PROCEEDINGS OF CONGRESS.

Report of the Senate Naval Committee on the Morgan Ship Purchases.

CENSURE OF THE SECRETARY OF THE NAVY.

Report of the Potter Investigating Committee.

Interesting Revelations Respecting the Traitors in the Employ of the Government.

Proposed Secret Sessions of Congress on Subjects Pertaining to the Rebellion.

Alterations in the Law Relating to Newspaper Postage.

The Military Academy Appropriation Bill Passed,

&c., &c., &c.

THIRTY-SEVENTH CONGRESS.

FIRST SESSION.

Senate.

WASHINGTON, Jan. 27, 1862.

Several petitions in favor of emancipation of the slaves were presented.

Petitions were also presented for the employment of homœopathic physicians in the army.

NATIONAL ARMORY AT THE WEST.

Mr. SHERMAN, (rep.) of Ohio, presented a petition from the Mayor, &c., of Springfield, Ohio, for a national armory there.

Mr. LANE, (rep.) of Ind., presented a petition from the Board of Trade of Indianapolis, in relation to a national armory.

THE PUBLIC LANDS.

Mr. KING, (rep.) of N. Y., presented a petition against all further traffic in the public lands.

THE COAST SURVEY.

Mr. HARRIS, (rep.) of N. Y., presented a memorial from the Chamber of Commerce, and others, in favor of the continuation of the coast survey.

FRAUDS ON THE GOVERNMENT.

Mr. HARRIS also presented the resolutions of the Assembly of the State of New York relative to frauds committed upon the government, &c.

REPORT ON THE MORGAN NAVAL PURCHASES.

Mr. HALE, (rep.) of N. H., from the Naval Committee, made a report in relation to the answer of the Secretary of the Navy to the resolution in regard to the "Morgan contracts."

SUPPRESSION OF THE REBELLION.

Mr. WADE, (rep.) of Ohio, offered a joint resolution in order to develope, concentrate and bring into effect the mechanical resources of the United States for the suppression of the rebellion and future defence of the country. The Superintendent of the Census is authorized to perform such things under the direction of the Secretary of War, and to collect such war statistics as in the judgment of the Secretary of War may be right and proper.

Mr. GRIMES, (rep.) of Wis., opposed putting the Superintendent of the Census under the direction of the Secretary of War.

On motion of Mr. FESSENDEN, (rep.) of Me., the latter part of the resolution was modified so as to read "the Superintendent of the Census is authorized to furnish the Secretary of War with such war statistics from time to time as the Secretary of War may deem necessary for the use of the Department."

The resolution was then passed.

ALTERING SAILING VESSELS INTO STEAMERS.

Mr. HALE offered a resolution that the Secretary of the Navy inform the Senate what was the cost of the Pennsylvania, and how many cruises she had made; also, where the ship Alabama was built, what was her cost, whether she was fit for a sailing vessel, and whether she could be altered into a steamer, &c. Laid over.

THE AFRICAN SLAVE TRADE.

Mr. WILSON, (rep.) of Mass., introduced a bill for the more effectual suppression of the slave trade. Referred

THE FRANKING PRIVILEGE.

Mr. KING presented a resolution from the Legislature of New York instructing Senators to vote for the abolition of the franking privilege. Referred.

SECRET SESSIONS OF CONGRESS.

Mr. WADE called up the resolution making an addition to the joint rules of both houses, as follows:—That when any member of the House or Senate shall rise in his seat, and shall say that the Executive department of the government desires immediate action on any matter pertaining to the suppression of the present rebellion, the House or Senate, as the case may be, shall go into secret session and proceed to the consideration of the measure proposed, and the debate thereon shall be limited to five minutes for each speaker; and the vote thereon shall be taken before the adjournment of the secret session. Any branch of the secrecy, unless the injunction is removed, shall be punishable by expulsion if by a member, and if by any officer of the House or Senate, as the body in which it occurs shall impose.

Mr. WADE moved the resolution be so modified as to strike out the limitation of the debate to five minutes, though he thought we never learned anything after a person had spoken for five minutes.

Mr. SUMNER, (rep.) of Mass., offered an amendment, that the question of going into secret session shall be submitted to the body in which it is proposed, and if the majority decide to do so, then go immediately into secret session without debate.

Mr. FESSENDEN had no objection to the resolution, and no objection to the amendment of the Senator from Massachusetts, if it referred only to the Senate; but this was a joint rule, and the House would be in a position to go into secret session.

Mr. FOSTER, (rep.) of Conn., did not believe in what was facetiously called secret session. He thought what transpired in secret session was reported sooner than what took place in open session. He did not think secret sessions an element of power. He did not object to the resolution, however, but he was opposed to giving either house power of arbitrary punishment over an officer of its body.

