriations is not connected directly with the work of taxation. If this were so, the necessity of taxation would be a constant check upon extravagance, and the practice of economy would promise, as its immediate result, the pleasure of reducing taxation.

SURPLUS AND DEFICIT.

Revenues and expenditures may be considered from two points of view; in relation to the people and their industries, and in relation to the Government and the effective working of its machinery. So far as the people are concerned, they willingly bear the burdens of taxation, when they see that their contributions are honestly and wisely expended to maintain the Government of their choice, and to accomplish those objects which they consider necessary for the general welfare. So far as the Government is concerned the soundness of its financial affairs depends upon the annual surplus of its revenues over expenditures. A steady and constant revenue drawn from sources that represent the prosperity of the nation—a revenue that grows with the growth of national wealth and is so adjusted to the expenditures that a constant and considerable surplus is annually left in the Treasury above all the necessary current demands; a surplus that keeps the Treasury strong, that holds it above the fear of sudden panic; that makes it impregnable against all private combinations; that makes it a terror to all stock-jobbing and gold-gambling—this is financial health. This is the situation that wise statesmanship should endeavor to support and maintain.

Of course in this discussion I leave out the collateral though important subject of banking and currency. The surplus, then, is the key to our financial situation. Every act of legislation should be studied in view of its effects upon the surplus. Two sets of forces are constantly acting upon the surplus. It is increased by the growth of the revenue and by the decrease of expenditure. It is decreased by the repeal or reduction of taxation, and by the increase of expenditures. When both forces conspire against it, when taxes are diminished and expenditures are increased, the surplus disappears.

With the disappearance of the surplus comes disaster—disaster to the Treasury, disaster to the public credit, disaster to all the public interests. In times of peace, when no sudden emergency has made a great and imperious demand upon the Treasury, a deficit cannot occur except as the result of unwise legislation or reckless and unwarranted administration. That legislation may consist in too great an increase of appropriations, or in too great a reduction of taxation, or in both combined.

HISTORY AND CAUSE OF DEFICITS.

Twice in the history of this nation a deficit has occurred in time of peace. In both instances it has occurred because Congress went too far in the reduction of taxation—so far as to cripple the revenues and deplete the Treasury. It may be worth our while to study those periods of our history in which deficits have thus occurred.

I do not speak of periods of war, for then the surplus is always maintained by the aid of loans; but I speak of deficits occurring in times of peace. From the close of the last war with England, in 1815, our revenues maintained a healthy and steady growth, interrupted only by years of finanial crisis. A constant surplus was maintained sufficient to keep the Treasury steady and diminish the public debt, and finally complete its payment. But in 1833, the great financial discussion, which at one time threatened to dissolve the Union, was ended by the passage of the compromise tariff of 1833—a law that provided for the scaling down of the rates of taxation on imports in each alternate year until 1842, when all should be reduced to the uniform rate of 20 per cent. *ad valorem.*

By this measure the revenues were steadily decreased, and in 1840 the Treasury was empty. During the nine preceding years the receipts into the Treasury had averaged thirty-two millions a year; but in 1840 they had fallen to nineteen and a half

millions, and in 1841 to less than seventeen millions. True, the expenditures had grown with the growth of the country; but no large or sudden expenditure appeared in any of those years. The deficit appeared, and it was unquestionably due to too great a reduction of taxation. This deficit brought political and financial disaster. To meet it, a special session of Congress was convened in June, 1841, and President Tyler sent in his message, in which he declared that by the end of the fiscal year of March 4, 1842, there would be a deficit of $11,406,132.98, and a further deficit by September, 1842, of $4,845,000.

In his message of December 7, 1841, he reported a still further deficit and declared that these accumulated deficits were the results of the too great reduction of taxation by the legislation of 1833. These accumulated deficits amounted to more than all the receipts for that year. They were to that time what a deficit of three hundred millions would be to us to-day.

I understood the gentleman from Massachusetts [Mr. DAWES] to declare that Congress had never increased taxation in time of peace. Our history does not bear him out in this assertion.

The Congress of 1841–'42 was called upon to repair the wasted revenues by an increase of taxation. The debates of that body show that the bill they passed was treated wholly as a necessity of the revenue. The bill itself was entitled "An act to provide revenue for the Government." It became a law in 1842, and under its influence the revenues revived. In 1843 the surplus reappeared, and again the revenues continued to grow with the growth of the country.

Excepting the period of the Mexican war, which, like all other modern wars, was supported by the aid of loans, the surplus continued down to and including the first year of Buchanan's administration. During the four years of Pierce's administration, the revenues had exceeded seventy millions a year; but in the first year of Buchanan's term, an act was passed so largely reducing the duties on imports that the revenues dropped to forty-six and a half millions in 1858, and a deficit appeared which continued and accumulated until the coming in of Lincoln's administration.

Let us notice the growth of that deficit. On the 1st day of July, 1857, the public debt, less cash in the Treasury, was $11,350,270.63; on the 1st day of July, 1860, the account stood, total debt, less cash in the Treasury, $61,140,497, showing a deficit of fifty millions in the space of three years. When Mr. Lincoln was inaugurated, in 1861, the debt had increased to nearly ninety millions, and there had accumulated a deficit of more than seventy millions. And those four years of Buchanan's administration were not years of extraordinary expenditures. Indeed, during those four years, the expenditures had not averaged so great as in the last year of the administration of Mr. Pierce. The deficit then did not arise from an increase of expenditure, but from a decrease of revenue. For four years the Government had been paying its ordinary expenses by the aid of loans at ruinous rates, and by forced loans in the form of Treasury notes. Here, as in the former case, the final remedy for the deficit was taxation.

The first act of the last session of Congress in Buchanan's term was an act to authorize the issue of Treasury notes to meet the expenditures of the Government; and almost the last act of that session was the act of March 2, 1861, to provide for the payment of outstanding Treasury notes, and to meet the expenditures of the Government by increasing the duties on imports. This act was passed by a republican Congress, and was reluctantly approved by a President whose policy and whose party had produced the deficit, and brought financial distress upon the country by cutting too deeply and too recklessly into the public revenues.

Mr. NIBLACK. Will the gentleman allow me a moment?

Mr. GARFIELD. Certainly.

Mr. NIBLACK. I want to inquire simply whether that deficit did not arise mainly from the timidity which Congress felt about increasing taxes in time of peace, and which we now feel about assessing additional taxes?

Mr. GARFIELD. Quite likely there was timidity about putting on taxes. But the deficit was caused by taking too many of them off, and the surplus was restored by putting them on again.

Mr. NIBLACK. Is it not the old story over again, an unwillingness to tax unless some emergency like a great war compels us to do so?

Mr. GARFIELD I am merely stating the history of these two deficits. Before I close I will discuss the question whether we are to have another or not.

Mr. NIBLACK. I only want to make a note as we go along, for, as the gentleman will remember, I happened to be here in Congress at that time, and I know that to have been the case.

Mr. GARFIELD. I have been appealing to the past to learn how deficits occur.

In view of its history, I am warranted in the declaration that our deficits in time of peace have resulted from legislation that has crippled the revenues, and that such deficits have been overcome only by replacing taxes too recklessly repealed.

RECENT CONDITION OF THE TREASURY.

Mr. Chairman, when this House convened in December last, we were startled by the declaration that another deficit was about to appear. We were informed that we might look for a deficit of forty-two millions by the end of the current fiscal year. This announcement was indeed the signal for alarm throughout the country; and it became the imperative duty of Congress to inquire as to whether there would be a deficit, and if so, to ascertain its cause and provide the remedy.

