THE DAILY EXCHANGE.

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Monetary and Commercial Review.

Baltimore, December 6, 1858.

There was a moderate business done to-day in Stocks, the value of the transactions at the Board being about $67,000, most of which was in Railroad shares and bonds. Railroad shares were steady at Saturday's figures. There was a fair inquiry for them, and we note sales of 630 shares Baltimore and Ohio at $56¼@56½ regular way; $56⅜ seller 60 days; $56⅝ buyer 60 days; and of 650 shares Northern Central at $22¼ seller 60 days, $22⅛@$22⅜ regular way; and $22⅜@22½ buyer 60 days. Baltimore and Ohio closed at $56⅛ bid, $56⅝ asked, and Northern Central at $22⅜ bid, $22½ asked regular way. The demand for Northern Central Railway shares has, as will be seen, fallen off considerably within the last day or two. The sales of Railroad bonds include $4,000 Baltimore and Ohio 1885's at 84¾, $1,100 Northern Central 1875's at 76; $500 Northern Central 1885's at 73¾; and $14,000 Northwestern Virginia endorsed third mortgage bonds at from 69, at which price they opened, down to 67½. Baltimore city 6's are quiet but firm. The only sale to-day was one of $500 1890's at 99¼. We note also a sale of 100 shares Canton at $20½. There was nothing done in Mining stocks. Santa Clara closed at $18½ bid, $19 asked, and Springfield at $2 bid, regular way. Bank stocks are firm. There are, however, very few offering, and we have no sales to note to-day.

In New York to-day stocks were rather irregular. Reading fell off at the first Board ½, but advanced again at the second ⅜. New York Central advanced ¼; and Galena and Chicago ½; but Erie declined ⅜; Cleveland and Toledo ½; and Missouri 6's fell off 1 per cent. The market at the first Board was heavy, but at the second it closed steady.

SALES AT THE BALTIMORE STOCK BOARD.

Monday, December 6, 1858.

$500 Balt. 6's, old, '90..99¼	100 shs. N.C.RR. b60..22⅜
4600 B.&O.RR. bds..85..84¾	100 " " s60..22¼
2000 N. W. Va. RR. bds.	100 " " b60..22⅜
3d m, en'd B & O. RR. 69	200 " " b2..22⅜
4000 " " ..68	5 " B.&O.RR. ..56¼
4000 " " ..67¾	100 " " b10..56⅝
4000 " " ..67½	100 " " ..56⅜
1100 N.C.RR. bds..'75..76	150 " " b2..56⅜
500 " " 85..73¾	125 " " b60..56⅝
100 shs. Canton co ..20½	50 " " ..56⅜
150 shs. N.C.RR. ..22½	100 " " s60..56⅜

Prices and sales of Stocks in New York.

BY TELEGRAPH.

Through Wm. Fisher & Son, Stock and Bill Brokers. No. 22 South street.

	1st Board.	2d Board.
Virginia 6's	96¾	00
Missouri 6's	88¾	88¾
Illinois bonds	00	00
Canton Company	00	00
Erie Railroad	17¾	17¾
New York Central Railroad	83¾	83¾
Reading Railroad	50⅜	51⅛
Panama Railroad	00	00
Celeveland & Toledo R. R.	31⅞	00
Rock Island	00	00
Michigan Southern R.R.	00	00
Cumberland Coal	00	00
Harlem	00	00
Galena & Chicago	73	73½
La Crosse & Milwaukie	3⅞	00
Milwaukie & Miss	00	00
	Market heavy.	steady.

BALTIMORE MARKETS.

Monday, December 6.

EXCHANGE.—There is a moderate demand for foreign Exchange, and rates remain firm. Bills continue scarce, and this fact restricts operations. We quote to-day Bankers' bills on London at 109⅜@109½; Commercial do. 108¾@109; Paris 60 days sight 5f. 15; do. short sight 5f. 10; Antwerp 5f. 15; Amsterdam 41¼@41⅜; Bremen 79⅛@79¼; Hamburg 36⅜; Cologne 72⅞, and Frankfort 41⅜.

COFFEE.—Coffee continues in demand, and the market for it is quite buoyant. We have reported to-day sales of 1,100 bags low grade Rio at 10⅜ cts., and of 150 bags good do. at 11¾ cts. The stock here is very light, the entire supply being only about 5,000 bags, and this fact greatly restricts transactions. We quote Rio to-day at 11@11¼ cts. for fair; 11½ cts. for good; 11¾@12 cts. for prime; Laguayra at 12@12½ cts., and Java at 14¾@15½ cts.

CANDLES.—We have reported to-day a sale of 300 boxes Adamantine Candles, but the terms were kept private.—We quote Adamantine Candles at 17½@20 cts. for Eastern and Western; Chemical Sperm do. at 28@30 cts; Sperm do. at 42@43 cts. per lb. Mould Candles range at from 15 to 16½ cts. per lb.

FLOUR.—There has been very little inquiry to-day for Flour, and we are not advised of any sales having been made. The market is heavy, but we have no change to note since Saturday in the rates. Choice brands of Howard Street and Ohio Super are held at $5.12½, but there are no buyers of either description at over $5 per bbl., and some lots of mixed brands are offering at this figure without finding purchasers. City Mills Super is quite dull. There are some lots which can be bought at $4.75 per bbl., at which figure sales were made on Saturday, but it is generally held higher. We quote Extra Flour to-day at $5.37½@5.50 for Ohio; $5.50@5.75 for Howard Street; $6 for regular, and $6.25@6.50 for fancy brands City Mills. There were sales after 'Change on Saturday of 100 bbls. Ohio Extra at $5.37½, and of 200 bbls. do. at $5.50 per bbl. Rye Flour is still quoted at $4@4.25 per bbl., and Buckwheat do. is selling at from $2 to $3 per 100 lbs. Corn Meal is steady at $3.50 for Pennsylvania, $4 for Baltimore, and $4.25 per bbl. for Brandywine.

FAMILY FLOUR.—Family Flour is selling at $7.50 for Baltimore ground, $7 for Old Dominion and $7.75 per bbl. for Welch's. There is a fair trade demand for it at these figures.

GRAIN.—Grain was in better supply to-day than on Saturday, but the receipts were nevertheless not heavy, the offerings at the Corn Exchange of all varieties being a little under 40,000 bushels. Wheat, of which there were about 16,000 bushels offered, was active and firm, although not quotably higher. Reds sold at 118@122 cts. for fair to prime, and whites at from 105 to 120 cts. for inferior grades, 130@145 cts. for medium to prime, and 148@151 cts. for fancy lots. Corn was also in brisk demand, and it brought about Saturday's prices. There were some 20,000 bushels, mostly new, at market, the greater part of which changed hands at 50@54 cts. for inferior white, 58@61 cts. for good do., and 63@66 cts. for good to prime yellow. The only sale of old Corn reported was one of 300 bushels white at 66 cts. Of Rye there were 120 bushels, and of Oats about 1,800 bushels at market. Most of the Oats were sold at 42@45 cts. for Virginia and Maryland, and 43@47 cts. for Pennsylvania, and we quote Rye steady at 70@72 cts. for Maryland and 82@85 cts. for Pennsylvania.

HOGS.—The stock of Live Hogs is accumulating, and there were upwards of 4,000 head in the pens at the scales to-day. The demand for them was quite limited, and the market was sensibly weaker. We quote them to-day at $6@6.25 for light weight, and $6.50@6.87½ per 100 lbs. net for medium to prime heavy lots. The weather is unfavorable for packing Pork, and none of the packers have been buying Hogs for some days past. We quote slaughtered Hogs to-day dull at $6.25@6.50 per 100 lbs.

MOLASSES.—Molasses is quiet but steady at 41½@42½ cts. for new crop New Orleans; 23@24 cts. for clayed Cuba; 26@28 cts. for Cuba Muscovado; 26@28 cts. for English Island; and 28@32 cts. for Porto Rico. We have heard of no sales to-day.

PROVISIONS.—The Provision market is more active to-day than it has been, and all varieties are quite firm. For barrelled Pork and Lard the inquiry has been especially brisk, and we note sales of 100 bbls. Prime and 300 bbls. Mess Pork, for both of which the terms were kept private, and of 50 bbls. City Leaf Lard at 10⅞ cts., 100 bbls. do. at 11 cts., 50 kegs do. at 11½ cts., and 200 bbls. Western do. at 11 cts. Lard was held firmly at the close at 11⅛ cts. for City and Western Leaf, and we quote Pork at $14@14.50 for Prime, and $17@17.50 per bbl. for Mess. Of Bacon we have reported to-day sales of 35 hhds. old Shoulders at 7¼ cts., 12 hhds. do. Sides at 9¼ cts., and 30 hhds. do. at 9¾ cts. There is nothing doing in Bulk Meat but it is held to-day at 6¾, 8¾, and 9 cts. for Shoulders, Sides, and Hams. Beef is steady at $12 for No. 1, and $15 per bbl. for Mess. Prime Butter is active, but inferior lots are dull. We quote Western solid packed at 11@12 cts. Roll at 18@23 cts., and Glades at 14@16 cts for common, and 18@21 cts. for good to prime. Cheese is selling slowly at 8¼@8¾ cts. for Western cutting, and 9½ cts. for Eastern do.

RICE.—Rice is dull but we quote it steady at 3½@3¾ cts. for ordinary to prime lots. We note sales within the last day or two of some 50 tierces good Rice in lots at 3¾ cts. The stock here is large.

SUGARS.—We have no transactions to note to-day in Sugars. There is but little demand for them but the stock here is light, and the market steady at the previous quotations, viz: $6.50@6.87½ for refining grades Cuba, Porto Rico, and English Island; $7.25@8 for grocers' styles Cuba; $7.50@8.50 for fair to prime Porto Rico, and $7.75@8.50 for fair to prime new crop New Orleans. There is none of the latter description remaining on the market here, but several lots are looked for daily.

SALT.—Liverpool Salt continues firm at 85 cents for Ground Alum; 130 cts. for Marshall's and Jeffrey & Darcy's fine, and 140 cts. per sack for Ashton's do. Turks Island Salt is dull. We quote it at 14@15 cts. afloat, and 18@20 cts. per bushel from store.

SEEDS.—There was nothing done in Grass Seeds this morning so far as we could learn. We quote Cloverseed as before at $5.50@5.75 for good to strictly prime new, and Timothy do. at $2@2.12½ per bushel. Flaxseed is steady at $1.35@1.40 per bushel.

WHISKEY.—There is a good inquiry for Whiskey, and the market for it is quite firm. We have reported sales of 100 bbls. City Whiskey at 25 cts., and of 300 bbls. Ohio do. at 26 cts. cash, which comprises all the Ohio Whiskey that is on the market. At the close City and Country Whiskey is held firmly at 25½ cts., and we quote Ohio do. at 26@26½ cts. The stock of all descriptions is very light.

MARKETS BY TELEGRAPH.

