by these lines in the open mails. Admitting that the proportion of newspapers by these two lines, as compared with the number by the Collins line, was about the same as it is in respect to letters, it is fair to credit the former each with $2,000 for newspaper postage in addition to the sums above respectively set down to their credit.

There is a similar omission, and for the same reason, in regard to the New York and California lines; but I have no reliable data from which to determine what additional sum should be placed to their credit for postage on printed matter, of which no separate account appears.

The number of letters conveyed between the United States and Europe during the year:

By the Cunard line was	2,774,421
By the Collins line	1,018,345
By the Bremen line	412,117
By the Havre line	406,126
Total	4,611,011

The number of newspapers

By the Cunard line was	1,034,163
By the Collins line	356,945
By the Bremen line (in closed mails)	5,613
By the Havre line (in closed mails)	4,307
By the several United States lines, in Prussian closed mail	31,155
Total	1,331,183

The number of letters by the New York, New-Orleans, Aspinwall and Pacific Mail Steamship lines was 2,797,533

By the Charleston and Havana line	68,164
By the New-Orleans and Vera Cruz line	2,165

The number of newspapers by the Charleston and Havana line was 33,122

By the New-Orleans and Vera Cruz line	3,137

The amount received from Great Britain on loose letters collected during the year on board the Atlantic Mail Steamers was $1,259 16

Amount paid Great Britain on same	29 86

The amount received from Great Britain on dead letters returned to the London Office was 14,034 92

Amount paid Great Britain on dead letters returned to Washington	1,772 66

The United States revenue, under the postal treaty with the United Kingdom of Great Britain and Ireland, for the last fiscal year amounts to 429,694 79

The balance in favor of that Government at the close of the fiscal year was 151,391 75

This large balance against the United States arises, of course, mainly from the circumstance that, although there were only three more trips by the Cunard line than were performed unitedly by the Collins, Bremen, and Havre lines, much the greater part of the mails were conveyed by the former. For instance:

While the postage on the letters sent during the year from Great Britain to the United States by the Cunard steamers was $325,209 33

By the Collins steamers, performing just half the number of trips, it was but 106,065 49

Showing a difference of $219,134 84

Now than treble the number of letters having been sent to this country by the Cunard than by the Collins steamers.

Again:

While the sum paid to Great Britain for the conveyance of closed mails for the year was $70,081 19

The amount paid by that Government to the United States, exclusive of the sum received on the California closed mails, via the West Indies and Panama direct, was only $48,222 22

And this includes the land conveyance of the British and Canada closed mails.

The partiality of the British Government in behalf of the Cunard line is presented in a still stronger light by the accompanying statements, where it is shown that in the latter simply of sea postage on closed mails during the last three quarters of the year, dating from the time the United States and Prussian arrangements went into operation, the British charge against the United States is $8,180 60.

While during the same time the United States received from Great Britain for Atlantic sea conveyance of all closed mails, including those to and from the British North American Provinces, Havana, and California, only $3,323 60.

But in the mails dispatched from the United States for England by these two lines no such difference appears. Thus, taking the same period on mails sent by the Cunard steamers, the postage was $252,833 06

By Collins steamers 127,207 60

Difference $125,625 46

From this last comparison it is apparent that, as regards the mails sent from the United States, each line received very nearly its due proportion. Comparing the Bremen and Havre lines with the Cunard line, the difference in favor of the latter is still vastly greater.

Thus, by the Bremen and Havre lines performing unitedly twenty three voyages, the postage on mails sent from England was only $45,999 90.

This great inequality can be accounted for solely by the fact that while the United States makes no discrimination in respect to the lines carrying the Prussian closed mails, the British postal authorities employ the Cunard line almost exclusively for the transmission of their closed mails which pass through the United States.

Another extraordinary feature in this matter is presented with reference to the mails from the continent of Europe received in the United States through England. It will be seen that of this class of correspondence for the year there were received by the British steamers .... 57,059 letters.

And by the United States steamers, performing but three trips less, only .... 5,737 letters.

Difference in favor of the British line .... 51,322 letters, or nearly ten to one.

While these most unjust discriminations have been taking place, other facts connected with the same subject should be borne in mind. Great Britain received for the transit through that country of our Bremen closed mails, in the first quarter of the last fiscal year, thirty cents an ounce, and on the United States and Prussian closed mails, is now receiving seventeen and a half cents an ounce; while the United States has received but twelve and a half cents an ounce for the British and Canadian closed mails though performing a service at least equal in point of importance.

