duty on raw hides and skins, and the removal of all duties from a large class of articles produced by other countries which compete with the manufactures of this country, and which are not produced in the United States, and the revenue from which is inconsiderable, such as the revenue derived from certain sources of secondary importance, and will be submitted to Congress. The removal of duties from a large class of articles used in manufactures should be followed by a corresponding reduction of internal taxes, and an opportunity for a moderate increase of the rates of duties upon the articles which should still be retained, and by the change of duties upon articles which should be retained, Congress cannot be more doubtful as to the public prosperity than a policy which should destroy or seriously disturb the manufacturing interests of the country, it is but a proper exercise of the power which belongs to the condition of business and labor, to reduce the rates of duties with benefit to every class of people.

WHY THE CURRENCY IS NOT AT PAR.

The average premium on gold for the year 1868 was 33 per cent., for the year 1869 it was 24.36 per cent. premium. For the year 1870 it was 14.35 per cent. premium and for the first seven months of the year 1871 it was 7.75 per cent. The value of the paper currency of the country during the years 1869 and 1870 was apparently appreciated by the increased use of paper money in the South, but chiefly by the establishment of credit of the United States upon a firm basis. On the 1st of January, 1871, the authorized fact was fully accomplished, and since that time the appreciation of the paper currency has been due wholly to the increased demand for it in the business affairs of the country. The difference between the value of paper money at the present moment and its value on the 1st of December, 1870, may be attributed to the latter cause, and for what the best means which the country has yet had for ascertaining the quantity of paper currency which can be used and it has been kept at par with gold. The result of its concurrence with what seems to me to be the best opinion on the subject, that the amount of currency in circulation should be increased at the rate of $4 in value for each year thereafter, and that the amount of currency which may be issued to National Banks, as provided by the act of June 3, 1864, be limited to the present lot or by the purchase of United States bonds.

On the 5th of October last I wrote a letter to Gov. Tailor requesting him to recommend to the Legislature the passage of an act granting authority to the Comptroller of the Currency to issue additional notes to banks, if such should be required in case the Government should be needed to obtain by purchase a reasonable price for its bonds to be made upon the market. In every case the site for a building erected by the Government should be large enough to separate it from all other structures, thus furnishing sufficient light for the safety of the occupants, and a reasonable security against fire and the depredations of lawless persons. It is hardly necessary to say that in the existing condition of the market of Chicago the Government, at an expenditure, available during the present fiscal year, should be made without unnecessary delay.

NEW PUBLIC BUILDINGS.

Since my last annual report the Supervising Architect has completed the Custom House, Court House and Post Office at Portland, Me., the Court House and Post Office at Dubuque, Iowa, the Custom House and Post Office at Madison, Wis., the Appraisers stores at Boise City, Idaho. It is now expected that the Custom House and Post Office at Milwaukee, Wis., the Marine Hospital at Chicago, Ill., the Court House and Post Office at Astoria, Oregon, the Custom House at Machias, Me., the branch Mint at San Francisco, Cal., the Custom House and Post Office at Burlington, Iowa, will be completed and ready for use by the first day of July next. At that time there will be in an unfinished condition the Custom House and Post Office at Columbus, Ga., the Custom House at New Orleans, La., the Custom House at Charleston, S. C., the Custom House and Post Office at Knoxville, Tenn., the Custom House and Post Office at Portland, Oregon, the Custom House and Post Office at New York, the Post Office and Independent Treasury at Boston, and the Custom House and Post Office at Cincinnati. Active prosecution of these works, some of which are of great importance, in connection with public building to be erected at Chicago, and the erection of marine hospitals at Pittsburgh, Saint Paul and New York, will, with a moderate job, sufficiently occupy the supervising architect of the Treasury and the force at his command. I cannot, therefore, advise the appropriation for other public buildings until some of those in a course of construction shall have been completed. The posts at which the erection of new public buildings is most needed are Hartford, Indianapolis, Cincinnati, St. Louis.

THE COAST NEAR NEW YORK.

The act passed at the last session of Congress for the purchase of the property of the Coast Survey, which is now in active operation, will be carried into effect. The lighthouse, fog signal and other appropriations made by the last session of Congress for the benefit of the lighthouse establishment have been expended in the manner indicated in the last report of the Secretary of the Treasury. The lighthouse vessels have been employed in the service for which they were intended, and have been kept in good condition. The lighthouse establishment of the Pacific coast, which was in a very unsatisfactory condition, has been put in good order. The lighthouse establishment of the Atlantic coast, including the Gulf of Mexico, and the Pacific coast, need the appropriations for the completion of works now in progress of construction, and for the commencement of such works as are most urgently required by the commerce of the country. The Lighthouse Board, which, by virtue of a law of Congress, is composed of officers of the Navy, and of which the Secretary of the Treasury is ex-officio president, has been of great service in the management of lighthouse business.