New York, Dec. 6.—Flour is heavy—sales of 9,000 bbls. at $4.20@4.40 for State; $5.35@5.45 for Ohio; and $5@5.40 for Southern. Wheat is very dull—no sales of importance. Corn is firm—sales of 24,000 bushels; new yellow 75@76 cts. Pork is firm—new Mess $18.50; old $17.80. Lard is dull at 11½@11¾ cts. Whiskey is firm at 25 cts. Sugar is firm—New Orleans 7¼@8¾ cts.; Muscovado 6¾@7¾ cts. Molasses is lower—New Orleans new 35½@36½ cts. Turpentine Spirits dull at 48 cts. Rosin dull at $1.60, delivered. Rice is steady. Freights are drooping and prices nominal.

Cincinnati, Dec. 6.—Whiskey has declined. Sales at 22@22¼ cts.—market closing dull. Hogs active. Sales 10,000 head at $6.20@7.20 for those averaging 250 lbs.; and $6.75@6.80 for 200 lbs. Mess Pork is held at $17.50@18.

IMPORTS AT BALTIMORE,

FOREIGN.

Bremen—*Bremen Bark Gustav.*

170 boxes pipe clay, 50 hampers bottles, 1,500 demit johns, 4 boxes provisions—A. Schumacher & Co.; 60 boxes cigars—W. A. & F. Marburg; 18 do. do.—Beck & Bachmann; 4 do. do., 1 do. tobacco samples—A. Seemuller & Sons; 77 do. cigars, 1 do. books, 5 do. papers, 10 bales mdse.—George W. Gail; 9 boxes do.—H. F. Alberti & Co.; 1 do. do.—Canfield, Bros. & Co.; 13 do. do.—Chas. Spilker & Co.; 1 do. do.—W. & H. Spilker; 1 do. do.—Taylor & Gardner; 3 do. do.—W. L. Buckmister; 1 do. do.—Schmayer Bros.; 1 do. do.—Cortlan & Co.; 2 do. do.—E. Uhrlaub; 1 do. do.—F. W. & E. Dammann; 4 do. do., 134 casks potatoes—Stellmann, Hinrichs & Co.; 9 do. do., 1 do. cucumbers, 1 box vegetables, 19 hampers mineral water—Oelrichs & Lurman; 16 do. do.—C. W. Casparri; 1 piano, 1 harmoneon—Duer, Norris & Co.; 1 box fruits, 10 bbls. potatoes; F. L. Brauns & Co.; 34 do. do.—C. Wildey; 16 do. do.—W. Ochs; 2,200 demijohns—Baker Bros. & Co.; 1 box mdse.—F. Schmidt; 1 do. do.—G. Ruland; 5 do. sundries—C. H. Eisenbrandt; 2 do. mdse.—order.

St. Johns, P. R.—*Schr. Alabama.*

40,000 oranges, 70 bun. bananas—A. R. Wallace.

COASTWISE.

Charleston—*Schr. Mignionette.*

45 casks molasses, 30 do. rice—John Williams & Son; 10 do. do.—G. W. Wait & Son; 53 do. do.—C. Hoffmann; 100 do. do.—Levering & Co.; 696 sacks wheat—Derr, Thompson & Co.; 1 pkg. brandy—order.

EXPORTS FROM BALTIMORE.

Havana.—6 bbls. beef, 5 do. oil, 100 bales wicking, 3 cases photographic apparatus, 13 r. r. cars, 830 do. cross ties, 245 do. splice blocks, 151 bundles shovels, 175 tons coal.

Health Office, Baltimore December 6, 1858.

Report of Deaths in the city of Baltimore, for the week ending Monday Morning.

Apoplexy	1	Inflammation of lungs	5
Cancer	1	Inflammation of liver	1
Casualty	1	Old age	3
Cholic	1	Palsy	2
Consumption	19	Scrofula	1
Croup	7	Suicide by hanging	1
Dropsy	4	Spinal affection	1
Dropsy in the head	3	Teething	3
Diarrhœa	2	Unknown Adult	3
Fever, billious	1	Unknown Infantile	10
" catarrhal	2		—
" scarlet	18	Males	49
" typhoid	2	Females	47
Gun shot wounds	1		—
Inflammation of bowels	2	Total	96
Inflammation of brain	1		

Of which number 16 were colored persons—15 free, and 1 slaves.

Under 1 year	17	Between 40 and 50 years	10
Between 1 and 2 years	9	" 50 and 60 years	4
" 2 and 5 years	11	" 60 and 70 years	7
" 5 and 10 years	10	" 70 and 80 years	5
" 10 and 15 years	4	" 80 and 90 years	1
" 15 and 20 years	2	" 90 and 100 years	0
" 20 and 30 years	6	Above 100 years	0
" 30 and 40 years	10	Still-births	4

By order J. W. HOUCK, Commissioner of Health.

For Shipping Intelligence, see 4th page

REPORT OF THE SECRETARY OF THE TREASURY ON THE STATE OF THE FINANCES.

Treasury Department, December 6, 1858.

Sir: In compliance with the act of Congress entitled "An act supplementary to an act to establish the Treasury Department," approved May 10, 1800, I have the honor to submit the following report:

On the 1st of July, 1857, being the commencement of the fiscal year 1858, the balance in the treasury was		$17,710,114 27
The receipts into the treasury during the fiscal year 1858 were $70,273,869 59, as follows:		
For the quarter ending September 30, 1857—		
From customs	$18,573,729 37	
From public lands	2,059,449 39	
From miscellaneous sources	296,641 05	
		20,929,819 81
For the quarter ending December 31, 1857—		
From customs	6,237,723 69	
From public lands	497,781 53	
From miscellaneous sources	356,159 78	
		7,092,665 60
For the quarter ending March 31, 1858—		
From customs	7,127,900 69	
From public lands	480,936 88	
From miscellaneous sources	393,690 78	
From treasury notes issued	11,087,600 00	
		19,090,128 35
For the quarter ending June 30, 1858—		
From customs	9,850,267 21	
From public lands	474,548 07	
From miscellaneous sources	207,741 15	
From treasury notes issued	12,628,700 00	
		23,161,256 43
The aggregate means, therefore, for the service of the fiscal year ending June 30, 1858, were		87,983,983 86
The expenditures during the fiscal year ending June 30, 1858, were $81,585,667 76: Being for the quarter ending September 30, 1857		$23,714,528 37
Being for the quarter ending December 31, 1857		17,035,653 07
Being for the quarter ending March 31, 1858		18,104,915 74
Being for the quarter ending June 30, 1858		22,730,570 58
Which were applied to the various branches of the public service as follows:		
Civil, foreign intercourse, and miscellaneous		26,387,822 20
Service in charge of Interior Department		6,051,923 38
Service in charge of War Department		25,485,383 60
Service in charge of Navy Department		13,976,000 59
Public debt and redemption of treasury notes		9,684,537 99

As shown in detail by Statement No. 1.

Deducting the expenditures from the aggregate means during the fiscal year 1858, a balance remained in the treasury on the 1st July, 1858, of		6,398,316 10
During the first quarter of the current fiscal year, from July 1 to September 30, 1858, the receipts into the treasury were as follows:		
From customs	$13,444,520 28	
From public lands	421,171 84	
From miscellaneous sources	959,987 34	
From loan of 1858	10,000,000 00	
From treasury notes issued	405,200 00	
		25,230,879 46
The estimated receipts during the three remaining quarters of the current fiscal year to June 30, 1859, are—		
From customs	$37,000,000 00	
From public lands	1,000,000 00	
From miscellaneous sources	500,000 00	
		38,500,000 00
Estimated ordinary means for current fiscal year		70,129,195 56
The expenditures of the first quarter of the current fiscal year, ending September 30, 1858, were—		
For civil, foreign intercourse, and miscellaneous service		6,392,746 38
For service in charge of Interior Department		1,994,304 24
For service in charge of War Department		8,224,490 04
For service in charge of Navy Department		4,086,515 48
For public debt, including redemption of treasury notes		1,010,142 37
Carried forward		21,708,198 51
Brought forward		$21,708,198 51
The estimated expenditures during the remaining three quarters of the current fiscal year to June 30, 1859, are		52,357,698 48
		74,065,896 99
Ordinary means as above		70,129,195 56
Deficit of ordinary means to meet expenditures		3,936,701 43

The deficiency in the ordinary estimated means to meet the estimated expenditures during the remainder of the current fiscal year ending June 30, 1859, are therefore $3,936,701 43.

There are extraordinary means within the command of the department as follows:

Treasury notes which may be issued previous to the 1st of January, 1859, under the 10th section of the act of December 23, 1857, say	$1,000,000 00
Balance of loan authorized by act of June 14, 1858	10,000,000 00
Which added to the ordinary estimated means	70,129,195 56
Makes the aggregate means to June 30, 1859	81,129,195 56
Deduct the actual and estimated expenditures as heretofore stated	74,065,896 99
Leaves an estimated balance in the treasury, July 1, 1859, of	7,063,298 57

Estimate for the fiscal year from July 1, 1859 to July 1, 1860.

Estimated balance in the treasury	$7,063,298 57
Estimated receipts from customs for the fiscal year ending June 30, 1860	56,000,000 00
Estimated receipts from public lands	5,000,000 00
Estimated receipts from miscellaneous sources	1,000,000 00
Aggregate of means for year ending June 30, 1860	69,063,298 57
Expenditures estimated as follows:	
Balance of existing appropriations	12,478,907 28
Amount of permanent and indefinite appropriations	8,497,724 50
Estimated appropriations to be made by law for the service of the fiscal year to June 30, 1860	52,162,515 68
	73,139,147 46
The estimated receipts being	69,063,298 57
Deficit	4,075,848 89

To this estimated deficiency on the 30th June, 1860, should be added the sum of $3,838,728, which will be required for the service of the Post Office Department during the present fiscal year. This latter amount is not taken into the foregoing estimates, but is asked for by that department, as will appear from the letter of the Postmaster General accompanying the annual estimates.

When my last annual report was submitted to Congress, I explained the embarrassments under which the estimated receipts into the treasury were made. A new tariff act had just gone into operation, under circumstances growing out of the then recent revulsion in trade and business, which made all calculation as to its effect upon the revenue doubtful and unsatisfactory. This opinion was frankly expressed to Congress at the time. The present estimates are submitted under somewhat more favorable circumstances, and consequently with greater confidence in their correctness.

The tariff of 1857 has been in operation more than a year, and in ordinary times the experience of that year would afford reliable data to judge of its effect as well upon the trade of the country as the revenues of the government. The continuance of financial difficulties during a large portion of the time, however, and the effects of it, operating in a great extent during the whole period, create serious difficulties in forming a satisfactory judgment upon the question. The present estimates are based upon the opinion that a reaction in the trade and business of the country has commenced, and that we are gradually, but steadily, returning to a healthy and prosperous condition. There seems to be a concurrence in the public mind on this subject, if we may judge from the general tone of public sentiment. The files of the department furnish strong evidence of its truth. Our exports for the year ending the 30th June, 1858, were $324,644,421, being a reduction from the preceding year of only $38,316,261; whilst the imports for the same time were $282,613,150, being $78,276,991 less than the year before. This balance in favor of exports over imports was doubtless appropriated to the payment of our foreign debt, thus relieving the country, in part, of that source of embarrassment. It exhibits a large margin for an increase of importations when the business and necessities of the country shall demand it.—The restoration of confidence and reaction of trade have already been manifested in this regard.

