Weekly National Intelligencer.

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Weekly National Intelligencer.

BY GALES & SEATON.

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THE LINE OF THE CHIEF JUSTICES.

The reader will have observed that in the proceedings had in the Supreme Court of the United States on Wednesday last, in commemoration of the death of Chief Justice Taney, that magistrate was styled the fifth in the line of our Chief Justices. As in other places he has been styled the fourth, and in still others the sixth, it may be interesting to some readers to know the origin of this discrepancy. The variation results from the omission or inclusion of one or other or both of the names of John Rutledge and William Cushing, of whom the former was appointed Chief Justice by President Washington, and took his seat on the bench, but was rejected by the Senate, and of whom the latter was appointed by the President and confirmed by the Senate, but never acted in that capacity. The circumstances of their respective cases are as follows:

While John Jay was absent in England, engaged in the negotiation of the British treaty of 1794, he was chosen Governor of the State of New York. Anticipating his resignation of the office of Chief Justice, President Washington offered the vacant post to John Rutledge, of South Carolina. In fact, Mr. Jay's resignation was received on the 30th of June, 1795, and on the following day the President ordered the commission of Mr. Rutledge as Chief Justice to be made out as of that date.

The appointment of the President and the promulgation of the British treaty as negotiated by Jay and ratified by the Senate reached Charleston, the residence of Rutledge, about the same time. The indignation of the majority of the people of Charleston at the terms of the treaty knew no bounds, and Rutledge, sharing in this popular sentiment, addressed an excited assemblage on the subject in language of reprehension and reproach, which symbolized with the most violent diction of President Washington's political opponents.

As Judge Rutledge had been a no less trusted than able member of the Federal party, his "imprudent sally," as Alexander Hamilton styled it, was read with "pain, surprise, and mortification." Hamilton took up his pen in reply to Rutledge's onslaught on the treaty, and the entire Federal party, not knowing that he had received the appointment of Chief Justice before he had taken his stand against the convention of Jay, was indignant at his defection, or at the false complaisance of the President, as some supposed, when the intelligence of his appointment was made public, without its being known that the honor had been tendered to him before his opposition to the treaty was indicated.

Chief Justice Rutledge took his seat on the bench at the August term of the Supreme Court, which opened at Philadelphia on the 21st of that month, in the year 1795. On the adjournment of the Court, after a session of but a few days, he returned to Charleston. In November of the same year he proceeded to Augusta to hold a term of the Circuit Court, and soon afterwards sat out to hold the circuit in North Carolina, but was overtaken by sickness on the way. His long and incessant labors had impaired the vigor of his constitution, and, under the access of disease, his mind gave way. The rumor of his failing health conspired with the political rancor of the Federal majority in the Senate to procure his rejection by that body. "The Senate's refusal to confirm his appointment," says the biographer from whom we glean these memoranda, "extinguished the last spark of his sanity." A burning and a shining light in our Revolutionary period, his sun went down in a cloud. He died on the 18th of July, in the year 1800.

After the rejection of Rutledge by the Senate, President Washington nominated William Cushing, of Massachusetts, who was one of the Associate Justices of the Supreme Court, to fill the vacancy. He was unanimously confirmed by the Senate, and held his commission about a week, when, on the ground of failing health, he returned it, declining the appointment. He never actually presided as Chief Justice, and hence his name has sometimes been omitted from the line of the Chief Justices of the United States, as it was by us a few days ago, when, in chronicling the appointment of Chief Justice Chase, we styled him the fifth in that exalted station. If we include both Judge Cushing and Judge Rutledge in the category, he is the seventh. The order of the succession is as follows: John Jay, John Rutledge, William Cushing, Oliver Ellsworth, John Marshall, Roger B. Taney, and Salmon P. Chase.

THE BLOCKADE AND BRITISH OFFICERS.

The London Army and Navy Gazette says: "In consequence of the recent capture by a Federal cruiser of a distinguished officer of her Majesty's navy, while in command of a blockade-runner, Mr. Seward addressed representations through Lord Lyons to her Majesty's Government which have led to a stringent order on the subject. The Admiralty have caused it to be notified to the officers engaged in the exciting and frequently profitable pursuit of commerce by blockade-running, that they cannot countenance such an employment of their vacant hours. Although all the officers referred to were on half-pay, it was plainly most unbecoming for them, as long as they drew even half-pay, to engage in acts which subjected them to pains and penalties at the hands of the authorities of a friendly State, while they were at the same time treating with contempt the Queen's proclamation of neutrality, which, binding on all good subjects, had especial claims to observance from officers in her Majesty's pay."

