

1789 ★ 1801

Origins: The House Committee of Ways and Means

The House of Representatives created the first Committee of Ways and Means on July 24, 1789, yet that committee was discharged less than two months later. From 1789 to 1794, the first Secretary of the Treasury, Alexander Hamilton, was the principal architect of federal fiscal policy. Although the House as a whole reviewed Hamiltonian finance, it played a secondary role. After Hamilton left office, the House asserted its autonomy by reestablishing a legislative finance committee at the urging of James Madison and Albert Gallatin, political opponents of the Washington Administration's fiscal policy. From the Fourth through Sixth Congresses (1795–1801), the House reappointed the Committee of Ways and Means, which exercised legislative jurisdiction over the Treasury, the revenue, the public debt, and government expenditures.

“A committee of ways and means are employed in investigating our revenues and our wants”
*(James Madison to Thomas Jefferson, 31 January 1796)*¹

The United States in 1789 was an infant republic faced with economic troubles at home and challenges from abroad. With a population of less than four million in 13 quarrelsome states, the nation faced an uncertain future. Two states, North Carolina and Rhode Island, had not even ratified the Constitution when the First Congress convened and George Washington was inaugurated as President. Several of the states, as well as the national government, had heavy unpaid war debts. Great Britain continued to wage economic warfare against the United States while maintaining military outposts in Canada and along the western frontier. In order to assert its place as a truly independent nation in the world community, the United States would have to resolve its financial problems, provide for the payment of its debts, and strengthen its economic base.

The Constitution provided only an incomplete blueprint to help Congress resolve these problems. Many procedures would have to be developed by trial and error. While the document defined the power of the House of Representatives to initiate appropriations and revenue bills, for example, it was silent on the administrative mechanisms needed to enforce them. The history of Anglo-American public finance provided three alternative systems of administration: 1) the entire membership of the House, as was the case in the British House

of Commons, 2) a select legislative committee, such as those in several state legislatures, or 3) an executive officer who was also considered an agent of the legislature, which had been the procedure adopted by Congress during the Confederation period.

Between 1789 and 1801, the House of Representatives experimented with all three alternatives. Congress created the Department of the Treasury in 1789, but the first Secretary, Alexander Hamilton, formulated and administered policies that proved to be controversial. Although Hamilton submitted his reports to the House, he operated more as an independent policy-maker than as an agent of the legislature. To redress the imbalance of power between the executive and legislative branches, the House created the permanent Committee of Ways and Means, just as it had found standing committees for other recurring issues to be the most efficient vehicles to facilitate the legislative process.

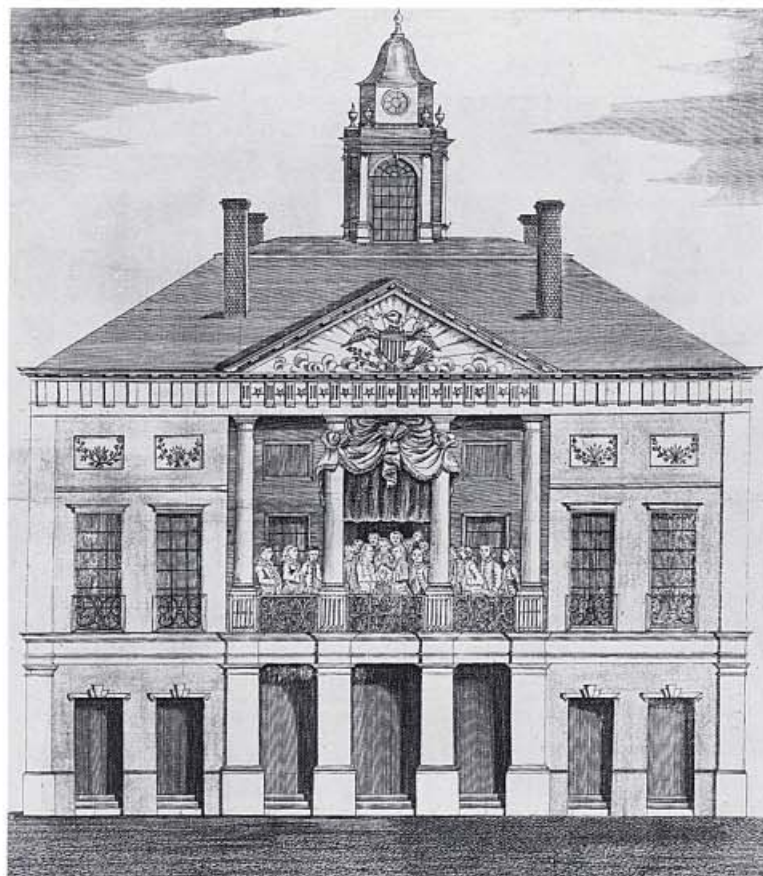
The status of the House Committee of Ways and Means changed between 1789 and 1801. The committee established in the First Congress was a temporary body—in legislative terms a select committee. When the committee was appointed in the Fourth Congress in 1795, however, it was referred to as a standing committee, although not in the sense that the term is used today. The Committee of Ways and Means was not included in the standing rules of the House of Representatives, but it was reappointed by a separate resolution in each Congress from 1795 to 1801. Not until the Seventh Congress in 1802 was the committee included as a permanent standing committee in the revised House rules. There was nothing inevitable about the creation of the Committee of Ways and Means. Its establishment reflected the example of British and American precedents, but it was also a product of the development of legislative procedure during the political controversies of the 1790s.

The First House Committee of Ways and Means, 1789

The Constitution specified the powers of the House of Representatives, but it left legislative procedure only imprecisely suggested. The House of Representatives was empowered to “chuse their Speaker and other Officers.” Article I additionally specified, among other things, that each House of Congress should meet at least once a year, keep a journal, and “determine the Rules of its Proceedings.” Based upon English precedent and the experience of colonial, state, and Confederation legislatures, it would have been reasonable to expect the new Congress to utilize finance committees in some fashion.

As the House of Representatives began to organize during the first session of the First Congress in New York City in 1789, committees of supply and of ways and means were established. On April 29,

The home briefly of the nation's First Federal Congress, Federal Hall stands on Wall Street in New York City. Officials crowd the pillared balcony to hear George Washington take the presidential oath on April 30, 1789. During the first session of the First Congress, a motion by House member Thomas Fitzsimons led to the creation of a ways and means committee on July 24, 1789. The panel never reported, however, and was discharged in September—probably because Congress created a Treasury Department under Alexander Hamilton.



1789, the House ordered the appointment of a three-member committee chaired by Elbridge Gerry “to prepare and report an estimate of supplies . . . and of nett produce of the impost” for the present year. The committee on supplies and imposts was further instructed on May 8 to collect information on the value of foreign imports and on the tonnage of shipping entering and clearing American ports. Gerry presented the committee’s report to the House on July 9.²

The issue of a ways and means committee arose during consideration of the bill to create a treasury department. Members from states that had utilized finance committees suggested that the House establish a similar committee. Samuel Livermore of New Hampshire, for example, argued against vesting the Secretary of the Treasury with the authority to propose revenue plans. He contended that a committee should be appointed for that purpose, if the House as a body was not able to prepare such plans. Thomas Fitzsimons of Pennsylvania moved the creation of a ways and means committee on July 24, 1789. Denying that he meant any criticism of Gerry’s committee, Fitzsimons recommended, “If we wish to have more particular information on these points, we ought to appoint a Committee of Ways and Means, to whom, among other things, the estimate of supplies may be

referred, and this ought to be done speedily." The favorable reaction of the House was recorded in its *Journal* for Friday, July 24, 1789:

ORDERED, That a committee of ways and means, to consist of a member from each state, be appointed, to whom it shall be referred to consider the report of a committee appointed to prepare an estimate of supplies requisite for the service of the United States the current year, and to report thereupon.³

