NATIONAL INTELLIGENCER.

"A WORD FOR CANDOR IN POLITICS."

No candid observer of our current politics can have failed to deplore the acrimony which has come to mark the discussions of the hour as joined by the heated disputants of party. It seems almost impossible for the champions of dissenting opinions to argue their points of difference as questions of principle, and therefore deserving, as such, to be considered apart from the motives imputed to their respective holders. In fact the standard of just judgment is entirely reversed, and men are too much in the habit of first gratuitously imputing wrong motives to their political opponents, and of then jumping to the facile but, with discerning minds, the not very cogent conclusion that the principles they advance must necessarily be unsound or injurious. In this way our political debates too often degenerate into a mere wrangle of unseemly personalities, by which the cause of truth is as little subserved as the proprieties of life are little respected.

We have been reminded of these blemishes in the body politic by the following judicious and timely reflections, which we find in the opening number of the "Round Table," a new weekly journal of politics, literature, and art, just established in the city of New York:

"There was a time, within the memory of some of us, when the *odium theologicum* was the most malignant of all animosities. It has long passed, not to return again, and we can now scarcely comprehend how good men could hate, waylay, and even murder each other for entertaining differing theories as to God and the life of the soul. But we have still with us a form of animosity quite as unreasonable, and sometimes as pernicious in its entire sweep of influence. It is the *odium politicum*—party hatred. It has its most repulsive, if not its most baneful exhibition in our own country, and the fact that it remains, and even increases in virulence, in this crucial agony of the nation, is one of the darkest and most disheartening facts of the time.

"When this tremendous struggle was forced upon the nation, wise and patriotic men said, now we will forget party and personal ambition, and stand together as one man for the national safety and honor; all party differences and rivalries shall be deferred to the great work of saving from destruction the Constitution and the Union. But at first we thought we were doing it, and the only question was, who should be first to do, to sacrifice, and suffer, that the nation might live. Blessed days, but all too short. We had not virtue enough for such high achievement. Hardly was the first blood shed in the grand struggle before the old banners of party were unfurled again, and partisan strife raged more fiercely than ever before; and, it must be confessed, never were the accusations and criminations hurled back and forth so wholly false and unjust, so utterly malignant and cruel, as at this moment.

"Let us put ourselves in the position of a disinterested observer—a stranger landing on our shores, wholly ignorant of our political habits, and hearing our street talk and reading our newspapers with the supposition that we are uttering the truth of each other. What must be his astonishment and horror! He sees the nation convulsed by the most sanguinary civil war of any age—brother at war with brother, and father with son—and nearly a fourth part of the country desolated by the tread of mighty armies. He finds at the same time the people of the loyal States divided into two hostile parties, so nearly equal that every election is contested with almost frightful earnestness, and with the use of all available means, honest or otherwise, for obtaining the ascendancy. If this were a mere rivalry of men for office and power, it would be sad enough in a time of such general distress and peril. But it is apparently much worse than that. The astonished foreigner hears one party stoutly affirming that the other is an organized band of traitors, actually desiring the success of the rebellion, and, because they have not the manliness to fight for it, aiding it all they can by their votes. He hears the other party retort that the supporters of the Administration are fanatics and hypocrites, seeking the overthrow of slavery at the South by destroying the States, and by crushing out freedom of speech, the press, and the ballot, every where. The stranger may well conclude that, if what these two divisions of the American people say of each other and the Government is but half true, there can be no hope for the nation; there is not enough integrity left any where to save it; and it must perish in its madness and guilt. Yet this is the spectacle we present to all the world; and we scold the world because it will not think us better than we profess to be, and will neither believe in the goodness of our cause nor our ability to maintain it. But we *are* better than we seem. The world misjudges us, by our own fault certainly, and we shall yet prove by great and noble deeds that we have belied ourselves.

"Partisan abuse and slander are inevitable, in some degree, under a popular Government. We cannot be wholly angelic in our strife for power. But need we be so utterly false, so terribly unjust, so wholly infamous in our partisanship? Let us, at least, make an effort toward candor and some degree of mutual courtesy. Let us, at least, not set the truth altogether at defiance in our characterizations of parties and of men. There may be a temporary gain by raising unjust prejudices among the ignorant and bigoted classes, by false accusations and abusive epithets. But there can be no permanent success in the use of such weapons, and it is questionable whether even for the time we do not repel more votes than we attract by their use. Look at the facts as we all know them to be, in contrast with the false and irritating language of our partisan presses. There may be a few men in the North who desire to see this Union destroyed by the conspiracy led by Jefferson Davis. We know no one well now, but we suspect some. We cannot prove the crime against them, and shall be glad to see the suspected showing our doubts of them to be unjust. But there is no party of voters in the North seeking the destruction of the Union, and that, too, for the sake of slavery. The idea is as monstrous as it is false. On the other hand, there are a few Northern men who desire the destruction of the Union unless slavery is destroyed. They have for years avowed this. But they are not a party; they are not even a faction, politically speaking; they are not voting men, nor fighting men, but kind-hearted dreamers and enthusiasts. There is no political party seeking the destruction of slavery at the expense of the Union, or resolved against peace and reunion unless slavery is rooted out. The people of both parties are for the Union first, last, and always, ready to suffer and die for it; and both parties have demonstrated their patriotism alike by deeds that will be immortal when party contests are forgotten."

THE WANTS OF THE CONTRABANDS.

We find in the Springfield (Mass.) Republican of Wednesday last the following letter from the Rev. A. S. Fiske in reference to the destitution of the contrabands on the Mississippi river. It is truly, as the Republican characterizes it, "a startling statement of facts:"

To the Editor of the Republican.

A simple statement of facts through your columns will reach not a few benevolent persons who cannot well be reached by other means.