LAW OF MORAL PROGRESS.

The New York Observer, one among the very few religious newspapers of the country which preserves the integrity of its distinctive character free from the intrusion of partisan politics, and which did so even during the late political canvass, when the great majority of the so-called "religious press" threw off even the reserve prescribed to themselves by the better class of secular journals, refers in its number of last week to the current phases of the slavery question, and, after bringing into relief the views taken of this topic by ourselves and others among our political contemporaries, remarks as follows:

"So long ago as October 4, 1855, the New York Observer closed an extended discussion of the slavery question in these words:

"The doctrine of the Bible, in every case, secures in the end universal liberty, not by asserting, with the Abolitionist, the unqualified right of every man to liberty, but by requiring those in power to give liberty as the reward of intelligence and virtue, and to train all to the intelligence and virtue which will entitle them to receive, or if need be to demand the gift.

"We have steadily enforced the duty which was clearly defined by the action of the O. S. Presbyterian General Assembly of 1845, which was reaffirmed by the Assembly of 1864, and which struck at those features of the system which no good man's conscience or judgment approves, and the abrogation of which works such a complete change in the existing system as to render its extinction a necessary result. The conscience and the judgment of every sensible Christian pronounce it a more excellent way than a national convulsion, with the sacrifice of thousands of lives, and the suffering of incalculable misery. Love ought to make all men free and happy. War may make many men free, but it is a terrible process. One of the agents for the care of the freedmen tells us that one-half of all the slaves set free have perished or will perish from want of the necessaries of life. This is awful.

"But in the mysterious providence of God we are brought into a state of civil war. Whether we choose it or not it is on us, and the result of it is that the system of slavery has been substantially overthrown in some of the States and is shaken in all."

We have always concurred with the view which the Observer takes of the problem presented by slavery, as being a view no less true in practical politics than in the field of morals. Indeed, we should expect "the doctrine of the Bible" on this subject to coincide with the dictates of the highest human wisdom as approved by the judgment and experience of men in all ages. That doctrine points to the universal enfranchisement of the race, not by asserting, with the *doctrinaires* of the extreme school of abolitionists, the unqualified right of every human being to partake in all the forms and privileges of civil liberty recognised by the State, but, as the Observer defines the question, "by requiring those in power to give liberty as the reward of intelligence and virtue, *and to train all to the intelligence and virtue which shall entitle them to receive or, if need be, demand the gift.*" This is the order of moral progress as prescribed no less by reason than revelation. It is of the nature and essence of moral ideas that they should win their way to a concrete realization in the figure of society simply and solely by the force of their own worthiness to be received and adopted by men. When moral progress depends for its impulse on the power of the sword there is implied in that very fact a departure from the law of true moral progress.

And it is not difficult to say where this departure on the subject of slavery began as well at the North as at the South. It began at the North in the assertion of unqualified political and civil rights, without regard to the fitness of persons for their enjoyment. It began at the South in that perverted view which sought to see in slavery the normal condition of the black race, and which set its face against the very idea of meliorating the mental and material condition of the slave until he should be fit for the boon of freedom. It is the conflict of these antagonisms—equally standing in the way of a true moral progress—which has produced our civil war so far as its issues are determined by the moral aspects of slavery. It may be that the shock of war could alone wake the people to a sense of "right reason" on this question, but none will deny the peril of enlisting war in the cause of moral reform. The general lesson of history on this topic is correctly expounded by Dr. Arnold, when, in his sometimes profound and always judicious annotations on the Peloponnesian civil war as recited by Thucydides, he says:

"The great enemy of society in its present stage is war. If this calamity be avoided, the progress of improvement is sure; but attempts to advance the cause of freedom by the sword are incalculably perilous. War is a state of such fatal intoxication that it makes men careless of improving, and sometimes even of repairing their (internal) institutions; and thus the course of national happiness may be cut short, not only by foreign conquest, but by a state of war poisoning the blood, destroying the healthy tone of the system, and setting up a feverish excitement, till the disorder terminates in despotism." (Vol. 1, Appendix I., p. 522, 4th ed.)