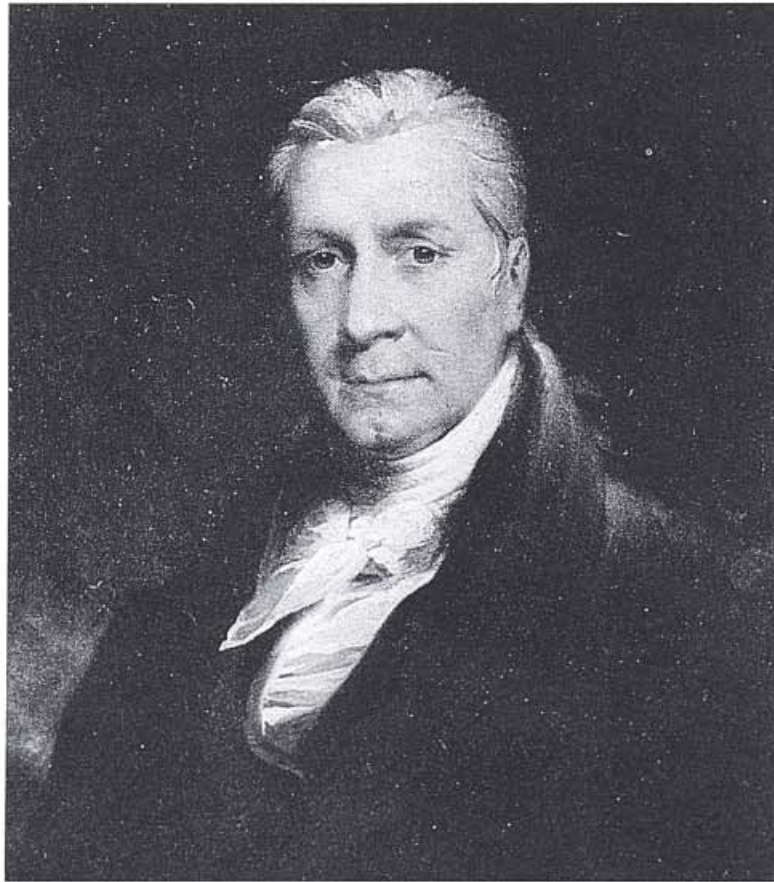
The 11-member committee (North Carolina and Rhode Island had not yet ratified the Constitution and were therefore unrepresented in Congress) was chaired by Thomas Fitzsimons (PA), the member who had moved its creation, and included John Vining (DE), Samuel Livermore (NH), Lambert Cadwalader (NJ), John Laurance (NY), Jeremiah Wadsworth (CT), James Jackson (GA), Elbridge Gerry (MA), William Loughton Smith (SC), William Smith (MD), and James Madison (VA). Fitzsimons was a Philadelphia merchant, an ardent nationalist, and a signer of the Constitution. After leaving Congress in 1795, he would become a founder and director of the Bank of North America and would help organize the Insurance Company of North America.⁴ As a proponent of a strong central government, he was known as a Federalist, just as were most of his fellow members on the committee. Only Elbridge Gerry was identified with those who had opposed the centralizing tendencies of the Constitution and were therefore referred to as Antifederalists.

There is no record concerning the work of the committee. For example, it did not present a report to the House. The only other mention of the committee in the *House Journal* was on September 17, 1789. On a motion by Gerry, the House ordered the committee discharged:

ORDERED, That the committee of ways and means be discharged from further proceeding on the business to them referred, and that it be referred to the secretary of the treasury of the United States, to consider and report thereupon.⁵

If the committee never reported to the House and was discharged after less than two months, why had the House created it? One historian has concluded that the committee was of little significance, either in its creation or its demise.⁶ Yet, when the committee is placed within the context of the creation of the Treasury Department (September 2, 1789) and the appointment of Alexander Hamilton as Secretary of the Treasury (September 11, 1789), the significance of the short history of the first Ways and Means Committee becomes clearer. The statute that established the Treasury differed from those that created the other two executive departments (State and War), in that it

Thomas Fitzsimons of Pennsylvania told the House, "If we wish to have more particular information . . . we ought to appoint a Committee of Ways and Means, to whom . . . the estimate of supplies may be referred. . . ." Fitzsimons headed that first committee of 11 members, one from each of the states that had then ratified the Constitution. Born in Ireland and one of the few Roman Catholics to sign the Constitution, Fitzsimons played an instrumental role in establishing the nation's first bank, the Bank of North America.



required the secretary to prepare revenue plans, to report estimates of revenue and expenditures, and to give information in person or in writing to Congress. The Federalist majority evidently intended the Secretary of the Treasury to become an agent of the legislature, much the same as the executive departments had been in the Confederation. A single individual, responsible to and directed by Congress, would be more efficient than a committee with its shifting personnel. By appointing an executive officer, the House rejected the experience of state legislatures with finance committees. According to the new formulation, a ways and means committee was not necessary since there was an executive department responsible to the House to provide the information needed to prepare and draft legislation.⁷

Hamiltonian Finance, 1789–1795

Between 1789 and 1794, the House of Representatives worked directly with Secretary of the Treasury Hamilton and other department heads to administer the finances of the federal government. Thirty-four-year-old Alexander Hamilton, one of the guiding forces in calling

the Constitutional Convention, was a brilliant advocate of a strong central government. One of the authors of *The Federalist*, along with James Madison and John Jay, he believed that the federal government, indeed the nation itself, could survive only if it could establish a “habitual sense of obligation” among the people. To do this, Hamilton proposed for the government to operate directly upon the people, especially through taxation.

As Secretary of the Treasury, Hamilton recommended what has come to be known as “the economic counterpart of the Constitution.” The four objectives of Hamiltonian finance were: 1) the funding of the debt of the Continental Congress, 2) the assumption of all state debts into the national debt, 3) the establishment of a national bank, and 4) the enactment of tariffs and bounties to promote American manufactures. Accomplishment of these four objectives, Hamilton believed, would strengthen the federal government, and in the process restore the credit of the United States both at home and abroad.

Hamilton’s first *Report on Public Credit* (January 1790) recommended funding the national debt by the creation of a sinking fund based on British precedent. The national debt was composed of more than 10 million dollars in loans and interest owed to France, Holland, and Spain, as well as 40 million dollars owed to individuals in the form of war bonds or certificates that had been paid to soldiers and officers of the Continental Army or to farmers and merchants for war supplies. Additionally, Hamilton wished to assume the debts of the states, which amounted to nearly 18 million dollars. His sinking fund was designed to be a separate interest-bearing fund administered by a group of commissioners. The fund was to regularly receive specific government revenues, and it was to be used only to meet scheduled payments to redeem the debt and its interest. Originally, the proceeds from the sales of public lands were reserved for the fund. Later, in 1795, other sources of revenue were added, chiefly surplus revenues from import and tonnage duties.

The funding plan passed in spite of opposition from members such as Madison, who argued that repaying war debts at full value discriminated in favor of speculators. The debt assumption plan encountered greater opposition—in particular from states such as Virginia, Maryland, Georgia, and North Carolina, which either had smaller debts or believed that they would benefit more from a general settlement of debts owed by the national government to the states. Debt assumption passed in the late summer of 1790 as a result of one of the first incidents of legislative logrolling, when the plan was linked with the location of the new national capital on the banks of the Potomac River.

The national bank elicited much less opposition than debt assumption when it was introduced in Hamilton’s second *Report on Public Credit* in December 1790. The Secretary’s *Report on Manufactures*

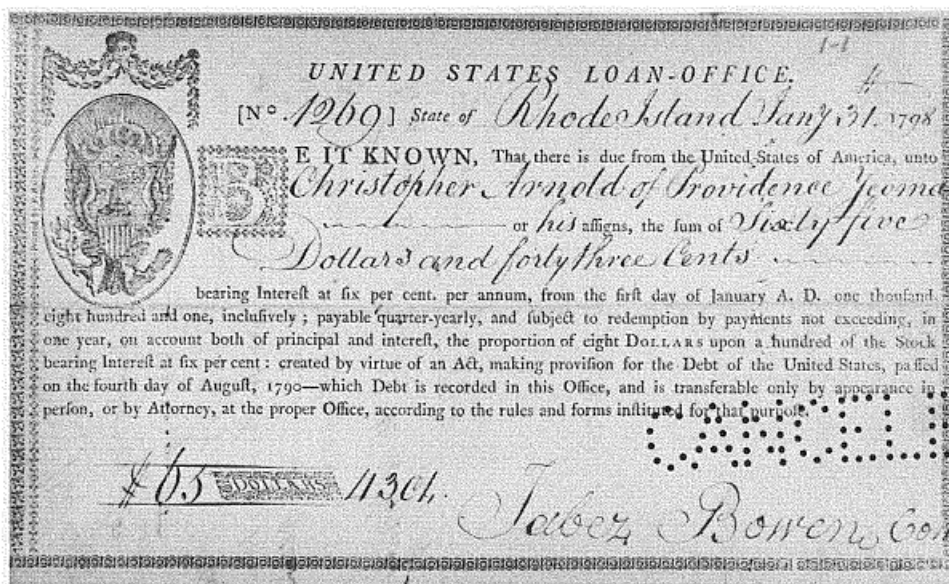
Brilliance in financial administration carried Alexander Hamilton to his peak of influence as Secretary of the Treasury from 1789 to 1795. So efficient was Hamilton that the House found it expedient to refer many revenue matters directly to him. Soon it seemed that this nonelected official of the executive branch wielded more power over fiscal policy than elected legislators. Hamilton's Federalist leanings toward a commercial aristocracy stirred opposition from Jefferson and Madison. The friction contributed to the rise of the first American party system and a movement to restore House control over finance by establishing a permanent committee of ways and means.



(December 1791) suggested increased tariffs and direct financial aid to manufactures in the form of bounties to promote the self-sufficiency of American enterprise, as well as to attract business support for the federal government. Congress enacted a higher tariff in 1792, but it did not provide the level of protection to American manufactures that the Secretary of the Treasury sought.⁸

The House worked closely with Hamilton to prepare annual estimates of revenue and expenditure, the closest equivalent then to an annual federal budget. Each year the executive officers submitted estimates to Congress of recommended sums needed to operate their departments. The House then considered these estimates, submitted in the form of a letter to the Speaker, and either approved the figures or sent them back to the executive departments for revision. Upon approval by a Committee of the Whole House, the estimates were referred to a House select drafting committee to prepare an appropriations bill that required the approval of both Houses of Congress and the signature of the President to become law.