In this instance, to the ordinary causes that produce a deficit, there had been superadded the disastrous financial calamity that visited a portion of the business interests of this country in September last; a panic that fell with unparalleled weight and suddenness, and swept like a tornado, leaving destruction in its track. We have not yet sufficiently recovered from the shock to be able to measure with accuracy the magnitude of its effects. We cannot yet tell how soon and how completely the revenues of the country will recover from the shock. But we have sufficient data to ascertain, with some degree of accuracy, the part that the legislation of Congress has played in producing the situation in which we now find ourselves.

That we may more clearly trace the legislative steps by which we have reached our present position, I invite your attention to the condition of our finances at the close of the war. Leaving out of view the fiscal year ending June 30, 1865, in which there were paid over the counter of the Treasury the enormous sum of $1,290,000,000, the accumulated products of taxation and of loans, we begin our examination with the year that followed the close of the war, the fiscal year ending June 30, 1866. In that year. our aggregate revenues, from all sources, exclusive of loans, amounted to $558,000,000, and our expenditures to nearly $521,000,000, leaving us a clear surplus of $37,000,000, These were the gigantic proportions of our income and our payments. From these a, a base line we sketch the subsequent history of our finances. From these vast totals the work of triple reduction began; reduction of the revenue by the repeal of taxes; reduction of ordinary payments by the decrease of expenditures; reduction of the public debt by applying to it the annual surplus.

HISTORY OF SURPLUS SINCE THE WAR.

I present a table which exhibits in parallel columns the annual receipts and expenditures from 1866 to 1873, and the estimated receipts and expenditures for 1874. These columns represent the converging lines that mark the reduction of taxes and the reduction of expenditures. As these lines approach each other the surplus diminishes; whenever they touch and cross each other, the surplus is gone and the deficit will appear.

Receipts and expenditures of the Government.

For the fiscal year ending—	Secretary's annual report.	Receipts exclusive of loans.	Expenditures exclusive of principal of public debt.
	Page.		
June 30, 1866. . . .	2	$558, 032, 620 06	$520, 750, 940 48
June 30, 1867. . . .	33, 34	490, 634, 010 27	346, 729, 129 33
June 30, 1868. . . .	24, 25	405, 638, 083 32	377, 340, 284 86
June 30, 1869. . . .	20	370, 943, 747 21	321, 490, 597 75
June 30, 1870. . . .	3	411, 255, 477 63	309, 653, 560 75
June 30, 1871. . . .	5	383, 323, 944 89	292, 177, 188 25
June 30, 1872. . . .	5	374, 106, 967 56	277, 517, 962 67
June 30, 1873. . . .	4, 5	333, 738, 204 67	290, 345, 245 33

From this table it will be seen that, in every year, save one, since the war, the revenues have been decreased by the reduction of taxes; and in every year save two the expenditures have decreased

Two forces have been constantly at work, the one reducing expenditures, the other repealing taxes. And yet, by the aid of one and in spite of the other, a handsome surplus has been maintained in each of these years. By comparing the two columns given in the table, it will be seen that, notwithstanding the diminution of taxes, the surplus increased, until in 1870 it reached $100,000,000.

REDUCTION OF TAXES SINCE THE WAR.

Keeping in view the column of receipts into the Treasury, let us call to mind the various acts and amounts by which the burdens of taxation have been removed. The echoes of the last battle had hardly died away when Congress began the grateful work of reducing taxation.

By the act of July 13, 1866, internal duties were repealed to the amount of.....		$65,000,000
By the act of March 2, 1867, internal duties were further reduced by the sum of....		40,000,000
By the acts of February, March, and July, 1868, internal duties were still further reduced by the sum of		68,000,000
By the act of July, 14, 1870, the reduction was:		
On customs	$29,526,410	
On internal revenue	$55,000,000	
		84,526,410
By the acts of May 1, and June 6, 1872, the reduction, as stated by the chairman of the Committee on Ways and Means, was, for eleven months of last year:		
On customs	$44,365,364	
On internal revenue	17,695,456	
		62,060,820
Making a total reduction, since the close of the fiscal year 1866, of . .		$319,527,230

I have here stated, not the total that these taxes would have produced if allowed to remain on the statute books, but the amount they were producing at the dates of their repeal.

I have now examined the course of revenue and expenditure to the close of the last fiscal year. On the first day of July, 1873, the Treasury closed with a surplus of $43,000,000, of which amount, however, more than $29,000,000 were due to the *sinking fund*. If this year is to show a deficit, it will be because the expenditures have increased, or because the revenues are diminished from those of last year.

What are the facts? I give the figures for the two years, omitting the sinking fund from each; those for 1873 as they stand on the books of the Treasury, those for 1874 as estimated by the chairman of the Committee on Ways and Means in his speech of February 12, as follows:

1873—Receipts	$333,738,204 64
1874—Receipts	281,707,922 99
Decrease	$52,030,281 65

I do not admit the correctness of these estimates for the current year. The condition of the Treasury has grown better since the gentleman from Massachusetts made his speech. But taking the estimate as he gave it, and considering the situation in its worst aspect, the figures of the gentleman from Massachusetts show this: that, comparing this fiscal year with the last, our revenues have fallen off more than fifty-two millions; and therefore, it is undeniably true that if we are about to meet a deficit, that deficit will occur not because increased expenditures have cut away the surplus, but because the revenues have suffered a loss of fifty-two millions during the current fiscal year—a loss nine millions greater than the surplus of last year.

Now, Mr. Chairman how came we to lose this fifty-two millions of revenue, if, indeed, it is lost? The explanation of that loss can be found by examining our legislation that has reduced the revenues. Let us then go back to the month of July, 1870.

REDUCTION OF REVENUE IN 1870.

The fiscal year had just closed with a surplus of one hundred millions. It was an opportunity to afford relief from the burdens of taxation. Congress determined by the act of July 14, 1870, to establish the sinking fund on a firm basis, by making a permanent appropriation for its annual support; and having done that, repealed and reduced taxes to the amount of $84,500,000. That was the repeal which swept away the income tax, although it was to be collected for the following year.

The Treasury did not at once feel the whole effect of so sweeping a repeal. In fact the income tax, repealed at that date, has been paying revenue into the Treasury ever since. During the last year even, we received more than five millions of revenues from back taxes on incomes.

But, notwithstanding this heavy reduction, another was made in the months of May and June, 1872, which more particularly concerns the question of deficit we are now discussing. In spite of the reduction of 1870, an unusual amount of revenue came pouring into the Treasury during the year 1872—an amount sufficient, by the aid of reduced expenditures, to leave a surplus of more than $90,000,000. Was that a stable surplus? Could it be relied on to continue and increase, even if no further reduction of taxes were made? Manifestly not. The Treasury had not yet felt the full effect of the reduction of 1870. There were paid into the Treasury in 1872, more than nineteen millions of back taxes on articles and occupations from which the tax had been removed by the act of 1870.

REDUCTION IN 1872.

But there was another consideration which should have been borne in mind by Congress in its legislation of 1872. We were that year receiving an amount of revenue from customs far in excess of any other year. From commercial and other causes, which I will not pause to discuss, there had been an unusual and abnormal increase in the amount of foreign importations, an increase that we could not expect would continue. The revenues from customs that year were $30,000,000 above the average for

the four preceding years, and ten millions more than in any other year of our history. It was not safe for Congress to calculate upon the continuance of that unusual revenue from customs.