"THE A B C's OF FINANCE."

The bill introduced in the House of Representatives by Mr. STEVENS, of Pennsylvania, the distinguished chairman of the Committee of Ways and Means, for the purpose of declaring by act of Congress that a dollar note issued by the Government is of equal value for all purposes as gold and silver coins of like denomination, and that a contract made payable in coin may be payable in legal-tender United States notes, and that no difference in sale or value shall be allowed between them, has found still less favor with the public press than in Congress. The speedy tabling of the bill has no where excited either surprise or regret, the only surprise or regret being that fifty members of a body supposed to represent the average intelligence of the American people could be found to vote against such a disposition of the chimerical project.

The New York Tribune, in commenting on the bill of the chairman of the Committee of Ways and Means in the House, indulges in the following sensible reflections, which serve to show that in the estimation of that journal the United States are not exempted from the scope of the financial laws which apply to all other nations under the sun. It says:

"The fundamental error of Mr. Stevens's, as of all kindred financial nostrums, implies that the value of gold and silver is *created* by law—that an ounce of silver buys a bushel of wheat, more or less, because Governments have agreed to make gold and silver a legal tender for the payment of debts. The opposite school, whereto we adhere, along with most thinkers and writers on the subject, insists that *the value of gold and silver inhere in the average amount of* LABOR *required to produce or to duplicate them*, and that all substitute or alternative media of exchange are more or less valuable according to the feasibility and certainty of their conversion into actual specified values. * * *

"The laws of the universe utterly refuse to be subordinated to the acts of Congress; a product which has cost a thousand days' labor will not be exchanged for or held of equal value with something that may be picked up in two hours by the side of almost any country road. Legislation may impair the value of gold, by obstructing its exchange for other products or values; it cannot make a cart-load of paving-stones the actual, enduring equivalent of a cart-load of wheat or of wool in any region where paving-stones are superabundant.

"Are we pottering over the A B C's of Finance? Certainly; but how avoid it when our statesmen and financial authorities have not yet mastered even these? With great respect for the abilities of Mr. Stevens we say that an act of Congress declaring a paper dollar the equivalent of a gold dollar is a transparent and mischievous absurdity. It may be such equivalent; if it is it needs no statute to bolster it, but will take ample care of itself. A bank dollar surely redeemable in coin at every bank counter or broker's office is a dollar practically and beneficently. Any paper dollar is worth more or less according to the facility and readiness wherewith it may be converted, and the cash value of that into which it is convertible. Any legislation which declares nothing to be something, or forbids water to run down hill, may be potent for incidental mischief, but can never achieve its declared end.

"Let us consider the case of a miner who has spent the year 1864 prospecting and delving among the glens of the Rocky Mountains, and has thereby accumulated twenty pounds troy of virgin gold, equal to some four thousand dollars in coin. By what right, to what purpose shall Congress forbid his exchanging this product of his labor for so many greenbacks, or their equivalent in land, or food and clothing, implements, and farm stock as these greenbacks will buy in open market?"

THE NATIONAL FINANCES.

THE ANNUAL REPORT OF THE SECRETARY OF THE TREASURY.

In presenting to Congress his Annual Report on the state of the finances, in obedience to the requirements of law, the Secretary of the Treasury feels that, while there is no occasion to distrust the ability of the people of the United States to bear the great and increasing burdens imposed upon them by the arduous and prolonged struggle for national existence in which they are engaged, there is, nevertheless, much in the financial condition of the Government which requires careful and anxious consideration. Among the serious duties devolved upon him, the Secretary recognises a full and clear exposition of that condition as first in importance, in order that the wisdom of Congress may provide a remedy for existing evils, and guard against the recurrence of similar evils in the future.

The Secretary's assumption of office was so nearly coincident with the commencement of the present fiscal year that he would be naturally impelled to begin by stating the exact condition of the Treasury upon that day. Before proceeding to do so, however, a brief review of the financial measures adopted since the outbreak of the rebellion, and of their operation and effect, may not be without value in endeavoring to arrive at just conclusions with regard to the future.

REVIEW OF FINANCIAL MEASURES.

