all pension accounts, and brings the allowances of pensions by the Commissioner under the control of the Second Auditor and Second Controller, thus restoring uniform action as to all allowances and settlements in the Department.

Upon examination, the Sixth Auditor's office, charged with settling the accounts of postmasters and contractors for carrying the mail, was found to be greatly in arrear. The accounts of postmasters for small balances were found to have remained unsettled for several years, and such was the general condition of the business of the office as to render it doubtful whether the annual exhibits required by law could be made in time for the meeting of Congress. The newly appointed Auditor, W. F. Phillips, by efficient arrangement and persevering action, has restored order to the office and system to the business, and placed it in a condition to adjust and promptly settle all accounts. His report, herewith submitted, exhibits the condition in which he found the office, and that in which he has placed it, and entitles him to credit for the manner in which he has managed its duties.

The reports from the First, Second, Fourth and Fifth Auditors, the First and Second Comptrollers, the Commissioner of Customs, the Register of the Treasury, the Solicitor of the Treasury, and the Treasurer of the United States, are herewith submitted. These offices, except those of the First and Fifth Auditors, were not so much in arrear as the Third and Sixth Auditor's offices; but greater promptitude and dispatch have taken place in most of them, and it is believed that better rules of action have been introduced. The arrearages can be brought up, and the regular dispatch of the current work secured.

The clerks in all the divisions were classified under the act of Congress of last session for that purpose, the examinations having been made as required by the act. The proper arrangement of business in the different offices requires that it shall be classified and alloted to a certain number of clerks, and a competent clerk placed in charge of each class, and made responsible for its prompt dispatch, and that correct rules of action shall prevail in discharging the duties. The head clerks of these classes should have better salaries than those under them. The third and fourth classes do not furnish the requisite number of clerks for this purpose in some of the offices, and the salary of the first class is not a sufficient compensation for any clerk fit to be employed in the department. The act of Congress requiring clerks to be classified and examined before appointment seems to indicate an intention of procuring more competent clerks, and that the tenure of office should be more permanent. Many of the clerks have families, and a large number do not receive sufficient compensation for their support; and as the cost of living has greatly increased, the attention of Congress is called to this subject, with the recommendation that this class of meritorious officers shall be better compensated.

There is no limitation to the presentation of claims against the United States before the accounting offices, and claims disallowed, in whole or in part, are presented again and again upon the same, or but slightly varied statement of facts. There are precedents in the department allowing these re-examinations, and large sums have been paid upon claims previously presented, adjudicated upon, and disallowed. There are other, and, it is believed, better precedents in the department against these re-examinations, holding the prior examination and disallowance of the claim, in whole or in part, conclusive until Congress directs the re-examination. The rule established by the latter precedents has been adopted, and no re-examination is allowed except upon the principle of a new trial at law, or a re-hearing or review in equity, when the application is made on sufficient grounds and within a reasonable time. The attention of Congress is respectfully called to this subject.

An abstract of the Coast Survey operations, under the superintendence of Professor Bache, also accompanies the report. It will be seen that the work has made good progress during the past year. The means furnished appear to have been carefully and economically used by the Superintendent, and to have produced ample results. The operations in the field or afloat, and in the office, have extended to all the States and Territories of our vast sea-coast on the Atlantic, the Gulf of Mexico, and the Pacific. On the Atlantic the triangulation reaches, with an interval of twenty-two miles, from the mouth of the Kennebec river, Maine, to Boyne Sound, North Carolina. It is commenced in South Carolina, Georgia, and Florida, and extends from Mobile nearly to New-Orleans, and from the head of Galveston Bay to Matagorda Bay, in Texas. The other operations follow it closely. A hydrographic reconnoissance of our western coast has been made from San Diego to Frazer's River, and preliminary surveys of most of the harbors, with charts of them, have been published, or are in progress. It is believed that the history of such surveys does not present a parallel to the promptness with which the execution and publication of the work on that important coast has been made, keeping pace with the development of a commerce itself without a parallel. One hundred and forty three maps and charts have already been issued from the Coast Survey Office, including sketches of examinations of dangers on the coast where the regular surveys have not yet reached the localities. The report of the Superintendent for the past year is accompanied with fifty five maps and sketches, showing the progress of the work, and giving information important to navigation and commerce. The necessity of publishing the numerous observations accumulated in this work, and upon which the results are founded, is respectfully urged upon Congress. Besides the usual sketches, a map, ordered by Congress, showing, by colors, the progress of the different parts of the work, is ready for transmission. The present period of prosperity should be used to furnish all reasonable resources for the completion of this great work of science and utility; and, in order to facilitate its final completion, it is recommended that the estimate presented by the Superintendent be granted. The department has derived important assistance from the Coast Survey in the surveys relating to light-houses and in the location of surf-boats. In the distribution of the reports, papers, &c., the Superintendent and his assistant should be vested with the franking privilege.