By referring to the receipts from customs at the port of New York for the months of October and November, 1856, the year preceding the revulsion, the same months of 1857, the year of the revulsion, and the same months of the present year, I find that the receipts of those two months in 1856 were $6,202,227; in 1857, were $2,028,210; and in 1858, were $3,810,819. Whilst the country has not recovered entirely from the disasters of the last year, the increased receipts of the present year indicate a decided reaction, and the promise of a certain and speedy return of prosperous times.

The foregoing estimates contemplate a deficiency in the means of the government, which, by the 30th June, 1860, will amount to the sum of $7,914,576. Provision should be made by Congress at its present session to supply the deficiency. In what manner shall it be done? A loan for this purpose is not deemed advisable, in view of the addition already made to the public debt. A revision of the tariff of 1857, and the imposition of additional duties is the only remedy, unless Congress shall take some action to relieve the treasury from a portion of the expenditures it is now required to meet.

In revising the tariff, the same principles should direct and control the action of Congress that would be considered in the adoption of an original act.

I do not deem it proper to enter into any extended discussion of the theoretic principles on which a tariff act should be framed.

They may be briefly stated. Such duties should be laid as will produce the required revenue, by imposing on the people at large the smallest and the most equal burdens.

It is obvious that this is most effectually done by taxing, in preference to others, such articles as are not produced in this country; and among articles produce l here, those in which the home product bears the least proportion to the quantity imported are the fittest for taxation. The reason is, that in taxing articles not made in the country the whole sum taken from the consumer goes in to the treasury, while in the other class the consumer pays the enhanced value not only on the quantity imported, but on the quantity made at home. This last tax is paid not to the treasury, but to the manufacturer, thereby rendering such a duty not only more burdensome, but grossly unequal; the home producer being benefitted at the expense of the consumer.

If these principles are sound, it is obvious that no tariff strictly for revenue, has ever yet been enacted in the United States.

The early legislation of the country contemplated other objects, such as fostering our then infant manufactures, and encouraging the production of indispensable articles, so as to render our country independent of foreign governments in case of war.

The objects which originally led to our system of duties have long since been attained; but under that system large interests have grown up which have always claimed and received such consideration from Congress as to prevent the abandonment of the idea of protection.

I do not expect that a tariff will be now framed on rigid revenue principles, but in all changes an effort should be made at least to avoid a further departure from them.

Assuming that the general principles of the present tariff act will be adhered to, all will admit that, having ascertained the additional revenue required as accurately as possible, the least increase of duty that will raise the sum is the proper rate to be adopted.

In determining, however, on what articles the duty is to be increased, a strong appeal will doubtless be made so to discriminate as to afford relief to certain interests said to be unusually depressed.

In a period of general financial distress, such as we have not yet entirely passed, each interest of the country naturally feels the want of any aid that would relieve its embarrassments and restore its prosperity. In responding to such a demand, care should be taken not to afford the required relief at the expense of another interest equally in want of assistance, and equally entitled to receive it at the hands of the government. When a general calamity has paralyzed the hand of industry and cramped the energies of the people, it is unfortunate that at such a time, when the country is least able to bear it, the wants of the government should force an increase of taxation. In yielding to the necessity which compels the imposition of the burden, let it be done with that spirit of justice which regards with equal care and protection all the varied interests if the country.

In connexion with this branch of the subject, I would respectfully refer to the views presented in my last annual report to Congress.

It is also a subject of regret that a public necessity requires a revision of the tariff act of 1857 before a sufficient time has elapsed to test its legitimate effects upon the business of the country as well as the revenues of the government. False impressions as to its operation must be carefully guarded against; the fact that this act went into operation on the 1st of July, 1857, and was followed so soon by the disastrous revulsion of that year has induced many persons to believe that the one was the necessary cause of the other. The advocates of a high protective tariff have not failed to avail themselves of this circumstance to press upon the public mind their peculiar system of affording relief to a distressed people, by increasing their taxes. Every interest in the country which suffered in the general calamity has been earnestly appealed to, and no efforts have been spared to induce each and all to believe that their misfortunes have been produced by the passage of the tariff of 1857. There is, however, one important point in the argument where the logic of the protectionists is wholly at fault. The revulsion was not confined to the United States, or even to this continent. It swept over the world, and was felt with equal and perhaps greater severity in other countries than our own. These results have been too universal to have been brought about by a reduction of about twenty per cent. upon the rates of duty in the United States, being a reduction of about five per cent. upon our importations. The argument of the protectionists is, that a reduction of our duties stimulates the foreign trade, and in this instance its legitimate effect should have been to relieve the embarrassments of the countries with whom we trade, by opening a larger market for their productions. They charge that the increased importations of foreign goods into the country is disastrous to the business of the home producer and manufacturer, by depriving them of the markets of their own country. Such is the theory of the protectionist. Let us apply to it the facts which have transpired under the operations of the tariff of 1857.

The foreign producer and manufacturer have not been benefitted by the reduction. At all events they have not been preserved from the general calamity which has come upon the producers and manufacturers of similar articles in our own country.

The importations for the fiscal year ending June 30, 1858, the first and only year of the present tariff amount to $282,613,150, being $78,276,991 less than the importations of the last year of the tariff of 1848.

These two facts alone furnish a strong refutation of the theory we are combating.

For the purpose, however, of a more thorough examination of the question, I propose to consider the operations of the iron interest during the same period. I have selected iron for two reason; first, it is one of the most important interests in the country deserving the care and protection of the government to as great an extent as any other; and, secondly, because it has suffered as much, if not more than any other interest from the recent revulsion.

By reference to table 6, appended to this report, it will be seen that the importation of iron and steel of all kinds amounted, in the year ending June 30, 1857, to $25,954,111. In the year ending June 30, 1858, it amounted to $16,328,039; being a reduction of $9,626,072. This reduction is accounted for in part by the reduced prices of the last year; but there is shown by the same table a large reduction in the amount of imported iron and all manufactures of iron. Whatever cause, therefore may have produced the great depression of the iron interest during the last year, it is very clear that it is not owing to an increased importation of foreign iron under the act of 1857. If, as alleged, the price of iron in this country had been reduced by the increased importations caused by the reduction of duties, then the price of the article in those countries from which we import ought to have been beneficially affected. A comparison of the prices in this and foreign countries during the last year, will show that such was not the fact, as the price fell, not only in the United States but in Europe also. The price of pig-iron, on board, at Glasgow, on December 31, 1856, was 74s.; on December 31, 1857, 52s.6d., being a decline of twenty-nine per cent. The average price at New York, for January, 1857, was $25; for January, 1858, was $20.50—showing a decline of eighteen per centum. The difference between the highest and lowest prices in New York for the year 1857, being $31 in April, 1857, and $23 in December, is less than twenty-six per cent., whilst the difference between the highest and lowest for the same year, at Liverpool, was thirty per centum.

	£	s	d
The average price of bar iron at Liverpool for January, 1857, was	8	2	6
The average price of bar iron at Liverpool for January, 1858, was	6	12	6
Difference, 18 per cent.			
The average price of bar iron at New York for January, 1857, was			$55
The average price of bar iron at New York for January, 1858, was			48
Difference, nearly 13 per cent.			

Now it will hardly be contended that a reduction of six per cent. in our tariff depressed the price of iron in Glasgow and Liverpool. The argument of the protectionist contemplates a different result. These facts show that the prices have been as well sustained in America as in Europe, and that the depression which occurred must have been brought on by causes common to both countries, and independent of the tariff of 1857. It may be said that the prices in America would have been better sustained with a higher tariff, by excluding the importation of iron from England at the low prices ruling there. The answer is, that if the price of any commodity falls in the markets of the world, our people, as consumers, are entitled to the benefit of the reduction, and it is not just that the price should be unnaturally sustained by legislation.

This is especially true when the same causes have produced a like decline in almost every important product of our country.

A table is appended, (marked 8,) compiled from the most reliable sources accessible in the absence of any official record, showing the average price for the last three fiscal years, and for each month of each year in the market of New York of a number of leading articles. From this table it will appear that from the year ending June 30, 1857, to that ending June 30, 1858, there was a decline in leading articles as follows, viz:

Wheat flour	24 per cent.
Hemp	36 "
Molasses	34 "
Bar iron	12 "
Wool	16 "
Rice	13½ "
Pork	9 "
Butter	10 "
Hay	20 "
Sugar	20 "
Pig iron	15 "
Leather	17 "
Whale oil	19 "
Tobacco	12 "
Copper	17 "
Cheese	26 "

No class loses more heavily or sustains greater privations in a period of general revulsion than the agriculturists, and it is asking too much of them to submit to additional burdens in order to exempt a favored portion of their fellow citizens from the common calamity. The above list also shows how little the decline in prices can be ascribed to the change in the tariff made in 1857. It occurred indifferently, in articles imported in the most trivial quantities, and in those most largely imported, in articles the duty on which was unchanged, and in those on which it was diminished; proving that the cause was outside of all tariff regulations and beyond the control of legislation.

But if it be alleged that although the changes made in 1857 did not injure the American manufacturer, yet that such has been the result of the tariff of 1846, which was based on the same principles, the answer is, that it does not appear that the manufacturing interest has suffered from that tariff. While some particular branches, prematurely or improvidently entered into, may have failed, yet the fact is well known that all the great manufacturing interests have largely increased since 1846, more rapidly than the population and general production of the country.

An examination of the statistics published under the authority of various States, among which may be specified Massachusetts, New York and Ohio, will abundantly prove the proposition. One mode of ascertaining the comparative prosperity of the several industrial interests of the country, at different times, is by comparing the the amounts of products exported to foreign countries, it being obvious that those who can compete in the common market with the like products of other countries, can certainly maintain themselves at home.

Applying this test to the facts, we find the following results:

The export of American manufactures for the year 1847 was	$10,476,345
For the year 1858	30,372,180
Increase, $19,895,835, equal to 190 per cent.	
In the same years the exports of cotton were, 1847	53,415,848
In 1858	131,386,661
Increase, $77,970,813, equal to 146 per cent.	
Tobacco, 1847	7,242,086
In 1858	17,009,767
Increase, $9,767,681, equal to 135 per cent.	

The exports of agricultural production, except cotton and tobacco, during the same period, show an actual decrease, which, however, is not a fair comparison, as 1847 was a year of famine in Europe, but the increase of those exports by a fair comparison of the two periods is about from 75 to 100 per cent.

Of the exports of manufactures, those of iron and the manufactures of iron are found to be: 1847, $1,167,484; 1858, $4,729,874; increase, $3,562,390, equal to 305 per cent.

I am aware that large exports of an article may sometimes result from adversity instead of prosperity, as when the holder unable to make sales at home ships goods abroad, as a last resort. But it is taxing our credulity to be told that exports of a large class of articles will go on from year to year, while the manufacturers are unable to compete at home with the importer, though protected by twenty-four or even nineteen per cent. And if it be said that the year 1858 was one in which the state of things referred to especially existed, a comparison of the exports of the preceding year, conceded to be one of remarkable prosperity, will show the same result.