Hamilton's estimates and reports were precise, detailed, and accurate. His estimates for the fiscal year 1793, for example, included specific outlays for department expenses and salaries itemized to the dollar. More often than not the House accepted Hamilton's depart-



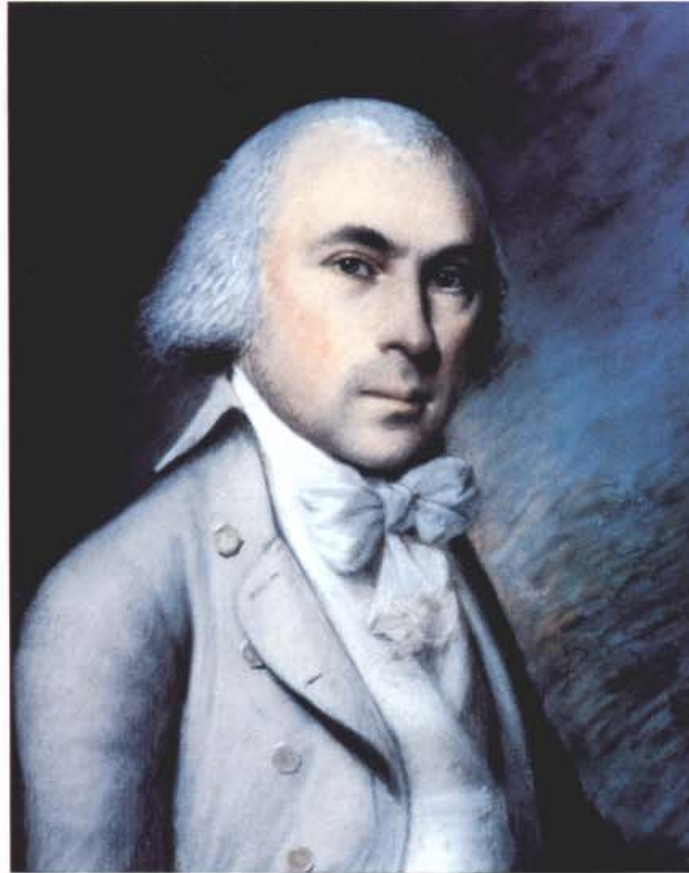
An interest-bearing loan certificate issued by the federal government in the 1790s represents a plan by Hamilton to fund the national debt by redeeming certificates of indebtedness with this new type of bond. Congressional opponents of Hamilton argued that paying the 50-million-dollar national debt at full value with such certificates gave advantage to speculators. Nevertheless, Hamilton's funding proposal became law as part of a compromise that placed the nation's capital on the banks of the Potomac.

ment estimates, and included these specific sums in its appropriations.⁹ The Secretary's thoroughness and competence were such that in routine administrative matters, the House found it more convenient to refer matters to Hamilton. For example, the House referred approximately 300 petitions to the Secretary over a five-year period. Hamilton would report the merits of individual claims and the House would either reject the petition or draft a statute to reimburse the claimants, in most cases on the strength of the Secretary's recommendation.¹⁰

In the politically sensitive areas of the federal debt and taxation, on the other hand, some members of Congress questioned whether the Secretary of the Treasury was their agent or whether they were his. Hamilton's fiscal policies provided a catalyst for the formation of the first American party system. His plan to strengthen the federal government through the assumption of state debts proved to be controversial among leaders such as Jefferson and Madison who feared the consequences of a permanent national debt. As early as May, 1792, Hamilton believed "*That Mr. Madison cooperating with Mr. Jefferson is at the head of a faction decidedly hostile to me and my administration.*"¹¹

Recent studies have indicated that political factions developed in the First Congress over the issues of the location of the capital and especially over Hamiltonian finance.¹² These congressional factions, however, did not begin to polarize into parties until the Third and Fourth Congresses (1793–1797) over the issue of the ratification and appropriation of funds for Jay's Treaty (1794). Party divisions were clearer in the Fifth and Sixth Congresses (1797–1801). In very general terms, the differences between the parties were that the Federalists tended to support the interests of the commercial, coastal regions

The first ways and means committee member to become President, James Madison had initially sided with Hamilton on the need for a strong central government. But in the early 1790s, Madison broke with Hamilton. He then played a prominent role in the evolution of a permanent ways and means committee by supporting the creation of a select House panel that would loosen Hamilton's grip on revenue matters. Madison served on the committee as a minority member. He left Congress in 1800, became Secretary of State under Thomas Jefferson, and succeeded him as President in 1809.



more closely tied to Great Britain. As such, their center of power was in New England and the Middle Atlantic states. The Jeffersonian Republicans, on the other hand, tended to reflect the interests of the agrarian, interior regions, and were more favorable to the French Revolution. These divisions suggested a basic difference over the kind of representative democracy desired for the United States. The Federalists, often called the “fiscal party” by their foes, sought to create a centralized state directed by a commercial aristocracy. The Jeffersonian Republicans, whom their opponents often called “Jacobins,” favored an agrarian democracy represented by the early stages of the French Revolution. Jay’s Treaty, since it involved commercial issues in the war between Great Britain and France, formed a pivotal event around which all party cleavages clustered.¹³

During the First and Second Congresses, however, the congressional opposition to Hamilton was initially weak and slow to organize. Capitalizing upon legislative distrust of executive initiative, where it existed, opposition forces harassed the Secretary by requiring detailed reports and by prohibiting him from presenting these reports in person. On December 3, 1791, Elbridge Gerry reported two resolutions from “the committee to whom were referred several motions for

CHAIRMEN OF THE COMMITTEE OF WAYS AND MEANS
1789-1801

Thomas Fitzsimons (F-PA)	First Congress, 1789
William Loughton Smith (F-SC) ¹	Third Congress, First Session, 1794
	Fourth Congress, 1795-97
Robert Goodloe Harper (F-SC)	Fifth Congress, 1797-99
	Sixth Congress, First Session, 1799-1800
Roger Griswold (F-CT)	Sixth Congress, Second Session, 1800-1801

¹ Smith also chaired the committee from June 10 to July 10, 1797, in the first session of the Fifth Congress.

obtaining annual and regular statements of the receipts and expenditures of all public moneys. . . .” Gerry argued that the requirement of “regular” and “accurate” statements from the Secretary of the Treasury should be a standing rule of the House. Other members questioned whether one House could bind future Houses by such a standing rule. Abraham Clark (NJ) observed that they had no more right to adopt such a rule, “than they have to say that the Speaker of the next House shall wear a tie-wig.” The resolution nonetheless passed:

Resolved, That it shall be the duty of the Secretary of the Treasury to lay before the House of Representatives . . . an accurate statement and account of the receipts and expenditures of all public moneys¹⁴

A second resolution, unrecorded in the *House Journal*, was not adopted. That resolution would have required the appointment of one or more committees to examine the Treasury reports.

Ways and Means in the Third Congress, 1794

In 1793, the congressional opposition to Hamilton, led by Jefferson’s Virginia colleagues Madison and William Branch Giles, set in motion a series of events that revived the idea of a ways and means committee. Giles introduced resolutions in 1793 to censure Hamilton for violations of the loan procedures authorized by Congress. Although the House defeated this attack upon the Secretary of the Treasury, Giles renewed the effort in the first session of the Third Congress (December 2, 1793–June 9, 1794) by asserting that Hamilton had exceeded

his instructions from the President. In Hamilton's terse response to the select committee appointed to examine the Treasury Department, he objected "to being required to produce any other authorities."¹⁵ The same day, March 24, 1794, the Secretary wrote to Washington to request confirmation that the President, either verbally or in writing, had authorized his actions.

Two days after Hamilton's response to the select committee, James Madison wrote to inform Jefferson of the "enquiry into the Treasury." On a related issue, Madison observed, "The old question of referring the origination of Taxes comes on to-day, and will, in some degree, test the present character of the House."¹⁶ Madison's prediction proved correct. On March 26, 1794, the House revived a ways and means committee:

Resolved, That a committee, consisting of fifteen members, be appointed to inquire whether any, or what, further or other revenues are necessary for the support of public credit; and if further revenues are necessary, to report the ways and means.¹⁷

John Page (VA) made the only recorded speech on the resolution. He objected to creating such a committee, even more than the "unconstitutional" practice of calling for a report from the Secretary of the Treasury. The whole House should consider ways and means, Page argued, rather than a committee of 15.

Madison's account to Jefferson, dated March 31, 1794, was as follows:

I forgot to mention in my last that the question whether the ways and means should be referred to the Secretary of the Treasury, as heretofore, or to a Committee, lately came on, and decided the sense of the House to be regenerated on that point. The fiscal [Federalist] party, perceiving their danger, offered a sort of compromise, which took in Mercer [John Francis Mercer (MD)], and, with him, sundry others in principle against them. Notwithstanding the success of the stratagem, the point was carried by 49 against 46. If the question had divided the House fairly, there would have been a majority of ten or a dozen at least.¹⁸

Madison saw the creation of the committee as both a procedural and a political issue. Procedurally, the appointment of a ways and means committee reiterated the House's right to originate revenue bills. Politically, the reestablishment of such a committee was a direct attack upon the Federalist administration of the Treasury and upon Hamilton personally. David Cobb, a Federalist from Massachusetts, corrobora-



Federalist William L. Smith of South Carolina chaired the select committee of ways and means formed in 1794 at the urging of Madison and others. Federalists made up the majority of the 15-man committee, which seated one representative from each state. Over objections from minority members, the majority reported increased import and tonnage duties and legislation for excise, stamp, and license taxes. Smith also led a second select panel which met in the Third Congress to prepare bills recommended by the previous committee.

rated Madison's account of the political motives involved in the committee's appointment, noting that it accomplished "the favorite object which our Southern friends have long been wishing to obtain, that of excluding the Secretary of the Treasury from reporting systems of Finance." The members of the committee, he continued, "are too good to do any hurt, & we expect but little good from them unless assisted." ¹⁹

The nature of the Federalist stratagem mention by Madison remains unknown. Furthermore, Madison evidently overestimated the strength of his own party in several respects. The resolution created a select committee, not a standing or permanent committee. In fact, this ways and means committee did not differ in its appointment from other select committees named to examine the Treasury. Moreover, the committee was chaired by a Federalist with a strong majority favorable to Hamilton.