There are, between Memphis and Natchez, not less than fifty thousand blacks, from among whom have been called all the able-bodied men for the military service. Thirty-five thousand of these, viz. those in camps between Helena and Natchez, are furnished the shelter of old tents and subsistence of a cheap ration by the Government, but are in all other things in extreme destitution. Their clothing, in perhaps the case of a fourth of this number, is but one single worn and scanty garment. Many children are wrapped night and day in tattered blankets as their sole apparel. But few of all these people have had any change of raiment since, in the midsummer or earlier, they came from the abandoned plantations of their masters. Multitudes of them have no beds or bedding—the clayey earth the resting-place of women and babes through these stormy winter months. They live of necessity in extreme filthiness and are afflicted with all fatal diseases. Medical attendance and supplies are very inadequate. They cannot during this winter be disposed to labor and self support, and compensated labor cannot be procured for them in the camps. They cannot, in their present condition, survive the winter. It is my conviction that, unrelieved, the half of them will perish before the spring. Last winter, during the months of February, March, and April, I buried at Memphis alone, out of an average of about four thousand, twelve hundred of these people, or from twelve to twenty a day. One day we buried thirty-five. Those who have been gathered into camp this summer are quite as destitute as those who were on our hands last winter.

These people have come in, not as a result of the emancipation proclamation, but as a matter of necessity, from desolated plantations. They had the choice between coming and staying behind to starve. They came, many of them, to perish of nakedness. Common humanity and our national honor demand that these women and children be saved alive. All forms of women's and children's clothing are needed—blankets and bedding—and funds which can be turned into clothing and material.

A committee in Boston, whose treasurer is Mr. Alpheus Hardy, is moving efficiently in the work. Contributions from Western Massachusetts can flow through this channel, and reach without delay those who are perishing in need. A committee has been raised in Springfield which will doubtless take the matter in hand and move it vigorously. Yours, truly, in behalf of God's poorest,

A. S. FISKE,
Chaplain 4th Minnesota Volunteers.

Springfield, December 14.

THE NAVY.

REPORT OF MR. SECRETARY WELLES.

We make room to-day for a large portion of the able and highly interesting Annual Report of the Secretary of the Navy, which was communicated to Congress at the opening of its present session. This Report will attract notice especially for the record which it makes of the extensive and arduous labors of the gallant officers and men who are now engaged in that branch of the public service, as well as for the gigantic strength and proportions our navy has attained since the commencement of the rebellion, all attesting the energy and ability with which this important Department of the Government has been conducted. We regret that we are under the necessity of omitting any part of the report, to which, however, we propose to recur at a future day if opportunity should offer.

THE BLOCKADE.

The naval operations of the year have been varied and more arduous as well as far more extensive than ever before under the Government. A blockade commencing at Alexandria, in Virginia, and terminating at the Rio Grande, has been effectively maintained. The extent of this blockade, according to an accurate table of measurement carefully prepared at the Coast Survey Office, covers a distance of three thousand five hundred and forty-nine statute miles, with one hundred and eighty-nine harbor or river openings or indentations, and much of the coast presents a double shore to be guarded. In addition to the coast blockade, a naval force of more than one hundred vessels has been employed in patrolling the rivers, cutting off rebel supplies, and co-operating with the armies in the suppression of the rebellion. The distance thus traversed and patrolled by the gunboats on the Mississippi and its tributaries is 3,615 miles, and the sounds, bayous, rivers, and inlets of the States upon the Atlantic and the Gulf, covering an extent of about two thousand miles, have also been penetrated and watched with unceasing vigilance.

The blockade is becoming more effective and complete. Progress has been made in repelling the rebels from the coast, and circumscribing their limits. The Mississippi and its tributaries have, after a protracted, persistent, and severe struggle, in which the whole energies and efforts of the insurgents were engaged to obstruct and prevent our success, been re-opened to navigation and commerce. As the rebels have never possessed an open port for either belligerent operations or commercial purposes, nor a naval or commercial marine, their maritime trade and proceedings have been chiefly derived from foreign adventurers and foreign capital. If, in the early period of the war, the unscrupulous and unprincipled traders who, in violation of law and public morality, embarked in illicit schemes to violate the blockade, and furnish the rebels with supplies, were successful, the general results of the year, now near its close, have been to them most disastrous. The vigilance of our naval forces and the stringency of the blockade have operated with great severity on those who have risen in arms against their country, and have caused heavy losses to those who have abetted, or have been in sympathy with the rebellion.

I do not propose in this report to enter upon the details of our naval operations since my last annual communication, but shall append the official reports of the officers themselves, which best narrate their respective labors and achievements. No nobler encomium can be awarded them than the plain statement of their deeds, and no summary can do justice to their unassuming communications. The cruising grounds of the several blockading squadrons remain unchanged since my last report.

NORTH ATLANTIC SQUADRON.

Acting Rear Admiral Lee continues in command of the North Atlantic Squadron, faithfully and ably discharging his duties in a position of great responsibility, and, in some respects, of great embarrassment. Seconded and sustained as he has been by officers of zeal and efficiency, the rivers of Virginia and the sounds of North Carolina have been penetrated, watched, and guarded, as well as the entire coast, so that all intercourse with the rebels has been cut off with the single exception of the port of Wilmington, to close which has been difficult from its two inlets, thirty miles apart, flanked by extensive batteries. Some of the fastest steamers from the Clyde and other quarters, of light draught, have, under cover of darkness, succeeded in eluding capture, but most of even that description of vessels have fallen into our hand or been driven on shore. With these exceptional cases, all foreign and coastwise commerce with the rebels has ceased in that quarter. At Washington, Newbern, and elsewhere on the inner waters of North Carolina, and also on the Nansemond, York, and other rivers of Virginia, our naval officers have been sleepless sentinels, and they have exhibited examples of heroic bravery and daring in repelling the rebels and protecting and succoring the army when in difficulty, which reflect honor on themselves and the service.

SOUTH ATLANTIC SQUADRON.

The South Atlantic squadron has continued to enforce the blockade with vigilance and effect. It is not known that any vessels now elude the vigilance of the fleet or effect communication with the rebels on that coast. So long as the blockading force remained off Charleston, instead of getting within the bar, the illicit trade at that point was prosecuted with some success, and no vigilance or activity could wholly prevent it. With a view of interdicting all traffic, and, if possible, of capturing Charleston itself, the original seat of insurrection and of disunion, preparations were made by this Department, commencing more than a year ago, for the occupation of the harbor and the reduction of the defences. The completion of the iron clad vessels was urged forward with all the energy the Department could infuse into the contractors, and such other efficient vessels as could be made available were ordered to the squadron to add to its power and efficiency. Delays and difficulties intervened, and it was not until the 7th of April that a demonstration was made. On the afternoon of that day Rear Admiral DuPont, in the New Ironsides, accompanied by seven turreted vessels of the Monitor class and the gunboat Keokuk, proceeded up the harbor and made a vigorous assault upon Fort Sumter. From some difficulty or defect the Admiral's ship was unable to get into action, but the others proceeded onward to the attack, and sustained a terrific concentrated fire from numerous batteries.