It will not suffice to say that this prosperity is owing to the influx of gold from California. That has been a cause of a general rise in prices, and of increased activity in all industrial departments; but no reason is perceived why the agriculture of the country should not be as much stimulated by that cause as the manufactures. Yet, while both have increased, the manufactures have increased faster, whereas if they had been seriously injured by the tariff of 1846, they would, at most, have improved more slowly than other interests not so affected

I proceed to consider the question of the best mode of revising the present tariff, with a view to raising a sufficient sum to meet the demands of the public service. It has been proposed to repeal the act or 1857, and restore the act of 1846. To this suggestion there are serious objections, which, to my mind, are insuperable. I am well satisfied that the wants of the government do not require a permanent increase of the taxes to the extent of reviving the tariff of 1846. The duties of forty and one hundred per cent. imposed by that act are, in the present condition of trade and commerce, wholly indefensible. The public mind of the country will scarcely be brought again to acquiesce in any higher schedule than thirty per cent., the maximum of the present law. It would certainly require some more urgent necessity than exists at this time to justify such a measure.

It has also been proposed to adopt the principle of home valuation, with a view, first, of increasing the rates of duty, and, secondly, of guarding against under valuation and other frauds which are alleged to exist under our present system.

As a measure for increasing the revenue, this proposition possesses no merit. It seeks to do indirectly what can be better effected directly. If the sole object is to increase the taxes, it is better to do so in a bold and manly way. At present, the duty is imposed upon the market value of the merchandise in the principal markets of the country from which the importion is made, including all costs and charges of shipment.

To substitute for this rule the principle of home valuation would be to add to such value of the merchandise the insurance, cost of transportation, duty levied, and profits of the importer.

It ought to be a sufficient reply to the proposition that some of these elements entering into the home value are not legitimate subjects of taxation. Other and more serious objections will be considered in another connexion. The reason in favor of home valuation, which has been pressed with the most earnestness, is, that it will protect the revenue from fraud by under valuation. The advocates of the change allege that, under our present system, the government is defrauded, by various means, of its legitimate duties upon a large portion of the imports. In proof of this charge a comparison has been instituted between the value of our exports and imports for the last three years, showing that the imports were less, by a large amount, than the exports.

This difference is charged to under valuation. The remedy proposed is either home valuation or specific duties. It is true that the exports for the last few years have exceeded the imports, but the inference which has been drawn from it is not necessarily correct. Other causes have contributed to bring about this result. It should be borne in mind that our exports are valued at the port of exportation. When these exports reach a falling market abroad, the return cargo will exhibit in the diminished value of the importation the loss sustained by the persons on whose account the exports have been shipped. This often constitutes an important element in accounting for that excess of exports which has been attributed to fraud. The payment by our citizens of their debts in Europe, which for two years past has been largely done, the transactions of bankers and brokers in exchange, and smuggling, a species of fraud common to every system, all effect the comparative amounts of exports and imports.

If it were true that the difference in favor of exports over imports was chargeable to the ad valorem system and the present mode of valuation, then the fact should be found to exist not only during the last few years, but during the whole period of the existence of the present system. An examination of our exports and imports (as will be seen by reference to Table 4) for a series of years, will show that such is not the case. The tariff of 1846 was in operation over ten years. During that period the whole amount of our exports was $2,512,681,327, and our imports during the same period amounted to $2,566,250,328. The advocates of home valuation have fallen into the error by confining their comparison to a limited number of years.

The general result which I have stated indicates that if frauds have been practised upon the revenue it is not owing to our present ad valorem system. This will appear from a comparison of the exports and imports during the operation of the tariff act of 1842. That act, the distinguishing features of which were specific duties and minimum valuations, was in operation nearly four years. During that time our exports amounted to $423,681,648, and our imports to $412,135,195. If the argument drawn from the excess of exports over imports be correct, this statement would indicate that greater frauds have been committed under a tariff of specific duties than under the ad valorem act of 1846.

If, however, it be true that frauds are committed under our present system to the extent charged, will a change to home valuation prevent the evil? To furnish a satisfactory answer to this inquiry, it will be proper to examine the manner of ascertaining the dutiable value of imports under existing laws, and what would be required to be done under the proposed change. At present the appraiser is called upon to ascertain the value of the article in the principal markets of the country from which it is brought. The data upon which he is to make up his judgment are: 1st. The prices current which every commercial community supplies. 2d. The information to be derived from the communications of consuls and other commercial agents. 3d. The invoice of the importer, made under oath, and also made in view of heavy penalties incurred for fraud and under valuation. 4th. A comparison of the invoices of the various importers engaged in the same business, and not unfrequently of the same date. 5th. The experience derived from daily examinations of the character, value, and price of the article.

These, with other ordinary channels of information common to the public, furnish, it would seem, ample means for the correct and faithful discharge of the duty.

The additional element of cost and charges of shipment cannot be calculated with the same certainty. It, however, constitutes a small portion of the dutiable value, and the experience of the appraisers will enable them to guard against any serious injury from that quarter. To substitute for this plan a home valuation, would be to require the appraisers to ascertain the value of the article by an inquiry into its value at the port of importation.

In what manner shall he proceed to do so? He must take the price current of the market, furnished in the ordinary mode, and such information as he can gather from his intercourse with commercial men, and his knowledge of the trade and business of his port. The result would be, that the duty levied on the same article would be different in the different ports of the country; and this would happen, though the appraisers might discharge their duty honestly and faithfully. Such would be the case under the most favorable view of the subject; but we cannot close our eyes to the fact that the adoption of the system of home valuation would inevitably lead to difficulties and embarrassments.

It would become the interest of importers to control the market value at their respective ports, with a view to the amount of duty to be paid by them. In what manner, and to what extent, combinations for this object would be made, especially at the smaller ports, it is impossible to anticipate. The men who are enabled to evade the present law, and defraud the treasury in spite of its restrictions, and with the checks now thrown around them, would not find it difficult to establish, when it suited their purposes, a fictitious market value for the most if not all of our ports. If the appraiser, convinced that by such combinations, or other means, a fraud was attempted, should find it necessary to ascertain the *bona fide* market value, his most efficient means of doing so would be to go to the same sources of information that he now uses.

He would be compelled then, as now, to look to the foreign market, and the cost and charges of shipment, but he would be required to extend his investigation to the other elements which go to make up the home value of the article. After ascertaining the dutiable value of the goods, as at present, he must ascertain the insurance, the freight, the profits of the importer; and, adding all these together, with the amount of duty to be paid, he would arrive at the home market value. To my mind this process would constitute the fairest and safest check against fraud. As, however, all these elements, except the rate of duty, would differ according to the different modes of transportation to the different ports, it leads in the end to the same objectionable result which I have already considered.

Not only so, but each new element entering into the calculation adds to the difficulty of ascertaining the true value, and opens a new door for imposition. If, as charged, we cannot ascertain the value of an article in a foreign market, and the cost of putting it on shipboard, it would be still more difficult to find out not only that, but the additional amounts of insurance, freight, and the profits of the importer. In this view of the subject, it will be perceived, that the change is objectionable for two palpable reasons. 1. By inevitably causing different valuations of the same goods at the different ports; thus violating both the spirit and letter of the Constitution, which declares that "all duties, imposts, and excises, shall be uniform throughout the United States," and that "no preference shall be given (by any regulation of commerce or revenue) to the ports of one State over those of another." Though he may not be able under any system to have the same precise valuation in every port, yet that one which most nearly approximates to it should be adopted. 2. A second objection is, that so far from preventing existing frauds, it offers greater opportunities for fraud than the present law.

It is sought to avoid these difficulties and embarrassments by making the market price at New York the standard of value, and to levy duties not only there but throughout the United States upon that basis. I do not see that it meets the objections which have been presented against the system. The same danger of affecting the market prices by improper combinations would exist. It would be attended with like difficulties in reaching the true valuation of merchandise. The appraisers at other ports would encounter the same attempts at fraud and undervaluation, without possessing equal means of detection. Its operation would be unequal and unjust; the importer at New York paying a duty upon the real value of his merchandise, whilst at all other ports he would be required to pay upon a fictitious value; as the actual value of an article in New York on one day would often be very different from its actual value in New Orleans and San Francisco on another or even the same day.

The importer at New York would pay his duty upon the real value of his goods at the time he receives them, whilst at all other places he would be required to pay upon a fictitious value ascertained at some previous period at another point. These objections would seem to be insufficient to reject the proposition, but the impracticability of working such a plan is conclusive against it. The difficulty of ascertaining in Boston, Philadelphia, Charleston, New Orleans and other points upon the Atlantic and Gulf, the market value of merchandise in New York would be great; but when the rule is extended to the Pacific, its enforcement would be not only violative of the constitutional provisions to which I have referred, but of every principle of justice and equality.

Adhering to the principles of the present tariff act, I would recommend such changes as will produce the amount required for the public service. In accordance with the suggestion contained in my last annual report, I recommend that schedules C, D, F, G, H, be raised respectively to 25, 20, 15, 10, and 5 per cent. I see no good reason for having departed in the act of 1857 from the system of decimal divisions. The present state of things affords a fit opportunity of correcting the error. This change will increase the revenue from customs $1,860,000, upon the basis of the importations of the last fiscal year.

To raise the additional amount needed will not require an increase of all the rates of duty of the present tariff. It will become necessary, therefore, to select certain articles to be transferred from lower to higher schedules. In making such changes the true principles governing the imposition of duties for revenue should be kept in view, and such discriminations made as, consistently therewith, will best promote the various interests of our country without doing injustice to any. The information contained in table 7 will afford to Congress the necessary data for their action. That table contains the importations with the rates of duty and amount of revenue derivable therefrom for each of the last three fiscal years. When the amount which the legislation of Congress shall make it necessary to raise shall have been ascertained with anything like reasonable certainty, the information contained in this table will render the work of making such transfers simple and easy.

The public debt on the 1st of July, 1857, was $29 060,386.90, as stated in my last report. During the last fiscal year there was paid of that debt the sum of $3,904,409.24, leaving the sum of $25,155,977.66 outstanding on the 1st July, 1858. To this amount must be added the sum of $10,000,000, negotiated during the present fiscal year, of the loan authorized by act of June 14, 1858. There was issued under the provisions of the act of December 23, 1857, during the last fiscal year, treasury notes to the amount of $23,716,300, of which there was redeemed, and the department informed thereof, during the same period, $3,961,500, leaving the sum of $19,754,800 outstanding on the 1st July, 1858. The details are shown by statements marked 1 and 5. In estimating the receipts and expenditures for the present and next fiscal years, it is not contemplated to redeem the outstanding treasury notes. As these notes will become due and payable during the next fiscal year, some provision should be made to meet them.

I am opposed to the policy of adding this amount to the permanent public debt by funding the notes. On the other hand their entire redemption in one year would call for an increase of the tariff to a point which would render necessary another revision of it in the succeeding year. The true policy is to look in the present revision of the tariff to their gradual redemption, commencing with the next fiscal year. To this amount, Congress should provide for the raising of such amount of revenue as will enable the department to redeem a portion of them, and, at the same time, extend for one year the provision of the act of December 23, 1857, authorizing the re-issue of such portion of them as the means of the government will not enable us to redeem. By this course we shall gradually discharge this part of the public debt without placing upon the people an onerous additional burden in the unnecessary increase of their taxes.