A report and supplement from the Light-house Board accompanies this report, exhibiting its operations for the past year. That Board is charged with the duty of providing and distributing supplies of all kinds to the different light-houses and light-vessels; of making examinations and instructions; of submitting estimates of cost of repairs of the different towers, buildings, sea-walls and light-vessels, and of raising, cleaning, painting, numbering, and replacing all buoys authorized by Congress, &c. These duties have been discharged with promptitude and efficiency, and it is believed with economy. It will be seen that there are now in operation 347 light-houses; 27 are in the course of construction, and 44 more authorized, but not yet commenced. There are 44 light-vessels in operation, and five in the course of construction. The estimate for this service for the fiscal year ending June 30, 1854, was $890,033 42; and for the year ending June 30, 1855, it is $906,161 43. These light-houses and light-vessels, extending over our Atlantic and Pacific coasts and our lakes, add greatly to the security of our commerce, which, as it augments, calls for additional light-houses and light-vessels on our extended coasts, and consequently for increased expenditure. These light-houses and light-vessels should be sufficiently numerous to afford the benefit of light wherever the safety of vessels requires it; but lights should not be so multiplied as to mislead navigators, and should always be of the best and most reliable character for their positions. The science and practical knowledge of the Light-House Board, aided by that of the Coast Survey, it is believed, will guard the department against mistakes in the location of the lights, secure the best and most permanent light-houses with the proper lights, and confine the expenditure to the real objects sought to be obtained with the necessary economy.

The abstract accompanying this report shows twenty-three Custom-Houses belonging to the Government and now in use; also fifteen for which appropriations have been made by Congress, and proceedings taken toward their construction. This abstract exhibits the condition of the title and jurisdiction to each as far as acquired; the progress made under the appropriations; the amount thereof, with estimates of the sums that will be required to complete those under contract; and the sums required to proceed with the others. The appropriations are not sufficient to complete these buildings of the materials and in the style suitable to such structures, and therefore additional estimates have been submitted.

The construction of these buildings is confided to the Department, and almost everything but the amount of the appropriation left to the discretion of the Secretary. No system had been devised for the due performance of this duty, nor had the management of the business been confided to any particular branch of the Department. An architect had been employed in the Department at a salary of $3,000 per annum, with traveling expenses allowed when absent inspecting the works, &c. He was paid out of the several appropriations, according to the time given to each work. Local architects and superintendents had also been appointed, and were paid out of the appropriations, but there was no system of keeping or rendering accounts at the respective work, nor of keeping the same in the Department. With a view to a more efficient management, application was made to the Secretary of War for a scientific and practical engineer to be placed in charge of the construction of these buildings, and Captain Alexander H. Bowman, of the engineer corps, was detailed and assigned to that duty. General regulations for the conduct of the business have been adopted and sent to those in charge of the respective works, and a department of construction organized for the supervision of the whole. The general regulations accompany this report, as also a copy of the local organizations, in order that Congress may see how the business of construction is conducted by the Department. The compensation paid to Capt. Bowman has been fixed at $8 per day, less his pay as captain, with his traveling expenses while inspecting the works; and the architect has also been retained, to aid the Department in his particular line. The work at the New-Orleans Custom-House has made good progress during the spring, summer, and fall, notwithstanding the sickness at New-Orleans, and it is intended to continue the work through the winter. For the Charleston Custom House, the foundation is nearly completed, and the granite for the basement is being delivered; and that work also will be continued through the winter. The other custom-houses contracted for, as stated in the abstract, are in various stages of progress, and it is expected that greater dispatch, and an improvement in the work and materials, will result from the new arrangements.

It appearing that contracts had been awarded to persons unskilled in the construction of the works contracted for, and the contracts subsequently sold, in the advertisements published by the Department, notice was given that the contracts would only be awarded to those practically skilled in building, and that assignments would not be allowed without the consent of the Department.

The Custom-House contracted to be built at San Francisco, California, was located on a square embraced by what is termed the Government Reserves, and a large sum had been expended in filling up the square and piling for the foundation. The State of California set up claim to the Reserves, and upon investigation it was considered hazardous to proceed with the Custom-House, as the title might prove defective. Notice was given to the contractors, and the work was suspended, and application made to the State of California for a relinquishment of all claim to the Custom-House square. The Legislature passed an act to sell the Government Reserves, excepting out of the sale the Custom-House lot; but there was no release to the United States of all claim to it. Consequently, the work remains suspended, and the application has been renewed for the release, and it is expected the release will be obtained, and that the contractors for the Custom House will be enabled to proceed with the building.