For all these reasons it was inevitable that with any further repeal of taxes, the years 1873 and 1874 would show a falling off in revenues, resulting from former legislation; from the natural decrease of revenues from miscellaneous sources; and from the necessary falling off of importations from the unusual amount of the preceding year. These facts should have been taken into consideration in the spring of 1872, when it was proposed to make further reduction of taxes. No doubt a considerable reduction was possible and safe. The best estimate that could be made at that time fixed the limit of safe reduction at $50,000,000.

On the 3d of May, 1872, the chairman of the Committee on Ways and Means, in introducing his bill for further reduction of taxes, used these words:

> Fifty millions of reduction of taxes, including the reduction on tea and coffee, [which had just been made two days before,] is the utmost limit of reduction admitted possible by any one who has the slightest responsibility for the administration of affairs for the financial credit of the nation.

Let it be remembered as a part of the current history of our legislation that the chairman of the Committee on Ways and Means, speaking not only by the authority of his own position, but by the authority of the Treasury Department, declared that fifty millions was the utmost limit to which it was safe to go in the reduction of taxes; and yet, by the two acts of May 1 and June 6, 1872, Congress cut off from the vital revenues of the Government more than $62,000,000, nearly $45,000,000 of which were in gold. We have the testimony of the chairman of the Committee on Ways and Means that the committee of conference, in the final adjustment of the bill, would have cut down still five millions deeper, but for the earnest protest of the Treasury Department.

In his speech on the 3d of June, when the chairman presented the conference report to the House, he said that when the amount of proposed reduction—

> came to the ears of the Treasury officials, they brought down upon the committee official statements to show that if we reduced the revenues fifty-eight millions, those who were responsible for the administration of the Government were of the opinion that we should not have enough to pay the sinking fund.

But for that protest the reduction would have been five millions greater; it would have been $67,000,000.

Now, Mr. Chairman, if the whole amount of this reduction had afforded relief to the people from the burdens of taxation, and had been safe for the Treasury, it would have been a cause for public rejoicing. But we have the authority of the chairman of the Committee on Ways and Means for the declaration that while the act of May 1, 1872, deprived the Treasury of more than $25,000,000 in gold, it did not relieve the burdens of the people by a single dollar; that the whole of this vast sum was divided between the foreign producer at one end and the wholesale dealer at the other. I quote from his speech of February 14:

> When we took off the $25,000,000 from tea and coffee it did not reduce the price to the consumer of either article one half-penny. I have the prices-current of the country to bear me out that I am substantially, if not mathematically, accurate in the statement that the whole of the duty taken off was divided between the producer at the one end and the wholesale dealer at the other.

If this revenue, thus uselessly thrown away, were to-day coming into our Treasury we should have no fear of a deficit.

Mr. Chairman, it is a grateful task to remove burdens from the industries and the earnings of the American people. No more grateful work can an American Congress be called upon to perform. But while we are relieving the people from the burdens of taxation, it should always be borne in mind that we are in danger of so crippling the revenues as to embarrass the Government and endanger the public credit. It is a great thing to remove all burdensome taxes; but there is danger that while Congress may imitate Tennyson's Godiva, who—

> Took away the tax,
> And built herself an everlasting name,—

yet in so doing, it may cause the public credit to go forth from, a despoiled Treasury, and, like the Lady Godiva, ride naked in the streets of the world. We have had abounding faith in the elasticity of our revenues. We have found that even reduction of rates frequently brings us increased revenues; that the bouyant and almost immortal life of our industries will make the tree of our revenues bloom again, how oftensoever we may pluck its flowers and its fruits. We think of it as the fabled tree which Virgil's hero found in the grove of Avernus. Whenever the bough of gold was plucked away, another sprang out in its place:

> Primo avulso non deficit alter
> Aureus; et simili frondescit virga metallo.

But, sir, we may pluck the golden bough once too often. We may pluck away with it the living forces of the tree itself.

Just that mistake has been made twice before in our political history; a mistake which has always been atoned for only by planting new shoots on which new revenues might grow.

Mr. COX. Will the gentleman from Ohio allow me to ask him a question?

Mr. GARFIELD. Certainly.

Mr. COX. My friend from Ohio in 1872, I think, endeavored to cut down the taxes along with other gentlemen on both sides of the House. I would like to know from him what part of that action he objects to now; whether it was the removal of the duty on tea, or on coffee, or on what particular article? He reproaches us for our work. Will the gentleman, then, tell us wherein we were wrong?

Mr. GARFIELD. My worthy and learned friend will perhaps be relieved and pleased to learn that I was one of that small but unpopular company of twenty-five who voted against the repeal of the duty on tea and coffee, because they thought it unwise legislation.

Mr. COX. All right.

EFFECTS OF REDUCTION OF REVENUE ON THE SURPLUS.

Now, Mr. Chairman, is it wonderful, in view of these facts, that our estimated revenues for the current year should be one hundred and two millions less than the revenues for 1871? What more is needed to explain this falling off than the admitted fact, that since the beginning of the fiscal year 1871, we have repealed and reduced taxes to the amount of one hundred and forty-six and a half million dollars? And yet with that enormous reduction no man would question the soundness of the Treasury; no man would doubt but that to-day, in spite of the panic and all its effects, we should have a strong surplus in the Treasury but for the useless repeal of the duty on tea and coffee. I do not say that it is necessary to restore that duty. I am pointing out the effect of its repeal. With the single exception of the reduction on tea and coffee, I have heartily joined in all our legislation to reduce taxation.

On the 12th of December last, the Secretary of the Treasury addressed a letter to the Committee on Ways and Means suggesting more taxes on spirits, tobacco and gas, and on several classes of corporations.

In writing this letter the Secretary surveyed the situation as it appeared when the worst effects of the crisis were felt by the Treasury. It was at that date that a deficit seemed imminent; and it was the duty of the Secretary of the Treasury and of the chairman of the Committee on Ways and Means to give Congress the facts.

DEFICIT CAN BE AVOIDED BY RETRENCHMENT.

If there be a deficit, the duty of Congress is plain. First, to assertain the smallest amount by which the necessary expenditures of the Government may be met; and if there still be a deficit, to meet it by restoring some of the revenues which we have crippled by too great a reduction of taxes. Retrenchment of expenses is the first duty, and the performance of that duty may be a perfect and complete remedy; but I do not indorse the doctrine that the expenditures must be cut down, at all hazards, to the level of the revenues. If necessary, there must be help on both sids of the ledger. If there be a chasm to be bridged, it must be bridged by building from both shores; by decreasing the expenditures on one side and increasing the revenues on the other.

But, Mr. Chairman, the study which I have been able to give to this subject leads me to believe that the revival of business from the disastrous effects of the panic will so increase our revenues that by the aid of such reduction as may be made in the expenditures of the next fiscal year no deficit will occur; that the Treasury will not go to protest; that the public credit will not be impaired. Even the gentleman from Massachusetts, [Mr. DAWES,] who, to say the least, does not paint the situation with the color of the rose, tells us that we shall have at the end of the present fiscal year, after all our deficiency appropriations are made, a surplus of ten millions. I think we shall have a larger sum.

The receipts for the month of February show a marked improvement. The official statement, published four days ago, shows that the debt was decreased during the month of February by the sum of $2,590,047.45: and, at the close of February, the Secretary estimated that the receipts for the current year will be eight millions more than the estimate which he sent to the Committee on Ways and Means at the beginning of that month.