Owing to the submerged obstructions, the character of which was not understood, it was not deemed advisable to attempt a passage up to the city, and, after a contest of less than two hours, the signal was given to withdraw the fleet. But comparatively slight injury was sustained by the turreted vessels, and only one life was lost in this remarkable contest. No ships ever before sustained such a concentrated fire, and the enduring qualities of this class of vessels were fully proved. It was intended to have renewed the attack on the following day, but this intention was subsequently abandoned, and the vessels were withdrawn from the harbor, under an apprehension that they could not withstand the storms of the season and the fire of the rebel batteries. But important considerations rendered it proper that the force should remain inside the bar, and orders were sent to Rear Admiral DuPont to that effect.

The report of the superintending engineer as to the injuries which the turreted vessels had sustained was satisfactory, and confirmed the Government in its determination to close effectually and completely the port, so as to prevent the ingress or egress of a single vessel, and also to promote operations against the defences in the harbor.

Rear Admiral DuPont having expressed a willingness to relinquish the position which he had occupied for eighteen months, Rear Admiral Andrew H. Foote was detailed to relieve him. That brave and distinguished officer prepared with great alacrity and promptitude for the duty, but, when on his way to his command, was seized with fatal illness and died in New York. His associate and second in command, Rear Admiral John A. Dahlgren, proceeded immediately to Port Royal, and, on the 6th day of July, assumed command of the squadron. A combined operation of naval and army forces, the latter under Gen. Gillmore, was instituted for the occupation and possession of Morris Island, on the south side of the entrance to Charleston harbor. After a long and severe struggle, the army operating upon land, with the efficient co-operation of the monitors and the Ironsides, Morris Island, with all its batteries, was captured. Sumter was soon made a pile of ruins by the fierce artillery of our forces, although the rebels contrived to continue a small but powerless force there under the protection of surrounding batteries. In the slow operations of this protracted siege of over five months, as well as in the demonstration of the 7th of April, both the resisting and attacking powers of the monitors has been illustrated and proven.

Since the fleet under Admiral Dahlgren has remained inside the bar, and we have had possession of Morris Island, the commerce of Charleston has ceased. Not a single blockade runner has succeeded in reaching the city for months, and the traffic which had been to some extent, and with large profits, previously carried on, is extinguished. As a commercial mart Charleston has no existence; her wealth, with her trade, has departed. In a military or strategic view the place is of little consequence; and whether the rebels are able by great sacrifice and exhaustion to hold out a few weeks more or less is of no importance.

The most marked and extraordinary conflict within the limits of this squadron, or indeed in the service during the year, and in some respects one of the most significant and instructive naval battles of the war, took place on the 17th of June, in Warsaw Sound, between the Weehawken, a vessel of the monitor class, and the formidable armored steamer Atlanta. Like the contest in Hampton Roads, in March, 1862, when the Monitor and Merrimac were engaged, this battle was between armored vessels, and of great disparity in size, but the result was vastly more speedy and decisive. The Atlanta was a powerful steamer, and had been iron plated by the rebels, and prepared for war purposes at immense expense. In the confidence of certain victory over her comparatively diminutive antagonists, the Weehawken and Nahant, she was accompanied by boats loaded with gay parties to witness her triumph, but the brave officers and men of our turreted vessels knew their power and sought the encounter. This battle was to test not only the vessels but the new fifteen-inch ordnance, then for the first time brought into naval warfare, and concerning which there had been, as well as with respect to the vessels themselves, some variety of opinion. The conflict was so brief and decisive that only one of the two monitor vessels, though not widely separated, and each eager for the fight, was able to participate in the engagement. The Nahant, having no pilot, followed in the wake of the Weehawken, but before she could get into action the contest was over. Such was the brevity of the fight that the Weehawken, in about fifteen minutes, and with only five shots from her heavy guns, overpowered and captured her formidable antagonist before the Nahant, which was hastening to the work, could discharge a single shot at the Atlanta. This remarkable result was an additional testimony in favor of the monitor class of vessels for harbor defence and coast service against any naval vessels that have been or are likely to be constructed to visit our shores. It appears also to have extinguished whatever lingering hopes the rebels may have had of withstanding our naval power by naval means.

EASTERN GULF SQUADRON.

Acting Rear-Admiral Bailey has continued in command of the Eastern Gulf Squadron, closely blockading the Florida peninsula from Cape Canaveral, on the east, to Pensacola, on the west. There having been no important military movements within these limits, a close watch of the coast and of the adjacent waters has been maintained by the navy, resulting in the capture of many prizes, and the almost entire annihilation of all illicit traffic. Some important boat expeditions for cutting out vessels and destroying rebel salt works have been projected and executed with success. Lying adjacent to Cuba, and not far distant from Nassau, the coast of Florida presented many available points for eluding the blockade, chiefly by small vessels, which were capable of penetrating the shallow harbors and inlets which indent its shores. But the trade has not been carried on with impunity—more than one hundred craft of various descriptions have been captured or destroyed by the squadron during the current year.

WESTERN GULF SQUADRON.