Mr. TRUMBULL, (rep.) of Ill., was glad the resolution was offered. He said for some reason the whole country felt more hopeful, and thought the army should be used to put down the rebellion. There seemed to be more activity and preparation for movements. He thought this was due to the War Committee. He did not believe in secret session. The people ought to know all that was done; but if the Senate thought it necessary to do certain business in secret session he did not object. But it was a great power to put in the hands of any single member to compel either body to go into secret session. He said it was the rule now to expel any member who divulged the proceedings of the secret session; yet what do we see now? Nearly everything published the next day and exaggerated. He would rather have the regular report than these garbled accounts.

Mr. CHANDLER, (rep.) of Mich., urged the necessity of the measure, but would leave the punishment to the discretion of the body. If there was a traitor in the body who divulged the secrets he would hang him.

Mr. HALE wanted to say a single word about the disgrace of having garbled reports of everything done in secret session, and gave notice that in future if he saw the rules relative to secresy broken he would bring the subject to the notice of the Senate, and endeavor to have the offender punished.

Mr. WADE said there were measures which ought to be considered in secret session, and if we had this rule he should move secret session on them immediately. If they were considered in open session the rebels would know all about them in an hour. The Senator did not seem to realize that we were in war; indeed war was so much like peace he might not think we were in war; but the committee, of which he was a member (Committee on War) determined that something should be done. We must act with the Executive Department, or else force the Executive to take powers which belong to Congress.

The resolution was modified so that when any member makes a motion to go into secret session the doors shall be shut and the member state the reasons, and the majority determine whether to continue in secret session.

On motion of Mr. SHERMAN the subject was postponed till to-morrow.

THE CASE OF MR. BRIGHT.

Mr. LATHAM, (opp.) of Cal., proceeded to speak at length in favor of Mr. Bright. He contended that public opinion of March 1, 1861, was different from what it is now, and the Senator from Indiana was not to be judged by opinion now for what he did when opinion was very different. If the letter, written by the Senator from Indiana, had been read in the Senate on the 2d of March it would have fallen harmless. He referred to and read the speech of the Senator from Texas (Mr. Wigfall), delivered on the 2d of March, which was full of treason, yet no notice was taken. He also referred to the speech of Mr. Toombs on the 2d of January, declaring that the South had armed themselves. Yet these men were allowed to go home. If from these speeches the Senator from Indiana knew that war was inevitable, other Senators must have known it, and they are equally guilty for not having these traitors arrested. None of those speeches were believed by the people of the country, and none of these Senators were expelled or their names left off the roll till July. He claimed that on the 1st of March there was no war, and no one dreamed that war would ensue. Congress did not believe there would be any war, for it adjourned on the 4th of March without even the introduction of any measures calculated for a state of war. He quoted the inaugural of the President and the speeches of Messrs. Mason, Douglas and Fessenden, all made after the letter was written, and all asserting that there was no war. He also quoted the Secretary of State's instructions as late as the 10th of April, stating that there was no war. The mails were not stopped till May. He contended that all these facts showed conclusively that no one believed there would be war, and there could be no disloyal intent in the mind of the Senator from Indiana, when he wrote the letter as early as the 1st of March. Many newspapers are now howling for blood. The Senator from Indiana was then willing to let the Southern States go in peace rather than have war. He read an extract from the New York Tribune of November 6, 1860. The Senator from Kentucky seems to find fault with the Senator from Indiana because he voted for Breckinridge. He (Mr. Latham) also voted for Breckinridge.

Mr. DAVIS (Union), of Ky., said he complained because of the electoral ticket ran in Indiana, when the only object was to ensure the defeat of Douglas and the election of Lincoln. He asked if the Senator from California subscribed to the doctrine of State rights, as taught by the Virginia politicians.

Mr. LATHAM said he was not to be diverted into the discussion of party politics. His views on State rights were well known, but he had always opposed the doctrine of secession from the first.

Mr. DAVIS was glad to hear it. He thought the doctrine of State rights, as entertained by the Virginia politicians, created all the political mischief, and debauched the public mind.

Mr. LATHAM continued—He was opposed to the prescription of any man for political opinions. The bells of time are ringing changes fast, and the old landmarks of the constitution are fading away. The liberty of the press is gone, and citizens are rotting in political bastiles beyond the power of the habeas corpus. If the government would cling to the constitution we must triumph as sure as night succeeds day; but if not, he feared we were on that stream which bears nations down to the great ocean of oblivion, to be forgotten for ever and ever.

The Senate went into executive session, and subsequently adjourned.

House of Representatives.

WASHINGTON, Jan. 27, 1862.

MILITARY ROAD TO DENVER CITY.

Mr. WAITS, delegate from New Mexico, introduced a bill in aid of the construction of a military road west of the Missouri river, via Forts Leavenworth and Riley, to Denver City. Referred to the Select Committee on the Pacific Railroad.

ALTERATION IN THE RATES OF POSTAGE ON NEWSPAPERS.