Mr. Chairman, if I have been successful in the presentation of facts, I have made it apparent that, whatever danger of a deficit may have threatened the Treasury, that danger has been produced by two causes: too great a reduction of taxes, and the temporary crippling of the revenues by the commercial crisis. The last of these causes was beyond the control of legislation; but in spite of the storm no question of the

soundness of the Treasury would have been raised if it had been kept strong by a sufficient surplus.

ESTIMATES, APPROPRIATIONS AND EXPENDITURES.

I come now to speak more particularly of our recent expenditures.

We have seen how taxation has been reduced since the war; it is now necessary to inquire what has been done on the other side of the ledger. We have thus far been considering the revenues. What have been our expenditures? And here, Mr. Chairman, I am sorry to turn aside from the main line of discussion to notice the fact that frequent attempts have been made during the last three months to impress the public mind with the belief that the estimates, the appropriations, and the expenditures have not only been extravagant but increasing, in recent years. If this is so, it brings to the door of Congress, and to all those whom Congress has intrusted with any share of the responsibility on this subject, an imperative obligation to show cause for what they have done. I should not speak of this but for the fact that it has several times been referred to on this floor. That we may know just what the allegations are, I will quote three paragraphs from the CONGRESSIONAL RECORD. On the 15th of December, in the debate on revising the estimates, the gentleman from Massachusetts [Mr. DAWES] said:

Could I have my own way about it, the knife would go into that Book of Estimates * * until the difference between current receipts and expenditures should no longer exist. Sir, the Book of Estimates is a marvel to me. When I take up that broad book, so unlike that I used to carry under my arm, it is most unintelligible to me. The only thing I can realize and understand is, that year after year the estimates are going on increasing, until this year, in the face of these exigencies, the grand total of estimates is about twelve millions more than it was last year, and about fourteen millions more than the actual appropriation of last year.

In the next place, I call attention to a paragraph in a speech by the gentleman from Kentucky, [MR. BECK,] on the 12th of January. In the debate on the naval appropriation bill he said:

At the last session of the last Congress, after the last presidential election was over, and when members were not soon to be called to answer to the people, then, for the first time since I have been in Congress, for the first in the history of the country as I believe, Congress appropriated $15,329,000 more than all the estimates of all the Departments. Three hundred and eight million dollars was the amount the Departments asked: Congress gave them $319,600,000, and $4,000,000 more the other day, making $323,000,000, an excess of $15,000,000, the highest amount ever given in time of peace, and that, too, immediately after the last presidential election was over.

And that we may have the whole chapter before us, I ask the Clerk to read the following paragraph in the speech of the gentleman from Massachusetts, [Mr. DAWES,] made on the 12th of February.

The Clerk read as follows:

In 1873 the expenditures were $290,345,245.33, and we paid but $43,677,630.05 of the public debt. This year our appropriations have gone up from $290,000,000, our expenses for the last year, to $319,000,000, without paying one dollar of the public debt.

Mr. GARFIELD. To these three points, as they represent the three ideas of estimates, appropriations, and expenditures, I desire now to respond briefly. I did respond to two of them at the time. I will not pause to notice the rather singular criticism made by the gentleman from Massachusetts [Mr. DAWES] in reference to the bulk of the Book of Estimates, except to say that two years ago the Committee on Appropriations found this fault with the book, that it was too condensed in its statements; that the estimates and the reasons therefor, were not given with sufficient detail; and at the suggestion of the committee, the Secretary of the Treasury ordered a fuller statement, and gave us a quarto instead of a duodecimo. Now, while the quarto is somewhat too large for a pocket companion, yet it happens that the bulk of the book is not a measure of the appropriations asked for; that the modest little quarto that former chairmen of the Committee on Appropriations carried under their arms estimated a great many millions more of appropriations than the swollen quarto which I have had the honor to carry during the last two years.

Referring to the statement of the gentleman from Kentucky, [Mr. BECK,] it would indeed be a grave matter, and one requiring explanation, if Congress had appropriated $15,000,000 above the amount estimated as necessary for the public service. I answered at the time that what the gentleman called the estimates of last session were only the aggregate given in the regular Book of Estimates sent in on the first day of the session. I also showed that from the day that book was sent in until the last day of the session, additional estimates were constantly coming in. For instance, a whole book of estimates of deficiencies, amounting to more than $6,000 000, came in after the regular Book of Estimates was printed. I have here compiled from the records of the Committee on Appropriations a list of those estimates that came to the House or to the committee from the several Departments after the Book of Estimates came in, and the total amounts to the sum of $23,392,540.36. These were just as really estimates as though they had been printed in the Book of Estimates; and when the appropriations

of Congress are compared with the estimates, we must compare them with the whole, and not with a part. The gentleman was wholly wrong in his allegation. The appropriations made by Congress at the last session were far below the estimates.

Mr. BECK. Will the gentleman allow me one question right there?

Mr. GARFIELD. Certainly.

Mr. BECK. Is it not a fact that the Secretary of the Treasury, on the 1st of December last—December, 1873—in his Book of Estimates, page 175, states that all the estimates for the year 1874 were $308,323,256, while the gentleman himself has stated on this floor that the appropriations were $319,000,000; is not that true?

Mr. GARFIELD. This sum of $308,000,000 of which the gentleman speaks is what is found in the Book of Estimates only, and does not include the additional estimates which I have just referred to.

Mr. BECK. Ah, but this is the question: After all these deficiency bills were passed on the 1st day of December, 1873, did not the Secretary of the Treasury in his Book of Estimates again repeat that all the estimates for the year 1874 were $308,000,000?

Mr. GARFIELD. He did not. In this year's Book of Estimates he states what his estimates were for 1874. But that statement is taken bodily, from millions down to cents, from the Book of Estimates of the previous year, which book was in print and on our tables on the first day of the session, in December, 1872. All this I pointed out to the gentleman in the debate some weeks ago.

Mr. BECK. I will say this, and then I will not interrupt the gentleman further. I will make good, when I come to reply to him, not only the statement that we appropriated $319,000,000 when the estimates merely called for $308,000,000, but I will make good also that the gentleman misled the chairman of the Committee on Ways and Means [Mr. DAWES] by making him admit that the sinking fund was included in this year's appropriations, and not in other years, when he ought to have known that the sinking fund was included in them all, and I will demonstrate that fact.

Mr. GARFIELD. When the gentleman attempts that demonstration I shall be ready to try the question of arithmetic with him. I come now to the last of the three paragraphs which I have quoted from the RECORD, and that is the statement of the gentleman from Massachusetts, [Mr. DAWES.] I would not refer to that statement now, particularly in the absence of the distinguished gentleman, but for the fact that the answer which I made at the moment, and which the gentleman very frankly acknowledged before the House was correct, does not seem to have reached the country at all. Accusation goes on horseback while refutation travels very slowly on foot. The gentleman from Massachusetts startled the House, at least for a moment, and startled the country—by the statement which has been read at the Clerk's desk, that during the current fiscal year the appropriations had swollen from $290,000,000, the figures of last year, to $319,000,000, the figures of this year; in other words, that the extravagance of Congress had swollen the expenditures by the enormous sum of $29,000,000. That was indeed a startling statement, but the only thing startling about it was the $29,000,000; and when the correction was made by which the $29,000,000 were taken bodily out of his statement the cause of the alarm was gone, and the alarm itself ought also to have disappeared with it. But, sir, though the correction was made in open House, I desire to show the committee how little the country understands what the correction was. The daily papers the next morning contained about two columns of the Associated Press report of the speech of the gentleman from Massachusetts, and I will read the only portion of that report which relates to the correction:

Mr. GARFIELD criticised some of Mr. DAWES' figures ,especially those relating to the sinking fund.