The abstract accompanying this report exhibits Marine Hospitals at Chelsea, near Boston; Norfolk, Virginia; Ocracoke, North Carolina; Cleveland, Ohio; Chicago, Illinois; Pittsburgh, Pennsylvania; Louisville, Kentucky; Paducah, Kentucky; Natchez, Mississippi; New-Orleans, Louisiana; Mobile, Alabama, and Key West, Florida. Appropriations have been made for such establishments at Napoleon, Arkansas; Vicksburg, Mississippi; Evansville, Indiana; Portland, Maine; San Francisco, California; and the Hospitals are in course of construction, and some of them, as appears by the abstract, nearly completed. At Baltimore, New-Orleans, Charleston, Cincinnati, Nashville, and Barnstable, arrangements for sick and invalid seamen are made with Medical Hospitals and other institutions. In other, and smaller ports, the collectors provide for invalid seamen, conformably to circulars from the Department. The marine hospitals are sustained, in part, by the hospital fund collected from seamen, and in part by appropriations by Congress. The construction of hospitals will be under the superintendence of the Department organized for the construction of Custom Houses, and the same system of accountability and inspection will be applied to them. By laws and regulations for the government of the respective hospitals, so modified as to suit each locality, have been prepared and put in force, and the charge of them, in this Department so arranged that the accounts are required to be periodically rendered, and a proper economy enforced. These hospitals, with adequate provision for sick and disabled seamen, are recommended to the continued favorable consideration of Congress.

The act of Congress to provide for the better security of the lives of passengers on board vessels propelled, in whole or in part, by steam, has claimed the attention of the Department. The supervising inspectors were all in due time appointed, as also the local boards provided in the act. They entered at once on the discharge of the duties specified in the act, and have been arduously engaged in giving it full effect. There will not have been a year's experience, under its full operation, until about the 1st June next; but so far its operation has been highly favorable, and gives reason to hope that better security, both as to life and property, on steam vessels, will be the result of its faithful and vigilant execution. Interrogations have been sent out by the Department, under the provisions of the 40th section, in order to elicit the information designated in the 39th section, and when answers shall be received the interrogations and the information elicited will be duly communicated. In the meantime a report received from the Board of Inspectors convened at Cincinnati, and giving much valuable information, is herewith transmitted. The operation of the act promising to be highly beneficial, the Pacific Coast should participate in all the benefits and advantages it is calculated to afford. Under the existing provisions of the act this is impracticable, and therefore it is recommended that a new supervising district be established to embrace that coast, with a Supervising Inspector. Inconvenience arises from there being two sets of local Inspectors—one set under the act of 1838, and the other set under the act of 1852. The Inspectors under the act of 1838 are in no way under the superintendence of this Department, although, without its concurrence, the necessary papers cannot be issued by the Custom House officers. Those under the act of 1852 are under the superintendence of the Department. It is not desirable that the boats inspected under the act of 1838 should be subject to all the provisions of the act of 1852; but it is desirable that there should be but one set of inspectors, and that all should be under proper superintendence.

Attention is called to the Louisville and Portland Canal. The 10,000 shares of capital stock in that Company, under the provisions of the act of the Legislature of Kentucky, have been reduced to 3,712, of which 2,902 belong to the United States, and 810 to individuals. These 810 shares will be reduced by the earnings of the canal for the year 1853, of which the Company will furnish a report, and the earnings of 1854 will complete the purchase, and leave the United States the sole stockholder and proprietor of the canal, and entitled to possession of it on complying with the condition of the act of Kentucky under which the private stock has been purchased. That condition requires that no more tolls shall be collected than will be sufficient to keep the canal in repair, pay the necessary cost of superintendence and custody, and make all the improvements needed, fully to answer the purpose of its establishment, and to protect and guard the interests of commerce. An appropriate act is wanted at the present session, to provide for the superintendence of the canal and the carrying out of the provisions of the act of the Legislature of Kentucky, in order to make the canal free, as far as practicable, to the commerce of the Ohio.

Attention is also called to the $5,000,000, balance of the $10,000,000, agreed to be given to Texas in the settlement of the boundary of New-Mexico, and not yet issued, but retained under the proviso to the boundary bill. The late Administration decided that all the stock of Texas mentioned in that proviso must first be released to the United States before the stock could be issued, and the present Administration determined not to disturb that decision. The consequence is, that the creditors of Texas remain unpaid, although many are willing to file their stock and release all claim on the United States, and receive the proportion of the $5,000,000 accorded to them by Texas, while the United States, with abundant means to pay, cannot do so, and the debt remains liable to a claim for interest, which, under the act, could not well be refused.

Attention is also called to the fact that the Treasury building does not afford sufficient room for the accommodation of the clerks of the Department, and that the Land Office, belonging to the Department of the Interior is now accommodated in the building to the exclusion of part of the clerks of the Third Auditor, and of all the clerks of the First and Fifth Auditors. The basement rooms in the Treasury building have been found so damp and unhealthy as to make it proper to rent a building, and remove part of the clerks of the Third Auditor from the basement. The Fifth Auditor and his clerks had been accommodated in the building occupied by the State Department, but the Secretary requiring the rooms for his own clerks, requested the removal of the Fifth Auditor and his clerks, and a building was rented and that officer moved to it. The rented buildings are not as safe for the records as the rooms of the Treasury building, and there is great inconvenience in having part of the clerical force out of the building and beyond immediate control.