The whole amount of letter postage collected in the United States and Prussia, respectively, under the United States and Prussian postal arrangement, during the above-mentioned period, is as follows, viz:

Amount prepaid sent from United States	$32,317 91
Amount unpaid received from Prussia	11,749 81
	$44,067 72
Amount unpaid sent from United States	69,498 12
Amount paid received from Prussia	10,471 95
	79,970 07
	$124,037 79

The amount of postages for the year, on letters between the United States and the British North American provinces, under the postal arrangements with Canada and New Brunswick, by which each party retains what it collects, prepayment through to destination being optional on either side, was $88,081 72

Collected in the British provinces	$44,812 47
Collected in United States	43,269 25
Balance in favor of provinces	$1,543 22

The postage on printed matter to and from the provinces comes into the account of domestic postages. In respect to such printed matter, the rates are the same to and from the line as if it were circulated wholly within the United States; but payment through to destination is not permitted. On printed matter each party collects its own postage and from the line.

The arrangements with Canada and New Brunswick involve the keeping of no international accounts, and hitherto their operation has been satisfactory.

The statement annexed from the Fourth Auditor of the Treasury shows that on the Navy mail contracts, in addition to fines on two of the lines, the 10 per cent. deduction on the original advance to the companies has been made. On the New-York and San Francisco line a few extra trips were performed in the months of April, May, and June last, without additional expense to the Department.

The mail service from New York, by the way of Southampton to Bremen; that from Charleston to Havana by the way of Savannah and Key West; and that from New-York to Havre via Cowes, is paid for out of the funds of the Post Office Department, amounting, if all the service to be performed, to the sum of $400,000.

In addition to this there was paid by the Department the last year for the transportation of the mail across the Isthmus, a service performed in a foreign country, the sum of $85,314, which will be greatly increased, judging from the last quarterly returns, during the ensuing year.

If Congress intends that the mail service of the country shall be sustained by the money derived from postages, these charges should not be placed upon it. In providing for the building and equipment of naval steamships, Congress seems to have meant to encourage the erection by individuals of war steamships, which might, on the emergency of a war, be ready for public use; and such being its design, and the carrying of the mails but an incidental purpose, the public treasury should bear the cost. The amount of postage derived from these vessels is but small, as has been shown; and in view of the extension of mail accommodations asked for from every part of the country, which has now to be frequently denied, I would suggest that these lines be now paid for in the manner now provided for in relation to the other lines. The extending settlements of our country, and the great increase and activity of business of every description, require all the mail accommodations that can be given, and the department should not be burdened with payment for services which do not properly belong to it.

No material change has been made in our postal convention with Great Britain since the date of the last annual report from the Postmaster General. Under this convention the additional articles, to which allusion was made in that report, providing for a regular exchange of mails between the United States and the West Indies, were duly executed, and the arrangement has been in successful operation since about the 13th of January last. (A copy of these articles is annexed, marked B.)

Similar additional articles have been agreed upon, and an arrangement concluded, which went into effect in October last, with respect to mails between the United States and the west coast of South America. Under the latter arrangement the British packet office at Panama is the exchange office on the part of Great Britain; and New-York, Charleston, Savannah, New-Orleans and San Francisco are the offices of exchange on the part of the United States. By this agreement the United States avails itself of the facilities of communication secured by existing postal treaties between Great Britain and the several Governments on the west coast of South America, the mails being transported by a line of British steam packets plying between Panama and Valdivia, touching at the prominent intermediate ports. On letters sent from the United States, the rate of postage for which the United States has to account to the British Post-Office, under this arrangement, is eight cents the single letter between Panama and Buenaventura, New-Granada; twelve cents between Panama and Peru; and twenty-four cents between Panama and any other port on said coast. On letters received the British packet postage, as above, is required to be prepaid. To the above rates, respectively, the United States postage of twenty cents to New-Granada and Peru, and twenty-four cents the single rate in all other cases, has to be added. On newspapers the British packet postage is four cents, to which is added the United States postage also, of four cents each. (A copy of the articles of agreement is annexed, marked C.)

The exorbitant rates of postage on pamphlets and magazines between the United States and Great Britain, the charge for works of this kind above the weight of two ounces being four cents an ounce on either side, having so long been a cause of just complaint on the part of both American and British citizens, I embraced an early occasion to renew the proposition of my immediate predecessor for a reduction of the United States postage from four cents to one cent an ounce, on condition that the same reduction be made in the British postage. This proposal, I regret to state, is still regarded unfavorably, although not absolutely declined, by the British Government. Should it be acceded to, it will remain only to make a like reduction to the west coast of South America, to have a uniform rate of one cent an ounce United States postage on pamphlets and magazines between the United States and all foreign countries. Except as above mentioned, I have already reduced the pamphlet and magazine rates, to and from foreign countries, to one cent an ounce, under the authority of a provision respecting foreign postages, in the act of 3d March, 1851.

No reduction has as yet been made in the high transit postage charged on the mails passing through England, to and from the United States; nor has any success attended the measures adopted towards effecting "such arrangements (contemplated by a provision in the 12th article of our postal treaty with Great Britain) for the conveyance of letters and newspapers, and closed mails, through the Territories of the United States, of the United Kingdom, and of France, respectively, as should be most conducive to the interests of the three countries."