The operations of the independent treasury system have been conducted during the last fiscal year with the usual success. Another year's experience confirms the opinions I expressed on this subject in my former annual report. I am well satisfied that the wholesome restraint which the collection of the government dues in specie exerts over the operation of our present banking system, contributed in no small degree to mitigate the disasters of the late revulsion. The opportunity which it afforded at an early period of relieving the financial embarrassments of the country by the policy of redeeming a portion of the public debt, and furnishing the country thereby with the specie used in its redemption, was attended with the happiest results. It is difficult to estimate the extent of the relief which was thus afforded, though I believe that the intelligent judgment of business men concurs in according to it the most beneficial effects. The adoption of a similar system by the different States, as suggested in my last report, would afford additional protection to the country against the ruinous effects of over banking, and consequent derangement of the currency. A remedy so simple and just for an evil so great, must commend itself to the favorable consideration of those to whom the subject is entrusted.

The attention of Congress is again called to the provisions of the act of March 3, 1857, on the subject of deposits by the disbursing agents of the government.

In my last report I stated in general terms that it was impracticable to execute the law according to its literal requirements, and the reasons were briefly set forth. The objects which the act sought to accomplish meet the entire approval of the department, and it has been carried out to the utmost extent that was practicable. A few illustrations will show the impossibility of executing the law as it now stands. By its provisions a purser in the navy would be required to deposit the funds placed in his hands for the payment of the officers and crew of a vessel, in one of the pulic depositories, and he could only draw it out by a draft in favor of the person to whom he desired to make payment. A vessel on a foreign station is absent not unfrequently for two and three years, and whilst thus absent the purser would have to pay the officers and men by drafts on a public depository in the United States. He would also have to pay all other expenses, which exceeded the sum of twenty dollars, by similar drafts in favor of the person to whom the payment was to be made. A disbursing agent in the Indian Department would be required to pay the Indians their annuities by similar drafts. The disbursing agents of the army would have to settle with the officers and men of the army, at their distant posts, in the same manner. A collector of the port of Eastport, in the State of Maine, would have to transport the funds with which he is to pay the employees of the government at his port to Boston or some other place where there is a public depository, and there give drafts on the public depository to each person to whom the payment is to be made. These cases illustrate the impossibility of executing the law as it now stands on the statute book. There are serious and almost insurmountable difficulties in the way of executing it, even in the immediate neighborhood of a public depository.

Take, for illustration, a case which can be brought within the personal observation of members of Congress. There are paid monthly in Washington city more than a thousand persons. This law requires that each of these persons should receive a draft from the disbursing agent who settles with him, and present it at the Treasurer's office. The time that would be occupied by the Treasurer in identifying the applicants, and the number of additional clerks which would be required to keep the necessary books, independent of the unusual responsibility which would be put upon the Treasurer of identifying so many persons, render the execution of the law, even in this case, impracticable. For all this additional trouble and difficulty, there is no compensating advantage over the present mode of making such payments, which has been found by practice safe and expedient. It can scarcely be necessary to point out all the difficulties which exist. Congress is again referred to the circular regulations which were adopted by the department on this subject, and the recommendation of amending the law, as suggested in my last report, is repeated.

The report of the Director of the Mint is herewith transtransmitted, marked 9. It appears that the amount of bullion received at the several mint establishments during the fiscal year ending June 30, 1858, was $51,494,311.29 in gold, and $9,199,954.67 in silver; and that the coinage during the same period amounted to $52,889,800.29 in gold, and $8 233,287.77 in silver, and $234,000 in cents.

The director recommends that the law be so amended as to make silver a legal tender to the extent of fifty or one hundred dollars. I am not aware of any serious complaint against the law as it now stands, and can see therefore no urgent necessity for a change.

He also recommends the issuing of mint certificates to depositors, for sums as low as fifty dollars, payable to bearer, with a view of creating a sound paper currency. This suggestion does not meet the approval of the department. I have many objections to the proposition, but do not deem it necessary to enter upon the discussion, as I feel quite confident there will be no serious disposition on the part of Congress to give it a favorable consideration. The operations of the Mint, during the last fiscal year, have been conducted with energy and ability, by the officers in charge of this important branch of the public service.

The accompanying report of the engineer in charge of the Bureau of Construction, will exhibit the progress of the various public buildings under the direction of this department. Many of them have been completed, and are ready to be occupied for the various purposes for which they were erected. In all of them, as much progress has been made as was anticipated at the commencement of the year. No new buildings have been begun since the adjournment of Congress. In my last report I called the attention of Congress to the fact that, owing to the condition of the treasury, the department had postponed the building of a portion of the public works authorized by previous acts of Congress. To have commenced them at that time, or at any period since, would have required the borrowing of the means to construct them. The silence of Congress on the subject, indicated their approval of the policy.

The condition of the treasury at present is not more favorable for the construction of such buildings. At a time when the necessities of the government demand an increase of taxation, I should not feel justified in recommending the construction of such works as are not urgently demanded for the public service. It will be for Congress to decide, in providing the necessary means for the next fiscal year, whether or not they will impose an increased tax for such a purpose.

The occasion is an appropriate one again to call the attention of Congress to the system of erecting public buildings. They are referred to tables (Nos. 5, 6, 7, 8, and 9) appended to the engineer's report. These tables will show the number of public buildings erected at different periods, the cost of their construction, and the necessity which existed for their erection. The revenue received at any port indicates the amount of business which requires a custom house. The amount received at a post office indicates the necessity of a building for that object, and the number of days of the sitting of the courts will show the necessity for a government building for that object. It will be for Congress to say whether a system which has led to the building of a custom house at a port yielding $130.93 of revenue, and a post office which pays $107.65, and of a court house where the federal courts were in session four days in a year, is entitled to their continued sanction and approval.

It is said that some of these buildings are used for all three of these purposes. This is true; but a reference to the tables alluded to will show that, in that view of the subject, the expenditure in many cases cannot be justified, as the combined services were not of sufficient importance to require the erection of such buildings. If the amount of business done at the places where these buildings have been erected justified the expenditure, then common justice would demand that similar buildings should be put up at every other place in the United States where an equal amount of business is done. To do this would require an expenditure of money which the warmest advocate of the system will not approve.

The recommendations of my last report on this subject, are again submitted to your consideration. In the present state of our finances, it will hardly be proposed to add to the public expenditures by authorizing the erection of any more public buildings. In no event, however, should such works be directed without first subjecting the application for them to a rigid inquiry into their necessity and propriety; and when found necessary, the department should be required to submit to Congress suitable plans and estimates of the cost, before an appropriation is made.

Your attention in particularly invited to that portion of the engineer's report which refers to the subject of marine hospitals. Each year's experience adds to the objections which have been presented to Congress to the system of building and maintaining these hospitals. The relief afforded is not more ample, whilst the expense is much greater than exists under the old system. The information which is communicated on this subject must attract the serious attention of Congress, and should lead, in my judgment, to a radical change. The amount now annually drawn from the treasury to supply the deficiency in the fund for the relief of sick and disabled seamen exceeds the sum raised out of the wages of the seamen for this purpose.

It was no so formerly, and the fact is in no small degree attributable to the increased and unnecessary expenditures growing out of the building and keeping up of marine hospitals. Besides, there is no fund disbursed by the government which possesses higher claims for a just and economical expenditure than the one under consideration. The law compels the collection of this money from the wages of the seamen, and the government undertakes to expend it for their benefit and protection. The trust is a sacred one, and can only be faithfully discharged by exercising the greatest care and economy in its disbursement. I renew the recommendations of my last report on this subject.

I deem it my duty to call the attention of Congress to the bill for the revision and consolidation of the revenue laws, reported by me in obedience to a resolution of the House of Representatives at the last session of Congress. For the reasons then suggested, I deem it important that the bill should receive the favorable action of Congress at the present session.

Instead of that portion of the bill as originally reported regulating the collection districts, and appointment and compensation of officers, I propose to submit, at an early day, a substitute suggested by the experience of an additional year in this department, which, it is believed, will obviate many existing inconveniences, and very materially reduce the expense of collecting the revenue.

In this connexion it is deemed proper to refer to a misapprehension which seems to exist, to some extent, in regard to the receipts and expenditures at certain ports.

While the amount of foreign merchandise imported at a given point would clearly indicate the necessity for an adequate provision there for the collection of the revenue, it by no means follows that the interests of the revenue do not require the services of officers at points where few or no duties are collected. A judicious disposition of a preventive force is indispensable to the collection of a revenue from imports.

Especially is this true in regard to the United States, along whose extensive seaboard and frontier boundaries there are so many points through which foreign merchandise might be thrown into the interior free of duty, but for the vigilance of a preventive corps. Upon the principal avenues of trade with foreign countries, provision has been made by law, at ports of entry, for the collection of duties, and at those ports our revenue from customs is mainly collected or secured. Other channels through which foreign merchandise might clandestinely reach the interior are, of necessity, guarded by a preventive force, and often at points where the expenses exceed the amount of collections. Such a force could not be withdrawn without leaving the laws and regulations exposed to evasion and the public revenue to incalculable loss.

Take the districts of Champlain and Vermont on the Canadian frontier as an illustration. There is a large number of officers stationed at various points along the frontier in these districts, and the expenses of collection exceed by more than one-half the amount of revenue received.

What would be the effect on the revenue of a withdrawal of this force from these points may be perceived by a glance at the connections of those districts, and of the waters of Lake Champlain, with the principal markets and territory of Canada East.

One of these stations, Rouse's Point, where a large portion of Canadian commerce first enters the United States, communicates by railroads and the river St. John's with Montreal and the St. Lawrence. If no preventive force were stationed at those points, merchandise of provincial and European origin might be introduced into the United States by those routes, and at various points along the Canadian and Vermont frontier, without the possibility of prevention, and to the serious injury of the revenue from customs. Where articles are taxed by our tariff, but made free by the Canadian, or where the difference of duties in Canada and the United States would insure a profit on the adventure, merchandise might be exported in bond from our own warehouses to Canada, to be thrown thence upon our markets without the payment of any duty whatever to the United States. Merchandise so imported might supply, to a large extent, the consumption of New England and New York, in whose ports so large a portion of the public revenue is now collected.

At the ports of Pensacola, in Florida, and Shieldsboro', near the mouth of Pearl river, in Mississippi, on our Gulf coast, revenue officers are stationed, but no duties of any considerable amount collected. But for the presence of a revenue force at those points, the valuable products of European and West Indian commerce might be introduced, free of duty, into the interior through the waters commanded by those ports, with hardly a possibility of prevention, and to the serious diminution of the revenue now collected at the ports of New Orleans and Mobile.

Other instances of the necessity of a preventive service might be readily suggested, but it is not deemed necessary. It is believed that the expense of maintaining it might, at some points, be reduced without impairing its utility; and the department has that subject now under consideration.