Attention is also called to the fact that James Collier, late Collector of San Francisco, was indicted for failing to pay over the revenue collected by him, and for loaning it in violation of law. He was arrested under a writ issued in accordance with the laws of the United States, and when about to be conveyed by the Marshal to Carlifornia to answer the indictment, was taken out of his custody by writ of *habeas corpus*, issued by a Judge of the State of Ohio, and set at large. There is no law to transfer such cases to a United States Judge, and no provision for an appeal from the decision of the State Judge.

Attention is called to the acts of Congress giving authority to rent warehouses and other buildings for the use of the Custom-Houses. There seems to be no limitation to the authority to rent, other than the discretion of the Collector and the sanction of the Secretary. Under pretense of this authority a contract was made by my predecessor with Eldridge, under date of the 28th August, 1851, to construct four warehouses in San Francisco, to be finished in 18 months, and to rent them for the term of 10 years from time of completion, at the agreed rent of $1,500 per month each, subject to revaluation every two years. Another contract was made on the 24th of February, 1853, with Theodore Adams, to construct another building, and rent it for 10 years at $25,000 per year, the rent to be fixed anew every two years. Upon examination it was thought that there was no authority given to the Secretary to make these leases. The Eldridge buildings had been constructed and about 16 months' rent paid, 12 months of it in advance, to the 1st of January, 1854, and the Adams contract had just been made. Notice was given to Eldridge that the contract with him was considered to have been made without sufficient authority, and that the buildings would be abandoned after the time to which the rent had been paid in advance. Notice was given to Adams that the contract with him was considered to have been made without authority of law, and that the building would not be accepted, nor the contract to rent considered binding on the United States. The attention of the Department has since been called to a joint resolution of Congress in relation to the bonded warehouses in the City of New-York, the proviso to which, it was contended, gave the Secretary authority to make these contracts and leases, but which under a proper construction gives no such authority. It was subsequently thought that the acceptance of the Eldridge houses by the Collector and the Secretary, and the payment of the rent in advance, might be deemed a renting within the authority given to the Collector and the Secretary; and notice has been given that the buildings will be retained until Congress shall decide upon the subject. The notice to Adams has not been withdrawn, and the building will not be accepted unless Congress shall declare the contract and leasing obligatory. It is submitted to Congress that this authority to contract for buildings and renting for long periods, if it really exists, requires modification and restriction within proper limits.

An exhibit also accompanies this report, showing the number of persons employed at each port, with the expenses.

The resolution of the Senate of the 19th of January, 1853, requiring the Secretary of the Treasury to have prepared and submitted to the Senate, at its next session, a general revenue law, with a view of superseding all existing laws upon the subject, &c., has claimed attention; and some progress has been made in the work, which it is expected will be presented, in whole or in part, during the session, and in time for the consideration of Congress.

The circular instructions issued by me from time to time, and not hereinbefore mentioned, also accompany this report.

All which is respectfully submitted.

JAMES GUTHRIE, Secretary of the Treasury.

To the Hon. LINN BOYD,
Speaker of the House of Representatives.

## REPORT OF THE POSTMASTER-GENERAL.

POST-OFFICE DEPARTMENT Dec. 1, 1853.

SIR: The whole number of Post-Offices in the United States at the close of the last official year, June 30, 1853, was 22,320. Of this number 255 are of the highest class, the Postmasters at which are appointed by the President. At the present date, (1st December, 1853,) the total number of Post-Offices is 20,698. During the past year, commencing 1st July, 1853, 1,298 Post-Offices were established; 479 were discontinued; and there were appointed to office during said year, besides the 1,298 Postmasters to the newly-established offices aforesaid, 3,830 upon resignation, 225 death, 182 change of site, 91 where the Postmaster had moved away, and 2,321 on removal of prior incumbent; being 8,567 Postmasters appointed during the year ending 30th June, 1853.

At the close of the fiscal year ending on the 30th day of June last, there were in operation within the United States 6,692 mail routes; their aggregate length was 217,743 miles, and 5,583 contractors were employed thereon.

The annual transportation of the mails on those routes was 61,892,542 miles; the annual cost thereof, $4,495,988; being about seven cents two mills per mile.

Of these 61,892,542 miles of annual transportation, 12,986,705 miles are required to be performed on railroads, at a cost of $1,601,229, being about twelve cents three mills per mile; 6,685,065 miles in steamboats, at a cost of $6,672,368, being about nine cents four mills per mile; 21,330,356 miles in coaches, at a cost of $1,326,958, being about five cents six mills per mile; and 20,890,446 miles in modes not specified, at a cost of $1,055,313, being about five cents per mile.

The inland service at the close of the last fiscal year, when compared with the service at the close of the preceding year, shows an increase of 3,159 miles in the length of mail routes; of 2[illegible],814 in the number of miles of annual transportation, and of $355,897 in the annual cost of transportation.