Mr. COLFAX, (rep.) of Ind., introduced a bill to render more uniform the postage on printed matter. Referred to the Post Office Committee. He said, in explanation, that instead of the three hundred rates now existing on printed matter, it provided for three. On newspapers less than two ounces in weight, and on which postage is now chargeable low, it makes the postage five cents per quarter; for weeklies, when carried less than ten thousand miles, ten cents; for semi-weeklies, &c., according to the number of issues per week, and on magazines and periodicals a half cent per ounce, and on books and other mailable matter sent through the mails, one cent per ounce; when over two thousand miles, double postage. He said this would simplify the rates so that every postmaster and subscriber could understand them clearly, which they could not now, and it would supersede the rates of three and a quarter and six and a half cents per quarter, which no one could pay exactly in any federal coin.

DEBATE ON THE SLAVERY QUESTION.

The House went into Committee of the Whole on the West Point Academy bill.

Mr. MENZIES, (Union) of Ky., in reply to the gentleman who preceded him in debate, explained the position of Kentucky neutrality, which, he said, was the policy adopted by the disunionists, so that they might for awhile enjoy the benefits of the Union without sharing in the responsibility for its preservation, and finally carry over the State to the rebels. The disunionists in Kentucky acted worse than the rebels of the revolted States, because they tried to transfer that State to the rebels when they knew that a large majority of the people were against it. The Union men of Kentucky have done as much for the general government as they possibly could under the circumstances, and of this the administration is aware, and appreciated it. He (Mr. Menzies) combatted the principle enunciated by Mr. Stevens, of Pennsylvania, to emancipate the slaves of the rebels, and to compensate loyal masters for this description of property. He (Mr. Stevens) must have obtained this idea from that illustrious man, James Buchanan, whose representative he was, living in the Lancaster district.

Mr. STEVENS, (rep.) of Pa., disclaimed intimacy with Mr. Buchanan. He had not spoken to him since he attempted to make Kansas a slave State.

Mr. MENZIES (resuming) alluded to the Ostend Manifesto, in which Mr. Buchanan, with other abler Ministers to foreign courts, advocated the purchase of Cuba. This was to buy property of a foreign Power; but the proposition of Mr. Stevens was to buy the property of loyal citizens without consulting them as to the price. He (Mr. Menzies) stood by the constitution of his fathers, which could not be perverted to the scheme of general emancipation. The plea of necessity was no justification. No such necessity exists. The executive branch of the government is with us for the preservation of the constitution and the Union and for carrying on the war according to the platform offered by Mr. Crittenden and adopted in July last. Our conduct should at least be so shaped as to do the least injury to loyal men. When the rebels shall have repented of their sins and eaten of the husks which the swine should eat, he (Mr. Menzies), for one, would receive them back. This was the first point at which he wished to have any peaceable intercourse with them.

Mr. RIDDLE, (rep.) of Ohio, said this question of slavery is in, over and through everything; politically speaking, it is everything. He maintained that slavery is war, prosecuting its own purposes through its own means of aggression and conquest, and when the people of the free States resolved to put a limit to the further extension of the war, slavery took up its old war club. The election of Mr. Lincoln had nothing to do with this war, in the event of the election of Mr. Douglas, with a slight difference, the same contest would have ensued. In the fundamental law slaves are known only as persons, and legislation by Congress is without limitation as to persons. There is the amplest power within the limits of the constitution for changing the personal *status* of these slaves. He would confiscate the property of rebels; declare them free. Reasons might be found to go further than this. According to present policy we are allies of our enemies against ourselves. A nation which goes into this contest so mincingly, befooled and besotted, will find in the end there is indeed a death struggle. Gentlemen who turn their pallid faces away and hold their weak stomachs, must go to the rear, while the brunt of the battle will be placed in other hands. Wherever he could find constitutional right to deal with slavery he would strike it a blow, and pray God to make the blow effectual. The people are in advance of the President, ahead of the slow, halting progress of argumentation; the wisdom of the radical forces has produced a radical movement, not among politicians, but among the races of men.

Mr. SHEFFIELD, (opp.) of Rhode Island, expressed his surprise at the sentiment here enunciated that Congress has power by a single enactment to emancipate all the slaves held under the laws of all slaveholding States; and after this announcement, he was not at all surprised to hear the principle asserted that in a certain emergency Congress had power to declare a dictator to control the government. According to his view the constitution was a compact of the entire people with every individual by which government is bound to afford protection, and the people to render obedience on the terms and conditions set forth in the constitution. We cannot take property excepting by due process of law, and this provision is governed by the other prohibiting the passage of any bill of attainder. The constitution must be taken as a whole, not in detached parts. It is an instrument of delegated and limited powers. We have no right to instruct the Executive in the discharge of his duties any more than the Executive has to instruct Congress how they shall perform theirs. The powers of Congress end when the armies are in the field; then the President is at the head of them. The laws of peace give way to the laws of war. A state of peace is inconsistent with a state of war. The two cannot exist together. He argued, quoting from the Supreme Court decisions, to show the execution and direction of war is with the President. According to the laws of war he had no doubt the President in marching the armies in the enemies' country, has the right to order the capture of the personal property of the rebels, but he would not undertake to legislate rebellion down. He would put it down in the only way it could be put down, namely, by fighting, and after the war was over he would act in reference to the slaves with the best light he should then have. He believed Congress has now nothing to do with the question. They should not be divided in council, but unite all their energy in prosecuting the war.