I will add that the special dispatches contained a much fuller report. But most of the public journals received only the dispatches of the Associated Press.

I have no doubt that the reading public generally understand to this day that the first statement of the gentleman from Massachusetts remains uncontradicted, and that we have spent during the current fiscal year nearly $30,000,000 more than during the preceding year.

But, Mr. Chairman, it is not just to compare the appropriations of one fiscal year with the expenditures of another, for the plain reason that expenditures do not equal appropriations. Appropriations are intended to be made large enough to cover and more than cover the expenditures. Although there may be deficiencies on some items, yet there are always still large sums of unexpended balances to be covered into the Treasury each year. It is because of that very difference between appropriations and expenditures that the gentleman from Massachusetts could point to the fact that there were seventy-two millions of unexpended balances of former years ready to be covered into the Treasury at the end of the present fiscal year.

I have compiled from the annual and permanent appropriations a statement of the

amounts appropriated for each fiscal year since 1869, not including the sinking-fund. Stating it in round millions the account stands thus:

	Total appropriations.	*Deficiency appropriations for former years.*
For fiscal year ending June 30, 1870 . .	$317,000,000	$23,000,000
For fiscal year ending June 30, 1871 . .	315,000,000	22,000,000
For fiscal year ending June 30, 1872 . .	295,000,000	14,000,000
For fiscal year ending June 30, 1873 . .	291,000,000	6,500,000
For fiscal year ending June 30, 1874 . .	290,000,000	11,000,000

From this table it will be seen that in every year the appropriations exceed the expenditures; and that there has been a decrease in the amount of appropriations for each of those years.

In answer to all that has been said on the subject I point to the fact that the appropriations made at the last session of Congress, for the current year, were less than the appropriations for any year since the war.

The CHAIRMAN. The hour of the gentleman from Ohio has expired.

Mr. RANDALL. I move that the gentleman from Ohio [Mr. GARFIELD] have leave to proceed without limit, making his own choice whether he will go on now or in the morning.

The CHAIRMAN. The gentleman from Pennsylvania asks that the gentleman from Ohio [Mr. GARFIELD] have permission to proceed without limit. The Chair hears no objection, and the permission is granted. The gentleman from Ohio will continue.

Mr. KELLOGG. There is to be a session to-night, and unless the gentleman desires to finish now——

Mr. GARFIELD. I am under obligations to the committee for the courtesy it has shown me, and with its permission I prefer to go on now.

REDUCTION OF EXPENDITURES.

Mr. Chairman, as I have already said, there have been two years since the war in which the expenditures were greater than during the preceding years. One was the year 1868, when the expenditures appeared greater by $30,000,000 than those of 1867. The other was in 1873, when the expenditures appeared $12,000,000 greater than in 1872. This latter year of increase was the first year of my service as chairman of the Committee on Appropriations. Whatever share of responsibility belongs to me for that increase I cheerfully bear. Not the least difficult part of my task was to follow in the footsteps of the distinguished gentleman from Massachusetts, [Mr. DAWES,] whose committee had largely reduced expenditures the preceding year; and this made it all the more difficult to continue the reduction.

It ought also to be borne in mind that reduction of our expenditures cannot be carried on indefinitely. The reductions we have made since 1866 were possible only because we have been coming down from the high level of war expenditures to the new basis of peace. It is apparent that we must soon reach the limit of reduction, must soon reach a point where the constant and rapid growth of the country, its increase of population and of settled territory, will bring us under the control of the normal law of increase; and that thenceforward our expenses must grow with the growth and the development of the country. Expenditures thus adjusted are not only necessary and defensible, but they are the real index by which we measure the health and prosperity of a nation. Have we reached that limit of reduction? In a speech which I delivered on the legislative appropriation bill of two years ago, I ventured to predict that if peace continued undisturbed we should reach the limit of possible reduction in 1876—that by that time the interest and premium on the public debt would be reduced to $95,000,000, and that the total annual expenditures, including this interest, would not exceed $230,000,000. Perhaps that was too hopeful a view. The heavy reduction of revenues makes it doubtful whether we can reduce the interest to the figure suggested; and then there seems to be a sort of immortality in war bills.

ANALYSIS OF EXPENDITURES FOR LAST FISCAL YEAR.

For the information of the House, I have made a careful analysis of the actual expenditures of the fiscal year which ended on the 30th of June, 1873 I have grouped these expenditures into three classes: First, those payments which were made directly on account of the war; secondly the expenses of the Army and Navy; thirdly, all other expenditures, including the civil establishment and public works.

I. Amounts paid during the fiscal year 1873 on account of expenses growing directly out of the late war:

Joint Select Committee on Alleged Outrages in Southern States	$1,087 20
Investigations in relation to elections in Louisiana and Arkansas	20,000 00
Payment of judgments Court of Claims	489,034 70
Southern claims commission	52,800 04
Tribunal of arbitration at Geneva	62,210 22
Expenses of national currency	181,654 84
Expenses of national loan	2,806,863 94

Refunding national debt		454,726 83
Cost of assessing and collecting internal revenue, including payments of drawbacks and amounts illegally collected		6,687,039 49
Defending claims for cotton seized		52 95
Salaries of direct tax commissioners		540 55
Expenses of collecting direct tax in Delaware		22 46
Repayment for lands sold for direct taxes		9,075 00
Return of proceeds of captured and abandoned property		1,960,679 26
Collection of captured and abandoned property, records and evidence respecting same		84,459 50
Refunding internal taxes illegally collected		1,507 44
Refunding proceeds of cotton seized		3,282 00
Premium on bonds purchased in currency		5,105,919 99
Payment of interest on the public debt		104,750,688 44
Bounties		465,049 14
Keeping, transporting, and supplying prisoners of war		258,080 11
Military telegraph		17,220 36
National cemeteries		431,219 22
Maintenance of steam-rams		14,548 93
Gun-boats on western rivers		33,408 28
Providing for comfort of sick and discharged soldiers		1,305 79
Payment of stoppages or fines due National Asylum for Disabled Volunteer Soldiers		193,750 59
Traveling expenses of California and Nevada Volunteers		28,000 00
Traveling expenses of First Michigan Cavalry		500 00
Commutation of rations to prisoners of war in rebel States		2,000 00
Draft and substitute fund		42,792 84
Appliances of disabled soldiers		8,000 00
Transportation of insane volunteer soldiers		1,000 00
Support of Freedmen's Hospital and Asylum, Washington, D. C		72,000 00
Support of Bureau of Refugees, Freedmen, and Abandoned Lands (regular)		93,924 79
Support of Bureau of Refugees, Freedmen, and Abandoned Lands (transfer)		12,871 95
Horses and other property lost in the military service		99,975 85
Reimbursing State of Kansas for military expenses		336,817 37
Reimbursing State of Kentucky for military expenses		525,258 72
Refunding to States expenses incurred in raising volunteers		758,110 31
Defraying expenses of minute-men and volunteers in Pennsylvania, Maryland, Ohio, Indiana, and Kentucky		28,762 32
Supplying arms and munitions of war to loyal citizens in revolted States		945 38
Capture of Jefferson Davis		2,051 00
Claims of loyal citizens for supplies furnished during the rebellion		927,910 19
Bounty for destruction of enemy's vessels		133,802 28
Payment to captors of the rebel ram Albemarle		202,912 90
Payment to officers and crew of the United States steamer Kearsarge		141,377 00
Pensions*		29,359,426 86
Relief acts (various)		797,748 78
Total		157,262,416 81
II. Military and naval establishments:		
For the Army, after deducting payments for the late war, already mentioned in group 1, and for improvements of rivers and harbors, and other public works	$32,524,548 64	
For the Navy	21,474,433 61	53,998,982 25
III. Civil service proper; being all the expenditures not named in the first and second groups:		
1. The civil list, including expenses of legislative, judicial, and executive offices of the Government, not including Internal Revenue and Customs Departments	16,026,321 32	
Increase of salaries by act of March 3, 1873	1,948,210 04	
Foreign intercourse	1,292,[illegible]08 49	
Indians	7,946 809 53	
Expenses of mints, coast survey, light-house service, revenue-cutter service, and marine hospitals	4,812,183 58	
Cost of collecting customs duties, exclusive of revenue-cutter service and building and repairing custom-houses, including the refunding of excess of deposits and amounts illegally collected	12,586,045 93	
Deficiencies in the revenues of the Post-Office Department	4,765,475 00	
Mail-steamship service	725,000 00	
Expenses of eighth and ninth census	105,762 44	
Survey of public lands, and land funds to States	1,401,971 27	
Government of Territories	271,985 36	
Steamboat inspection service	221,917 50	
2. Extraordinary expenses:		
Investigation of Senatorial election in Kansas	20,000 00	
Survey of boundary between United States and British possessions	2,304 63	
Commissioners to international penitentiary congress at London	5,000 00	
Copies of proceedings of same	1,362 65	
International exposition at Vienna	111,146 26	
Payments for coin, nickels, &c., destroyed by fire at Chicago	370,813 24	
Miscellaneous	1,662,634 86	54,277,052 10
3. Public works;		
Custom-houses, and post-offices, and repairs and preservation of same	3,270,329 90	
Marine hospitals	61,928 73	
Light-houses and repairs	1,408,851 49	
Court-houses, post-offices, and building for State, War, and Navy Departments	5,352 452 34	
Arsenals and armories, and Military Academy buildings	916,476 33	