Of such increase of transportation, the railroad and steamboat service amounts to 2,235,593 miles, at an increased cost of $452,362, being an increase of 12 82-100 per cent. in the transportation, and about 25 39-100 per cent. in the aggregate cost; the coach service to 631,396 miles, at an increased cost of $77,972, being an increase of about 3 1-20 per cent. in transportation, and 6 9-10 per cent. in aggregate cost; and the transportation in modes not specified to 39,825 miles, at an increased cost of 25,663, being an increase of about 1 43-100 per cent. in transportation, and 2 49-100 per cent. in the aggregate cost.

The annual transportation in California (included in the foregoing estimate) at the close of the fiscal year was 585,856 miles, at an annual cost of $143,214, being an increase within the year of 95,817 miles, or 19 83-100 per cent. of annual transportation, and $14,334 or 11 12-100 per cent. in the cost thereof.

The annual transportation in Oregon at the close of the fiscal year was 108,274 miles, at an annual cost of $45,522, or about 42 cents per mile. Of this service 17,278 miles is performed in steamboats, at an annual cost of $17,000, and the residue of 90,996 miles in modes not specified, at a cost of $28,522, or about 31 cents and 3 mills per mile.

There should be added to the other cost of transportation, as above stated, the compensation of route agents, $165,224 55; mail messengers, $56,334 05; and local agents, $11,499 40—making in all $233,057 additional, including the pay to agents on the foreign routes.

In a table attached to the report of the Second Assistant Postmaster-General, marked D, the length of railroad service will be seen, and the prices respectively paid to each company. The sums paid to these Railroad Companies are fixed under the acts of 7th July, 1838, January 25, 1839, and 3d March, 1845. Under the last mentioned act it is made the duty of the Postmaster-General to arrange and divide the railroad routes into three classes, and to pay them according to the size of the mails, the speed with which they are conveyed, and the importance of the service. Considerable difficulty has always existed with this branch of the service. Sums are demanded from the Department, which in justice to the great public interests it cannot consent to pay. The importance of the service to the public is the great question of consideration for the head of the Department; but if he, and the Presidents and managers of the Railroad Companies, do not view its importance alike, the mail is thrown down, and the public caused thereby most grievously to suffer. This is done sometimes, too, in the most summary manner, without any notice being given by which the Department could be prepared to put on other service; and when this is done, whether designedly or not, the Department is sure to suffer. The citizens of the different States are deeply interested in this question; and if they wish to continue to receive their letters and newspapers at a cheap rate of postage they must not permit these Companies to dictate to the Department their own terms. In some of the States of the Union a provision has been inserted in the charters of the Railroad Companies providing for a reference, in case of a disagreement between the Postmaster-General and the Companies. In neither of the acts which I have cited is any power given to the Postmaster General to agree to any such reference; and if there were I should very much doubt its policy. In England this agreement to refer has acted unfavorably to the Government; and I see no reason why Congress, first giving each Company a full opportunity of being heard, should not fix the sum which they are respectively to receive.

In England, also in France, and in the other continental States, the time for arrivals and departures is so fixed by the Post-Office Departments as best to suit the public interests.

In our own ordinary mail contracts, the time for arrival and departure is entirely subject to the order of this Department, by which it is enabled to maintain an unbroken link of connection; but in the great majority of cases, though contracts have been drawn and submitted to Railroad Companies, they have not chosen to sign them. The consequence has been, that, though receiving the pay, they may be said to be entirely beyond the control of the Department, and the public interests have thereby greatly suffered. After entering upon my duties as head of the Department, complaints were made of the insufficiency of the mail cars, and of the want of proper accommodations; and so glaring were these defects, in some instances, that the mail agents were unable properly to discharge their duties, now becoming daily more important owing to the increase of the way distributions. To remedy this evil, I had prepared a model of a mail-car, which I had transmitted to the Presidents of the different Railroad Companies; but in very few instances have my wishes been complied with. In those cases where the contracts gave me the power to build a mail-car, when the one in use was unsuited to the purposes, I have ordered it to be done, and the cost charged to the companies; but in that class of cases in which they have declined becoming parties to any contract, I am remediless.

While such have been some of the difficulties which the Department has had to encounter with these Railroad Companies, that service, with its necessary attendants, mail agents and mail messengers, has absorbed more than one-third of the entire revenues derived from postages.

On the 30th of September last there were in operation within the United States 202 railroad routes; their aggregate length was 13,410¾ miles; and the cost of mail transportation thereon $1,645,432 33—being at the rate of $120 26 7-10 per mile. Include the pay of mail messengers, route and local agents, the whole expense of this service is increased to $1,869,264 78, or $139 38 6-10 per mile.

On estimating other kinds of service in the same manner upon the aggregate length of routes, it is discovered that the average cost of steamboat service is $34 45 per mile; coach service, $22 88 per mile; and of modes not specified $7 86 per mile.

Such being the condition of this branch of the service, and the prices paid for it, the attention of Congress is particularly requested to this subject.

By the 11th section of the act of Congress establishing post roads, &c., approved Aug. 31, 1852, it was made "the duty of the Postmaster-General to issue proposals and "contract for the transportation of a daily mail between "Louisville and Cairo, St. Louis and Cairo, Cairo and "Memphis, and Memphis and New Orleans, and to supply "such intermediate points as he may order from time to "time, on suitable and safe steamboats."