The Revenue Marine Service for the year ending June 30, 1871, were $1,919,945. A small portion of the revenue vessels were employed during the first quarter of the fiscal year in the service of the War Department, and the expenses of such service were reimbursed to the Treasury. The revenue vessels have been employed in the service for which they were intended, and have been kept in good condition. The reduction of the force and a consequent reduction of the expenditure have taken place.

The Revenue Marine Service for the fiscal year ending June 30, 1872, were $1,919,945, a sum equal to the amount appropriated for the current year. The first quarter of the fiscal year ending June 30, 1872, will show a reduction of the force and a corresponding reduction of the expenditure.

MINTS AND ASSAY OFFICES.

A bill passed at the last session of Congress for the purchase of the land and buildings of the Pacific Mint in San Francisco, but failed in the Senate, but failed in the House of Representatives, though it received a favorable report from the Committee on Coinage, Weights and Measures. I hope that the subject will receive the favorable consideration of Congress. All the Mints and Assay Offices are now in a condition to be well managed and to be of great service to the Treasury Department, which, by virtue of a law of Congress, is charged with the duty of assaying all the gold and silver bullion which may be offered for coinage. The Mint at Carson City, Nevada, which was established by the Secretary of the Treasury, under the authority of a law of Congress, has been in operation for a short time, and has been of great service to the mining interests, and prices were advanced 40@50c. $ lb. from the closing rates of last week on all good grades of Western, but the margin still ruled very wide between the extremes, and prices were nominally 1@2c. $ lb. lower than the opening rates of last week, with a large range of 92@100c. $ lb. with a few at 102@103c. Fair to good sheers were generally sold at 100@102c. A car load of Texas sold at 100c. A car load of Colorado sheers and lambs were 3@12 without separating, at 70@72c. $ lb.

The arrivals of hogs since Saturday were 158 cars, or 17,214 hogs, making 46,858 for the week, against 52,701 last week, and 24,551 for the corresponding week last year. The market was weaker and 15c. lower on the average than last week, and 25@50c. for the best grades, and 50@75c. for common to prime sheep, with some extra lots sold at 6¾@7c. and cows, for common to extra lambs. Many of the hogs of Canada sheep and lambs were 1@2 without separating, at 7@7½c. $ lb.

The arrivals of hogs since Saturday were 158 cars, or 17,214 hogs, making 46,858 for the week, against 52,701 last week, and 24,551 for the corresponding week last year. The market was weaker and 15c. lower on the average than last week, and 25@50c. for the best grades, and 50@75c. for common to prime sheep, with some extra lots sold at 6¾@7c. and cows, for common to extra lambs. Many of the hogs of Canada sheep and lambs were 1@2 without separating, at 7@7½c. $ lb.

They are still encouraged by the same means, and it is unreasonable to expect that our merchant and ship builders can successfully compete with the formidable combination unless they are supported by the power of their own Government. After careful consideration of the whole subject I am prepared to advise the passage of a law guaranteeing to persons who may employ in the foreign trade American built first-class iron steamships of not less than 2,000 tons under each, an annual payment for the period of five years of the sum of $15 per ton. The subsidy should be proportionately less to vessels of lower classification. In making this recommendation I do not assume that there is no other practicable method of relief for our commerce, but I prefer it as the method which appears to me the most efficient and economical.

FREIGHT SHIPS FOR THE NAVY.

Connected with this plan it will be wise to consider whether the ships may not be so constructed as to be available for naval purposes, and in case of emergency for the service of the United States to take them upon payment of their appraised value. A similar suggestion was made by the Secretary of the Navy in his report for the year 1869. They should also be required to carry the mails on moderate terms or in consideration of the subsidy. The use of sailing vessels and steamers built of wood may be continued successfully in the coasting trade, the trade with the British possessions, and upon the rivers and lakes of the country, but any effort to regain our former position on the ocean by their agency must end disastrously.

I certainly am of the opinion that the policy suggested will be effectual, and that in a comparatively short period our mechanical and other arts will acquire equal skill with those of England, and that we shall not only have the art of the best machinery now in use elsewhere, but that important improvements will be made, and shall place the country in a position of superiority. We shall also be able to test practically the quality of American iron which for the purpose of shipbuilding is represented to be superior to that which is used in Great Britain. It is shall appear, as is claimed, that American iron is about ten per cent. better than the iron used in England, and that the cost of the American iron is the difference between the cost of the iron in the United States and the cost of the iron