At the last session of Congress appropriations were made for the purchase of the best self-righting life boats, to be placed on the coast of New Jersey, and the best life boats for u e on the coast of Long Island. As the government had already provided life boats for those stations, the object of the law was evidently to ascertain a better boat than those already employed, and, if found, to substitute it for those now in use. Taking this view of the subject, I appointed a commission to test the qualities of the various kind of boats that had been constructed, and which were offered to the government. The report of the commissioners has been received within the last few days, too late for any action of the department before the meeting of Congress. It is herewith submitted, (marked 44.) with a view of placing before Congress all the information on the subject in possession of the department, and also that such additional action may be had at the present session as may be deemed advisable.

The report of the Superintendent of the Coast Survey, giving a statement of the operations of this service during the last fiscal year, will be submitted to Congress at an early day.

The report of the supervising inspectors (marked 12) is herewith submitted.

A report from the president and directors of the Louisville and Portland Canal Company is expected to reach the department in a short time, and when received will be submitted to Congress.

The accompanying reports from the various bureaus of the Treasury Department, (marked A to L,) will furnish detailed statements of the business transacted in each of them.

In addition to the regular annual report of the Light-House Board, (marked No. 13,) I transmit a report from the Board, (marked No. 45,) which has been prepared in answer to a resolution of the Senate of February 1, 1858. The information contained in it will be interesting to both Houses, and is therefore communicated at this time.

All of which is respectfully submitted.

HOWELL COBB, Secretary of the Treasury.

Hon. John C. Breckinridge, Vice President of the United States, and President of the Senate.

ESTIMATES OF APPROPRIATIONS.

Treasury Department, November 17, 1858.

Sir: Agreeably to the joint resolution of Congress of the 7th of January, 1846, I have the honor to transmit, for the information of the House of Representatives, printed estimates of the appropriations proposed to be made for the fiscal year ending June 30, 1860, as follows, viz:

Civil list, foreign intercourse, and miscellaneous, including expenses of collecting the revenue from sales of public lands and expenses o' courts	$11,629,535 11	
To supply deficiencies in the revenues of the General Postoffice	6,382,900 00	
Pensions	852,900 00	
Indian department	1,866,419 49	
Army proper, &c., including miscellaneous objects	15,658,386 28	
Military Academy	185,938 00	
Fortifications, ordnance, &c.	2,165,766 00	
Naval establishment	13,500,370 80	
		$52,241 215 68
To the estimates are added statements showing—		
1. The appropriations for the fiscal year ending June 30, 1860, made by former acts of Congress, of a specific and indefinite character, as follows, viz:		
Miscellaneous, including expenses of collecting revenue from customs	5,624,410 14	
Compensation to the General Postoffice for mail services	700,000 00	
Arming and equipping the militia	200,000 00	
Civilization of Indians	10,000 00	
Interest on the public debt	1,963,314 30	
		8,497,724 50
2. The existing appropriations, part of which are required for the payment of the liabilities of the present fiscal year, but which will not be drawn from the Treasury until after June 30, 1859, and the balance applied to the service of the fiscal year ending June 30, 1860, viz:		
Civil list, foreign intercourse, and miscellaneous	4,270,957 24	
Interior Department, (Pensions and Indian)	1,603,662 83	
War Department	3,361,091 76	
Navy Department	3,243,255 45	
		12,478,907 28
		73,217,947 46

There is also added to the estimates a statement of the several appropriations which may be carried to the surplus fund, amounting to $1,749,167.75.

I am, very respectfully, your obedient servant.

HOWELL COBB, Secretary of the Treasury.

Hon. James L. Orr, Speaker House of Representatives, United States.

SYNOPSIS OF THE POSTMASTER GENERAL'S REPORT.

Express Mail Agents.—The following routes are in successful operation, viz:

New York to Cincinnati.
Philadelphia to Chicago.
Baltimore to Cincinnati.
Cincinnati to St. Louis.

The advantages of keeping mails under the constant supervision of agents for the longest distances practicable to be run without changing, are so apparent that some of the usual shorter routes have been consolidated, and further changes of the sort are contemplated.

New York and New Orleans Route.—On the first of July last an arrangement took effect by which mails are conveyed between Washington and New Orleans in four and a half days, by way of Richmond and Lynchburg, Va., Knoxville and Grand Junction, Tenn., and Jackson, Miss.

From and after 1st July next, mails are to be conveyed by the same route in three days and a half.

The mail service, in general, between New York and New Orleans, during the last year, has been more regular and expeditious than usual, and very great improvements are anticipated during next year from the completion of railroad connections—continuous and direct—through Virginia, Tennessee, and Mississippi.

The proposed route from New York via Fernandina and Cedar Key, Fla., to New Orleans, is favorably noticed, but no progress has been made in the negotiations for putting it in operation.

St. Louis and New Orleans Mail.—The great *through* mails between Cairo, Ill., and New Orleans will, before the end of the year, be conveyed mostly by railroad.

Anticipating this state of things, the Department, at the lettings of contracts, divided the Mississippi river routes as follows:

St. Louis via Cairo to Memphis, Tenn., three times a week.

Nashville via Cairo to Memphis three times a week, the two routes, running on alternate days, making six weekly trips each way, between Cairo and Memphis.

Memphis to New Orleans, six times a week with one additional weekly trip between Memphis and Napoleon, and four additional weekly trips between St. Francisville and New Orleans.

The cost of these routes is $160,715 per annum less than that under the contracts which expired 30th June last, and the new service is in all respects more satisfactory than the old.

The shortest time by the river between Cairo and New Orleans has been four days.

By land the time will probably be two days, while the expense for the new service, both by the river and land, will be $57,290 per annum within that of the river service alone up to 1st July last.

Great Overland Mail Route.—The conveyance of the letter mails overland between the Mississippi river and San Francisco commenced on 15th September last, and the Department reports the conclusive and triumphant success of the route. The departure and arrivals of mails were noticed with unbounded demonstrations of joy and exultation.

Tehuantepec Route.—A contract has been made for conveying mails from New Orleans, by the Isthmus of Tehuantepec, to San Francisco semi-monthly, time fifteen days. The service actually commenced 27th October, under auspices which, it is believed, promises complete success.

Utah Route.—The routes between St. Joseph, Missouri, and Salt Lake City, and between Salt Lake City and Placerville, California, have been so improved that trips through between St. Joseph and Placerville are performed once a week in thirty-eight days. This service has elicited from citizens of California public demonstrations of a most enthusiastic character.

Routes have also been put in operation from Neosho, Missouri, to Albuquerque, New Mexico, and from Independence, Missouri, by Albuquerque, to Stockton, California—both monthly.

The Expenses of the Department.—The expenses of the department, over and above its revenues, have regularly increased ever since the reduction of postages.

It would, however, be obviously erroneous to suppose that this charge upon the Treasury is to progress in a ratio proportionate to what it has been for the last few years. Our postal system is now extended over the whole country from one ocean to the other. There can be but little further expense resulting from overland connection with California and the other Pacific States and Territories. Except one other route, commonly called the northern route, from St. Paul, in Minnesota, to Seattle, in Washington Territory, no other is now thought of as being likely to become necessary.—The estimate for the transportation of the mails for the next fiscal year 1859–'60, when completed, over and above the anticipated revenues, may therefore be regarded as the maxium which will probably be required for some time to come.

If, however, Congress in its wisdom shall not be willing to see such an amount made chargeable to the Treasury in future, the following suggestions, as to the means of keeping the expenses within the revenues of the department, are respectfully submitted.

An act of Congress should be passed explanatory of the act of March, 3, 1845, which makes it "the duty of the Postmaster General, in all future lettings of contracts for the transportation of the mails, to let the same, in every case, to the lowest bidder tendering sufficient guarantees for faithful performance, without other reference to the mode of such transportation that may be necessary to provide for the due celerity, certainty, and security for such transportation." And to make the law more emphatic, it should provide that the Postmaster General shall not in any case whatever accept a bid for mail service having any reference to the conveyance of passengers or freight of any kind other than regular mail matter.

The effect of such legislation would be to substitute stages with two horses on routes where four-horse coaches are now employed, while stages in their turn would give place to the buggy, and, indeed, oftentimes to horseback conveyance. In the few cases where four-horse vehicles would be necessary, on account of the large amount of mail matter, the difference between the cost of passenger coaches and the plainer and cheaper wagon, sufficient for conveying the mails, would be very considerable, and so, also, a proportionate saving would result in the case of stages when changed to a plainer and cheaper conveyance of equal capacity.

If the whole transportation of the mails were thus arranged by means of what are commonly called and known as "Star bids," it would accomplish a reduction in the transportation account of probably one million of dollars per annum.

The entire discontinuance of four-horse and two-horse mail coaches would not necessarily follow; for wherever the number of passengers would make it profitable, contractors would still employ coach service. Whenever the travel on any route offers no such inducement, there exists no obligation on the part of government to pay an extra sum for mail service in order to promote the convenience of travelers.

The rapid extension of railroads has contributed most largely to swell the expenditures of the department. Wherever a new road is opened it becomes necessary to convey mails on it, and almost invariably at a rate of pay far above that on coach routes, while, in many instances, the latter must be continued on other service provided for the offices which are not reached by the railroad, thus doubling the expense.

As an example, it may be stated that the railroad service between Cumberland, Maryland, and Wheeling, Virginia, including route agents and mail messengers, now costs - - $44,995 per annum.

Service is also necessary on the old stage route at	$5,900 per annum.
Total	$50,895 per annum.
Before the completion of the railroad the highest pay for conveying the through mail on this route was	$27,600 per annum.
Increase	$23,295 per annum,

or nearly 100 per cent.

But if it be desired to relieve the Treasury from the requisitions upon it for the service of this department, it will be necessary not only to reduce expenses by disconnecting the mails from the transportation of passengers and freight, but to increase the revenue by the imposition of rates of postage approaching more nearly the value or cost of transportation and delivery of letters and printed matter. A move in this direction was made at the last session of Congress by the introduction of a bill in the Senate having for its chief objects the raising of the three-cent rate upon letters to five cents, and the abolition of the discount now allowed by law for the payment of newspaper and pamphlet postage quarterly or yearly in advance.

It is believed that the effect of this bill would be to raise the revenue from postages about $3,500,000, without taking into view the provision it contains in relation to the transmission of public documents. The immense masses of heavy books and documents sent through the mails to all parts of the country devolve a very considerable expense upon the department for larger means of transportation than would be required for the ordinary mails. This expense, it is true, is compensated in part by the annual appropriation of $700,000 from the treasury by the acts of March 3, 1847, and March 3, 1851; but this allowance is not believed to be one half of what such matter would amount to if charged with postage.

The discontinuance or modification of the franking privilege having been suggested by several of my predecessors as a means of increasing the revenue, the Postmaster General presents for consideration such a modification of it as it appears to me can be readily adopted, without subjecting members of Congress to the charge of postage on their personal or official correspondence. It is proposed that in lieu of the franking privilege now allowed by law to members of Congress, the Secretary of the Senate, and the Clerk of the House, or such other officer as may be designated for the purpose, furnish the members with postage stamps to be used on all letters, public documents, and packets transmitted by them in the mails, and keep an account of the stamps furnished to each member, to be paid for out of the contingent fund of each House. It is further proposed that all letters and packets, excepts newspapers addressed to members of Congress, shall be prepaid at the mailing office. In this way the department would be compensated for the service rendered without a resort to the inconvenience of keeping daily minute accounts of the postage chargable on such mail matter.