While the British Government has been paying the United States twelve and a half cents an ounce for the transit of the British and Canada closed mails between Canada, New York, and Boston, it has been, I think, most unjustly demanding and receiving twenty-four cents an ounce for the transit of the French mails through England, and the effect has been greatly to inconvenience correspondents both in the United States and France, and to postpone, from the date of the postal treaty with England in 1848 to the present time, notwithstanding our repeated requests and demands, the execution of an agreement which would at least conduce to the interests of two of the countries intended to be benfited by the 12th article.

Relying, however, on the justness of the claims of the United States, I have by a communication to the Secretary of State, under date of 19th July last, in answer to one from Lord Clarendon, taken pains to have this whole subject presented in its proper light to our minister at London, who, I doubt not, will use every honorable means to press it to a satisfactory result.

Our negotiations with France with respect to a postal convention between the two countries are still in progress; and, except in regard to two or three important points of difference, the basis of arrangement has been agreed upon. France proposes the quarter-ounce scale for letters, the partial introduction of which into our postal system, it is apprehended, would create confusion and lead to innumerable irregularities in charging and collecting postage. I have deemed it advisable to insist on the half ounce scale now in operation in this country, in England, and in most of the States on the Continent. France also proposes to make a distinction between pre paid and unpaid letters, instead of adopting one and the same rate for all letters whether pre paid or not; which latter plan being the more simple, I am inclined to regard as the best in all international arrangements of this kind, where simplicity of detail in every point of view is so essential. Another question is as to the proportion each country shall receive of the inland postage. On all pre-paid correspondence between the two countries, France proposes to take five to the United States' three cents the single letter, and on unpaid correspondence that the aggregate inland postage shall be ten cents, to be equally divided. Considering the comparative extent and the cost of the mail transportation of the two countries, I have thought it sufficiently liberal on our part to offer to France three-eighths, to the United States five eighths of the inland postage, the sea postage to belong to the party by which the Atlantic conveyance of the correspondence shall be performed. If the modifications I have thus proposed to France are accepted, as I trust they may be, I see no serious obstacle to the early conclusion of a postal arrangement which shall be mutually beneficial, and which is so earnestly desired by the people of both countries.

The pending postal convention between the United States and Belgium awaits only the reduction of the British transit rate, and one or two modifications, before being finally concluded and put in operation.

Our postal arrangement with Prussia seems to operate favorably; but a few of the States in Southern Germany have not yet fully acceded to its terms, and have therefore sent much of their correspondence for the United States through France.

Whether, however, the arrangement can be safely continued, unless the present charge of twenty five and a half cents an ounce British and Belgium transit postage is materially reduced, remains yet to be seen.

From the Auditor's statement annexed, it appears that, after paying the sea, and British and Belgium transportation of the mails conveyed under this arrangement, together with the commissions thereon to our postmasters, the balance in favor of the United States for the period from 16th of Oct, 1852, when the treaty went into effect, to 30th June, 1853, is but $6,199; which sum may be set down as the net United States inland postage on these mails.

By a postal convention, concluded on the 4th of August last, between the United States and Bremen, the main provisions of the arrangement of 1847, heretofore in operation between the Post Departments of the two countries, have been superseded, and the rate of postage reduced from twenty cents to ten cents the single letter. Under the former arrangement, the Postmaster at Bremen acted as the agent of this Department in collecting postages, receiving for his services a commission of twenty per cent. on all money thus collected and paid over to the United States. By the present arrangement, which went into effect on the 13th August, the Bremen Government putting on two steamers to run monthly, alternately, in connection with the United States steamers Washington and Hermann, between New-York and Bremen, provision is made for a due division of the postages accruing from the two lines, and the commission to the Postmaster of Bremen is discontinued. All the States of the German Austrian postal union, respectively, are to have the advantage of the rate of ten cents between the United States and Bremen whenever their postage to and from Bremen for letters to and from the United States shall be reduced to the uniform rate of five cents or less; but on all correspondence for or from such of said States as shall not so reduce their rates, the charge between the United States and Bremen is fifteen cents the single letter. Several of the German States, including the Empire of Austria and the Kingdoms of Prussia and Saxony, have already made the requisite reduction to secure the benefit of the lower rate of ten cents, and it is confidently expected that all will come into this arrangement at an early day.

The reduction of the letter postage by the Bremen line to one-half the former rate offers greatly improved facilities for the correspondence to and from the continent of Europe. The propriety of this reduction will be apparent in view of the fact that the sea postage on all correspondence between this country and Europe has generally, and in my opinion most justly, been considered as quite too high. It is, moreover, as well our interest as our duty to extend to the large and increasing German population of the United States, and to their friends at home, the most liberal means of communication practicable. (A copy of the articles of agreement is annexed, marked D.)