The duties of the Western Gulf squadron have been diversified and exacting. For a considerable part of the year Rear Admiral Farragut felt himself compelled to employ many of his most efficient vessels in active river service, co-operating with the army, with a view to reopening the navigation of the Mississippi, and expelling hostile forces from its banks. Impressed with the great importance of this work, and aware of the determination of the Government to promptly and firmly re-establish the national authority in that quarter, so that the ocean outlet of the great central valley of the Union should be unrestricted and secure, Rear Admiral Farragut committed the subject of the coast blockade to others of his command, and devoted his unremitting personal attention to the energetic and vigorous prosecution of the conquest of the rebels, to overcoming and reducing their batteries, and to removing every obstacle with which they sought to oppose the navigation of the river, or to resist the authorities of the Union. Soon after the capture of New Orleans, in the spring of 1862, and as the natural result of that event, the naval forces formed a junction; and, could the army at that time have furnished an adequate co-operating land force, the reduction of Vicksburg might have been accomplished, and the occupation and navigation of the river easily secured. But the omission to do this gave the rebels opportunity to immensely strengthen Vicksburg, and also to fortify Port Hudson and Grand Gulf in addition. What, therefore, might have been accomplished with comparatively little effort in the summer of 1862, was a work of immense and almost incredible labor and difficulty in 1863. It was indispensable that communication should be opened with Rear Admiral Porter, of the Mississippi squadron, and General Grant, both of whom were operating against Vicksburg. Rear Admiral Farragut, therefore, moved up in strong force from Baton Rouge in March, intending to pass the batteries at Port Hudson, but only his own flagship, the Hartford, and the Albatross were successful. With these he succeeded in approaching Vicksburg, and in communicating with Rear Admiral Porter across the peninsula. This gallant act of Rear Admiral Farragut being effected, the navy had command of the river between Vicksburg and Port Hudson, and thus was enabled to establish a blockade of Red River, and thus intercept the supplies from Texas destined for the rebel armies. The insurgents felt this to be one of the most serious and fatal blows inflicted on them during the year, and from the effects of it they have never recovered. This accomplished, the Admiral left his flagship, the Hartford, and returning below by way of the Atchafalaya, he resumed operations for a final assault on Port Hudson. To meet the requirements of the occasion a force was kept always ready to co-operate with the army in its movements; and on the part of the navy a continuous shelling of the place from mortar boats, vessels, and a naval battery on shore, manned by seamen, was maintained, seconding the army. Nearly three thousand 13-inch shells were thrown into the works by the mortar vessels, and the naval battery of four 9-inch guns, used as a breaching battery, performed good service. In consequence of the capture of Vicksburg, on the 4th of July, the reduction of Port Hudson became inevitable, and the garrison finally surrendered, on the 9th of July, to General Banks, who, for some weeks, had besieged the place.

This was the last stronghold of resistance to the National authority on the banks of the Mississippi.

The river being now opened for peaceful commercial pursuits, Rear Admiral Farragut turned over to Rear Admiral Porter the entire control of the western waters above New Orleans, and departed himself for that city. Deeming that his long service and useful labors of eighteen months entitled this gallant officer to special consideration, the Department tendered him a respite, which he accepted, and Commodore H. H. Bell, the next officer in rank, was appointed to command the squadron in his absence.

The blockade of the Gulf has been, in the main, efficient and successful, although reverses at Galveston and Sabine Pass occurred, and, for a time, reckless adventurers and foreign capitalists, to some extent, succeeded, by perverting neutral privileges and fraudulently abusing neutral rights on the Rio Grande, in carrying on illicit trade with the rebels through Matamoras. The Rio Grande, being the boundary between the United States and Mexico, is open to the navigation of both countries, and could not, therefore, be blockaded. With a knowledge of this fact, a multitude of schemes were projected, and, under the disguise of neutral trade, Matamoras suddenly became a great commercial mart for the rebels and their friends. But the shrewdly devised schemes were soon interrupted with disastrous consequences to most of those who participated in them, and the occupation of the Rio Grande and Brownsville has put a final termination to the lately extensive commerce of Matamoras, which is becoming as insignificant as it was before the rebellion.

MISSISSIPPI SQUADRON.

The Mississippi squadron has been actively engaged in successful efforts to overcome the rebels and restore the national ascendency in the great central valley of the Union.

Rear Admiral Porter, whose activity, energy, and readiness of resources eminently fitted him for that command, has exhibited extraordinary vigor in various naval expeditions on the Mississippi and its tributaries, and in zealous co-operation with the army in most of its important operations.

The capture of Arkansas Post, on the White river, in January, the destruction of the batteries at Grand Gulf in May, and in co-operation with the army the reduction of Vicksburg, which finally surrendered on the 4th of July, are the most prominent of the remarkable achievements of this squadron, some of which are marked by incidents of singular and romantic daring. In the appendix to this report will be found correct records of the extraordinary adventures attending the efforts to get control of the Yazoo by sweeping from its channel the network of torpedoes, explosive machines, and contrivances for submarine warfare, near its confluence with the Mississippi. These efforts were followed by the novel and singular "Yazoo Pass Expedition," and the expedition of "Steel's Bayou and Deer Creek."

On the right bank of the Mississippi scenes of interest were also enacted by the hardy sailors and boatmen on the rivers of Arkansas and northern Louisiana. The Cumberland and the Tennessee have been actively patrolled by our vigilant and skilful naval officers, and the exciting chase of Morgan by our steamers on the Ohio, over a distance of five hundred miles, intercepting him and his band when attempting to escape, naturally attracted the attention of the country. But the great and important exploits of this squadron were in the vicinity of Vicksburg, where the main strength of the naval as well as of the military forces were centred. The magnitude of the defences of this place, which were intended to repulse any force, naval or military, or both combined, which could be brought against them, made the siege formidable, and seemed for a time to defy all attempts at their reduction. In overcoming them, the navy necessarily performed a conspicuous and essential part. For forty-two days, without intermission, the mortar boats were throwing shells into all parts of the city, and even into the works beyond it. Heavy guns, mounted on scows, commanded the important water batteries, and for fourteen days maintained an incessant fire upon them. Thirteen heavy guns were landed from the vessels, and officers and men (where they could be spared) were sent to man them. The gunboats below the city, in co-operation with the army, were continually engaged in shelling the place. During the siege sixteen thousand shells were thrown from the mortars, gunboats, and naval batteries upon the city and its defences before they capitulated.