It is evident, on the slightest reflection, that the whole theory on which the Post Office Department was originally founded has been in a great measure departed from. Its great function for many years, was the transmission of mail matter proper, such as letters, newspapers, and light pamphlets, from one part of the country to the other. The idea of the government becoming a common carrier of persons and merchandise was never entertained. But what is the transmission of the immense mass of book-matter, amounting annually to hundreds of tons, but merchandise, whether sent from private book establishments or from the two houses of Congress? In a single instance the transmission of the books, &c., of one member (from Utah) has cost the department between six and seven thousand dollars.

Why cannot these be forwarded under the direction of the Secretary of the Senate and Clerk of the house, either by the ordinary modes of conveyance, or by the application of postage stamps as on other mail matter? Another consideration forcibly impresses itself on the mind in relation to this department. Many ocean steam lines have been established, not really to meet the postal wants of the country, but to give aid and assistance to our growing and expanding commerce. The department could have no returns in postages that would at all compensate for their expensiveness; still, as it was of the first importance to our commerce and agriculture to have such lines, the duty of establishing them, it was thought, had as well be devolved upon the Post Office Department as on any other.

The great necessity and propriety of establishing connection with our distant possessions on the Pacific, both by sea and land, was universally acknowledged. The route by Panama has never repaid in postages half its expense; yet the nation has been, in her trade and commerce, remunerated a thousand fold. So of the great overland routes, the main one of which has been established by the express enactment of Congress. None of the latter can ever make postal returns at all proportionate to their cost; but through their agency nearly one-half of our republic will be developed in its agricultural and mineral resources. Other references might be made clearly showing that the Post Office has of late years been made the instrument of accomplishing many things of great national importance not within its original scope and purpose of merely sending letters and newspapers from one place to another.

It is not fair, therefore, to measure its usefulness by the mere receipt of postages, nor to complain that, in accomplishing great and lasting benefits to the commerce, to the settlement and security of the country, it has brought some charge on the Treasury beyond its contributions. The other departments subsist wholly on the Treasury, bringing no returns whatever into it. Why then should it be thought strange that the Post Office Department, when charged with opening new sources of commerce to the merchants, new markets for our agricultural products, and placing our government and people in direct and independent communication with the other nations of the earth, should not be able to accomplish these great results upon a three-cent postage on letters, and on printed matter almost no postage at all?

The exact principle of justice on this whole subject is conceived to be that, in conducting its ordinary business of transmitting correspondence, it should be thrown entirely upon its own revenues. But whenever any service, on the sea or on the land, is required of it, mainly, if not exclusively, for national objects—such as the extension of our commerce, the spread of our population, and the development of the various resources of our country—the cost thereof, in all fairness, ought to be borne by the national treasury. These national purposes, if accomplished through the action of the Navy and War Departments, as they might be, would necessarily fall on the national treasury.

What difference, then, should there be in this respect, when the same duties are superadded to the Post Office Department, whose rate of postages, its only means of raising revenue, has been adjusted for very different purposes? It is in the light of this distinction that the operations of this department ought to be examined. It is no longer a machine composed of horses, stages and mail bags for the transmission mainly of the private correspondence of individuals: it has become the great pioneer of civilization and progress; it is the agent of commerce and intelligence: it visits every town and city, and comes home to almost every domicil of the country; and its high mission of individual and national usefulness ought not to be diminished by any misapprehension of its true character and functions.

Applying these general remarks to the precise question of the present rate of postage, the Postmaster General says that the last reduction below five cents, and the discount allowed on the already greatly reduced rates on printed matter, have greatly curtailed the usefulness of the department in extending our mail service with that celerity, frequency and uniformity to all parts of our country which the spirit of improvement in every department of business and of social life so earnestly demands. There are many portions of the United States which have not yet received satisfactory mail facilities, and are not likely soon to do so with the present inadequate means of the department.

In a compact and dense population the present rate might bear some reasonable proportion to the actual cost of transportation; but in a widely extended country, like the United States, now reaching from one ocean to the other, and in many portions of it thinly populated, three cents would seem to be altogether insufficient to meet the actual expense incurred by the Government in sending forward the letters. Heretofore our entire California correspondence has been conducted at ten cents, it being over 3,000 miles by the Panama route. Since the establishment of our various overland routes, however, all our great cities of the valley of the Mississippi are brought within the 3,000 miles, and therefore will pay the inadequate postage of only three cents.

It is not likely that the people of the Atlantic States, and especially of their large cities, will be willing to pay ten cents on their extensive correspondence to California, Washington and Oregon, whilst those in the Mississippi valley will have to pay only three cents. To avoid this source of dissatisfaction and the practical inconvenience of having different rates, regulated by distances, it is respectfully submitted to the superior wisdom of Congress whether one uniform rate of five cents for all distances would not enlarge the usefulness of the department, diminish, if it did entirely prevent, such heavy drafts on the Treasury, and best promote the interest and convience of the people.

In relation to the franking privilege, it is impossible to tell to what extent it is abused—not often, it is to be hoped, by those to whom it is allowed by law, but by others, who take the liberty to sign their names under some pretended authority to do so, or under no authority at all. It is impossible for the 28,000 postmasters of the United States to judge of the genuineness of the signatures, and therefore they can do nothing to prevent abuses.—In times of national as well as State elections, the post office conveyances are literally loaded down with partisan documents, for which it is evident somebody should pay, if it is expected that the department should even approximate its own support. Now, if it be desired by Congress that all these documents be transmitted at public expense, let the stamps be furnished and charged to members who frank them, so that Congress may keep watch over the privileges granted to their own members and prevent abuses which this department has no power to detect.

Number of Post Offices.—Whole number 30th June last, 27,977; of which 400 are of the class denominated Presidential.

Number established during last fiscal year	2,121
Number discontinued	730
Increase	1,391
Number of postmasters appointed	8,284

Of these 4,595 were to fill vacancies occasioned by resignation, 998 by removals, 278 by deaths, 292 by change of names and sites, and 2,121 on establishment of new offices.

Whole number of offices December 1, 1858 28,573

Transportation Statistics.—On the 30th June last there were in operation 8,296 mail routes.

The number of contractors was 7,044.

The length of these routes is estimated at 260,603 miles; total annual transportation 78,765,491 miles; and cost $7,795,418, divided as follows:

	Miles.	Ann'l Transpt'n.	Cost.
Railroad	24,431	25,763,452	$2,828,301
Steamboat	17,043	4,560,610	1,233,916
Coach	53,700	19,555,734	1,909,844
Inferior grades	165,429	28,876,695	1,823,357

Compared with the service reported June 30, 1857, there is an addition of 18,002 miles to the length of routes, and of $1,173,372 to the cost, divided as follows:

	Miles.	Cost.
Railroad	1,901	$268,454
Steamboat	1,798	241,918
Coach	4,371	499,018
Inferior routes	9,932	163,982

The lettings of new contracts for the term commencing 1st July last embraced twenty-one States and Territories of the Northwest, West, and Southwest, including California, New Mexico, Utah, Oregon, and Washington.

The following table shows this new service, including the great overland route and the Tehuantepec route:

Conveyance.	Miles of length.	Miles of annual transportation.	Cost.
Railroad	8,603	8,972,850	$1,022,437
Steamboat	16,146	3,321,462	1,361,758
Coach	40,055	13,933,727	2,580,460
Infe'or mod's	115,547	18,997,016	1,520,555
Total	180,351	45,225,055	6,485,210

Compared with the services on the 30th June last, in the same States and Territories, the length of routes is increased 27,973 miles; the annual transportation thereon 9,026,666 miles; and the cost $2,243,156.

On the 30th June there were in the service—440 route agents at a compensation of	$334,750 00
28 express route agents, at a compensation of	28,000 00
23 local agents, at a compensation of	29,989 00
1,464 mail messengers, at a compensation of	184,634 41
Total	$577,373 41
This amount, with the increased cost of service under new contracts commencing July 1	2,243,156 00
Added to the cost of service, as in operation June 30	7,795,418 00
Makes total for current year	10,615,947 41

REVENUE AND EXPENDITURES.

The expenditures of the Department in the fiscal year ending June 30, 1858, amounted to		$12,722,470 01
For transportation of *inland* mails, including pa'ments to route ag'nts local agents, and mail messengers	$7,821,556 83	
For transportation of foreign mails, including service on Isthmus of Panama	424,497 34	
For compensation of postmasters, clerks in post offices, ship and steamboat letters, advertising, payment of letter carriers, postage stamps, stamped envelopes, balances on foreign mails, &c.	4,476,415 84	
		12,722,470 01

Adding $91 90 lost by debts, and substracting $925 35, gained on the suspense account leaves net amount of expenditures $12,721,639 56, as adjusted in the Auditor's Office.

The gross revenue for the year 1858, including receipts from letter carriers and foreign postages amounted to	$7,486,792 86
Add permanent annual appropriations for transportation and delivery of free mail matter for Congress and the Executive Departments	700,000 00
Total revenue	8,186,792 86
Which falls short of the expenditures, as adjusted on Auditor's books	4,534,843 70
The balance standing to the credit of the Department, on the books of the Auditor on June 30, 1857, was	1,163,886 05
The receipts of Department from all sources during the year 1858	7,487,718 21
Amount of various appropriations drawn from Treasury during the year was	4,679,270 71
Total receipts	13,330,874 97
Whole amount of expenditures in year	12,722,561 91
Leaving to credit of Department on July 1, 1858	608,313 06

ESTIMATE OF RECEIPTS AND EXPENDITURES IN 1859.

Expenditures	$14,776,520 00
Means	11,094,393 00
Deficiency	3,682,127 00

Ocean and Foreign Mail Service.—The aggregate amount of postage (sea, inland and foreign) on mails transported from July 1, 1857, to February 19, 1858, by the steamers of the New York and Liverpool (Collins) line was $111,192 52, and by temporary steamships employed on same line, during residue of the fiscal year, ending June 30, 1858, $41,637 13, making a total of $152,829 65, postages for the year. The postages by this line during the year ending June 30, 1857, amounted $210,463 03.

The postages upon mails conveyed during the last fiscal year by the United States steamers of the New York, Southampton and Bremen line, were $402,603 09, and by the New York, Southampton and Havre line, $105,923 26, being a decrease of $35,151 69 by the Bremen, and an increase of $7,673 21 by the Havre line, as compared with the previous fiscal year.

The amount of letter postage upon mails exchanged with Great Britain during the year ending June 30, 1858, was $802,771.64; with Prussia, $325,763.60; Bremen, $27,905.92; France, $205,826.42. Hamburg, $15,879.74; being a decrease on British mails of $71,423,11; on Prussian mails of $1,108.97; on Bremen mails of $24,177.07; and an increase on French mails of $174,638.23, and on Hamburg mails of $14,820.14, compared with the preceding year. Net increased letter postages on European mails, $82,749.22. The postal arrangements with France and Hamburg which have recently gone into operation have caused a diversion of much of the correspondence with the continent of Europe heretofore exchanged via England and via Bremen to the routes via France and via Hamburg, which accounts for the large decrease on British and Bremen mails during the past year.