THE WEST POINT ACADEMY BILL PASSED.

Promiscuous debate was here closed, when the Military Academy Appropriation bill was read, and reported to the House without amendment, and passed.

THE EXECUTIVE, JUDICIAL AND LEGISLATIVE APPROPRIATION BILL.

The consideration of the Executive, Judicial and Legislative Appropriation bill was resumed.

Mr. F. A. CONKLING, (rep.) of N. Y., moved an amendment that no provision in a bill shall be combined as giving authority to any Senator or representative to receive more than two mileages for this Congress.

The CHAIRMAN ruled the amendments out of order, as independent legislation.

Without concluding action on the bill the House adjourned.

PURCHASES OF NAVAL VESSELS.

The Senate Committee on Naval Affairs in Reply to Secretary Welles.

The Committee on Naval Affairs, to whom was referred the letter of the Secretary of the Navy, in answer to a resolution of the Senate of the 9th instant, relative to the employment of George D. Morgan, of New York, to purchase vessels for the government, ask leave to report:—

That they have given to the subject that careful consideration which its important character seemed to demand, and they now submit the result of their examination to the Senate. By the letter of the Secretary the committee and the Senate are relieved from all embarrassment as to the evidence of the transactions under consideration, as the facts are plainly stated by the Secretary, who, without endeavoring to conceal or cover up any of the prominent features of the case, claims in his letter that it is a matter for praise rather than censure, and that his conduct was the faithful fulfilment of his public duty; and Mr. Geo. D. Morgan, the agent employed, and who admits in his letter to the chairman of the Committee on Naval Affairs in the House of Representatives, which the Secretary of the Navy adopts and makes a part of his report to the Senate, that he has already received seventy thousand dollars ($70,000) for the brief period of a few months in which he was employed, solemnly declares, upon his character and responsibility as a merchant and a man of business, that he regards the system adopted by the Secretary as wise, and, if faithfully and well carried out at this time, highly conducive to the public interests. If this be true, and the transaction deserves praise, and is the faithful fulfilment of public duty, and, if faithfully and well carried out, highly conducive to the public interests, then it ought to be incorporated into our ordinary and regular mode of furnishing supplies for our army and navy, and extended to as many branches of the public service as possible.

THE QUESTION OF COMPENSATION.

In order to form a proper estimate of this system so much lauded by the Secretary and his agent, let us see, in the first place, precisely what it is. The government proposes to buy a large number of vessels, and employs an agent to purchase them, allowing him to receive from the seller two and a half per cent on the price paid for each vessel—in other words, one-fortieth of all the money paid by the government for each and every vessel bought is paid to the agent thus employed. That is the contract, fairly stated, in brief and simple language. If the Secretary had not raised the question it could hardly have admitted of a doubt that this compensation is wholly and exclusively paid by the government from the public treasury. But the Secretary labors under the hallucination that this money does not come from the government, and admits that if it did, or if his agent had been paid by a fixed salary or a per centage, however moderate, payable by the government, it would unquestionably have been a violation of law. His language is—"Law has not been violated by the establishment and operation of the system, as it unquestionably would have been if I had appointed a mercantile agent to do this work at a fixed salary, or at a per centage, however moderate."

As the Secretary of the Navy here admits that if this per centage had been paid by the government, the transaction would unquestionably have been a violation of law, your committee ask the attention of the Senate to a brief examination of that question, if question it may be called.

To the minds of your committee nothing can be plainer than that every seller fixes the price of the article he proposes to sell by reference to the cost of the same up to the time of the sale. If the vessel, for example, has to be brought from one place to another before the sale is completed, or if a tax is levied by the government on the sale, or if a per centage is payable to the State or national government, or to any one else, on the amount received for the vessel, can it be necessary to argue the proposition that the cost of such transportation, or the tax, or the per centage, is considered by the seller in fixing his price, and is paid by the purchaser? Mr. Morgan, it must be remembered, in every instance in which he made a purchase, informed the person of whom he proposed to buy, that two and a half per cent on the amount paid must go to him; and it appears to your committee to be an impeachment of common sense to pretend that the seller did not include that commission in the price for which he consented to sell. The gross amount for which the vessel is to be purchased, including that which goes to the seller and that which Mr. Morgan retains in his own hands, all comes directly from the Treasury of the United States, and no part of it from any other source, and it is impossible for your committee to conceive how the most ingenious and subtle sophistry can impose upon the simplest understanding the impression or belief that the United States does not directly pay this money.

MERCANTILE CUSTOM.

It is claimed that this arrangement is in accordance with the usual mercantile custom. However that may be—and the committee will say something of that hereafter—your committee are of opinion, in the language of an eminent and highly respectable gentleman of New York with whom they have had occasion to correspond, that the "making a government agent for purchases dependent upon the seller for his compensation, and making that compensation dependent upon the extent and costliness of his purchases is immoral and corrupting, and tends to extravagance, to collusion and to fraud."