The 15-member committee appointed on March 26, 1794, was chaired by William Loughton Smith (SC) and consisted of one member from each state. The size of the committee most likely reflected three considerations: 1) the example of the Confederation Congress, 2) the politically expedient desire to allow every state to have a voice in public finance, and 3) the example of Pennsylvania's ways and means committee, which consisted of one member from

each county and the city of Philadelphia. Nine of the 15 members were Federalists, including Chairman Smith; Thomas Fitzsimons (PA), the chairman of the 1789 Committee of Ways and Means; Benjamin Bourn (RI); and Fisher Ames (MA). Six members have been identified as Jeffersonian Republicans, led by Madison, William Barry Grove (NC), Abraham Baldwin (GA), and Gabriel Christie (MD). Chairman William Loughton Smith, on the other hand, was one of Hamilton's strongest supporters. The Secretary of the Treasury had endorsed his South Carolina colleague in a bitter reelection campaign, and Smith had returned the favor when he helped to defeat the Giles resolutions to censure Hamilton in 1793. Smith, according to his biographer, had the resolutions thrown out through an adroit parliamentary maneuver.²⁰ Some Federalists, nonetheless, disagreed with Smith's leadership of Ways and Means. One Massachusetts Federalist noted that although he was "a good fellow," Smith "has no policy." This colleague feared that the chairman's penchant for uniting several controversial tax measures in one resolution risked defeat when the items might pass individually.²¹

At first, the committee was referred to in typical select committee fashion by its long title, "the committee appointed to inquire whether any, or what, further revenues are necessary for the support of the public credit, and, if further revenues are necessary, to report ways and means." The committee soon was referred to as the Committee of (or "on") Ways and Means, in part out of convenience, but also in part because it was understood that this committee performed the function of a ways and means committee. In April, Madison referred to the committee as "The Committee on Ways and Means" in a letter to Jefferson. A petition from snuff manufacturers in May requested exemption from taxes to be reported from "the Committee of Ways and Means." The *House Journal* itself began to use the phrase "Committee of Ways and Means." Finally, when the reports of the permanent Committee of Ways and Means were compiled several years later, a House clerk included the March 26, 1794, resolution and the committee's April 17, 1794, report as its first two documents.²² Thereafter, the committee was referred to as the Committee of Ways and Means until 1880, when its title became the Committee on Ways and Means.

The committee met throughout the first session of the Third Congress. Some evidence exists that there were spirited debates over which taxes could be increased, or what new taxes could be levied. Hamilton was called to appear before the committee on at least one occasion. According to one member, "he appeared cursedly mortified," but "those on the Committee who had been always opposed to references to him on this subject made no great show."²³ The committee reported recommendations to the House on April 17 for increased import and tonnage duties, and legislation for a variety of

excise, stamp, and license taxes, as well as a direct tax on land. The latter tax was the only one Madison and his followers supported. Madison observed that the report “was the work of a sub-committee in understanding with the Fiscal Department.” Although there is some circumstantial evidence of the use of a subcommittee, there is no doubt that Madison’s party agreed with their congressional leader that the committee was “composed of a majority infected by the fiscal errors which threaten so ignominious and vexatious a system to our Country.”²⁴

The Federalists capitalized upon the fact that they had a system, no matter how ignominious it might seem to their foes, by taunting Madison to produce an alternative, which he proved incapable of doing. One influential Federalist observed that Madison “owed it to himself and to the respect of his friends to have come forward with his own system that it might be compared with that of his hated rival [Hamilton].” But Madison, “strange to tell” did nothing. “He was a silent & inefficient member,” whose single proposal was for a direct tax.²⁵

After the committee’s April 17 report, the House appointed a second committee of 15 to prepare bills based upon the report’s recommendations. This second committee’s membership was identical to the Committee of Ways and Means even to the order in which the names were listed in the *House Journal*.²⁶ Legislative procedure in this early period in the history of the House evidently required the creation of a second and distinct select committee to draft bills, but in practice the two committees were identical in terms of membership.

There was no effort to reestablish the Committee of Ways and Means in the second session of the Third Congress (November 3, 1794–March 3, 1795), possibly because the Federalists had frustrated Hamilton’s congressional critics. Political parties, like legislative procedure, evolved slowly. The procedural and political motivations in the history of the committee in the Third Congress perhaps appear clearer in retrospect than they were at the time.

Ways and Means in the Fourth Congress

The evidence concerning the establishment of a standing Committee of Ways and Means in the first session of the Fourth Congress (December 7, 1795–June 1, 1796), is slight but intriguing. Hamilton retired in February 1795, and was succeeded by Oliver Wolcott, his former assistant and one of the first men to make a career of government service. Wolcott was a capable, but not brilliant, Secretary of the Treasury who closely adhered to Hamiltonian fiscal policies.²⁷ His report to Congress at the outset of the Fourth Congress set the stage for the creation of a standing Committee of Ways and Means.

PARTY RATIOS IN THE COMMITTEE AND THE HOUSE
1789-1801

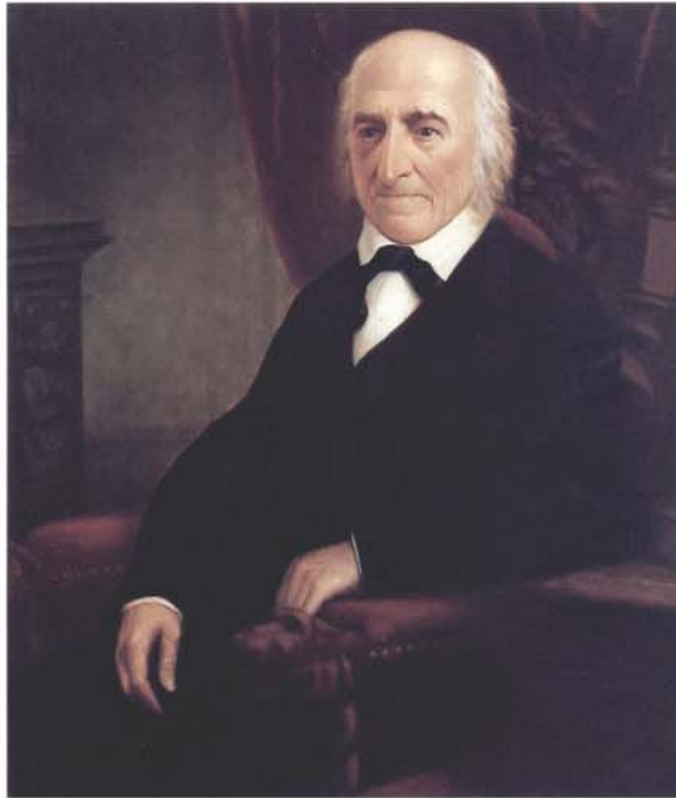
<u>CONGRESS</u>	<u>COMMITTEE</u>	<u>HOUSE</u>	<u>PRESIDENT</u>
First (1789-91)	7 P-4 AA	38 P-26 AA	Washington (F)
Third (1793-95)	9 F-6 JR	57 JR-48 F	
Fourth (1795-97)			
First Session	9 F-6 JR	54 F-52 JR	
Second Session	8 F-8 JR		
Fifth (1797-99)			
First Session	7 unnamed members	58 F-48 JR	Adams (F)
Second Session	10 F-6 JR		
Third Session	6 F-3 JR		
Sixth (1799-1801)			
First Session	7 F-2 JR	64 F-42 JR	
Second Session	6 F-3 JR		

F—Federalist JR—Jeffersonian Republican
AF—Antifederalist P—Proadministration
AA—Antiadministration

Sources: This chart is based upon Appendix A of John F. Hoadley, Origins of American Political Parties, 1789-1803 (Lexington: University Press of Kentucky, 1986), pp. 192-219; and Members of Congress Since 1789, 3d ed., (Washington, DC: Congressional Quarterly, Inc., 1985). See also note 12.

When the House convened in December, it established four standing committees: Elections, Claims, Commerce and Manufactures, and Revisal and Unfinished Business.²⁸ On Thursday, December 17, Albert Gallatin raised the issue of establishing a standing ways and means committee. The debates and proceedings on this issue were poorly reported, making it necessary to give careful attention to the chronology of events and the persons involved.

