

**Principles and course of proceeding, with regard to the disposition of the monies borrowed abroad by virtue of the acts of the 4th and 12th of August, as to the point of authority. Alexander Hamilton, secretary of the Treasury. Philadelphia, April 1, 1794.**

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*Principles and course of Proceeding, with regard to the disposition of the monies borrowed abroad by virtue of the acts of the 4 th and 12 th of August, 1790, as to the point of authority.*

IT was conceived, by the Secretary of the Treasury, to be a clear principle, resulting from the spirit of the act constituting the Treasury Department, and from the several provisions of that act collectively considered, that all public monies once obtained, and destined for disbursement within the United States, came, of course, under the direction of the officers of that department, according to their respective functions, and that no special authority, extrinsic to the Department, was, in strictness, necessary, to enable them to draw money, from whatever source originating, into the treasury, or to issue it thence, for the purposes designated by law.

It was also conceived, by him, to be, though a less clear principle, one most agreeable to the true spirit of the constitution of the department, as well as essential to the preservation of order and due accountability in the money transactions of the country, that even monies procured abroad, and to be disbursed abroad were, as to their application, to be under the direction of the same department.

Under the influence of these principles, thus entertained, with different degrees of assurance (the President having determined to place the procuring of the loans under the direction of the Secretary of the Treasury) the following course of proceeding was pursued.

The Secretary obtained from the President, in the first place, a general commission to him to make the loans authorized by the two acts of the 4th and 12th of August. A copy of this commission was communicated to the House of Representatives in the last session, No. 1, and is dated the 28th of August.

He also obtained from the President an instruction, dated the same day, to guide and justify him—1st, with regard to the person to be employed in Europe in negotiating the loans—and 2dly, with regard to the extent, to which the loans under the first act, and payments on account of the foreign debt, should be carried, at all events, exclusively of the consideration of the advantageousness of the terms of the loans.

But under the influence of the first mentioned principle, he neither asked nor obtained any general instruction from the President, as to the sums to be drawn to the United States, for the purpose of the second act.

Nevertheless, from the special connection of the President with the subject, owing to the authority to borrow being immediately vested in him—from the circumstance of the existence of a particular discretion to be exercised by the President, as to anticipated payments of the foreign debt—and from the official relation of each head of a department to the President—the Secretary of the Treasury considered it as his duty, from time to time, to submit the disposition of each loan to the consideration of the President, with his reasons for such disposition, and to obtain the sanction of the President, previous to carrying it into effect, which was always had.

The communications to the President and his sanctions were for the most part verbal. Two exceptions appear from letters (herewith shewn) of the Secretary to the President of the 10th and 14th of April, 22d of September, 1791, and from the President to him of the 7th of May, 1791, relating to a case of absence from the seat of government. These letters are evidence of the course and spirit of proceeding.

It is to be understood, that the sanctions of the President were always bottomed upon the representations of the Secretary, and were always expressly or tacitly qualified, with this *condition*, that whatever was to be done was to be agreeable to the laws.

ALEXANDER HAMILTON, *Secretary of the Treasury*.

*Philadelphia, April 1, 1794.*