In compliance with the provisions of this law, an advertisement was prepared with much care by my predecessor, dated Dec. 31, 1852, and published in the papers of Washington, New-York, Pittsburgh, Cincinnati, Louisville, St. Louis, Memphis, Little Rock, and New Orleans, inviting proposals for a daily express line between Louisville and New-Orleans, touching at seven points, and running down in six days and up in seven; and also for way lines between Louisville and Evansville, Evansville and Cairo, Cairo and Memphis, Memphis and Napoleon, Napoleon and Vicksburg, Vicksburg and St. Francisville, St. Francisville and New Orleans, to be run in close connection, and supplying intermediate offices, and also a connecting line between St. Louis and Cairo.

The notes appended to this advertisement provided that the mails must be conveyed in "safe and suitable steam-"boats of the very best class; that they should carry the mails and passengers only; that the whole number required for the service must be provided before the contract would be considered as commenced; that they would be subject to a rigid inspection by agents appointed by the Department; that none could be withdrawn without the consent of the Department, and no new ones admitted without the like inspection and assent.

Bidders in preparing and submitting their proposals, individuals in consenting to become guarantors, and Postmasters in certifying to their sufficiency, were requested to bear in mind that the object of Congress in enacting the law, and of the Department in executing it, was to obtain regular and reliable lines of mail packets on those waters, arriving and departing at fixed times at the principal points all the year round, and that a strict compliance with the contract obligations would be demanded.

Under this advertisement several proposals were received, the lowest of which was that of Glover and Mather, of Louisville, at $450,000 a year for the whole service between Louisville and New-Orleans, and of J. E. Caldwell at $40,000, for the line between St. Louis and Cairo, and these proposals were accepted by my predecessor in the 1st of March, 1853.

Soon after assuming the charge of the Department, my attention was directed to this matter, and doubts arose whether the service called for by the accepted proposal was not only more than was intended by Congress, but also more than was required by the public convenience. Being satisfied on these points, and the accepted bidders between Louisville and New-Orleans having waived the acceptance of their proposal, an order was made on the 20th May last, to contract with the same persons for the daily express line between Louisville and New-Orleans, in seven days each way, and for additional daily way lines between Louisville and Evansville, Evansville and Cairo, and St. Francisville and New-Orleans and at the compensation of $297,975 per year, being the aggregate amount of the lowest bids for the same service separately. This contract has since been executed, with sureties believed to be amply sufficient, and is to take effect on the 1st December current and to expire on the 30th June, 1857.

The contract of J. E. Caldwell for the St. Louis and Cairo line, at $40,000 a year, is also executed, to commence and terminate at the same time. At my request the Secretary of the Treasury detailed two Inspectors of Steamboats, appointed under the law of August 30, 1852, to act in conjunction with a special agent of this Department in the examination of the steamboats presented by the contractors for this duty, who have received instructions to accept none which do not conform in all respects to the requirements mentioned in the contract and advertisement, and which will receive the mails and passengers only, excluding all articles of freight.

The subject of failures on the Great Northern and Southern Mail line between New-York and New-Orleans is one of absorbing public interest.

It has had a place in former reports of this Department, and has also claimed the special attention of Congress. During the winter and spring months, especially, embracing the active business portion of the year, the service has been of the most unsatisfactory character, and the efforts of the Department to improve it have been almost fruitless.

The steamboat route between Wilmington, North Carolina, and Charleston, South Carolina, is one on which it is well known a large proportion of failures occur, notwithstanding the most persevering efforts to prevent them.

The difficulties to be encountered are of a character so well understood as not to require particular explanation. The trips of the boats are necessarily affected by wind and weather, and also by the tides, especially at the mouth of Cape Fear River; so that regular conformity to any given schedule of departures and arrivals is hardly to be expected.

Under such circumstances, it is matter of congratulation that a land route is rapidly approaching completion, which will supersede the present one by sea, with all its attendant difficulties.

The late Postmaster-General's report referred to the probable employment within this year of the Wilmington and Manchester Railroad for conveying the great northern and southern mail. But twelve miles now remain unfinished, and arrangements have been made to transfer the great mail from the steamboats as soon as possible, and convey it in coaches for the short distance stated, until the railroad is completed, which, it is hoped, will be by the 1st day of January next; after which time much more regular and expeditious service may be confidently expected on this portion of the New-York and New-Orleans mail line.

There is, however, between Montgomery and Stockton, Alabama, another portion, upon which delays and irregularities have been occurring to an extent equaling those on the sea route above referred to, although arising from quite different causes.