William Loughton Smith, the Federalist chairman of the Committee of Ways and Means in the Third Congress, had introduced a set of resolutions on December 10 in response to the President's annual message. One of those resolutions recommended "that inquiry ought to be made whether further means should be provided to reinforce the provisions heretofore made for the extinction of the Public Debt," which of course comprehended only a part of Secretary Wolcott's report. It was during consideration of Smith's resolution in Committee of the Whole House on December 17 that Gallatin first suggested



Albert Gallatin learned the realities of committee work in the Pennsylvania Legislature. "I was put on thirty-five committees, prepared all their reports, and drew all their bills," he noted. His labor taught him the wisdom of having legislators control the public purse. Thus as a member of the Fourth U.S. Congress he joined the struggle against Hamiltonian finance and made the first call for a standing finance committee. Strong partisan leadership from Madison and Gallatin, a movement to simplify House procedure, and a desire for the House to assert its constitutional role in public finance culminated in the creation of a permanent Committee of Ways and Means in 1795. Gallatin served on the committee almost continually until his appointment as Secretary of the Treasury in 1801.

reestablishing a ways and means committee. The incident was only briefly reported in the *Annals of Congress*:

Mr. Gallatin gave in a long amendment. Its object was to appoint a committee to superintend the general operations of finance. No subject, Mr. G. said, more required a system, and great advantages would be derived from it. The motion was seconded by Mr. Findley [William Findley (PA)].

Mr. W. Smith did not object to the amendment in itself, but as embracing a quite distinct object from the original resolution, he apprehended that, in the shape of an amendment, it would be out place. The resolution was withdrawn.²⁹

After a resolution was read "as to a committee inquiring about the existing operations on the Public Debt," John Nicholas (VA) moved to substitute Gallatin's amendment. Gallatin, "on further consideration, thought his resolution not sufficiently digested for acting upon." He requested that consideration of the resolution be postponed until Monday, December 21, which the House so ordered. The *Annals* reported that on Friday, December 18, Gallatin "laid on the table his resolution respecting the establishment of a Committee of Finance, which is to be taken up on Monday next."³⁰

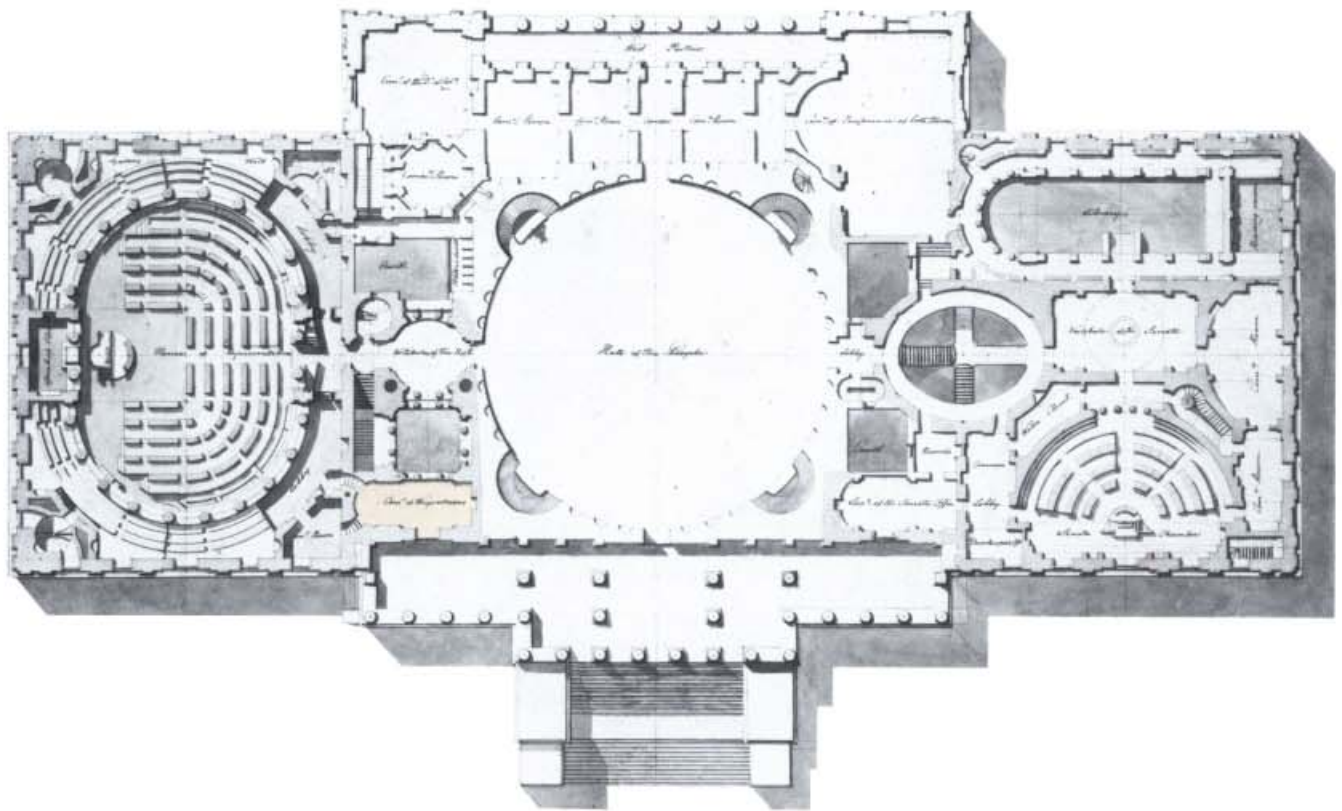
The brief mention of Gallatin's action on the 18th was doubly meaningful. It identified Gallatin as the author, or at least the source, of the resolution. Secondly, the phrase, "a Committee of Finance," confirmed that the proposed committee exceeded the limited intent of Smith's resolution. Its proponent, Albert Gallatin, was a first-term member who had extensive experience in fiscal legislation gained from his service on a ways and means committee in the Pennsylvania Legislature. He was also the leading economic thinker in the emerging Jeffersonian Republican Party. Although his motives for recommending the creation of a House standing ways and means committee are not revealed in the record, he is known to have favored legislative autonomy from the executive branch in matters of fiscal policy. His action may well have been both an attack upon the Federalist Treasury and the policies of Hamilton, as well as an attempt to assert the right of the House to determine public finance policy.³¹

The *Annals* reported that on the 21st, "Mr. Gallatin called up his resolution for the appointment of a standing Committee of Ways and Means. This motion was agreed to *nem. con.* [without dissent]." ³² No debate was reported on the resolution, nor was any mention made of the votes for or against. Moreover, this was the first reference by name of "a *standing* Committee of Ways and Means," unless Gallatin's tabled resolution of the 18th to create a "Committee of Finance" comprehended the same purpose. The *House Journal* cited the adopted resolution in full:

Resolved, That a Standing Committee of Ways and Means be appointed, whose duty it shall be to take into consideration all such reports of the Treasury Department, and all such propositions relative to the revenue, as may be referred to them by the House; to inquire into the state of the public debt; of the revenue; and of the expenditures; and to report, from time to time, their opinion thereupon.³³

There could be little doubt that this committee was to be a full-fledged finance committee whose jurisdiction encompassed every aspect of the financial policy of the federal government.

The only debate recorded in the *Annals* came on the question of the committee's size. The membership of the four standing committees established by the rules of the Fourth Congress varied in size. Elections, Commerce and Manufactures, and Claims were set at seven members each, and Revisal and Unfinished Business at three members. An unidentified member moved that Ways and Means also consist of seven members, but another member recommended 14. The debate revealed both the pros and cons of a large committee. Some members argued that large committees wasted time; they were difficult to convene, with the result that a subcommittee generally per-



formed most of the work. Proponents of a large committee suggested that general principles would be “more satisfactorily determined . . . while the details and examination of accounts might be attended to by a subcommittee.” It is significant that both sides recognized that a large committee would use a subcommittee, considering Madison’s allegation that the 1794 committee had done so.

The House voted to accept the larger figure and proceeded to appoint 14 members to the committee, one from each state (the Kentucky delegation had not yet arrived). This suggests that the Committee of Ways and Means was to be both similar to the four standing committees in the House rules and yet unique, not only in its manner of appointment, but also in its composition. A select group within the committee, most probably the chairman and the members of his party, would constitute a subcommittee that would determine policy, yet the importance of fiscal matters still seemingly dictated a large committee in which every state was represented.

When Christopher Greenup of Kentucky took his seat on the 24th, he was added as the committee’s 15th member. The committee list included five veterans of the 1794 committee: William L. Smith, Madison, Baldwin, Bourn, and Nicholas Gilman. The membership included nine Federalists and six Jeffersonian Republicans. Moreover, the Committee of Ways and Means again was chaired by William Loughton Smith, the chairman of the 1794 committee and an ardent

A plan for the completion of the U.S. Capitol in 1806, by renowned architect Benjamin Latrobe, reserved space for a Ways and Means meeting room (area in color) adjacent to the lobby of the House Chamber. The sketch constitutes an early indication that the panel had a room for its exclusive use in the early 1800s.

advocate of Hamiltonian finance. Smith's appointment raises new questions. Normally a select committee was chaired by the member moving its appointment. Granted that this particular committee was referred to as a standing committee, but if Gallatin had moved the resolution, why was he not appointed chairman? He was appointed to the committee, but his name appeared as the fifth on the list.