On the 4th day of March, A. D. 1861, the national debt was comparatively so inconsiderable as hardly to deserve the name. Accustomed to a degree of prosperity heretofore unexampled in the history of nations, the people of the United States had grown rich and powerful without being conscious of national burdens, and equally unconscious of their own vast and increasing ability to sustain a weight which, could it have been anticipated, might have seemed altogether beyond their strength. Unaccustomed for a long course of years to great national efforts, it was fortunate that their powers of endurance should be tested only by degrees, as the struggle which Providence had prepared for them developed its vast proportions, and the necessity of great and long continued effort became apparent. Had it been foreseen that what was believed to be a contest for months was to be continued for years, and that hundreds of millions of public debt would be swollen into thousands of millions before the close of that contest, it may well be doubted whether, ignorant as they were of their own immense resources, the people might not have shrunk appalled from such an undertaking which contemplated a sacrifice so far exceeding all former experience.

In his first report to Congress, made on the 4th day of July, 1861, my predecessor estimated the whole amount required for the service of the fiscal year ending June 30, 1862, at $318,519,581. To meet this anticipated expenditure Congress, by an act approved July 17, 1861, authorized a loan of $270,000,000, which, with the ordinary revenues, was considered an ample provision for the exigencies of the year. By an act approved August 5, 1861, Congress further authorized a direct tax of $20,000,000 and a tax of three per centum on the excess of all incomes over $600 per annum. It was not anticipated, however, that any revenue derived from these last mentioned sources would be available within the year. Experience proved that the estimate of the Secretary, though founded on what seemed to be reliable data, was altogether inadequate, and in his report of December 9, 1861, he was compelled to ask Congress to provide for a probable deficiency of $213,904,427. In the same report he estimated the expenditures of the fiscal year commencing on the 1st day of July, 1862, at $475,331 245. On the 30th of December, 1861, and soon afterward, most of the State Banks suspended specie payments.

In view of the condition of affairs, and of the large appropriations called for to meet the public wants, Congress passed various laws, which need only be alluded to, it had become manifest that while much the largest portion of the amount required must be provided by loans in some form, resort must be had to a wider and more stringent taxation in order to preserve the credit of the Government. Accordingly the act of July 1, 1862, called the Internal Revenue Law, was passed, providing for a levy of duties on various domestic manufactures, upon trades and occupations, and also providing a system of stamp, income, and other duties. This important measure, it was hoped, would, in connection with the duties on imports and the sums derived from other sources, furnish such a proportion of the revenue needed as would place the national credit upon a stable foundation through the evidence thus afforded of a readiness to impose on the present a reasonable share of public burdens, leaving to the future no more than in justice it ought to bear. If these hopes were not realized, the disappointment was perhaps imputable in a great degree to the fact that the systems adopted was one to which the people had not been accustomed; that the machinery was complicated, the officers who were to execute inexperienced, and that sufficient allowance was not made for the important element of time, which alone can give to any such system the requisite efficiency. With a like view to increase the revenue, and to sustain our own industry under the burden imposed by the Internal Revenue law, Congress, by an act approved July 14, 1862, largely increased the duties on imports.

It was justly believed that these measures could hardly fail to inspire confidence in the ability and purpose of the nation to meet all its obligations in the present and the future. The necessities of the Treasury were, however, immediate. To raise money in large amounts by taxation, and even by loans, requires more time than can always be afforded, with large armies in the field and great navies afloat. The demands of war are imperative, and cannot await the slow process of financial negotiations to meet a demand thus urgent.

Congress, by acts of February 25 and July 18, 1862, saw fit to authorize the emission of United States notes to the amount—including sixty millions of Treasury notes previously authorized, which were to be redeemed and cancelled—of three hundred millions of dollars, as a substitute for coin, declaring them a legal tender for all debts, public and private, and clothing them with all the requisites of currency. These notes were convertible, at the will of the holder, into bonds of the United States paying interest at six per centum semi-annually in coin, to secure which the revenue from customs, also payable in coin, was specifically pledged. The same act of February 25, 1862, authorized the issue of bonds to the amount of five hundred millions, increased subsequently to five hundred and eleven millions, redeemable after five years and payable in twenty years from date.