One daily line of coaches has heretofore been provided, running (in connection with a steamboat between Mobile and Stockton) over a natural road of 160 miles in length, frequently liable to obstructions from high water and other causes, and not kept in good repair, traversing as it does a sparsely populated section of country. Such mode of conveyance, upon such a road, has been found entirely inadequate for the vast accumulation of mails at Montgomery, conveyed thither from Boston, New-York, and other cities along the whole extent of that great line. Considering the increase in the amount of mail matter of all descriptions, especially printed matter, the transmission of bound volumes and other public documents, printed by order of Congress, increasing as they do from year to year, and of all the matter from the several Executive Departments of the General Government, also rapidly increasing in quantity; and in view of the fact, also, that all the mails for Mobile, New Orleans, and beyond, thus accumulated by contributions from Boston to Montgomery, are conveyed to the latter point by railroads and steamboats, especially the former, it is a matter of surprise that they have been forwarded by one daily coach in a manner at all approaching regularity.

These facts rendered most imperative the necessity of providing immediately more adequate means of conveyance; and accordingly, on the 18th October last, a second daily line of four-horse coaches was ordered between Montgomery and Stockton, Alabama, to connect with the steamboat line between Stockton and Mobile, with the stipulation that the contractors should furnish vehicles of sufficient capacity to convey whatever mail may be daily received at Montgomery or Stockton, and that the steamboat employed between Stockton and Mobile should be of sufficient size, structure and fitness for the regular navigation of the Tensaw River, and be under the entire and exclusive control of the contractors, so that no breaches of connection should occur by reason of any other persons having a right to interfere with its arrivals and departures.

The compensation allowed for this additional service is $24,000 per annum, being one-third less than *pro rata* of the present pay, with the agreement that, if the service shall be well and faithfully performed, the extension of the contract on the same conditions over the succeeding term of four years, commencing 1st July, 1854, will be recommended to Congress; and should Congress decline to authorize such extension, the rate of additional pay shall be raised to $30,000 per annum, still one sixth less than *pro rata*, for the residue of the existing term. It was further stipulated that the contractors, by the 1st November, 1853, should place on the route a full additional every-other day line, and double the road, if necessary, to carry off all the mail matter every day, and by the 15th December a full additional daily line; the increased compensation to commence, in case of a faithful compliance with these terms, on the 1st November.

The terms of this agreement are favorable, in view of the great public benefits expected to result therefrom.

The stipulation as to the extension of the contract is reasonable and proper, because the present contract expires on the 30th June next, and the contractors could not be expected to provide at great expense all the additional stock necessary for a second line, for seven or eight months only, without some guarantee against loss in case of being underbid in the competition at the next letting of contracts, the existing laws *not* providing, as was formerly the case, that new contractors shall purchase the stock of those superseded.

To secure certain important benefits to the mail service, similar extensions were some years since authorized by resolutions of Congress on routes from Washinton City to Aquia Creek, and New-Orleans to Mobile.

It is believed that hereafter the service between Montgomery and Mobile will thus be freed from the irregularities by which it has heretofore been characterized, and that it will be performed to the satisfaction both of the public and this Department.

This improvement, together with that on the Wilmington and Manchester Railroad, will place the great northern and southern mail line in such condition, throughout its entire length, as to encourage the expectation that mails, during the ensuing winter and thereafter, will be conveyed with a degree of certainty and regularity heretofore entirely unknown.

Our local mail service on the Pacific is strongly marked by two peculiarities, especially in California—very high prices and great difficulty in giving that people the mail facilities which they require. At the same time, it appears from the reports that the performance of the service under the contracts is characterized by fidelity and energy—qualities which are put in great requisition by the flooded state of the roads at particular seasons of the year.

The present cost of transportation in steamboats in California is about thirteen cents eight mills per mile; in coaches, about twenty cents per mile; and in modes not specified, about thirty-four cents six mills per mile; while the cost of similar services in the United States, excluding Oregon, New Mexico, and Utah, is in steamboats about nine cents per mile, in coaches about five cents and five mills per mile, and in modes not specified about four cents and seven mills per mile.

These mail prices, however, are not out of scale with those of labor, living, and commodities generally, in that region of country.

The most striking discrepancy appears on comparing these prices which the Government pays in California with those which it receives for the same work—I mean the rates of postage. The one is graduated to the highest scale of prices, and the other to the lowest. For a single letter of half an ounce the Department receives six cents when prepaid, and ten cents when unpaid, and for each pound of printed matter, which comprises a very large proportion of the contents of the mails, about five cents a pound; the cost to the Department for transportation across the Isthmus alone being twenty-two cents a pound. The necessary consequence is, that the cost of mail service in California greatly exceeds the revenue it yields.

And, notwithstanding the Government incurs a heavy unrefunded expenditure in supplying the citizen of that State with his letters, newspapers, and other mail matter, the citizen himself employs other facilities for the conveyance of his letters, and pays therefor at a rate from 20 to 40 fold greater than the Government charges for similar service.

The facilities referred to are the expresses. Government has not been able to keep pace in its organized mail arrangements with the movements of the miner. His settlement is suddenly made and rapidly extended, long before the mail contractor and postmaster can be provided. The expressmen are at hand, and the wants of the miner are immediate. His orders are all sent by them to the central post-office, to which, not knowing where his eventual location will be in the gold region, he has directed his letters to be addressed. The postmaster has favored the expressman in the prompt delivery of his letters, and has received in return a compensation much larger per letter than any commission ever allowed him by the Government. The express charge is $1 per letter, $2, and so on, rising, in some instances, to $5, according to distance. Once commenced, the habit of the miner of relying on the expresses is continued long after the post-office and the mail route have reached his neighborhood.