Historians have disagreed over the origins of this committee. The prevailing interpretation dates back to the views of Hamilton's son, John Church Hamilton, who wrote in the mid-19th century that the committee was a Jeffersonian creation to curb the Federalist executive branch. Henry Adams, one of America's first professional historians as well as a descendant of Federalist John Adams, similarly interpreted the committee's creation as a partisan action.³⁴ A strong case can be made for the partisan interpretation of the origins of Ways and Means. Madison in 1794 and Gallatin in 1795 were certainly the strongest advocates of the committee. Madison's letters in 1794 clearly indicated the partisan nature of such an initiative. The fact that both committees were dominated by Federalists seemingly downgrades the partisan interpretation, yet Gallatin, who had extensive experience with legislative finance committees, and Madison, the constitutional scholar, undoubtedly were aware of the historical antagonism between ways and means committees and the executive in England and in the American colonial and state governments. The establishment of a finance committee, whether their party could dominate it or not, created the possibility that the House could gain control over the power of the purse from the executive, and that eventually Jeffersonian Republicans in the House could use the committee as a vehicle to wrest that power from the Federalists. For their part, the Federalists did not object to using the Ways and Means Committee to facilitate their own fiscal program.

It has been suggested more recently that the real significance of the committee's creation was administrative.³⁵ The committee, in this interpretation, permitted the House to perform its work more efficiently. Yet, the House had handled public finance quite efficiently when it left the details to Hamilton. Wolcott was perhaps a less capable Secretary of the Treasury, but he had been in office less than ten months when Gallatin recommended creation of the Ways and Means Committee. The establishment of standing committees in the Fourth Congress was indeed a mark of the institutional maturation of the House. Committees did permit the arduous detail work of the legislative process to be performed more efficiently. The partisan motivation, however, cannot be dismissed. Therefore, it is most reasonable to conclude that partisanship, the desire for the House to assert its constitutional role in public finance, and the movement to make House procedure more efficient all contributed to the establishment of the standing Committee of Ways and Means in 1795.

Treasury Department
May 17th 1796.

Sir,

In obedience to the requisition of the Committee of Ways and Means, I have the honor to transmit an Estimate which has been prepared by the Secretary of War, and which is intended as a substitute for that which accompanied my Report to the House of Representatives on the 14th of December, 1795.

The sum now estimated as being requisite for the Military Department, in the current year, is 1,441,209.

For the payment of Military Pensions, 111,259.

And for the Naval Department, 113,025.

Dollars, 1,665,493.

To prevent future misconception, and for the immediate information of the Committee, I think proper to observe, that by far the greatest part of the expenditures for the Military Department are found by experience, to be insusceptible of that particular distribution which is observed in the issue of monies appropriated for other objects:— of course, it has been the usage of the Treasury, to open accounts,

Requests for executive branch appropriations, such as this estimate of expenses from the War Department in 1806, were referred to the Committee of Ways and Means for review. The committee recommended action to the House on each revenue matter. After the legislators considered the measure, they would direct Ways and Means to bring in an appropriations bill.

The Committee and the House: Legislative Procedure

The existence of the standing Committee of Ways and Means altered House procedure for finance and revenue issues. While Hamilton had reported directly to the House, Secretary Wolcott had to work through the committee. Less than a week after the committee's creation, the Treasury Secretary addressed a lengthy letter to the chairman of the committee that outlined the public debt and the "Sums Which Will Annually Be Requisite for Discharging Them."³⁶ The Secretary of the Treasury continued the controversial practice Hamilton had initiated of drafting bills, but the committee exercised its own judgment. The committee met with Wolcott on several occasions to obtain more information. Of one such meeting, Chairman Smith reported to the House, "With a view to obtain more perfect information, they [the committee] had a conference with the Secretary of the Treasury. . . ." In this particular case, the Federalist committee, unconvinced by the Federalist Secretary of the Treasury, recommended to the Federalist House against renewing the excise tax in question.³⁷

After the committee had reported to the House upon a subject

with the War Department under general heads — unless the mode of proceeding is continued, excessive appropriations and advances will be made, and an extraordinary usque will be incurred by the Public.

It follows, that appropriations for Military purposes ought to be considered as general grants of such sums as the public service is found to require; to be issued according to exigencies, and applied and accounted for, pursuant to law.

I have the honor to be with
perfect respect,

Sir,

Yr. most obed.^t Servant,

Oliver Wolcott,

Secretary of the Treasury

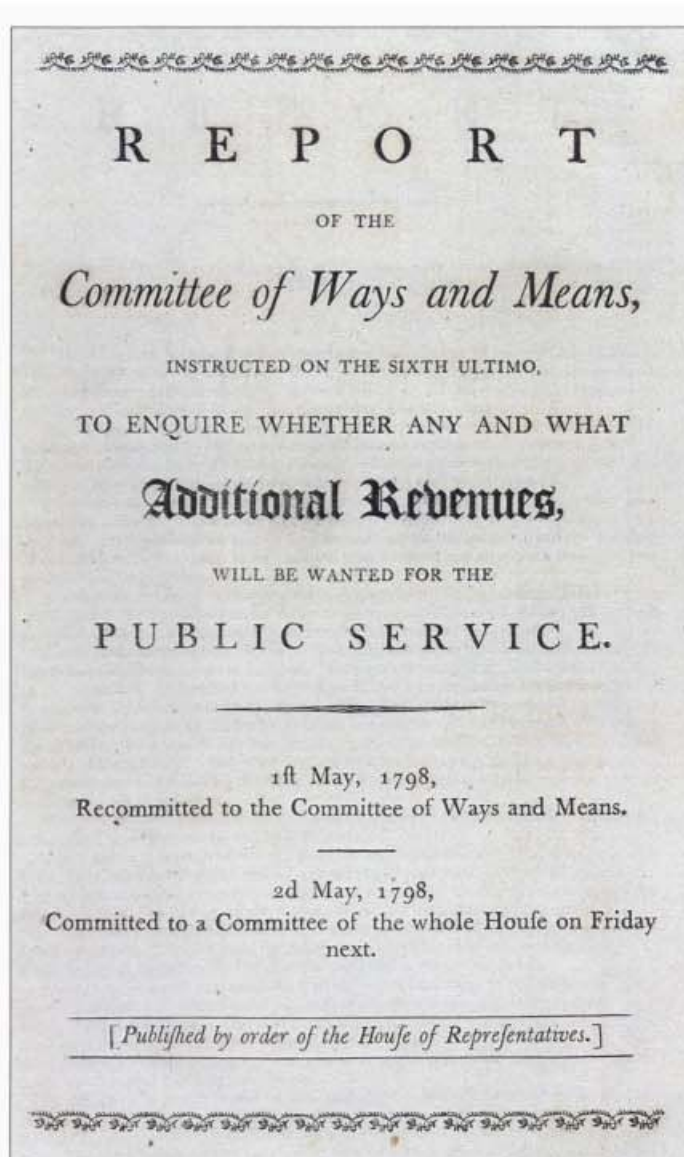
The Hon^{ble}:

William Smith, Esq.

Chairman of the Committee

of Ways and Means.

within its jurisdiction, the House would consider the report and then direct the committee to bring in a bill. The Committee of Ways and Means was kept busy reviewing Treasury Department estimates and schemes for new revenues. On January 15, 1796, for example, the House considered the committee's report on estimates "of the appropriations for the support of Government in the year 1796." After the report had been read "without alteration or debate," the House directed Ways and Means "to bring in a bill or bills accordingly." Chairman Smith reported the committee's bill just three days later. During House debate on the bill, one member moved to strike out the sum for the Mint. John Nicholas (JR-VA) observed that the Mint's deficit for the past year alone amounted to \$18,300, and "He wished to know the meaning of it." Smith answered that the Committee of Ways and Means had given careful consideration to the Mint. "The committee, consisting of fifteen members," the chairman explained, "were too numerous to enter into a detail of every article." A subcommittee had examined the Mint's request and lowered by half the amount of copper to be purchased. Federalist Jonathan Dayton of New Jersey, the Speaker of the House, complained that Smith seemed reluctant to



Printed reports on revenues such as this example were a rarity in the 1790s, when most Ways and Means submissions were handwritten. During the closing years of the 18th century, the committee wrestled with the question of raising new taxes to fund the infant republic. The Federalist majority on Ways and Means pushed for added revenues through indirect taxes, such as excise taxes on tobacco and distilled spirits. Jeffersonians loudly disagreed, preferring direct taxes on land and houses. Federalist views prevailed, but the tax quarrel filled the Fourth through the Sixth Congresses with tension.

give information. The chairman then “explained the steps taken by the Committee to convince themselves that there was nothing wrong in the Mint statement.”³⁸ Smith’s statements revealed both that they continued to use subcommittees for the sake of efficiency and that Ways and Means did not hesitate to reduce Wolcott’s estimates.

The Committee of Ways and Means consistently demanded detailed estimates from the executive departments. The committee was evidently displeased when Wolcott was unable to provide detailed estimates for military appropriations. The Treasury Secretary simply submitted estimates under three broad headings: the naval department, military pensions, and the “military department.” Wolcott’s response to Ways and Means’ request for clarification was classic bureaucratic evasion: “Military expenses,” Wolcott argued, had been

“found by experience, to be insusceptible of that particular distribution which is observed in the issue of monies appropriated for other objects.”³⁹ Chairman Smith’s report to the House, in the form of a resolution, left the sums blank for each of the three categories:

Resolved, That there be appropriated, for the year 1796, for the Military Establishment, including the sum already appropriated, ___ dollars; for the Naval Department, ___ dollars; and for military pensions, ___ dollars, pursuant to the estimate herewith reported.⁴⁰

The resolution was followed in the *Annals* by the specific sums Wolcott had requested for each category. By reporting blank sums, the committee in this case expressed its displeasure with the Treasury Secretary’s inability to provide detailed information.