On the 3d of March, 1853, Postmaster-General Hubbard concluded a contract with Messrs. Ramsey & Carmick, of New York, at $424,000 per annum, for service semi-monthly from Vera Cruz, Mexico, by Acapulco, San Diego and Monterey, to San Francisco and back, in thirteen days each way—being an extension of two of the trips on the New Orleans and Vera Cruz line through Mexico, for the purpose of conveying the mail, and thus making one through line in sixteen days between New Orleans and San Francisco; a copy of which was communicated to the Senate on the 11th of March. This contract contains a stipulation that it shall not have any validity unless Congress should sanction it by the passage of an appropriation to carry it into effect. On the 16th of June the Department received a communication from Robert G. Rankin, President of the Ocean Mail and Inland Company, who states that that company is the real party to the contract entered into by Messrs. Ramsey & Carmick, reporting progress towards putting service into execution. To this communication the following reply was sent by me on the 8th of July:

"Your letter of the 13th ult. came duly to hand. My attention having thus been specially called to the circumstances connected with the contemplated line to the Pacific, via Vera Cruz and Acapulco, I feel it my duty, after due deliberation, to inform you that the conditional contract entered into between my predecessor, Mr. Hubbard, and Messrs. Ramsey & Carmick, for the conveyance of the mails over this line to San Francisco, does not meet with my approbation.

"In the first place, as at present advised, I consider the route impracticable for mail purposes.

"In the second place, the sums of money yearly drawn from the Treasury for contracts which have for several years been, and are still in force, for the transportation of the mails between the Atlantic and the Pacific, are very considerable, amounting to about $750,000. In view of this fact, and of the many sections and neighborhoods in the different States which are either greatly restricted in, or deprived altogether of, mail facilities, it appears to me both inexpedient and unjust to go into the expenditure of a still further sum of $424,000 for the service in question.

"Moreover, I disapprove of the principle upon which this contract is made. In my opinion, if the Postmaster-General has the right to make such a contract at all, it ought to be made without the restriction or limitation contained in yours, by which its force or validity is made to depend upon the passage of an appropriation by Congress to carry it into effect. I am unwilling to recognise any contingency of this kind, because although the contractors may, under such conditional arrangement, establish no legal claim for compensation, they may, nevertheless, go on and incur expenses in the expectation that they will be paid, and Congress, more from private sympathy than from public policy or right, be at length induced to yield to a measure to which its prior sanction never could have been obtained."

Since that time the Department has not heard from the Mexican Ocean Mail and Inland Company.

By the 3d section of the act of 3d March, 1853, I was directed to make certain inquiries, and report to Congress for what sums the several services now performed under contracts with the Post-Office and Navy Departments could be performed in case new contracts should be made, upon the supposition that the United States should take the steamers according to contract and sell or transfer them.

In order to get this information, I caused advertisements to be inserted in some of the newspapers in the principal cities of the Union, in which, after referring to the act of Congress, to the stipulations in the different contracts providing for the purchase of the steamers, and to the nature and character of the service required, I invited proposals.

Bids have been received, copies of which and the advertisement are attached, (marked E.) In the tables annexed hereto, (marked F and G) the sums paid the different lines and the proposals to do the same service appear.

It will be seen that the offer to do the service on the line from New-York to San Francisco is much lower than the sums now paid. From New-York to San Francisco the Nicaragua Company propose to carry a semi-monthly mail for a sum not to exceed $300,000 per annum. This includes the Isthmus transportation, and will make the yearly cost to the Government some four or five hundred thousand dollars less than the present.

It is, of course, most desirable that the means of communication between our Atlantic and Pacific coasts should be as free and unrestricted as possible, and that the prices of freight and passage should be brought down to the lowest terms. The present prices paid to the New-York and Aspinwall and the Pacific Mail Steamship lines almost exclude competition, and leave these companies almost a monopoly of the carrying and passenger trade between the Atlantic and Pacific coasts. This state of things must be injurious to our Atlantic States, and must deeply affect the great and growing interests of California and our Pacific territories, and seems to demand from the General Government a withdrawal of the fostering and sustaining aid which it has extended to these lines. Viewed simply in connection with the mails, the Nicaragua company would carry a weekly mail, according to a pro rata, for a much less sum than is now paid the present mail and Isthmus companies for carrying a semi monthly mail. A more frequent communication by mail is most desirable, and will be in a short time if not now imperatively required; and when a proposition is made, by which a weekly line of communication can be established for a much less sum than is now paid for a semi-monthly line, it seems to me that there should be no hesitation on the part of the General Government in adopting it.

For the carrying of the mail between New-York and Liverpool but one proposition has been received. The New York and Galway Steamship Company will perform 26 round voyages per annum between New-York and Liverpool, or such other ports of Great Britain and Ireland as may be directed by Congress, in 48 hours less time than is accomplished by the present contractors, for a compensation to be submitted to the discretion of Congress. The competition on this line, owing to the great amount of investment required, cannot be great. If the design of Congress be to withdraw from the Collins line the very large appropriation which they now receive, the Postmaster-General might be authorized to pay to every steamer running between the United States and England a fixed sum for each single trip, the trips not to exceed a given number per week. If the British Government could be induced to enter into an arrangement by which they should pay a given sum for every mail to the United States, while we paid a like sum for those sent to England, without regard to the nationality of the vessels, except that they should be American or British, the strife which now exists between the Collins and Cunard lines would be at an end; the whole matter would be thrown open to individual competition, the facilities of communication between the two countries would be cheapened and increased, and a direct mail communication with England be extended to every principal seaport town in the Union.