Human virtue is frail enough when surrounded by all the inducements to honesty which can be thrown around it as safeguards, and accordingly it has been found to be the wisest policy in the conduct of the ordinary affairs of life, as far as practicable, to make duty and interest to coincide; but by this system of the Secretary a direct pecuniary premium is offered to dishonesty and treachery. Instead of its being for the interest of the agent carefully to guard and protect the rights and interests of the government for which he acts, and to purchase the vessel for the lowest price at which she can be bought, he has a direct pecuniary interest in paying the largest possible price which the seller can, with any show of decency, demand, and thus his interests are brought in direct conflict with his duty.

Now, although Mr. Morgan, with the seventy thousand dollars in his pocket, avers upon his "character and responsibility as a merchant and a man of business" that this is "a wise system, and if well and faithfully carried out at this time, highly conducive to the public interests," yet it unfortunately happens that the universal judgment of mankind is of a very different character. Thus no judge or juror is allowed to sit in a case where he has the slightest pecuniary interest, and if it were known that a referee, arbitrator or umpire between two parties was to have his compensation dependent upon the amount which he should adjudge the one party to pay to the other, all men everywhere would join in denouncing his decision as, if not dishonest and corrupt, at least unworthy of any confidence. The proposition that one man should act as agent for another and have a direct pecuniary interest adverse to his employer, and prompting him to make large purchases at high prices, with his compensation constantly increasing in direct proportion to the number of his purchases and the extravagance of the prices which he compels his employer to pay, seems to your committee to be a proposition so monstrous as to require no argument to demonstrate its inexpediency and immorality.

At the time this arrangement was made there were many other things of which the government was in pressing want, as well as vessels, such as horses, beef cattle, arms, &c., and if the system adopted by the Secretary of the Navy for the purchase of vessels were wise and a faithful discharge of a public duty, why would it not also be a proper mode of purchasing horses? Yet what would have been said if an agent had been employed to purchase horses, and to receive as a compensation for his services a commission of two and a half per cent on the amount he should pay for them? Does not every one perceive that such an arrangement would have been an invitation to fraud and a premium upon dishonesty? And your committee are by no means satisfied that just such a consequence as might naturally have been anticipated to follow such an arrangement has not resulted in the present case, and that, instead of saving, as the Secretary flatters himself he has, some twenty-five per cent on the amount demanded by the sellers of the vessels purchased, he has not actually paid more for those vessels than they might have been obtained for if no such course had been adopted. Indeed, to your committee it seems altogether probable that such was the fact; for the very announcement that an agent was in the market to buy vessels for the government, and that he was to be paid two and a half per cent on the amount paid for the purchases he might make, we submit, would naturally suggest to every seller that here was a rare opportunity—such as never had occurred before, and in all human probability never would occur again—where the interest of both buyer and seller united in fixing the largest price that could be demanded and paid without shocking the moral sense of the community.

THE QUESTION OF ECONOMY.

Nor are the committee at all shaken in this opinion by the ostentatious display in parallel columns in the table affixed to the Secretary's letter of the price asked and the price paid for each vessel. The manner in which a great saving is made to the government, or rather is made to appear, is by putting down fabulous and erroneous prices in the column of prices asked, side by side with the prices paid. Thus, the price asked for the steamship Mississippi is two hundred and fifty thousand dollars ($250,000), and the price paid is two hundred thousand dollars ($200,000), making a saving in this trade alone of fifty thousand dollars ($50,000). The price asked for the steamship Eagle is two hundred and fifty thousand dollars ($250,000), and the price paid is one hundred and eighty-five thousand dollars ($185,000), showing an apparent saving of sixty-five thousand dollars ($65,000). The steamship James Adger has an asking price of one hundred and twenty-five thousand dollars ($125,000), while the price for which she was sold was eighty-five thousand dollars ($85,000), making an apparent saving in the purchase of this vessel of forty thousand dollars ($40,000.)

But the most remarkable case of success that Mr. Morgan had in reducing the price asked down to the price actually paid was in the purchase of the steamship Alabama, where the price asked was one hundred and twenty thousand dollars ($120,000), while the price paid was only twenty-three thousand dollars ($23,000); thus showing a saving to the government, in the purchase of this single vessel of small value, of ninety-seven thousand dollars ($97,000)!

From these statements, taken from this table, your committee, with confidence, appeal to the Senate and the country to judge whether it was made in honesty and good faith, with a view of stating fairly what were the actual prices demanded for these vessels, or with the false and fraudulent purpose of holding out to the government and the country the idea that such vast amounts had been actually saved to the government by the agency of Mr. Morgan.

MR. MITCHILL.

Nor do the committee attach much weight to the certificate of Mr. Samuel L. Mitchill and several other gentlemen, who have given to the Secretary of the Navy a certificate that these vessels have been purchased at lower prices, not than the vessels were worth, not than the usual market prices at the time, but "at lower prices than have usually been paid by the government."