Evaluations of the committee’s contributions during the Fourth Congress varied. Fisher Ames, a Federalist from Massachusetts who had served on the Committee of Ways and Means in the Third Congress, thought that they had done nothing “to enlighten the house or to guide the public opinion.” The Committee of Ways and Means, Ames wrote to Hamilton in 1797, “collects the scraps & fritters of facts at the Treasury, draws crude hasty results.” Ames was no friend to the “silly reliance” upon committees. He believed that the Democrats had usurped the rightful role of the Federalist executive. “Committees already are the Ministers,” he complained, “& while the house indulges a jealousy of encroachment on its functions, which are properly deliberative, it does not perceive that these are impaired & nullified by the monopoly as well as the perversion of information by these very Committees.”⁴¹

The letters of James Madison, on the other hand, gave a much different picture of the committee. As a member of the committee, Madison was undoubtedly more familiar with the facts than Ames. The committee that he described was one that diligently investigated the state of the infant republic’s finances and wrestled to find new sources of revenue:

A committee of ways and means are employed in investigating our revenues and our wants. It is found that there are between six and seven millions of anticipations due to the Banks, and that our ordinary income is barely at par with our ordinary expenditures, and that new taxes must be ready to meet near one and a half millions, which will accrue in 1801 . . . loans, at least, in some form or other, will be indispensable . . . until new taxes can be brought into action. With respect to this, the Committee are now in deliberation and embarrassment.⁴²

It was the question of new taxes that caused the committee the greatest concern—or embarrassment, as Madison put it. Theodore Sedgwick, a Federalist from Massachusetts and a future Speaker of the House, served with Madison and Gallatin on a subcommittee to consider direct taxes. He was also appointed to the ultimate subcommittee—a subcommittee of one—to report on indirect taxes, a task he found perplexing. “I have thought of many taxes, they are all practicable, but the truth is no tax is very palatable,” he wrote.⁴³

The Jeffersonians on the committee, led by Madison and Gallatin, found excise and indirect taxes the least palatable. Excise taxes are those placed upon the manufacture, transportation, sale, or consumption of certain goods, such as an excise upon tobacco or distilled spirits. Indirect taxes include excise taxes, sales taxes, and all taxes paid to private business persons who then remit the funds to the government. According to Madison the committee considered a duty on salt, a stamp tax, an inheritance tax, a tax on leather and hats, and a tax on carriages. The committee proposed the stamp tax, inheritance tax, and carriage tax, all of which Madison opposed. The Federalist committee even reported direct taxes that the party had previously opposed. Madison saw some humor in the Federalists’ predicament.⁴⁴ The existing excise system had proven inadequate, but the Federalists had so denounced direct taxes that they had to resort to arguing that taxes on land and houses were indirect taxes.

The debates within the committee must have been interesting to say the least, especially now that Gallatin was at Madison’s side. Madison wrote of his Pennsylvania colleague’s contributions to the committee’s discussions on revenue: “Gallatin is a real treasure in this department of Legislation. He is sound in his principles, accurate in his calculations, and indefatigable in his researches.”⁴⁵ The Federalist majority prevailed on revenue issues, but the experience motivated Gallatin to prepare a 200-page analysis of American finance. *A Sketch of the Finances of the United States*, printed in November 1796, presented the fully developed version of Jeffersonian Republican financial policy that Madison had been unable to provide two years earlier. Gallatin’s service on Ways and Means proved additionally valuable when he later became President Jefferson’s Secretary of the Treasury in 1801.⁴⁶

The Committee of Ways and Means was reappointed in the second session of the Fourth Congress on December 16, 1796. Speaker Dayton laid before the House the Secretary of the Treasury’s estimates for the coming year, following which Albert Gallatin once again moved the appointment of “a Standing Committee of Ways and Means.” This motion was a verbatim restatement of the resolution that created the committee in the first session. No debate or vote was recorded on the motion; the *Annals* simply recorded that a committee of 16 was appointed, with William Loughton Smith once more named

“Old Ironsides,” a 44-gun frigate, earns her nickname in this victory over the British frigate Guerrière during the War of 1812. Years earlier, Ways and Means Chairman William L. Smith had rallied legislative support to authorize the building of three warships, the United States, the Constellation, and the Constitution (Old Ironsides). In 1797, in the wake of French violations of American neutrality on the high seas, construction of the warships was funded.



chairman. Each state again was represented by one member, with Andrew Jackson joining the committee to represent Tennessee. Ten of the 16 members had served on the committee in the first session, including Gallatin and Madison. The committee was evenly split between eight Federalists and eight Jeffersonian Republicans.⁴⁷

The Committee of Ways and Means in the Fifth and Sixth Congresses

President John Adams called the Fifth Congress into special session in May 1797 to deal with a crisis in foreign policy. The French government, angered by the pro-British Jay's Treaty and by the failure of the U.S. to pay its Revolutionary War debt to France, had begun to violate American neutrality on the high seas. The Federalist Party responded by funding the construction of three warships, the *United States*, the *Constitution*, and the *Constellation*, whose principal legislative sponsor was Chairman Smith of the Committee of Ways and Means.⁴⁸

During consideration of a Senate defense measure to create an additional corps of artillery and engineers, Thomas Blount (JR-NC)



Federalist Robert Goodloe Harper of South Carolina advanced to the chair of Ways and Means in 1797 on the endorsement of Treasury Secretary Oliver Wolcott. Though considered by many colleagues to be a pompous dandy, Harper was a strong debater and successful lawyer. In the Fifth Congress, he moved to reduce the number of Ways and Means members to nine. The change overturned the panel's precedent of seating one representative from every state and introduced the modern notion of balanced sectional representation.

suggested that the subject should be referred to the Committee of Ways and Means, which he moved be appointed. Smith argued that the committee was not needed until the measures necessary for defense had been determined. William Branch Giles (JR-VA), on the other hand, recommended delaying consideration of military increases until after the subject of revenue had been considered. The House opted to appoint a Ways and Means Committee of seven members after debating the numbers of 15 and 13. The names of the members were not recorded, nor was the wording of the resolution given.⁴⁹

Smith continued to chair the reduced committee during the special session in which he reported to the House a stamp tax, a duty on salt, and changes in the system of internal revenue collection. The stamp tax and the internal revenue collection both proved controversial. Smith reported a committee bill on June 19, 1797, "to provide more effectually for the collection of certain internal revenue." Gallatin immediately objected. The bill was not germane to the reason the special session had been called. Furthermore, he noted, the subject had been considered by Ways and Means for two years. Smith's reply, in the refined and genteel language of 18th century discourse, nonetheless indicated the tension that must have pervaded committee meetings. The chairman reminded Gallatin that he had agreed that the bill had many valuable provisions. Moreover, the Secretary of the Treasury had explained the necessity for changes in the revenue collection system. It was preferable to secure additional revenue through technical modifications than by imposing new taxes. Gallatin, "who was never ready to lay a new tax," could not object to this. It was not

surprising, therefore that the committee's proposed stamp tax on legal documents and bank notes proved even more controversial. The debate on the bill occupied some 35 pages in the *Annals*. The House passed the measure, only to have it rejected by the Senate.⁵⁰

The Committee of Ways and Means was reappointed early in the regular (second) session of the Fifth Congress on December 4, 1797. A member suggested that a petition on the duty on stills be referred to the Committee of Ways and Means, only to learn that no committee had been appointed. John Nicholas (JR-VA) moved the appointment, and the House ordered that a committee of 16, one member from each state, be named. Only Gallatin and Thomas Blount were carried over from the committee of the second session of the Fourth Congress. William Loughton Smith had been given a diplomatic appointment; Robert Goodloe Harper (F-SC) was named chairman. The Federalists, moreover, held a comfortable ten to six majority over the Jeffersonian Republicans.⁵¹

The new chairman was personally vain and insolent, but he was also a vocal Federalist for which he was rewarded with the post on the Committee of Ways and Means. Harper was reappointed chairman in the third session of the Fifth Congress and the first session of the Sixth Congress. Theodore Sedgwick, the Federalist Speaker of the Sixth Congress, had serious reservations about Harper, whom he considered lazy and pompous. "I appointed [Harper] at the request of the Secretary of the Treasury," the Speaker wrote to a friend, "because it was apprehended that otherwise the public service might be embarrassed. I am sorry I was influenced to do it." Sedgwick's letter was significant, not only for revealing his opinion of Harper, but also because it indicated that the Speaker based his appointment upon the recommendation of the Secretary of the Treasury.⁵²

Harper continued to pursue Smith's plan for additional revenue through a direct tax on land, houses, and slaves. On May 1, 1798, he presented a committee report that read in part:

That, in their opinion, it will be necessary to raise the sum of two millions of dollars by a tax on lands, houses, and slaves, to be appropriated among the several States, according to the Constitutional rule, and on the basis of the last census; the mode of assessment and collection to be uniform throughout the United States.⁵³

Two members of the committee, James A. Bayard (DE) and Christopher G. Champlin (RI), immediately objected to the report "on the grounds of its not having been laid before the Committee of Ways and Means since it was drawn by the chairman." The House evidently agreed that Harper had acted on his own initiative because it recommitting the report to the Committee of Ways and Means.