* A portion of this amount is for pensions to soldiers of the war of 1812.

Forts and fortifications	1,801,766 92	
Rivers and harbors	6,371,687 32	
Navy-yards	1,370,587 06	
Interior Department building	10,000 00	
Buildings, Government Hospital for Insane, Columbia Hospital and Columbia Institution for Deaf and Dumb	179,800 00	
Improvements of public grounds, streets and avenues in the city of Washington, including Washington Aqueduct and bridges across the Potomac river, extension of Capitol grounds and Capitol building	4,062,915 08	
		24,806,785 17
Grand total		290,345,245 33

It will be seen by an examination of this analysis that every expenditure enumerated in the first group is a direct charge of the late war. Now, that first group amounts in the total to $157,262,416.81; that is, 54 per cent. of all the expenditures of the Government, excluding the sinking fund, for the last fiscal year. In examining those items one by one, I find but a single place where it seems to me there has been any extravagance whatever; and that is the expenses of the national loan, to which I will refer before I am done. I ask gentlemen to go over those items, and say what portion of the $157,000,000 expended in paying the charges of the war could possibly have been left out with justice?

In the second group I have placed the Army and the Navy—not counting in the public works for rivers and harbors, navy-yards, arsenals, and the like, that have been built in connection with the Navy and the Army, but the net charges of the Army and the Navy themselves. These make the second group; and they amount to $53,998,982.25; that is just 18 per cent. of the whole expense of the year.

The third group embraces all other expenditures, and I have sub-grouped them for convenience into three heads: First, the civil service proper, the civil establishment represented by this bill and other kindred appropriations; secondly, extraordinary expenses that came in during the year but of a civil kind; thirdly, public works of all kinds grouped together. Now this third group and its sub-groups amount in the total to $79,803,847.27, or 28 per cent. of the entire expenses of the Government.

Now, Mr. Chairman, take the results: $290,000,000—54 per cent. directly for the war; 18 per cent. for our military and naval establishments; and 28 per cent. for all other expenses put together. Going through the items carefully one by one, when gentlemen attack the economy of this Government they ought to specify the item that is extravagant; they should specify the item that is wrongfully there. It will not do to declaim against extravagance in general and not specify where it is. I have endeavored, in this statement, to spread out as on an open scroll, the expenditures of the Government; and I ask the help of every man in this House to point out the places in this list where real, effective, wise retrenchment can be made.

It will be observed that in the first group I have placed only those items of expenditure which grew directly out of the war; yet it will not be denied that a very considerable portion of the expenses in the other two groups were made necessary in consequence of the war. But as they all belong to the annual expenditures of our civil and military establishments, it is difficult to say just what portion is fairly chargeable to that cause.

It will not be denied that the vast masses of accounts for bounty, for back pay, for materials furnished, for war claims, in all their innumerable forms, that came to the Treasury for settlement, have required a very great increase of clerical force in all the auditing and accounting departments of the Government; and the numerous payments which have been made on account of the war fund up to the current year, show that a large portion of the force in all these departments is still employed on this business.

Again, the destruction of our light-houses along the southern coast, the neglect of our rivers and harbors, and public buildings, in all the States lately in the rebellion, has brought upon the country the necessity for restoration, repair, and rebuilding, which has greatly increased that class of our expenditures. We are still maintaining an increased civil establishment because of the war. And it is in this part of our civil administration where we will find most opportunity for retrenchment, where we will find it possible to muster out employees and abolish expenditures, which, though they have been needed, can be dispensed with in the future without crippling the ordinary service of the Government.

In the pending bill, the Committee on Appropriations have indicated, by legislative provisions, such measures of retrenchment as they believe the service will bear without njury. And they invite the House to examine, with the closest scrutiny, the items of expenditure exhibited in the table I have given, and to aid the committee in pointing out places where further reduction can possibly be made.

Let our criticisms be accompanied by legislative provisions that will rectify the errors we complain of.

Now, Mr. Chairman, I have drawn a few conclusions from my own study of these groups, as to what can be done. I speak for the Committee on Appropriations when I say that we have agreed upon this principle, that we will not undertake to cut the ap-

propriations down at all hazards to the level of revenues, however low that level may be. We do not believe in that. We believe that if a cutting down, such as ought to be made for its own sake, does not carry the Treasury through, then it is the business of Congress to provide ways and means; it is the business of Congress to tax whenever taxation is needed to prevent a deficit.

But the Committee on Appropriations propose two things: first, that wherever an expenditure has grown out of the war, or grown up in any other way, or an abuse has crept in, that expenditure and that abuse should be lopped off—in other words, if any expense can be mustered out, we propose to muster it out for all future time. Having done that, there is just one other thing we think can be done. Going over the proper and fitting expenditures of the Government, if we come to any that can be postponed for a year without seriously impairing any great national interest, we say, postpone it. When we have done those two things, we do not propose to cut down another dollar anywhere. And if in this bill gentlemen can show us that we have anywhere cut into the life of the Government or its necessary functions, we desire to restore what has been taken away. If in any place we ought to have increased expenditures or appropriations, and have not done so, point it out and we will move an increase.