The creation and organization of this large squadron, which has done such effective service on the Upper Mississippi and its tributaries, extending over a distance of more than three thousand miles, may be justly considered among the most wonderful events of the times. It is but little over two years since we had not a naval vessel on all these waters, where we now have a squadron of one hundred vessels, carrying 462 guns, with crews amounting in the aggregate to about 5,500 men. Kentucky, Tennessee, and Arkansas, the upper portions of Mississippi and Louisiana, and the southern portions of those States which border on the Ohio river on the north, have been relieved and liberated through the instrumentality of the gunboats, acting by themselves, or in earnest and cordial co-operation with the armies. Rear Admiral Porter has well sustained the renown which the gallant and lamented Foote so nobly earned, and has carried forward to successful results a larger and more powerful force than was ever at the disposal of that heroic officer. In creating and organizing this squadron, and arming and manning the vessels, it must not be forgotten that the service labored under many and great disadvantages, for the Government had no navy yard or establishment of its own on which the Department could depend. In the absence of any governmental yards, shops, storehouses, and other necessary facilities and aids for a naval establishment, and also of mechanics and workmen, it became necessary to collect and send out and receive supplies from some central and secure position. This work has been performed chiefly at Cairo, under the superintendence and management of officers who have devoted themselves to their less conspicuous but not less indispensable work with an assiduity and labor not surpassed even by their more active associates who were facing the enemy.

POTOMAC FLOTILLA.

Allured by high prices and the prospect of gain, mercenary adventurers as well as rebels and rebel sympathizers have continued to carry on to some extent illicit and contraband traffic between Maryland and Virginia, rendering it necessary to maintain a considerable force on the Potomac. The flotilla, under command of Commodore Harwood, has kept a close watch and guard to intercept and prevent, as far as possible, communication with the rebels, and many captures have been made; but the punishment inflicted on those who attempt to deal with traitors and furnish them supplies has been so light, that these petty contrabandists, as well as the more open blockade-runners, have carried on their employment with some degree of impunity. In one or two instances armed bodies of men have appeared on the Virginia shore, as if with the intention of molesting navigation, but they have abruptly fled on the approach of a gunboat. To guard against possible contingencies at the time of the invasion of Maryland and Pennsylvania, which terminated in the battle of Gettysburg, vessels were stationed at what were deemed available points along the upper waters of the Chesapeake to co-operate with the military authorities. A gunboat was sent up the Susquehanna to Havre de Grace, another up the Gunpowder, a third up the Backwater, while one was also posted at Annapolis, and another at Wilmington.

THE NAVAL FORCE.

I have mentioned in former reports that the naval force at the commencement of this Administration consisted of seventy-six vessels, and of these only forty-two were in commission. The additions which have since been made have elevated the country into a first-class naval Power. In the following table an exhibit is presented of the actual number and description of our naval vessels at the date of my last report, and at the present time:

Comparative Exhibit of the Navy, December, 1862 and 1863.

	No. of vessels	No. of guns	Ton'ge
Navy at the date of present report...	588	4,443	467,967
Navy at the date of last report......	427	3,268	340,036
Increase, exclusive of those lost...	161	1,175	127,911

Vessels of the Navy Lost since December, 1862.

In what manner lost.	No. of vessels.	No. of guns.	Ton'ge
Captured..............	12	48	5,947
Destroyed to prevent falling into the hands of rebels..........	3	29	2,933
Sunk in battle or by torpedoes...........	4	28	2,201
Shipwreck, fire, and collision.......	13	61	4,854
Total..................	32	166	15,985

Vessels Placed under Construction since December, 1862.

Description.	No. of Vessels.	No. of Guns.	Ton'age
Double-end iron steamers.....1,030 tons each	7	84	7,210
Single turret iron-clads....... 614 tons each	20	40	12,280
Double turret iron clads......3,130 tons each	4	16	12,520
Clipper screw sloops ....2,200 tons each	12	96	26,400
Screw sloops, spar deck.......2,200 tons each	8	160	17,600
Screw-sloops of great speed...3,200 tons each	5	40	16,000
Screw-sloops of great speed...3,000 tons each	2	16	6,000
Total........	58	452	98,010

Grand Exhibit of the Navy when the Vessels under Construction are Completed.

	No. of vessels.	No. of guns.	Ton'ge
Iron-clad steamers, coast service.....	46	150	62,518
Iron-clad steamers, inland "	29	152	20,781
Side-wheel steamers	203	1,240	126,517
Screw steamers	198	1,578	187,892
Sailing vessels	112	1,323	70,256
Total	588	4,443	467,967

There have been added to the Navy during the past year, by purchase, some thirty tugs, over fifty steamers for blockading and supply purposes, and over twenty other vessels for tenders and storeships. At least twenty of the steamers were captured in endeavoring to violate the blockade.

NAVAL DEPOT ON THE MISSISSIPPI.

I deem it proper to again allude to the expediency of establishing at no distant day a naval depot, yard, and foundry at some accessible and suitable point on one of the rivers in the valley of the Mississippi. The selection of an appropriate location for this purpose, where vessels can be constructed and repaired, is a question of national importance. The United States have at this time one hundred naval vessels on the Mississippi and its tributaries. Iron and coal, as well as wood, with all the materials for ships-of-war, are abundant, and may be found contiguous to eligible situations.

Steamers of iron will endure for years in fresh water, and the naval vessels which the Government may place on those rivers will be preserved. Should the projected water communication connecting the northern lakes with the great interior rivers by an enlarged ship canal be carried into effect, the Mississippi squadron could be made available for the defence of our northern frontier when circumstances required it.

VOLUNTEER OFFICERS—PROMOTIONS, ETC.

The important service rendered by volunteer officers, and the courage and skill displayed by them, as also their adaptation to the profession, commend them to the consideration of Congress. While it cannot be expected, and would not be desirable, to incorporate permanently into the navy, all who hold temporary appointments, there are among them some whose abilities and worth should not be lost to the service. Those who have served long and faithfully, and by their conduct, zeal, and ability merit it, should be promoted to volunteer lieutenant commanders, and a limited number of volunteer officers might be brought into the line.

It would doubtless conduce to the benefit of the service were officers of the line to undergo an examination for promotion to successive grades after leaving the academy until they attain the rank of commander. Such a regulation would avoid the necessity for retiring boards, and be an incentive to excellence and a just reward to those who strive to acquire professional knowledge after graduating from the academy, and entering on their career of active duty. Such a rule is established with the engineer corps and medical officers, and is productive of beneficial results. A like rule should be established with assistant paymasters, who ought not to be promoted until after the ordeal of an examination.