When the committee was reappointed early in the third session of the Fifth Congress in December 1798, the question of size once again was raised. Harper moved the appointment of the committee following a motion to create a select committee on the census. Since his committee had considered a similar bill in the previous session, Harper, according to the *Annals* “moved for the appointment of a Committee of Ways and Means, agreeably to the standing rules and orders of the House. The motion was agreed to.” The phrasing of the motion and the lack of debate over it suggested that the Committee of Ways and Means had become nearly synonymous with those standing committees created by the House rules. Harper’s motion to limit membership to nine elicited opposition from Nicholas, who “hoped, as this is a very important committee, it would consist of sixteen, which is a member from every State of the Union.” With the delegations from Delaware and Kentucky absent, the House voted on a motion to appoint a committee of 14. The vote was tied at 34–34 when the Speaker voted against the motion. A motion to create a nine-member committee then passed 35–30. Harper once more was named chairman, with Gallatin and Blount again reappointed to the committee. Regional balance was maintained even though every state was not represented. Four members were from the South (South

Cane-wielding Roger Griswold of Connecticut, a future chairman of Ways and Means, attacks Matthew Lyon of Vermont on the House floor. In January 1798, tempers grew raw in debate over the best way to deal with French naval belligerency. An insulting remark from Griswold drew retaliation from Lyon: He spit a stream of tobacco juice in Griswold's face. In February, denied legal redress, a frustrated Griswold walked up behind Lyon and began beating him with a cane. Lyon grabbed fire tongs and flailed back. The brawl threw the House into an uproar, vividly exposing the emotional pitch of partisan feelings in Congress in the 1790s.

Carolina, North Carolina, Virginia, Maryland), two were from New England (Connecticut, Massachusetts), and three represented Middle Atlantic states (Pennsylvania, New York, New Jersey). The Federalists maintained a strong two-to-one margin over their political opposition.⁵⁴

The committee's size remained constant at nine during both sessions of the Sixth Congress (December 2, 1799–March 3, 1801). By this time, the appointment of the committee had become routine. In the first session, the House resolutions on the President's annual message referred that portion of the speech relating to "the expenditure of public moneys" to the Committee of Ways and Means before the committee had even been appointed. Gallatin made the motion to name the committee, and an unnamed member moved to appoint one member from each state. Harper argued that nine had been a sufficient number in the previous session "and [they] were able to obtain every information, and would be more expeditious." A nine-member committee was appointed, with Harper as chairman, but with only Gallatin retained from the previous committee. Roger Griswold (F-CT), who had served on the Committee of Ways and Means in the second session of the Fifth Congress, was named second to Harper. Sectional balance was once more maintained with four Southern members (two from South Carolina, one each from North Carolina and Virginia), three from New England (Connecticut, Massachusetts, Rhode Island), and two from the Middle Atlantic (Pennsylvania, New York). The committee contained a party balance of seven Federalists and but two Jeffersonian Republicans (Gallatin and Levin Powell of Virginia). Speaker Sedgwick's disgust with the chairman mounted as the session continued. He considered Harper's delay in reporting Wolcott's estimates "wholly inexcusable."⁵⁵

The Committee of Ways and Means was reappointed without debate for the second session of the Sixth Congress on November 20, 1800. Griswold of Connecticut was named chairman because Harper had not yet arrived and also possibly because of Speaker Sedgwick's low opinion of the South Carolinian. Gallatin, who also was not yet present, was likewise omitted from the committee list. Regional balance was again maintained with two members from Virginia (Powell and John Nicholas) matched by two from Pennsylvania (Henry Woods and John Smilie). The Federalists continued to hold a safe majority even though the Jeffersonian Republicans picked up an additional seat. Chairman Griswold was an active Federalist leader who was both eloquent and dogmatic. He is perhaps best remembered for a brawl on the floor of the House with Jeffersonian Matthew Lyon in February 1798, which was widely publicized to the embarrassment of both parties and Congress.⁵⁶

The period of Federalist control over the federal government drew to a close in 1801. Thomas Jefferson was elected President when

the tied Electoral College vote was decided by the House of Representatives. His party would have a majority in the Seventh Congress, set to convene in December. As the Federalists relinquished control over the Treasury Department, as well as the House of Representatives, the status of the Committee of Ways and Means remained unclear. It had been referred to as a standing committee ever since Galatin's resolution in 1795, yet the Committee of Ways and Means was not included in the standing rules of the House, making it necessary for the adoption of a special resolution in each legislative session to reappoint the panel. The House apparently adhered to the 18th-century notion of a standing committee to be one that existed throughout a session to consider matters within its jurisdiction. By the Sixth Congress the committee's reappointment had become a routine matter. Although its exact parliamentary status might be uncertain, the House Committee of Ways and Means had functioned from 1795 to 1801 as a standing committee.⁵⁷

Conclusion

The House of Representatives resolved the dilemma concerning the administration of public finance by creating both the Department of the Treasury and the Committee of Ways and Means. Between 1789 and 1794, the House experimented with executive direction of fiscal policy. Secretary of the Treasury Alexander Hamilton reported directly to the House in a system reminiscent of the procedure utilized by Congress during the Confederation period. Following Hamilton's departure from office, the House reestablished the Committee of Ways and Means. Although the executive branch continued not only to administer public finance, but also to recommend policy and legislation through the Secretary of the Treasury, the focal point of the House's legislative oversight role concerning public finance now became the Committee of Ways and Means.

The committee's activities between 1795 and 1801 followed a routine pattern. During the Fourth through Sixth Congresses, the committee considered a wide variety of financial issues, including redemption of the federal debt, the modification of existing excise taxes, and the feasibility of soliciting foreign loans and of imposing a direct tax on land. The committee also appointed subcommittees to consider specific questions, such as appropriations for the national Mint. Several of the committee's tax proposals were controversial, especially a 1798 plan proposing a direct tax on land, houses, and slaves that was rejected by the House.

Two committee activities during this period established a precedent for the evolution of a more active committee role in legislation during the 19th century. During the Fifth and subsequent Congresses,

MILESTONES IN THE HISTORY OF THE COMMITTEE
1789-1801

July 24, 1789	The first House of Representatives created "a committee of ways and means"
September 17, 1789	The House discharged the committee from further action
March 26, 1794	The House reestablished a committee "to report the ways and means" for the first session of the Third Congress
December 21, 1795	The House resolved to create "a Standing Committee of Ways and Means"
December 4, 1797	The Committee of Ways and Means was reappointed with 16 members, one from each state
December 14, 1798	The committee's size was reduced to nine members
November 20, 1800	The House reappointed the committee without debate

the Committee of Ways and Means began to draft bills, a task previously reserved to Committees of the Whole House and select committees. While the committee was not instructed to draft comprehensive legislation, it did on occasion draft portions of bills, such as the bill to levy a stamp tax. In addition, the committee also began in a tentative manner to perform oversight functions relative to the executive branch. On two occasions in the Sixth Congress the committee found errors in executive department estimates and requested supplementary information from the officer in question to prove that the estimates were not inflated.

The committee's membership during this period was dominated by the Federalist Party. Its first two chairmen, William Loughton Smith and Robert Goodloe Harper, were both Federalists from South Carolina, and its third chairman was Roger Griswold, a Federalist from Connecticut. Jeffersonian Republicans always formed a distinct, and at times sizable, minority. Albert Gallatin, James Madison, and Thomas Blount each served on the committee in several sessions.

One of the few controversial issues considered during the committee's reappointments in this period was the question of its size. Originally created as a committee with one member from each state represented in Congress, the membership of Ways and Means was reduced to seven for the special session of the Fifth Congress (May-July 1797) and then standardized at nine for the third session of the Fifth Congress (December 1798-March 1799) and both sessions of the Sixth Congress (1799-1801). This seemingly unimportant develop-

ment takes on a fascinating dimension in light of traditional notions concerning the nature of ways and means committees in the Anglo-American world. By settling on a size roughly the same as other standing committees, the House retreated from the “grand” committee ideal and accepted the more modern notion that a smaller committee could digest information and prepare legislation more efficiently than a larger one. Balanced sectional representation replaced the concern for representing the interests of all of the states.

The Federalist Committee of Ways and Means developed a close relationship with the Federalist Secretary of the Treasury in this period. Rather than reporting directly to Congress, as his predecessor had, Secretary Oliver Wolcott submitted plans and estimates to the committee, which would prepare reports and forward them together with supplemental correspondence to the House. The committee also conferred with the Secretary in a hearing-like setting to obtain additional information. The committee thus served as a “middleman” between the executive and Congress. Rather than assuming an adversarial relationship with Treasury, the committee collaborated closely with all executive departments to save the House from the task of reviewing the time-consuming details of financial administration.

No single factor can explain why the House established the Committee of Ways and Means as a standing committee during the Fourth Congress, nor why it continued to reappoint the committee in every session thereafter. The committee’s formation has traditionally been interpreted as a Jeffersonian Republican innovation to wrest control of public finance from the Federalist executive branch. But it is more likely that a climate conducive to the appointment of a standing finance committee was created by a combination of partisanship and the desire to streamline House procedure, conditioned by a widely shared belief in legislative oversight of public finance. The Federalists and the Jeffersonian Republicans achieved a balance between their political ideals and the dictates of necessity with the establishment of an in-house mechanism to act as an informational liaison between the legislature and the executive branch on fiscal matters. In doing so, they made a contribution not only to the legislative procedure of the House of Representatives, but also to the constitutional doctrine of the separation of powers that continues to the present day.