By the same section I was directed to investigate the facts in relation to the contract of A. G. Sloo for the transportation of the mail in ocean steamers from New-York to New-Orleans, Charleston, Savannah, Havana and Chagres, and back, per act of March 3, 1847, for the purpose of ascertaining how far the contract corresponds with the original bids.

By his bids of 15th of January, 1846, he proposed to carry the mail "from New York, via Havana, in Cuba, to "New Orleans, and back, once a week, for the annual "compensation of $200,000," or "once in two weeks for "the annual compensation of $100,000." He also proposed to carry the mail from New Orleans, by Havana, to Chagres, in Colombia, and back, once a month, for the annual compensation of $90,000.

These bids, with one for the line from New-York to Havre and extension to Bremen, were made "upon the "condition that the United States should furnish one-half "the funds necessary to construct the steamships to be "employed on the routes from New-York to Havre and "from New York to New Orleans, or either of them, if "but one should be awarded to him—say $500,000 on each "route; and, if they think proper, to retain a lien on the "vessels for their security and for the faithful performance "of the service." In case his bid for the route from New-Orleans to Chagres were accepted, he proposed that "then "the United States should advance, upon like condition, "$50,000 to build a suitable steamship for the service." The service was all to be in steamships of certain dimensions, described at length in the bid, and "convertible "into ships of war."

He also proposed to carry the mail from New York to Havre, calling at Cowes, and from New-York, by Havana, to New Orleans, or on either of these routes, for the postages on the letters and printed matter conveyed thereon, provided the United States would furnish the funds requisite to build the steamships necessary for the performance of the service; it being understood that they should be built by him under the supervision of a naval constructor, to be appointed by the Government, and that all repairs should be at his, the contractor's, expense.

These and various other propositions for foreign mail service received at the same time under an advertisement of the Post Office Department, dated 4th October, 1845, I find were all reported to Congress in a letter from the Postmaster General, Mr. Johnson, under date of the 9th March, 1846; and to this letter I beg leave to refer, as containing a more particular explanation of the bids in question. (See House document No. 162, 29th Congress, 1st session.)

In this report, Mr. Johnson said that "as the establishment of a line of said vessels (steamships) to Chagres, and "from Panama to Oregon, will require means from the "Treasury, and is of doubtful policy, it has been thought "most advisable to submit the propositions to Congress, "without an acceptance, so that an appropriation may be "made for it, if, in the opinion of Congress, the line should "be established."

Subsequently, under the act of Congress approved March 3, 1847, the present contract was made at $290,000 per annum, for service from New-York to New-Orleans twice a month and back, touching at Charleston, (if practicable) Savannah and Havana, and from Havana to Chagres and back, twice a month.

On the last remaining question, "whether the ships furnished under said contract are built according to its "terms," I applied to the Secretary of the Navy, under the direction of which Department the vessels were constructed, for the desired information, and he has referred me to Executive document of the House of Representatives, No. 91, first session of the Thirty second Congress, as containing all the information on the subject in possession of that Department, including "the contract, the entire correspondence, and the report of the respective boards appointed to examine the Illinois, Georgia and Ohio, the "only vessels (he says) accepted under the law of March 3, 1847." To this document, therefore, I take occasion also respectfully to refer for authentic information on this subject.

The manner in which the mail service has been performed for the year ending June 30, 1853, will appear in the report embracing a statement of failures and irregularities in the transportation, and fines and deductions from the pay of contractors. These fines and deductions will be found to amount in the aggregate to $37,920 31.

All our mail contracts provide for fines and deductions for defective and omitted service. The system is absolutely necessary for securing regularity and precision in carrying and delivering the mails. There is always in the department a disposition to encourage contractors, and to avoid capricious or unreasonable penalties, and in no case is a deduction made without careful investigation of its merits; but in every case of failure, valid and satisfactory reasons must be shown therefor.

A failure to exact fines and penalties, or a disposition to release them when exacted, leads to the grossest irregularities in the service.

The substitution of railroad for coach service has increased the demand for mail bags fully ten fold. During the last fiscal year more than 23,000 new mail bags, of all sizes and kinds, were procured, more than one-third of which were canvas bags or sacks, used almost exclusively for the transportation of printed matter.

Measures recently adopted, and now in progress to effectuate the provisions contained in the first section of the act of 31st August, 1852, will doubtless tend to check waste and abuse in this branch of the service; but such is the continued extension of mail accommodations, it can hardly be estimated that a less number will be required hereafter.