The total postages on letter mails exchanged with Europe was $1,378,147.32. On mails sent to Great Britain, $380,180.58; to Prussia, $193,765.95; to Bremen, $11,866.36; to France, $101,414.66; and to Hamburg, $10,308.37. Total sent, $697,535.92. On mails received from Great Britain, $422,501.06; from Prussia, $131,997.65; from Bremen, $16,039.56; from France, $104,411.76; and from Hamburg, $5,571.37. Total received, $680,611.40. Total postages collected in the United States, $842,624.53; in Great Britain, Prussia, Bremen, France, and Hamburg, $535,522.79. Excess of postages collected in the United States, $307,101.74.

Total postages for the year from the New York, Aspinwall, and California lines, $306,747.47; from the Charleston and Havana line, $9,125.42; and from the New Orleans and Vera Cruz line, $4,359.37.

The Postmaster General regrets that, since the expiration of the contracts for the Bremen and Havre lines, our ocean mail steamship service to Europe has not been established on any permanent basis. The ships of the New York and Liverpool line were withdraw in the month of February, 1858, and no service has been performed under the Collins contract since that time. The contract being with the Navy Department, the Postmaster General had no control over it, and of course no power either to enforce fulfillment or to annul for repeated failures, as in the case of ordinary mail contracts.

The temporary contracts for service to Southampton, Bremen, and Havre, expiring on the 1st of June last, he was very solicitous, either that the trips upon the Collins line should be resumed, or that the contract should be declared at an end, so that by new arrangements he could secure the full number of weekly trips, by American vessels, necessary to alternate regularly with the ships of the Cunard line. Hence, soon after the adjournment of Congress, he sought to ascertain whether or not he could depend on the resumption of service under the Collins contract; but it was not until quite late in the summer that he could obtain any reliable information on the subject.

At length a proposition was made to resume the service, provided the ships could be allowed to make Portland, instead of New York, the American terminus of the line. This proposition was declined by the Navy Department, and, the contract still remaining in force, it was out of my power to engage other than temporary service by the single trip on that line, as authorized by a provision in the first section of the act of last session making appropriations for ocean steamship mails. This delay and uncertainty in respect to this line had the effect, also, independently of any other cause, to prevent the making of any permanent contracts for the other lines necessary to furnish the full number of trips required, and the result has been that all the service performed has been entirely of a temporary character.

Upon the Collins line, up to the 30th of September, 1858, nine outward and seven inward trips have been performed for the sea postage on the mails conveyed, at an average sum of $5,379 per round trip, and five round trips for the sea and inland postage, amounting to $7,125 per trip. Upon the Bremen line, from June 1, 1857, to October 21, 1858, inclusive, fourteen outward and fifteen inward trips have been performed by Cornelius Vanderbilt for the sea and United States inland postage, averaging $8,621 per round trip; and upon the New York and Havre line, from June 1, 1857, to October 1, 1858, inclusive, the old contractors have made sixteen round trips on the same terms, averaging $7,491 per trip.

The fourth section of the act of last session, above referred to, provides that "it shall not be lawful for the Postmaster General to make any steamship or other new contract for carrying the mails on sea for a longer period than two years, nor for any other compensation than the sea and inland postages on the mails so transported;" and the fifth section of said act confines the compensation to the sea postage only, if the transportation is by a foreign vessel. Can the service be obtained on these terms?

The Postmaster General believes that it may be. If deemed expedient to employ foreign vessels, it is certain that parties now stand ready to take the mails for the sea postage. But shall this service be relinquished entirely to foreign steamers? and if not, will American lines contract under the existing law? Nothing is clearer than that it is for the interest of this Government to employ American in preference to foreign steamers for the conveyance of our mails, if they can be secured on the terms authorized by law; but whether this may be done, is a matter of doubt. Save during the winter months, there would probably be no difficulty in getting the mails carried on these terms; but for a period so short as two years, it is hardly probable that contracts with American lines could be obtained to carry regularly the year round.

To secure to such lines their due share of the postages, it is essential that perfect regularity should be observed in winter as well as during the other months of the year by at least a weekly departure and arrival on either side. The want of regularity heretofore has had the effect to give the advantage to the British lines. The evidence is now before me, that of the correspondence, for instance, between the United States and Switzerland, out of 5,000 letter, 4,800 were transmitted by British vessels, owing, it is believed, mainly to the circumstance of the known regularity of these vessels in sailing on a given day. Why may not the same regularity be established and maintained by American ships? Let this be done, and no good reason is perceived why they may not carry an equal proportion of the mails, the postage on which would afford a fair compensation for the service.

This is susceptible of demonstration. For instance, the aggregate amount of sea and United States inland postages on the mails by the different lines of United States and foreign mail packets between the United States and Europe, for the year ending June 30th, 1858, was $1,266,869. This, for semi-weekly service, would give an average of $12,181 the round trip, or at the rate of $633,434 per annum for the weekly service desired from an American line or lines, with the prospect of a steady increase from a constantly increasing trade and correspondence.

As calculated to furnish the requisite facilities of communication between Europe and the southern and southwestern States, the projected lines between Norfolk and England and between New Orleans and Bordeaux, in France, are among the most important to be established. It is unnecessary to point out the advantages these lines would be certain to have in developing the resources of those States. They could not fail to be otherwise than highly satisfactory. The lines to Bremen and Havre, touching at Southampton, should be continued, and, if practicable, increased to semi-monthly service.

A Bremen company are now running fine steamers semi-monthly between New York and Bremenhaven, carrying the mails for the postages. If this can be done by parties in Bremen, why not, also, by enterprising citizens in the United States, and thus secure a regular and permanent weekly communication? Such an arrangement would not only afford the best and cheapest means for the transmission of the mails between the United States and continental Europe, but it may be to and from the East Indies by the way of Trieste, but it would also be highly advantageous in a commercial point of view. With reference to an American overland communication to India, via Trieste, the Postmaster General is credibly informed that negotiations are pending to this end between the Lloyd Steamship Companies of Bremen and Trieste, and the intermediate railroad companies; and that it is intended to take effect so soon as a weekly line is established between the United States and Bremen. It is believed that this route will furnish cheaper and better facilities of communication than any existing route.

But if the compensation for ocean steamship service is to be limited to the postages, it cannot be expected that parties will contract for so short a term as two years, and obligate themselves to carry during the winter months. The Postmaster General, therefore, respectfully recommends that the law be so modified as to extend the term for all such contracts to a period not exceeding ten years, at the discretion of the Postmaster General.

As regards a line from some suitable port in the United States to Brazil, and the extension of the California line from Panama to the south Pacific coast, which, for commercial as well as for mail purposes, it is so desirable should be established, and the line from New Orleans to Vera Cruz, it is apparent that the postages to be derived therefrom would defray but a trifling portion of the expense of the service. The Postmaster General regards it as highly important that the line to Vera Cruz should be continued. From the 1st of July to the 1st of November of this year, there was no mail upon this line, and temporary service is now performed for the postages only, in the hope that Congress will immediately authorize the making of a contract at a reasonable compensation.

The Postmaster General respectfully recommends this, and that the same authority be granted respecting lines to Brazil and the South Pacific.—The contract on the Charleston and Havana line will expire on the 30th of June next, and this, also, it is apparent, will require other aid than what could be derived from the postages to sustain it. The Vera Cruz and Havana lines, as well as the lines to California, should be classed as coastwise, and, whether susceptible of being sustained from the postages or not, should not, in my judgment, be subject to that restriction. But with reference to all lines where this restriction is not imposed, it is respectfully recommended that the Postmaster General be prohibited from entering into any contract, except under advertisement, inviting proposals in the ordinary way. The objection heretofore urged against the system of advertisement, that irresponsible parties will underbid, for the purpose of selling out for a bonus to others who are able to perform the service, will no longer hold as regards foreign lines, since the act of June 27, 1848, prohibits the transfer of any contract for transporting the mail to a foreign country.

In his last annual report the Postmaster General recommended an appropriation for one year's extension of the mail steamship contract on the Pacific, between Panama, San Francisco, and Astorio, in order that the service by the connecting lines on the Atlantic and Pacific sides of the Isthmus of Panama might terminate simultaneously, as originally intended by Congress. A specific appropriation for this purpose was made in the act of June 14, 1858; but as the fourth section of said act contains the provision, also, above mentioned, that the compensation under any new ocean mail steamship contract shall be limited to the postages on the mails so transported, the question was raised as to whether this provision was intended by Congress to apply to the proposed extension of the Pacific steamship contract.

This question was submitted to the Attorney General, who decided that it could not have been so intended; and, accordingly, the contract with the Pacific Mail Steamship Company, which expired on the 1st of October, 1858, was extended at the same rate of compensation to the 1st of October, 1859, the date of expiration of the contract on this side of the Isthmus, the company agreeing also to transport from the Pacific terminus of the Tehuantepec transit, to and from San Francisco, all mails regularly conveyed between New Orleans and such Pacific terminus of the Tehuantepec route, without additional compensation.

The New York and New Orleans Steamship Company, running a line of steamers between those cities via Havana, heretofore carrying only a ship-letter mail, have entered into contract with the Department for semi-monthly trips, except in July, commencing 1st of August last, and to continue till 30th June, 1860, at a compensation limited to the sea and inland postages on the mails transported. Up to 12th November, six round trips have been performed, the average pay per trip amounting to $903.

By the time the contracts for the California lines, via Panama and Tehuantepec, expire, on the 1st October, 1869, it is probable that the route by Lake Nicaragua will have been re-opened, and in successful operation. This presents the question, whether one, two, or all three of these routes shall thereafter be employed for mail purposes. The Tehuantepec route is the shortest and most readily protected against interruptions; but it will be comparatively too new, and the line of staging too long, to furnish with certainty adequate and satisfactory communication between our Atlantic and Pacific possessions. While it is destined, no doubt, to become a transit of the first importance, it will deserve the highest patronage and encouragement, still it cannot supersede the necessity of one or more routes through Central America.

Indeed, every year is demonstrating that the United States may need, not only for postal, but for commercial purposes of vast magnitude, additional transit routes. The Panama Isthmus route is now used only under a contract with the railroad company, who, in turn, hold it by a charter granted by the local government. This company might, at any time, refuse to contract with the United States, or its demands for transportation might be so exorbitant as to amount to a prohibition. After much controversy, the department has not been able to reduce the price of transportion of the mails upon it below one hundred thousand dollars per annum—a price believed to be entirely too high for only 48 miles of railroad; and there will be the same exposure to exorbitant demands upon the Nicaragua route under the direction of a private company.

To relieve the department from a condition so dependent, as well as to create a competition which might prevent extortion, it is the highest importance that the route by Nicaragua should be re-opened, and its undisturbed use for the transportation of the mails, passengers, troops and munitions of war secured by the solemn guarantees of a public treaty. Without this, in view of the unstable condition of the local governments of Central America, the safety and security of transportation can hardly be relied on. Contracts given by these governments to individuals or companies, in the absence of a regular treaty, under which, if necessary, the power of the United States might be invoked to enforce fulfillment, may be irregularly, if not unjustly revoked, and the department be embarrassed by the rival claims of contending parties, unable to determine satisfactorily with whom it should contract.