Neither do your committee place especial confidence in the judgment and opinion of Mr. Samuel L. Mitchill in this matter, when it appears from the report of the Secretary of the Navy that more than four hundred thousand dollars ($400,000) of the amount disbursed by Mr. Morgan was paid to the firm of S. L. Mitchill & Son, of which Mr. Samuel L. Mitchill is supposed to be the senior partner.

TESTIMONY OF NEW YORK MERCHANTS.

Nor is it the fact, so far as your committee upon a diligent inquiry have been able to learn, that such an arrangement as that made by the Secretary of the Navy with Mr. Morgan has the sanction of the Chamber of Commerce, or of any other mercantile community on the face of the earth. And it would be strange indeed if it were so. No usage can prevail or be established among any intelligent and upright community that does not rest upon the solid basis of common sense, common honesty and sagacity. Your committee, believing that no merchant in possession of his ordinary mental faculties could be guilty of the absurdity of employing an agent to buy for him a vessel and make his compensation entirely dependent upon the price he should pay, and to increase in proportion to the extravagance of the sum paid, applied to several gentlemen whom they supposed to have knowledge on the subject, and inquired of them if they ever knew of such an arrangement, and they have, without exception, answered in the negative. To other gentlemen they have applied in writing, and, among others, to the President of the Chamber of Commerce of the city of New York, asking the same question, and in no instance have they received an affirmative answer.

One of the Vice Presidents of the Chamber of Commerce, in answer to a letter addressed to the President (the President being absent from the city), encloses the rates of commissions recommended by the Chamber in cases where no express agreement is made, and in that list of commissions two and one-half per cent is set down as the commission for purchasing or selling vessels; but he adds:—"In the sale of vessels, as in the purchases, brokers are frequently employed, and in such cases a brokerage is generally agreed upon by the parties selling." Two and a half per cent, instead of being, as stated by the Secretary, the least possible expense or charge, is the very highest ever sanctioned or recommended by the Chamber of Commerce. The ordinary compensation in New York for a broker, or commission merchant, for making a large purchase, is generally, if not always, regulated by contract, and does not exceed half the sum paid by the Secretary of the Navy to Mr. Morgan, and in such large purchases as those made by him for the government should not exceed one-fourth of one per cent.

Your committee can well imagine that a person desirous of selling a vessel, and whose necessities are urgent, might deem it expedient to contract with a broker to make a sale of her, and, to give stimulus to his efforts in that direction, might well pay him a commission to be regulated by the amount for which he should sell the vessel. In that case it would be for the interest of both principal and agent to procure the highest possible price; but, when a purchaser employs a broker to buy a vessel for him, it is for the interest of the principal to procure the vessel for the lowest price, and it would be the height of absurdity, in such a case, for him to make it for the interest of his own agent to be unfaithful to him, and to compensate him most liberally for buying at the highest rate.

About the time this immense sum was paid to Mr. Morgan for these trifling services, or immediately preceding it, several of the most prominent, patriotic and public spirited citizens of New York, of great experience and high reputation, had organized themselves into a Union Defence Committee, and for days and weeks, if not for months, they devoted their time and talents to supplying the wants and necessities of the government, without ever having received or asked, as your committee have been informed and believe, a single dollar for their services; and there can be no doubt that there are and have been numbers of patriotic merchants in New York, eminently qualified for the duty, who would have cheerfully performed this work for the government without any charge whatever.

ENGLISH DECISIONS.

But your committee repudiate entirely the idea that commissions on sales, or purchases, or disbursements, constitute a proper mode of compensating an officer or agent of the government for services. The subject of compensation for ministerial services, and the rules and principles justly applicable thereto, came under the consideration of Sir William Scott, afterwards Lord Stowell, in the case of the Rendsberg, reported in the sixth of Robinson's Admiralty Reports, page 143.

The marshal of his court had presented a claim for fees for services in the removal and sale of a prize ship, on the value of which he claimed commissions. In the course of the elaborate opinion delivered by that great Judge, the following principles were declared:—

1. All fees of office have their foundation in some competent authority assigning a fair *quantum meruit* for the particular service, or must be supported as a claim for work and labor.

2. A percentage charge or commission on value cannot be maintained, either for work and labor, or on the ground of responsibility; and nothing can be more clear than that, of all possible modes of remuneration, a percentage is the least consonant to general principles of equity.

3. "I do most entirely repudiate all analogy between mercantile profits and official charges." "The merchant charges his commission because he is a merchant," &c.

After going on to state with characteristic clearness the very different grounds on which commissions and official fees rest, he adds:—"I do therefore, *ex animo*, expunge from the vocabulary of the court the very term commission, as far as it relates to services performed by the marshal, or any officer of this court." The whole reasoning of the Court in this judgment goes with great force against compensating official services with commissions, after the custom of merchants, in which the committee entirely concur.

CENSURE OF SECRETARY WELLES AND MR. MORGAN.