PIRATICAL ROVERS.

The recognition of the rebels as belligerents by the principal maritime Powers at the commencement of hostilities gave strength and character to the insurrection, which it never could have had but for that recognition. A declaration of neutrality between the belligerents went abroad from Governments with which we were in amity, carrying with it the semblance of fairness, but which, in its operation, is most unjust towards this Government and country. The United States had an extensive commerce which penetrated every sea, while the rebels were without commerce or ships. The United States had a navy, and squadrons on almost every ocean; the rebels had not a single armed vessel at home or abroad. With a full knowledge of these facts, the principal maritime Powers of Europe hastened to recognise the rebels as belligerents, and to declare that both the belligerents should be treated alike in their ports; that the public armed vessels of neither should remain more than twenty four hours in their harbors nor receive supplies or assistance, except such as might be absolutely necessary to carry them home, and for three months thereafter they should not again receive supplies in any of the ports of those Governments. While this proclaimed neutrality did not affect a single ship of the rebels, for they had not one to be affected, it excluded the naval vessels of the United States from the ports of the principal maritime Powers throughout the world, except under the restrictions enumerated.

When the Sumter, a vessel stolen from our merchants, made her escape and went abroad armed, but without a recognised nationality, to seize and destroy our merchantmen upon the high seas, she found, unlike the Algerine corsairs, refuge and protection within the maritime jurisdiction of the great European Powers with whom the United States were in friendship; and, finally, after being followed by our cruisers into the harbor of Gibraltar, she was permitted by the authorities to remain not only twenty-four hours but more than twelve months, and was eventually transferred to an English purchaser, went to an English port, was refitted and left the English shores with a contraband cargo, and has since run the blockade, carrying supplies to the rebels.

The Alabama, the Florida, the Georgia are armed cruisers built in England, have an English armament on board, and are manned by crews who are almost exclusively European. Sailing sometimes under the English and sometimes under the rebel flag, these rovers, without a port of their own which they can enter, or to which they can send a single prize for adjudication, have roamed the seas, capturing and destroying the commercial ships of a nation at peace with Great Britain and France; but yet, when these corsairs have needed repairs or supplies they have experienced no difficulty in procuring them, because it had been deemed expedient to recognise the rebels as belligerents. Not one of the many vessels captured by these rovers has ever been judicially condemned as a legal capture. Wanton destruction has been the object and purpose of the captors, who have burnt and destroyed the property of their merchant victims.

This theory of recognising rebels as belligerents so soon as they lift their arms against the Government, and thus declaring them entitled to national privileges on the high seas and in the harbors of the world, although without a port or navy of their own, is the inauguration of a new policy in the history of nations. For a long succession of years it has been an important point in the progress of civilization, and particularly among the maritime Powers, that the police of the seas should be guarded and maintained by the subjection of captures to the adjudication of tribunals administering the law of nations, which receive from the hands of the captor his prize into the custody of that law to be disposed of by its rules; but the course pursued in fostering and giving encouragement to the rebel robbers who, without a recognised national flag or a port at their command, or any means of bringing their captures to judgment, are committing their predatory acts, is a restoration of that Algerine and Tripolitan system which long afflicted the civilized world, but which, under the lead of our Government, was exterminated in the early part of the present century.

Thus far these rovers have escaped capture. While in the West Indies they were protected whenever they were enabled to flee into a neutral port, or get within a marine league of the shore of a neutral Government—a privilege that was never in any quarter extended to the Mediterranean corsairs. Unfortunately, most of the colonial authorities, and no inconsiderable portion of the population of the European dependencies, influenced by the professed neutrality which elevated insurgents, and sought to degrade the national authority to an equality with them, were in sympathy with the predatory rovers, and, while lending them aid and often furnishing them with information, interposed obstacles and manifested unfriendly feelings to the lawful operations of the naval forces of the Union.

Compelled, as we have been, to withdraw to a great extent our foreign squadrons, in order to establish and enforce the blockade, the commerce of the United States, spread abroad upon every sea, has been annoyed and often plundered and destroyed by these unlicensed rovers. With none of the nobler attributes or gallant and daring qualities which characterize naval warriors, and particularly the American sailor, these robbers of the sea shun a naval antagonist. Their prowess exhibits itself in plundering peaceful commerce, and their victims have been unarmed merchantmen. Traversing the seas as they do, without a country of their own to which they can resort, it has been difficult to trace or meet them; and thus far they have, with the shelter and assistance of Governments which recognise them as belligerents and equals, managed to elude our cruisers.

Their early operations were in the West Indies, where we have an extended commerce, and where they had coadjutors among those foreign adventurers who were engaged in illicit traffic, and sympathizers in a large portion of the colonial authorities. To protect our interests in that quarter, and especially to guard the treasure ships in their transit to and from Aspinwall, a flying squadron was established in the autumn of 1862, and placed under the command of Acting Rear Admiral Wilkes. This officer, by his energy and decision, contributed to break up one of the several lines of illicit traders organized to carry supplies to the rebels in ships ostensibly bound for Matamoras, but with cargoes having a contingent destination to Texas. While, however, he displayed efficiency in seizing that class of blockade-runners, and was successful in breaking up one of the many cunningly contrived arrangements, he failed to capture the piratical rovers.

The Department, anticipating that the Alabama and her associates would find it necessary to abandon the neighborhood of the Antilles, and satisfied of the direction they would then take, ordered the Vanderbilt, a fast steamer, on independent cruising duty, first in the West Indies, and then onward to the South. The orders to Commander Baldwin, of the Vanderbilt, under date of January 27, 1863, were: "When you are perfectly satisfied that the Alabama has left the Gulf or the West Indies and gone to some other locality, you will proceed along the coast of Brazil to Fernando Noronho and Rio de Janeiro, making inquiries at such places as you may think advisable. From Rio continue your course to the Cape of Good Hope," &c.