Guided by these two principles, the Committee on Appropriations desire to suggest in what ways retrenchment can be made; and to that end I submit the estimates for the next year as we find them. It should be understood that the estimates set down in the Book of Estimates are not all that we must pass upon. Others come which are not written in that book. On page eight of the Annual Report of the Secretary of the Treasury, he states that the estimates of appropriations for the fiscal year ending June 30, 1875, will be $319,198,736 82.

This amount is given in full detail in the Book of Estimates. It is a large sum. It includes all the estimates of what will be used of the permanent appropriations; it includes the interest and the premium on the public debt; it includes the sinking fund; it includes almost all the public works; but there are some things which it does not include. It does not include the estimates for continuing the work on the State, War and Navy Department building. That building, for some reason, has never been reported in any of the regular Books of Estimates. The reason is, I suppose, it has thus far been under the charge of the Secretary of State, and he sends in his estimates direct. They have not yet come in; but I understand that his estimate is $1,000,000 for the next fiscal year. Again, it does not include the deficiency estimates for nearly $3,000,000 which were sent in a few days since. In the next place it includes no estimate for the centennial celebration. That estimate seems to have sprung up in the two Houses themselves, or perhaps it has come to us from the country. Whatever that estimate is, it is to be added to make up the total. It has not yet assumed a very definite shape. In the next place, the estimates of the board of public works are not in the Book of Estimates, but come to us from the President direct, and amount to about $4,000,000. And finally, there has been appropriated, on an average, for the last two years, $3,500,000 in the form of relief acts, pension bills, bills sent to us from the southern claims commission, which appear in no Book of Estimates anywhere.

I believe I have now enumerated all the estimates which are likely to come to us; and the grand total of all of these is a little over $330,000,000. Large as the amount is, it is more than a million less than the corresponding estimates of last year.

It includes of course the sinking fund; it includes all estimates I can hear of from all sources. Of course a large number of these we will not appropriate for; but taking that as the outside total of all possible, or at least probable, estimates what reduction can we make? The Committee on Appropriations have gone over all the bills with some care, at least far enough to find out what they think will be needed, except one. We have made no estimate as to how much reduction can be made in the postal service, and for the reason that when the new lettings come in they may change the entire guage and basis of the estimates. I therefore leave out of the calculation the post-office appropriation bill altogether. Leaving that out, I give the following as the facts thus far elicited: We have introduced into the House and passed the Army, Navy, and Fortification appropriation bills; and these three bills, as they passed the House, appropriate a total of $11,663,287 less than the original estimates.

The gentleman from New York made the statement correctly as to the bills themselves, but one item was not give in his statement, the item of a million and a quarter, estimated for arming the fortifications, which did not go into either bill, and which the committee agreed to drop, and it was therefore never reported to the House in any form. So the three bills which have passed the House have appropriated $11,500,000, in round numbers, below the original estimates. In the bill now under discussion, the reduction below the estimates is four and a half millions. One million of this reduction results from the repeal of the increased salary law of a year ago. One half million more results from the reduction of the number of clerks and other employees in

the departments, as proposed by the Committee on Appropriations in the pending bill. In the Indian appropriation bill reported yesterday the reduction below the estimates is one million, I believe.

Mr. PARKER, of Missouri. One million seven hundred thousand dollars, in round numbers.

Mr. GARFIFLD. It is better than I supposed. At the last accounts it was supposed it was about one million.

There now remains to be considered the great Miscellaneous Appropriation Bill. We believe it will be possible to reduce on light-houses $1,000,000; on navy yards, $400,000; on arsenals, $300,000; on the public buildings and grounds in the District of Columbia, which are under the charge of the supervising architect of the capitol and of the commissioner of public buildings and grounds, $900,000; and on appropriations for buildings under the charge of the supervising architect of the Treasury, $2,500,000; making a total reduction in the miscellaneous appropriation bill of $5,100,000.

The committee are of opinion that from the very large estimates for rivers and harbors there ought to be a reduction of eleven and a half millions. The estimates were nearly sixteen millions, and we have rarely given five millions in any one year. The committee believe if four millions were given it would be about the average for several years, and would enable us to make a reduction of eleven and a half million on that bill.

The pensions will remain nearly stationary. Although the gentlemen in charge of that bill authorized me to say to the House that he thinks we can reduce one-half million, I do not reckon that in, thinking we will probably not be able to make a reduction there.

Mr. O'NEILL. Allow me to say in reference to that reduction that the bill does not reduce the pension of any soldier, or soldier's widow, or minor child.

Mr. GARFIELD. Of course not. It is simply that the pensions themselves are expiring.

The Military Academy bill will remain almost precisely at the figures of last year. The gentleman in charge of that bill informs me that he does not see now that he can make a reduction of more than $10,000 below the figures of last year, for the reason that the number of cadets in the Military Academy is increased, in consequence of the increase of congressional districts, by forty-nine. Last year the Committee on Appropriations reported in favor of extending the term of study to six years. But that proposition was not adopted. We cannot therefore more than maintain the old level as regards the Military Academy.

The consular and diplomatic bill remains about the same. It represents the steady and even growth of our foreign relations.

Putting all these items of decrease together, I am enabled to figure up a reduction of $34,300,000 below the gross estimates which I have already presented. A large portion of this reduction was proposed by the heads of the Departments in their revised estimates.

The reduction here proposed is a reduction of items set down in the Book of Estimates. That is, it is a reduction from the three hundred and nineteen millions. It remains to be considered how much we shall be able to reduce from the other estimates which come to us in addition to those of the Book of Estimates. Probably we shall not be able to make a large reduction on the deficiencies asked for, for as they now stand they are much smaller than the average amount of deficiencies granted within the last eight years.

What Congress will do in reference to the Centennial Exhibition and in reference to the estimates for the Board of Public Works, and how much will be appropriated in the form of relief bills, claim bills, and pension bills, members of the House can estimate as well as I.

These things ought to be fairly considered by the House and determined on their merits.

It is therefore impossible to say what figure will represent the ultimate amount of reduction. But I believe I am reasonably safe in saying that we can reduce the expenditures, exclusive of the sinking fund, to $270,000,000 for next year, provided the House sustain the Committee on Appropriations as they have done in the bills already reported.

It will be observed, Mr. Chairman, that I have everywhere counted in the sinking fund as one of the expenditures which we are bound to meet by every obligation of good faith and wise policy. It was unfortunate that no separate account of the sinking fund was kept until 1869-'70, although large amounts of the principal of the public debt had been paid off before that time. For the last four years we have kept that account separate, and now it is included in the regular estimates. The sinking fund is the sacred symbol and shield of the public faith. It is a perpetual memorial to the world that we are paying our public debt. I would far sooner levy additional taxes than see the sinking fund neglected.

When, therefore, I say I believe it possible to reduce expenditures for the next year to two hundred and seventy millions, exclusive of the sinking fund, I mean to say that I regard it as the unquestioned duty of Congress to provide for three hundred millions of dollars to meet our aggregate expenditures including the sinking fund and the interest on the public debt.

Now, Mr. Chairman, I desire to call attention to two or three points in concluding my remarks upon this bill. I cordially concur with the gentleman from Massachusetts [Mr. DAWES] in all his aspirations for retrenchment. But it is important that propositions for retrenchment be put into the form of legislation.

There were several leading points in which the gentleman recommended retrenchment and reform. In the first place, he alluded to the necessity of doing away with our permanent appropriations as far as possible. In that he has the cordial support of the Committee on Appropriations; for on the 26th day of January, in obedience to the directions of the Committee on Appropriations, I introduced into the House two resolutions, of which one was an order to report in this bill now pending a proposition to repeal the law which makes permanent appropriations for the expenses of the national loan, and to make it a subject of annual appropriation. The other resolution empowered and directed the Committee on Ways and Means to undertake a like work in reference to the laws for collecting customs.