Different influences combine to produce this result. The principal one, as is alleged, is the utter failure or refusal of the central postmaster, at whose office his letters come from the States, to forward them in the mail.

In respect to the vicious practices at the large offices in California, which have so much retarded the use of the mails and encouraged the employment of expresses, the present incumbents of those offices have been specially instructed, and have given the assurance that they shall be discontinued.

Much confusion is found to exist in the arrangement and operations of the offices in California. Several appear to be in operation that were never established by the Postmaster General; and a general misunderstanding prevails among postmasters as to the restrictions imposed by law upon their expenditures in respect to office rent, clerk hire, &c. These things have all been brought to the attention of the special agent of this Department, who has been instructed specially in relation to them, and instructed to report; and this leads me to the consideration of the defective nature of the agency provided for that remote section of the Union. An agency of higher functions than those of a mere special agent should be provided for the charge and supervision of the entire mail service of the Pacific. This officer should be of the grade of Assistant Postmaster General, and should receive a salary equal to those received by officers of a similar grade in California. Under the charge of a faithful and able officer of this description, the routes could be let to contract at less cost to the Department, and more efficient contractors obtained, than under the present system—he, however, only to have the power to receive bids and pass upon them preliminarily.

The dead letters, instead of being sent back to Washington, as they now are, at much expense to the Department, could be opened by him, and only such letters returned to the General Post-Office as contained moneys, documents or other valuable inclosures. Such an officer, too, would give assurance to the Government and the country that the proper control over the offices and affairs of the Department was exercised; that proper postmasters were selected; and that the mail arrangements were adjusted in a skillful and upright manner, suitable to the wants and requirements of that active and energetic people.

Congress, at its last session, appropriated $50,000 for mail depredations and special agents. In order to keep myself as much as possible within the appropriation, I appointed eighteen agents, to one of whom was assigned California; to another, Oregon and Washington Territories; and to a third, the State of Texas. There were three appointed at large, stationed at New-York, Louisville, and Washington; and the remaining twelve were distributed among the different States.

To these special agents the Department must look for much of the local information necessary to enable it to determine what service is required in the different States, and how the service is performed. It is an important part, also, of their duties to see that the postmasters properly perform their duties, and report a want of ability, attention, or fidelity on their part, or on that of contractors, promptly to the Department.

If inefficient or neglectful of their duties, the public and the Department must suffer; but in order to make them truly useful, too much territory must not be assigned them. A most important part of their duty is that connected with depredations.

The citizen who intrusts his moneys in the mails should have every assurance given him that his property will be properly cared for, and that if it be abstracted or stolen, every exertion will be made by the Government to restore it to him and bring the offenders to justice. To perform these duties in a satisfactory manner more agents are necessary, and they should be divided into two classes: to one class should be assigned the supervision of the transportation of the mails, and business connected with the appointment and contract offices; and to the other class, all matters connected with mail depredations.

Under the present system, it very frequently and necessarily happens that when an agent is wanted for important transportation duties, he is in a distant section of the country attending to depredations.

The expenditures of the Department during the last fiscal year, as stated by the Auditor, amounted to $7,982,756 59, viz:

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| Compensation to Postmasters | $1,403,477 85 |
| Additional compensation by Act of March 3, 1851 | 414,525 19 |
| Ship steamboat and way letters | 23,195 53 |
| Transportation | 4,395,338 05 |
| Wrapping paper | 41,433 34 |
| Office furniture | 3,211 50 |
| Advertising | 79,348 00 |
| Mail-bags | 49,849 55 |
| Blanks | 71,059 22 |
| Mail-locks, keys and stamps | 14,734 99 |
| New mail-locks and keys | 12,335 54 |
| Mail depredations and special agents | 55,275 43 |
| Clerks for offices (the offices of Postmasters) | 509,129 24 |
| Official letters received by Postmasters | 472 61 |
| Postage-stamps | 5,354 43 |
| Stamped envelopes | 10,131 01 |
| Free letters, Act 1845, &c. | 1,979 00 |
| Repayment for dead letters | 94 29 |
| Payments to letter-carriers | 113,017 71 |
| Postage-stamps returned, old issue | 67 75 |
| Stamps on hand overcharged | 35 90 |
| Miscellaneous payments | 116,652 31 |
| Miscellaneous account of British postages | 139,502 68 |
| Miscellaneous account of Bremen postages | 3,555 00 |
| Total | $7,982,756 59 |

The gross revenue of the year from all sources amounted to $6,940,724 70, viz:

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| Letter postage, including foreign postage and stamps sold | $4,173,227 54 |
| Newspapers and pamphlets | 611,331 42 |
| Fines | 82 53 |
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