In derogation of these special and explicit orders, Acting Rear Admiral Wilkes, in falling in with the Vanderbilt, transferred his flag to that vessel, and, attaching her to his squadron, detained her in his possession so long as to defeat the object and purpose of the Department. He did not release her until the 13th of June, when Commander Baldwin proceeded to carry out his instructions, but he was too late. He arrived at Fernando Noronho on the 4th of July, at Pernambuco on the 6th, and at Rio de Janeiro on the 14th; thence he proceeded, on the 2d of August, to St Helena, instead of going direct to the Cape of Good Hope. The unfortunate detention of the Vanderbilt wholly defeated the plans of the Department for the capture of the Alabama, Florida, and Georgia. They, as the Department anticipated, arrived in those latitudes and visited those ports in May; but the Vanderbilt, instead of being there to receive them, as the Department intended, was improperly retained in the West Indies until after that period.

In addition to the few vessels stationed abroad to guard our national interests, others have from time to time been dispatched in pursuit of the rovers, all of which were built in and have gone abroad from foreign ports to prey upon our commerce. The details of all the measures which have been adopted by the Department in this view it is not necessary here to disclose. But with most of our naval vessels engaged in enforcing the blockade, and without a clue to guide our independent cruisers on the trackless ocean, they have thus far been unable to encounter these semi-piratical vessels, which always seek to evade a naval antagonist. Were the probabilities greater than they are, however, of encountering them, and were our public naval vessels permitted to enter the ports of the maritime Powers for fuel and other supplies when in pursuit, it would not promote the interests of commerce nor the welfare of the country to relax the blockade for that object. We have, however, no excess of seamen, nor even a sufficient supply for the immediate and imperative duties that are pressing upon us, and although it would be inexpedient to make public all the means that are taken and causes that control the action of the Government, it may not be improper to state that one of our largest and fastest steamers, destined for foreign service, has been detained for months in consequence of an inadequate supply of seamen to man her. Other vessels are also short of their complement.

ORDNANCE

The present condition of our naval ordnance, as presented in the report of the chief *ad interim* of that bureau, will be read with interest. It exhibits a gratifying advance in that department of the service since the commencement of the rebellion, and furnishes evidence that in general efficiency we are in a condition to maintain a standing at least equal to that of any other Power. Aided by private enterprise, the necessities of the country, which were great, have been surmounted, and, dispensing with the old artillery to which we for a time were compelled to resort, our naval vessels have now an armament worthy of the service. The suggestions embraced in the report of the Chief of Ordnance are commended to the consideration of Congress, and those which relate to the magazines and a gunnery ship are entitled to special regard.

PRIZES.

The number of vessels captured by the squadrons and reported to the Department to the 1st of November is 1,045, classified as follows: Schooners, 547; steamers, 179; sloops, 131; brigs, 30; barques, 26; ships, 15; yachts and small boats, 117. This is exclusive of a large number destroyed on the Mississippi and other rivers and on the coast. A table giving their names, dates of capture, and other particulars, is appended to this report.

At the close of the war of 1812 there were 301 vessels, including armed gunboats and tenders, in the navy, and the entire number of captures of armed and unarmed vessels made by them was 291. Five hundred and seventeen commissioned privateers were afloat during the war, and their captures numbered 1,428—making the total number of captures by public and private vessels 1,719.

The value of prizes sent to the courts for adjudication since the blockade was established is not less than thirteen million dollars. The value of those already condemned, and of which notice has been received at the Department, is $6,538,683 40; the expenses have been $607,407 64, leaving for distribution $5,897,970 36, as appears by the following table:

	No. of cases.	Gross amount of sales.	Costs and expenses.	Nett amount for distribution.
Boston............	13	$864,322 15	$25,188.44	$839 133 71
New York.........	89	2,218,903.89	281,16?.67	1,937 735.21
Philadelphia......	57	*1,8?9 444 76	149,896 06	1,670,512 97
Key West.........	71	1,432 952 30	133,291.55	1,3?4 053 51
Washington........	44	72,091.6?	11,966 12	6? 909.?8
Illinois	11	91,619 28	5,993 40	85 625 88
Total..........	285	$6,538 683 40	$607 407.64	$5,897,970 36

* The sum of $39,115.73 allowed to claimants by decree of court.

One half of the nett proceeds arising from the sale of prizes is by law set apart as a fund for the payment of naval pensions. The pension roll on the 6th of November last amounted to $159 812 55, and the estimated increase during the remaining eight months of the fiscal year is $32,570. The moiety of prize money dedicated as a pension fund, and now accumulating, should be made a permanent investment in registered Government securities. Were such the case, it is believed that the annual interest would be sufficient to meet all liabilities for naval pensions. At least two million five hundred thousand dollars can now be invested without interfering with the prompt payment of pensions. I recommend that the fund now on hand be made permanent, and that hereafter, whenever the amount shall reach one hundred thousand dollars, at least one-half shall be invested in registered Government securities bearing six per cent. interest.

MARINE CORPS.

Difficulty has been experienced in keeping up a full complement of marines in consequence of the high bounties paid for army recruits. Many whose time had expired, though preferring to remain with their old corps, have been induced by extraordinary bounties to enter the army. It has not been the policy of this Department to resort to the system of bounties for either the marine or naval service, but circumstances may render it necessary.

The colonel commandant recommends that the corps, which, when full, consists of three thousand men, should be increased to three thousand five hundred. This increase would not be an undue proportion to the naval increase; but a large portion of the vessels now in commission are of a description that do not require a marine guard. If, therefore, the corps were full, the present number would probably be sufficient for present requirements. On a few important occasions a battalion has been detailed for army duty; but the want of equipments and other causes render their employment in a service to which they are not drilled, and to which they do not belong, a question of doubtful expediency. It is a question indeed whether it would not be better in every respect to attach the corps permanently to the navy or the army, and make it exclusively subject to the control of one or the other branches of service, instead of occupying an equivocal position as regards both.

The discipline of the corps is excellent, and among its officers are some who would do credit to any service. It is earnestly recommended by the colonel commandant that justice to the corps requires that its chief should hold corresponding rank with other officers who have like commands. I have heretofore respectfully submitted this subject to the consideration of Congress.

COAST SURVEY.