The system by which we provide for the expense of collecting customs is an old one born with Government, which has been subject to constant abuses. It needs, as it has needed for many years, thorough revision; and no committee is so well qualified to make that revision as the Committee on Ways and Means. They are familiar with our custom laws and can best determine how the needed reform can be accomplished.

The Committee on Appropriations have given at least two full weeks of work to the subject of the expenses of national loans, and have provided in this bill for repealing all laws that make permanent appropriations for those expenses.

If the committee will indulge me, I will state what was the peculiar difficulty in that case. During the war, when a great loan was issued, there was added a clause to the act authorizing it, that a certain sum or a certain per cent. of this particular loan should be used to pay for the expenses of negotiating it and printing the bonds. But in 1872 the Committee on Ways and Means brought in a bill, which passed without debate, making a permanent appropriation of 1 per cent. of all notes and bonds and fractional currency issued or reissued in any one year as the expense of the national loan And during the past year there were nearly five hundred millions of such paper issued and printed at the Treasury Department, making thus an annual appropriation, without the revision of Congress, of nearly five millions a year, which the Secretary could use at his discretion.

Out of the appropriations for the expenses of the national loan has grown up the Bureau of Engraving and Printing with its twelve hundred employees. There are today twelve hundred persons employed in that Bureau, and not only the number of employees, but their salaries, are regulated by discretion of the Secretary of the Treasury. And beside that, in four of the offices of the Treasury Department there are five hundred additional clerks and employees whose salaries are regulated only by the discretion of the Secretary, and whose numbers are regulated only by his discretion, who are not appropriated for in our annual bills, but are paid out of this permanent appropriation for the national loan We have undertaken to sweep this law away and fix the number of clerks and employees and make an annual appropriation based on the annual estimates. We have largely reduced the appropriation. Last year the cost of collecting the customs was unusually large, and this cost is paid under a permanent appropriation. It ought not to be so, and we hope that before this bill is through the Committe on Ways and Means may devise a scheme by which we may regulate the cost of collecting our revenues from customs, as we have done for the loans.

The most difficult thing we have encountered is the very great expense of public works; and here Mr. Chairman, I may say that I am not hostile to our public works; but rather am proud of them, as far as they are necessary to the public service. They belong to that class of our expenditures that should be called investments for the comfort, convenience, and growth of the nation. The greatest of these expenditures is on our rivers and harbors, and I call attention to the fact that in fifteen of the last thirty-four years, not a dollar was appropriated for rivers and harbors in the United States. Our friends on the other side of the House, when they were in power, believed in the doctrine that Congress had no right to make internal improvements; and in fifteen of their years of power, our docks and piers were rotting, and our harbors were filling up, because the theory of non-improvement left them to perish. More than 75 per cent. of all that has ever been appropriated, to open our rivers and clear out our harbors and make a highway for commerce on our coasts and upon our inland lakes and rivers, has been appropriated since the war, by the party now in power.

I name these works only to praise them. They are carried on under the War De-

partment, and no man, I believe, has charged corruption in the expenditure of the money. But it is one of that class of expenditures that can in part be postponed—that need not be done in a year. It is well that enough has been done to make it possible for us to open our internal avenues of commerce as the growth of trade requires.

Another branch of our public service which no man can think of without being proud of it is our light-house system. I look upon it as one of the wonders of our early history, that, during the first three months of the life of the first Congress, our fathers struck out on a new line, unknown in the history of legislation, when they declared in one simple act that the light that gleamed from every Pharos on our shores should be free to the ships and sailors of all nations. Until recently the United States has stood absolutely alone in allowing the nations of the world to have the benefit of lights without charge. I always feel a keen sense of satisfaction when I am permitted to aid in making appropriations to keep these lights burning on our shores. The life-saving stations which have been added are expenses of the same character. I would do nothing to cripple these great interests.

One branch of our public works I think we have overdone; at least we have been going faster in it than we ought to go; and that is our public buildings—our post-offices, court-houses, and official buildings of that sort. But there has been a demand all over the country for their increase, a demand which sometimes the committees of this House have not been able to resist. I remember how greatly the distinguished chairman of the Committee on Appropriations [Mr. DAWES] in 1871, was pressed with these demands. I remember that on the 27th day of February, he brought in his sundry civil appropriation bill, and himself, by direction of his committee, moved to suspend the rules and make it in order, and it was made in order to put into the bill fifteen buildings never before authorized. I remember that they were put into the bill under a suspension of the rules. But amendments for still other buildings were added in the House, until the bill sank under their weight, and was laid on the table, on the motion of the distinguished gentleman from Indiana, [Mr. HOLMAN.] I allude to this to show what a pressure there has been on all Committees on Appropriations for increasing the expenditures on the public works. Although that bill was once defeated, it was afterward reconsidered and passed, with several of the new buildings stricken out. Yet they were left as a legacy to subsequent years.

The 41st Congress authorized sixteen new buildings in addition to those then in progress, and it was mainly because of that large increase in the buildings authorized that the expenditures for 1873 were increased over those of 1872.

During the 42d Congress fourteen new buildings were authorized, most of them the buildings that had been inserted in the Miscellaneous Bill of 1871, but were thrown out before that bill became a law.

I know how strong the pressure is to increase the number and size of public buildings, but I hope the House will not appropriate any more money during the coming year for works not already begun. This is good economy, first, because our whole force in the architect's office are engaged to the top of their ability on works now in progress; and it is good economy, because we really cannot afford to do all the work on buildings which are fairly begun. Let the seventeen untouched buildings wait for a year, and then come in one by one, as the old ones are finished. We will go on with the work already in progress. We are erecting buildings which are worthy of the country. By these and by our other internal improvements we will make for this great nation a beautiful body, in which its great soul may dwell. But let us make it slowly; let us make i carefully; let us make it wisely.

And now, Mr. Chairman, from a review of the facts in the case, I am warranted in the assertion that if the House will pursue the course which I have indicated, we shall pass through the present and the coming fiscal year without crippling any of the necessary expenditures of the Government, without abandoning any great and important public work already begun, and neither encounter a deficit, nor bring the Treasury to protest, nor the public credit to shame. I believe that with the revival of business—which the gentleman from New York [Mr. E. H. ROBERTS] shows has increased the estimated revenues $8,000,000 more than was estimated up to the beginning of this month—and with the restoration of public confidence, we shall be enabled to get through this year and the next without additional taxation. But if, at the end of our efforts to limit expenditures on the basis indicated, we find it necessary to impose a new tax, I have no doubt that Congress will stand up to its duty, and restore where it has cut too deeply into the revenues. I do not believe it will be necessary to increase the taxes. I believe we shall come through with no deficit, but with a reasonable surplus for the future.

Thanking the committee for the very kind attention with which they have honored me, I will relieve their patience.

of the
d—that
possible

g proud
history,
ack out
simple
to the
stood
s with-
aid in
saving
uld do

e been
r post-
emand
tees of
nished
d with
n his
ved to
he till
e hill
added
on the
o this
or in-
eated,
n out.

en in
rized

n the
rown

uild-
year
n the
and
ing
then
eady
hese
uti-
e i

d in
hall
ces-
sant
r to
s—
the
nth
his
mit
no
bly
ve

ed