The extension of the building occupied by this Department has been strongly recommended by my predecessors, and the reasons urged by them are every year acquiring additional force. The increasing business of the Department, the limited accommodations for the clerks in the different bureaus and the Auditor's Office, and the want of room for important papers which have now to be placed in the halls and cellars, subject to be destroyed by fire or mildew, require the original design to be completed.

Much difficulty is experienced in finding suitable rooms, especially for Distributing Post-Offices in our larger cities. The amount for rent which can be taken out of the compensations, in many cases is not sufficient to enable postmasters to secure buildings at all fitted for the proper discharge of the business of their offices.

In order the better to serve the public, Post Offices must be located in the business parts of the different cities, where high rents are to be paid, and these the Department is very frequently unable to allow. If Congress would deem it wise or expedient to appropriate moneys to enable the Department to buy or erect suitable places for Post Offices in the larger cities of the Union, much would be saved to the Department, and suitable places could be permanently secured, and the public thereby much better accommodated.

My assistants and chief and other clerks deserve my especial thanks for their prompt and faithful attention to their duties.

JAMES CAMPBELL.

To the President.

REPORT OF THE SECRETARY OF THE NAVY.

The Report of the Navy Department is rather longer than the President's Message. The following is a correct abstract of its contents:

It opens with the usual annual account of the Squadron. After speaking of the African Squadron, it says:

The opinion has heretofore been frequently expressed that there is no necessity for a squadron of so many guns on the Coast of Africa, and that notice should be given to Great Britain, under the terms of the treaty in regard to the suppression of the slave trade, so as to be relieved from its obligations. The commerce on that coast has of late years increased so great, and American ships trading in that region have multiplied so much, that I am satisfied the squadron is needed, and is very effective in protecting our citizens, as well as suppressing the slave trade.

On the conduct of the Commander of the St. Louis, (Mediterranean Squadron,) it thus comments:

In calling to your attention to the movements of this squadron, I cannot omit an especial reference to the conduct of Commander Ingraham, while in command of the St. Louis at Smyrna. An ocean of 10,000 miles separated him from his country, and his small ship was alone in bearing his country's flag. Violence was committed on the personal liberty of a man entitled to the protection of that flag. The perpetrators of the offense outnumbered him in vessels, guns and men. It was a moment of peril, involving honor and life. With prudence and discretion, yet with promptness and spirit, and marked determination, Commander Ingraham gave the protection, and the man is free. Such conduct, under such circumstances, surely entitles the officer to a most significant evidence of the Government's approval.

EAST INDIA SQUADRON.—The extraordinary revolutionary movements agitating the millions of China, and threatening the overthrow of the present dynasty, and the hope indulged of the dawning of a new era in the history of trade and commerce with that singular people, impart unusual importance and interest to the movements of this squadron. In addition to the ordinary duties of the squadron, Commodore Perry was intrusted with the delicate task of endeavoring to open commercial intercourse with the Japanese Government. After visiting several smaller islands and having a favorable interview with their inhabitants, he proceeded with the steamers Mississippi and Susquehanna and the sloops of war Saratoga and Plymouth to Yedo Bay, in Japan, where he arrived on the 8th of July last. After much effort he succeeded in having an interview with one of the Ministers of State, delivered a communication from the President of the United States, proposing to form commercial relations with Japan; gave notice of his intention to return in the ensuing spring for a reply to his proposition, and after making considerable surveys of the coasts and harbors, returned with the squadron to China to give all needful protection to the interests of Americans.

THE FISHERY SQUADRON.—No complaints were made to the Commodore by any one of illegal or harsh proceedings on the part of the English squadron stationed in those waters, and but one case of seizure was reported to him. This vessel, however, was released upon payment of expenses incurred in the Admiralty Court by the proceedings in the case, notwithstanding the admission by the master of an infraction of the treaty. It is believed that every effort was made to assure our countrymen of protection in the enjoyment of their rights, and that the duties confided to the squadron were executed with fidelity and zeal.

THE NAVAL OBSERVATORY, under the superintendence of Lieut. W. F. Maury, is doing much for the service and navigation, and much for the benefit of mankind and honor of our country.

For a few years past correspondence had been conducted between the United States and certain other Governments on the importance of adopting some uniform mode of making observations at sea. Ascertaining that various Governments designed being represented at Brussels, in pursuance of scientific suggestions, with which Lieutenant Maury had been conspicuously connected, I felt it my duty to relieve him temporarily from service at the Observatory, with a view to his visiting Brussels. The result of his labors in conjunction with other eminent persons, will, I have no doubt, prove vastly beneficial to commerce and navigation.