It is said to be necessary not only that justice should be done, but that the public should be satisfied that it is done; and in this view your committee regret that in the city of New York a man could not have been found to transact this business for the Navy Department out of the family connection of the Secretary; for, however pure and honest his purpose may have been in the selection, it cannot fail to give rise to suspicions that other motives than a single purpose to subserve the public interests may possibly have influenced the choice that was made.

The time, too, at which this arrangement was made, by which such a vast and disproportionate amount of the public money was paid for so inconsiderable a service, was peculiarly unfortunate. The country was engaged in a war in which its very existence was at stake. The nation had been aroused, and was contributing men and money without stint to defend the national life, vindicate the national honor, and restore the rightful supremacy of the constitution and the laws. The energies and the industry of the country were to be taxed as they never had been before, and the pressing necessities of the government had compelled it to resort to new and untried sources of revenue. The hut of poverty and the splendid mansion of wealth were alike called upon to aid in bearing the burden which rebellion and civil war had thrown upon the nation. All this was borne, and would have been borne cheerfully, if the taxpayers had seen or been convinced that their money was to be faithfully and economically applied to the purposes for which it was raised; but when they see immense sums squandered on personal or political favorites for small and inconsiderable services, confidence in the government is impaired, public credit is paralyzed and the very existence of the nation is imperilled.

The seventy thousand dollars of the public money now in the hands of Mr. George D. Morgan, in equity and good conscience, belongs to the government and not to him, and should at once be restored to the national treasury, and such reasonable compensation for his services paid to him as justice may require.

THE TRAITORS IN OFFICE.

Important Report of the Potter Investigating Committee.

The long expected report of the Potter Investigating Committee, appointed by the House of Representatives at the extra session, to investigate the cases of disloyal clerks and other persons in the employment of the government, has at length been completed, and will be presented to-day. More than five hundred charges have been thoroughly examined, with excellent effect in some instances, and with very unsatisfactory evidence in others.

The clerks in the various public departments are nearly all more or less compromised by the results of this investigation. The principal charges against them are sympathy with the rebellion, abuse of trust reposed in them, and the general expression of treasonable and disloyal sentiments.

THE CHARGES AGAINST DISTRICT ATTORNEY CARRINGTON.

The evidence in this case discloses the fact that last summer, while he was captain of a volunteer company in Washington (as well as District Attorney), his troops were ordered up to Seneca Mills, in Maryland; but he refused to go, saying that "he would not invade his native State," and that he "could not lift his hand against his mother." At another time he is charged with saying he "would not invade Virginia." The evidence goes to show that he notwithstanding received his pay as captain and kept the office of District Attorney, given him by a member of a republican administration. The committee conclude "that Captain Carrington's sympathies are divided, and that such men cannot be trusted to repress the rebellion or to defend the constitution and the laws."

HOW LIEUTENANT COLONEL MAYNADIER AIDED THE TRAITOR FLOYD IN HIS TREASONS.

This officer holds the position of assistant to the chief of ordnance. The principal charges affecting his loyalty are:—first, that he was a party to the effort, in December, 1860, of John B. Floyd, then Secretary of War, to remove cannon to the South, under the pretence of arming fortifications at Galveston and Ship Island, which, in fact, had no existence; but in reality, to furnish the munitions of war for the intended rebellion; and, second, that he was a party to the sale by Floyd of 100,000 or more muskets to A. A. Belknap, and 20,000 to other parties, in violation of law, and to the great detriment of the public service, the object being to disarm the government and to arm its enemies. The first of these charges was formally preferred by Colonel Craig, of the Ordnance Department, in June last, against Major Maynadier, to which the latter answered in a letter to Adjutant General Thomas, dated the 21st of the same month. He says:—

I was not called on for any information as to the condition of any fortifications on the Gulf coast. The Secretary of War sent for me and gave me a positive order to send the cannon pertaining to the armament of the forts on Ship Island and at Galveston to these forts. I knew not and it did not become me to inquire into the reasons or motives of the Secretary of War for giving an order clearly within his province. My duty was obedience and not questioning, and I simply obeyed. I ascertained from the Engineer Department what kind and calibre of guns composed the armament of these forts, and the proper kind, so ascertained, were directed to be sent. Article 60, Ordnance Regulations of 1852, prescribes that "the arming of permanent fortifications will be specially directed by the Secretary of War."

The principal witness on this charge is General H. G. Wright, of the Engineer corps. He swears that Major Maynadier applied to him for information regarding the number of guns for fortifications at Galveston and Ship Island, and that his answer was as follows:—

My reply to the question was, in effect, that the works referred to were in no condition to receive their armaments; that the first mentioned was not defensible, not being prepared for its first tier of guns even, and that, at the second, the ground for laying the foundations of the fort had not been broken, and finally, that the guns would not only be useless there, but in the way of any operations of construction. I stated to him, moreover, that the armament of the works had never been fixed by the armament board, and that, while I could give him the number of guns the plans contemplated, I could not give him their calibre. In answer to this, he stated, in effect, that he had the positive order of the Secretary of War to send the guns, and that while he was bound to obey the order he was not responsible for its propriety, and requested me to give him the information he wanted. This request I as far complied with as to show him the plans of the works, count the number of pieces of ordnance for which they were designed, and to give him my opinion as to what the kind and calibre should be.