It is due to the officers connected with the Coast Survey that the assistance which they have given to our squadrons should be acknowledged. The value of the information which they have furnished our blockading forces throughout the war cannot be over-estimated. Not only on the coast, but on the great interior rivers, they have aided the service, and promoted its efficiency and its intelligent action. Rear Admiral Porter expresses his great obligation to a small coast survey party that accompanied the Mississippi squadron for the maps and sketches which were used by him and consulted by the army officers in guiding their operations. They were constantly employed in delineating the face of the country, gaining topographical and hydrographical knowledge, compiling maps, and sketching, when the maps were found to be erroneous. The squadron would have been sometimes embarrassed without them. War cannot be successfully carried on without good maps, and the general or admiral who has the best charts will have an advantage which will go far to insure success.

EXPENSES AND ESTIMATES.

The appropriations made for the fiscal year ending June 30, 1863, were - - -	$71,587,052 09
Expenses of the Department during same time - - - - - - - -	63,211,105 27
Leaving an unexpended balance of -	$8,375,946 82

This amount will, however, be absorbed in the completion and armament of vessels under contract and the payment of other liabilities incurred prior to the close of the fiscal year.

The expenditures have embraced, besides the ordinary disbursements of the naval establishment, the construction, in whole or in part, and the repair, of seventy-one iron-clad vessels on the Atlantic and Western waters, the purchasing, repairs, and alterations of three hundred and sixty vessels, as well as the charter money for the ordinary service and for the search after piratical vessels on the coast.

The estimates submitted for the fiscal year ending June 30, 1865, are as follows:

Pay of the navy - - - - - -	$19,423,241 00
Construction and repair of steam machinery - - - - - - -	39,362,000 00
Construction and repair of vessels - -	32,575,000 00
Construction of armor-plated sea-steamers	19,606,000 00
Ordnance and magazines - - - -	8,603 946 00
Fuel, hemp, and equipment of vessels -	7,540 000 00
Provisions and clothing - - - -	6,915,605 00
Contingent and miscellaneous - - -	3,869,850 00
Navy yards and superintendents - -	2,558,448 00
Marine corps - - - - - -	1,445,321 85
Surgeons' necessaries and hospitals	358,500 00
Tables of navigation, nautical instruments, and Naval Academy - - - -	366,873 55
	$142,618,785 40

These estimates are large, but they are made upon a war basis, and the present extraordinary cost of material and labor renders a corresponding increase of estimates necessary. On the assumption that the war will continue—and no other rule is a safe one—large additions are to be made to our naval force, and the hard service to which all our squadrons are subjected makes the repair and refitment expensive.

A considerable portion of this expenditure will be an investment for value received, and the vessels and property will remain on hand when the rebellion shall be suppressed. The efficient naval vessels will continue to constitute the armed naval power that will be used to vindicate and defend our national rights or may be considered an economical investment to insure peace. Such vessels as may not be adapted to naval ocean service can be sold to the merchant marine, from which many of them were procured. Whatever sums may be expended for docks, yards, buildings, machinery, &c. will be permanent investments for the country.

SUMMARY.

The Secretary reviews at length the improvements in naval vessels and the revolution occasioned by iron armor. He pronounces the monitor class of armored ships as competent to perform not only all that should be expected of them for harbor defence, but, when of enlarged capacity, to supersede ships of higher pretensions. To maintain our rightful maritime position, however, he suggests turreted vessels of larger size than any yet completed, carrying heavier guns, and adapted for long cruises by their size, speed, and qualities of endurance. In order to have at our command a navy which shall fulfil these unexampled and exacting conditions of efficiency, a commensurate public establishment or navy yard on a large scale is considered indispensable, and the attention of Congress is invited to the subject as one of vital importance and true economy. The arguments to this end are presented with great fulness by the Secretary, and the impossibility of meeting the exigency by a reliance on private enterprise is pointed out.

The necessity of educating naval engineers for our navy is briefly but pointedly demonstrated, and a course of study to be pursued is recommended. A plan for giving employment to our seamen in time of peace is suggested as a means of building up and sustaining our navy by employing the fast naval steamers in the ocean mail service. He desires seamen to be exempted from the draft and encouraged to enter the navy.

This able and comprehensive report also discusses the Naval Academy, bounties, lights and signals at sea, and other topics of importance connected with the increased efficiency of our gallant navy.

CONCLUSION.

In concluding this report, it is with sincere gratification that I acknowledge the able and efficient aid which I have received in the performance of my official duties from gentlemen who, in their several grades, have been associated with me in this Department. I have, on former occasions, expressed my high appreciation of the services of the Assistant Secretary and of the several Chiefs of Bureaus, whose interesting reports are appended. Additional experience only confirms this favorable opinion. I commend also the faithful and satisfactory manner in which the largely augmented clerical labors of the Department have been performed. It has fallen to me to conduct the affairs of this Department during a period of trial and sacrifice, in the course of which our country, by an effort which challenges the admiration of the world, has not only created a naval power, but has successfully applied that power in the most arduous naval enterprise ever undertaken. When, under such circumstances, devoting all my energies to the duties of my position, and meeting all its grave responsibilities to the best of my ability, I have been constantly cheered and sustained by the assured conviction that the Navy of the United States has achieved a great and new historical renown; that it has expanded and is expanding in a measure commensurate with the exigencies of the country and of the times; that it has done and is doing heroic service in a great and sacred cause, and that its force is wielded by a body of officers and men who have established the highest claim to the gratitude of their country.

"FIVE CENTS."

A correspondent of the New York Sun makes the following statement in relation to one of the New York skirt manufacturers:

I have seen the articles made, and it must be a "smart woman" indeed that could make a dozen in two days. Perhaps, if she sat in her chair from daylight to daylight again, she might accomplish her task, but even then I doubt it. Let us describe these skirts again—for we cannot be too familiar with so pleasant a subject—they are made of white flannel; all the seams are filled on the right side, the selvedges are hemmed, the collars and wristbands stitched across the top, three buttonholes, three buttons, and a card are sewed on, and the article is finished. What is the sum paid for all this labor? Five cents! Think of it—just enough to buy a loaf of bread. Moreover, the amount of thread necessary for manufacturing these articles is so nicely calculated that the poor women have to use a needleful until there is nothing left but a mite, or they would not have enough.