NAVAL ACADEMY.—This interesting institution is rapidly supplying the Navy with numbers of educated and accomplished young men whose early training, discipline and instruction, under the guidance of learned Professors and experienced officers, particularly fit them to adorn the service. The beneficial results already witnessed demonstrate satisfactorily that it is now sustaining the same relations to the Navy that West Point Academy bears to the Army. It is well worthy of the fostering patronage of the Government. There are, however, certain facilities not now in existence at the Academy, which, in consideration of the fact that steam is being recognized as the powerful agent in naval welfare, I deem all important to give completeness to the education of an officer. The practice ship of the Academy should be a steamer, and there should unquestionably be a machine shop of cheap and limited character on the premises. I feel that I cannot too strongly invite attention to this subject, as, in the progress and advancement of the age, this early training of a young officer is peculiarly calculated to improve his fitness for responsible service. But, in order to familiarize the young midshipman with all the minute facts of the machinery of the steamship, it is proposed that, on a cheap and small scale, a machine shop be erected on the premises of the Academy, embracing a complete collection of the various parts of engines and boilers, with a full set of tools, to be used by the proper professor in imparting instruction in his department of mechanics.

There are now at the institution one hundred and sixteen students. The first class, under the regulations of 1850, will graduate in June next.

Your attention is invited to the report in reference to the Academy, from the Bureau of Ordnance and Hydrography; the annual report of the Board of Examiners, in relation to the discipline and organization of the Academy; and also the report of the Commandant of the Midshipmen as to the late cruise of the practice ship Preble. I concur in the opinions often expressed in reports heretofore submitted to the Executive, that it would be good policy to authorize the President to appoint annually ten midshipmen at large. It is well known that this rule exists in regard to the cadets at the West Point Military Academy. Its application to the Naval Academy will extend the benefit of the institution to a class of youth, who, under the present system of restriction to a residence in Congressional Districts and to representative recommendation, are excluded.

THE YARDS AND DOCKS of Kittery, Charlestown, New-York, Philadelphia, Washington and Portsmouth he has visited and he reports them to be generally in excellent condition. A Navy Yard is very much needed in California, and no time will be lost in accomplishing the work as soon as certain legal impediments he enumerates are removed.

The suggestions made by those who have preceded him touching the policy of a Naval Establishment at New Orleans, are commended to a favorable consideration, provided, however, it is previously ascertained by proper surveys that the bar will admit of the approach of vessels of war.

RULES AND REGULATIONS.—The importance of further legislation on the subject of the law for the better government of the Navy was approved in April, 1800. This law still exists for the government of the Navy, having but little altered, with the exception of that part relating to corporeal punishment. Many amendments of that law, with a view to economy of time and money, have been rendered important and necessary on account of the great expansion of our country. It is not adapted to our present condition. When it was passed, our ships of war on the coasts of Florida, Texas and California, were acting out of the United States, and its provisions as to courts martial could be conveniently enforced. But if a large squadron should be at San Francisco, however important early action might be for convening or dissolving a court martial, there must now be delay until the Department at Washington can issue the necessary orders, in each case. The rules and regulations were adopted in 1818, under the Act of 1815. They need much modification. Controversies between the sea and civil officers of the Navy, in regard to rank, have arisen, and will continue until adjusted by legislation. I see no objection to the assignment of a proper rank to the civil officers of the Navy, not merely as a gratification of pride, but to prevent discord. It exists in other navies, and in our Army.

INCREASE OF THE NAVY.—The result of my investigation of this subject is a decided conviction that the maintenance of our proper and elevated rank among the great Powers of the world, the just protection of our wide spread and growing commerce—the defense of our thousands of miles of coasts along the Atlantic and Pacific Oceans, the Lakes and the Gulf of Mexico—the recent marked improvements in the art of naval architecture, adopted by other nations—all unite in demonstrating the policy, the necessity of an increase of the Navy.