Notwithstanding the ample provision supposed to be made by Congress for the expenditures of the fiscal year ending on the 30th of June, 1863, the report of the Secretary submitted on the 4th of December, 1862, showed a deficiency for the current year of $276 912,517, while the estimated amounts of expenditures over receipts from ordinary sources for the succeeding year was $622,388,186. To provide for the aggregate of these amounts, Congress, by an act approved March 3, 1863, authorized a loan of $300,000,000 for the current and of $600,000,000 for the then next fiscal year. By the second section of the same act the Secretary was authorized to issue, as a part of said loan, $400,000,000 in amount of Treasury notes, bearing interest at a rate not exceeding six per centum per annum, payable in lawful money, which notes, payable at periods expressed on their face, might be made a legal tender at their face value. By the third section $150,000,000 of United States notes, of a like character with those previously issued under the provisions of former acts, were authorized as a part of said loan.

It will be seen that, by the several acts of Congress referred to, Government paper, as a substitute for coin, under the respective designations of United States notes and Treasury notes, might be issued to the amount of $850,000,000, viz: United States Treasury notes, not bearing interest, to the amount of $450,000,000, but of which $50,000,000 were to be held in reserve for the redemption of temporary deposites, and to be replaced as soon as possible, thus leaving the whole amount intended for circulation but $400,000,000; and $400,000,000 of Treasury notes, bearing interest, and which, it was hoped and believed, would not remain in circulation, as they could be made legal tender only for their face value without interest.

In the preceding enumeration of the several acts passed by Congress with a view to provide the large means required to meet the annual expenditures to a period including the fiscal year of 1864, no reference has been made to the several auxiliary measures designed to meet the exigencies of the hour, but neither enlarging nor diminishing the amount required, and serving no other purpose than a mere temporary resource. Of such was the act of March 1, 1862, authorizing the issue of certificates of indebtedness, payable one year or less after date, with six per cent. interest, and the several acts authorizing the Secretary to receive deposits at the Treasury for a period not less than thirty days, to be paid at ten days' notice. Of a somewhat similar character, from its necessarily limited amount, is the fractional currency authorized by the fourth section the act of March 3, 1863.

THE DIFFICULTY OF MAKING CORRECT ESTIMATES.

The object of the Secretary in calling attention to these various acts of Congress, in connection with the estimates of his predecessor, is to show:

First—The utter impossibility, in times like the present, of ascertaining, with any degree of certainty, prospective demands upon the Treasury. Estimates on the most liberal scale may be, as they have been, found inadequate. Hence arise large deficiencies, occasioned by an unexpected increase of military force in the first place, and upon a rise of prices for material, invariably consequent upon military operations conducted upon a gigantic scale, even if the currency could be maintained in a sound and natural condition.

Secondly—The difficulty of fixing upon any policy not subject to the contingencies of the hour. It is, in the Secretary's judgment, not only difficult, but impossible to apply fixed rules to a condition of affairs constantly changing, or to meet contingencies which no human wisdom can foresee, by a steady application of general laws, especially in a Government and with a people where public opinion is the controlling element, and that opinion is not under the direction of those who may happen to administer public affairs.

THE ISSUE OF PAPER MONEY.

Accordingly it has been seen that the attempt to conduct financial operations on so immense a scale upon a specie basis soon proved impracticable. Resort to some other species of currency of a national character became unavoidable, as was unanswerably demonstrated by my predecessor in his report of December, 1862. Fraught with danger, as Government paper has almost invariably proved, there was, under the circumstances, no other resource. Of course the danger increases with enlarged demands upon the Treasury growing out of increased expenditures, a rise of prices occasioned by an increase of taxation on articles of consumption, the withdrawal of labor from productive pursuits, accompanied by an aggravated demand for products and material incident to a state of war. The problem to be solved is, how to mitigate the evil, if it cannot be fully avoided. If loans can be negotiated at reasonable rates, and the Treasury can thus be kept in a condition to meet current demands, it is not difficult to restrain the circulation of Government paper within safe limits. But this, not always certain in a time of peace—though, with abundant resources, it always should be—is often found impossible when war upon a large scale and long continued has created distrust. Hence it has followed that, under the acts referred to, our bonds have assumed various forms, to suit what was supposed to be the choice of lenders.

A SPECIE BASIS NOT LOST SIGHT OF.