In answer to many other questions the witness further stated that he "presumed that the purpose of the Secretary of War, Mr. Floyd, was to place a large number of heavy guns in positions where they could be seized by the rebels or disaffected authorities of the Gulf States, as I could see no other purpose in sending the guns to those places at that time." He adds:—

"I was so fully impressed with this idea that I presented the whole matter to General J. G. Totten, at that time in this city, but not then on duty in the Engineer Department; and he submitted a statement of the facts in a note to General Scott. What further action was taken in the matter I am unable to state positively, but I understand that the detention of the guns at Pittsburg grew out of General Scott's action."

Lieutenant Colonel Maynadier dwells at length upon the fact that the duty of ordering the armament of fortifications belongs to the Secretary of War. But Captain H. G. (now General) Wright testifies before the Military Committee, as to the usual course pursued, that—

"The Engineer Department reports to the Secretary of War that the particular work is ready for the whole or a part of its armament, describing the armament needed. It then remains for the Secretary of War to order the armament to be supplied or not, as he may see fit. The order goes to the Ordnance Department, I believe." Colonel Craig, for ten years at the head of the Ordnance Department, states on oath before the same committee, "that when fortifications are ready for armament the usual practice is for the Chief Engineer to notify the Chief of Ordnance that the fortification is ready for its guns, naming the kind; his communication is referred to the Secretary of War, who directs the execution of it."

This is the testimony of high officers of the army, and there is no doubt that Lieutenant Colonel Maynadier, in executing the order of Floyd for the transmission of one hundred and forty-one of the largest cannon from Pittsburg to the Gulf of Mexico, no doubt did it with the full knowledge that one of the forts was unfinished and the other not yet begun. It is scarcely less clear that Maynadier must have known or believed that the object of Floyd in giving the order was to disarm the government and to arm its rebel enemies. He speaks with evident pride in the letter quoted above, and which will be printed at large in the evidence, of the confidence reposed in him by Jefferson Davis and Floyd; of their frequent consultations with him in preference to his superior, Colonel Craig, and it is therefore not to be believed that he would have withheld an opinion from the Secretary of War in regard to the impropriety of sending cannon to the Gulf coast to arm fortifications which had no existence, from motives of mere modesty. He says that "his duty was obedience, not questioning." This, as a general rule, is correct; but in a case of palpable treason on the part of a high official, passive obedience in the inferior ceases to be a duty and becomes a crime.

The following items given by Lieutenant Colonel Maynadier in his letter of exculpation to Adjutant General Thomas, shows the relations then existing between Jefferson Davis and Floyd, and it also shows that he was a favorite with both of those traitors:—

"I never gave aid and counsel to the evil designs of Secretaries Davis or Floyd, or any other Secretary of War. * * * * Each of those Secretaries was distinctly informed by me that it was embarrassing to me and contrary to military propriety to consult me in regard to affairs of the Ordnance Bureau when the chief of the department was present, and that I requested that it might not be done. I may add that each of them replied in substance that they had a right to obtain information pertaining to the War Department from any officer of the army; that Colonel Craig either did not understand his professional business or could not explain it intelligibly, and that they should exercise the right of sending for and interrogating me whenever they thought proper to do so. Whenever they did so I gave them my views honestly, and their decisions or acts, after hearing these views, are their own, and I am in nowise responsible for them."

This statement goes to show that Lieutenant Colonel Maynadier enjoyed the confidence of Davis and of Floyd, and the actual displacement of Colonel Craig as Chief of Ordnance, on the 17th of November, 1860, in order to make room for Maynadier at the moment when the work of disarming the government and arming of the disaffected States was to be consummated by the traitor Floyd, is a most significant fact, which cannot be lost sight of in this investigation. From the letter of Lieutenant Colonel Maynadier to Adjutant General Thomas, the committee have already cited the following passage:—"I ascertained from the Engineer Department what kind and calibre of guns composed the armament of these forts, and the proper kind so ascertained was directed to be sent." In his report to Secretary Floyd, dated December 21, 1860, he says:—"I have ordered forty-two columbiads and four thirty-two pounder guns to be sent to the fort on Ship Island; also seventy columbiads and seven thirty-two pounder guns to the fort at Galveston harbor.

These pieces of ordnance belong to the regular armaments of the respective forts. This is what Lieutenant Colonel Maynadier calls a strict and literal fulfilment of his subordinate duties. General Wright had informed him: first, that the fort at Ship Island was in no condition to receive an armament; second, that the ground had not been broken at Galveston for the construction of the fort; and third, that the armament of the forts had never been fixed by the Armament Board.

After comparing the evidence of General Wright, an intelligent, distinguished and highly honorable witness, with Lieutenant Colonel Maynadier's report to Floyd, your committee submit that the latter displays a facile readiness to carry out the treasonable scheme of his superior as