It is true, indeed, our policy is peace. No lust of dominion, no spirit of aggression marks out our course. Our national mission is by the moral force of example, to illustrate the blessings of liberty and peace, civilization and religion. But the reasonable inquiry is, can peace be best maintained by the exhibition of comparative weakness, or by a display of strength, and a preparation which, while it invites not a conflict, at least does not decline one. What are the objects of a Navy? What the considerations to guide us to a correct conclusion as to the size and character of the naval force of a Republic? Situated geographically and politically as the United States, do not wisdom and prudence admonish a careful statesman, in his calculation for the future, while he takes thought of the commerce, the rights, and the coast to be protected by this right arm of defense at the same time, not to be unmindful of the comparative force, efficiency and character of the navies of the Great Powers, with whom, with all our cherished love of peace, we may have to contend!—is it the suggestion of a sound discretion to rely exclusively upon the sudden preparation of a patriotic people when the perilous emergency starts up before them, and shut our eyes with quiet composure to our real condition, or is it wisest to make that preparation which a considerate glance at the true state of facts shall persuade us is essential to our security? I believe it is only necessary to present the case, as it truly exists, to the attention of those who have the power, to produce the desired results. *The American Navy consists of about 70 vessels—embracing all, from the ships of the line to the smallest brig, schooner and store ships. Of these, many ships of the line, frigates, steamers and sloops of war, are not only unfit for service*, but I am advised by the Bureau of Construction, Equipment and Repairs, *are not worth repairing. There are not now in the Navy 10 vessels which could be brought into service in 90 days, if needed.* There is no steamer in the Pacific or African squadron; but one of two guns in the Brazil squadron, and no steamer of more than ten guns. The law only authorizes the enlistment of 7,500 men, which, with an allowance of a proper complument for each vessel, would not man a fleet of 50 vessels, with a fair proportion of large ships. On referring to authentic papers, it will be found that in *point of size*, at least, our Navy is much less than one-fifth of that of the greater Powers of Europe, and what ever may be its relative superiority and efficiency, is not larger than that of certain other Powers of Europe which are not of the first rank in the scale of nations; and however much we may desire to cultivate terms of amity, these are the powers with whom we are most likely to contend in future conflicts, and the great deep is the theater on which future contests may be decided. I am not unmindful of the mighty development of strength and force which the patriotism, the energy, the material skill and mercantile marine of a great nation would soon rally to our assistance. Other nations, in addition to *their* large navies, have *their* immense mercantile marine, and *their* mail steamships also; but again—what have we to defend and protect? We have an Atlantic coast of much more than two thousand miles, stretching from the Rio Grande to the St. Croix. Studded with magnificent cities and thriving towns, we now have a Pacific Coast extending for many hundred miles, from the confines of Mexico to the far Northwest, an inviting country rapidly populating—totally unfortified. Separated by mountains and deserts from the military power of the Government, a new empire has as by magic sprung into existence. San Francisco promises at no distant day to become another New York, and our prosperous trade in the Pacific, amid the wonders of commerce, to bear the same relation to China and Japan which that of the Atlantic Coast bears to the Continent of Europe and Great Britain. We have over four millions of tonnage. American vessels freighted with the rich fruits of American industry penetrating every sea, and thousands of our countrymen, whom busy enterprise has borne to distant lands, or whom misfortune has wrecked on some inhospitable shore,—all look to their country's flag to protect them.

Is our present Navy sufficient for all these great purposes of defense and protection? I am very far from intimating an opinion that we should steadily maintain a naval force so large as that of some of the powers mentioned. They have large colonial settlements on islands and continents remote from their seat of Government. Their jealousies, their proximity to each other, their peculiar form of government, all combine to require for their purposes a far larger naval force than we need; but while they are annually enlarging theirs, shall we allow the disparity to become greater? The following warning admonition on this point by Washington, in his eighth annual message, enforces this view: "To an active external commerce "the protection of a naval force is indispensable." This "is manifest with regard to wars in which a State itself is a party. But, beside this, it is in our experience that the most sincere neutrality is not a sufficient guard against the depredations of nations at war. To secure respect to a neutral flag, requires a naval force, organized and ready to vindicate it from insult and aggression. This may prevent even the necessity of going to war, by discouraging belligerent powers from committing such violations of the rights of the neutral party as may first or last leave no other option."

These considerations invite the United States to look to her means and to set about the gradual increase of her Navy. Will it not, then, be advisable to begin without delay to provide and lay up the materials for the building and equipping of ships of war, and to proceed in the work by degrees, in proportion as our resources shall render it practicable, without inconvenience, so that a future war of Europe may not find our commerce in the same unfortunate state in which it was found by the President? I take it to be a fair proposition that our Navy should "*at least "be large enough to command our own seas and coasts.*" Otherwise it would seem to be not only a useless appendage, but fall an easy prey to the enemy, and add to his strength. And in view of this point, it may be well to remember the positions overlooking our home commerce—the Bermudas, and West Indies, well fortified and held by other nations. It may be said that we have strong fortifications, and that they can be relied upon for defense.

But our fortifications, with their conceded importance, without a Navy have well been compared to a shield without a sword. Perhaps it may be alleged that our Navy was comparatively small in the war of 1812, when our officers achieved brilliant victories, won for themselves imperishable renown and broke the charm of the enemy's naval invincibility. Those were indeed great achievements. And we still have proud spirits in the Navy, whom opportunity would call forth, and who would again accomplish all that valor and patriotism could accomplish. But without enlarging upon the circumstances which helped to occasion success then, or dwelling upon the disasters that then befel our commerce, when we call to mind the formidable, growing, and, in numbers at least, the overwhelming strength of the navies of the many great nations with whom we claim equal rank, may it not be well to consider that it may even be possible to tax too severely the valor and skill of our small Navy, however gallant? As, however, we have enjoyed a season of profound peace, with the exception of the war with a nation without a navy, it is perhaps not to be regretted that we have deferred enlarging ours thus long, as we can now advantageously avail ourselves of the vast improvements suggested by the tests of experience, and the inventive genius of architects of our own and other countries. Steam is unquestionably the great agent to be used on the ocean, as well for purposes of war as of commerce. The improved system of screw propellers, instead of side wheels, is one of the grand desiderata to render the use of steam effective in naval warfare, the one being merged and comparatively secure. When the bayonet was added to the musket, the invention was applauded for placing in the hands of the soldiers, at one time, the two engines