Our notes have shown a similar diversity of character. While it has been found impossible to avoid the necessity of using them to an extent which could not but aggravate the troubles incident to the necessities of our condition, yet, though forced to resort to the issue of paper for the time, the idea of a specie basis was not lost sight of, as the payment of interest on long loans in coin was amply secured. And though in several of the acts authorizing the issue of bonds at long periods, payment of the principal, at maturity, in coin, is not specifically provided, the omission, it is believed, was accidental. As there could have been no intention to make distinction between the different classes of securities in this regard, it is respectfully recommended to remove all doubt upon this point by proper legislation. Although the wisdom of thus securing the payment of interest on bonds in coin has been questioned, and the pledge of the receipts from customs, to be collected in coin for that purpose, has perhaps facilitated the operations of those disposed to enhance the price of gold for speculative purposes, the Secretary is of the opinion that these measures were not only wise but necessary at the time, and greatly aided in sustaining public credit.

THE ISSUE OF BONDS AND TREASURY NOTES.

The expenditures for the preceding fiscal year so slightly exceeded the estimates of the Department, that at the last session of Congress it was not considered necessary to increase the amount authorized to be borrowed by existing laws. Experience has shown, however, that some changes of form were advisable. By an act, approved March 3, 1864, authority was given to the Secretary to issue bonds to the amount of $200,000,000, in lieu of so much of the loan authorized by the act of March 3, 1863, redeemable after any period not less than five years, and payable not more than forty years from date. At a subsequent period of the session—June 30, 1864—the authority conferred by the first section of the act of March 3, 1863, was repealed, except so far as it affected an amount of seventy-five millions then advertised, and power was given to borrow four hundred millions of dollars, on bonds redeemable after five years, and payable not more than five years from date. By the second section of the same act authority was conferred to issue, in lieu of the same amount of bonds, two hundred millions in Treasury notes, which might be made a legal tender at their face value, bearing interest at a rate not exceeding seven and three-tenths per centum, payable in lawful money, and convertible, at the pleasure of the Secretary, into bonds issued under the authority of said act.

The Secretary was further empowered to substitute for Treasury notes, issued under former acts, an equal amount of notes such as was therein authorized. A table is appended to this report showing the amount issued under the several acts hereinbefore referred to to the beginning of the present fiscal year, from which it appears that by the laws in force on that day the Secretary had authority to borrow, on the credit of the United States, the amounts following, viz:

First.—Under the act of March 3, 1863, so much of advertised previously to June 30, 1864, as had not been awarded to bidders	$75,000,000
	$32,459,700
Second.—Under the act of March 3, 1864, so much as had not been subscribed for and paid into the Treasury, viz	127,603,520
Third.—Under the act of June 30, 1864	400,000,000
Fourth.—Amount of Treasury notes issued under former acts, which had been redeemed and cancelled, and which the Secretary was authorized to replace by notes under the act of June 30, 1864	62,191,400
Total available resources under laws authorizing loans	$622,284,625
To this may be added the actual balance in the Treasury July 1, 1864	18,842,588
Total	$641,127,213

RECEIPTS AND EXPENDITURES FOR 1863.

A statement of the receipts and expenditures, estimated and actual, for the year ending June 30, 1863, will show how this balance in the Treasury is obtained, and the increase of the public debt during the year, viz:

RECEIPTS.

	Estimated.	Actual.
From customs	$72,562,018	$102,316,152
Lands	436,183	588,393
Miscellaneous	5,641,542	47,511,488
Direct tax	.....	475,618
Internal revenue	77,599,713	109,741,134
Total	$156,339,456	$260,632,717
Add balance July 1, 1863	5,329,044	5,329,044
Aggregate	$161,568,500	$265,961,761
Estimated receipts from loans	594,000,000	618,114,884
Total	$755,568,500	$884,076,646

EXPENDITURES.

	Estimated.	Actual.
For civil service	$34,267,811	$42,755,599
Pensions and Indians	7,840,314	7,517,930
War Department	835,479,511	690,791,842
Navy Department	112,789,186	85,734,292
Interest on debt	59,165,136	53,085,421
Total	$1,099,731,960	$865,234,087
Deduct estimated	350,000,000	
Total	$749,731,960	
Estimated balance	5,836,539	18,842,558
From actual receipts from loans		618,114,884
Deduct balance on hand July 1, 1864		18,842,558
It shows the amount received from loans applied to the service of the year ending June 30, 1864		959,272,326

The statement may be more intelligible in another form, as follows:

Actual expenditures for the fiscal year	$865,234,087
Deduct receipts from ordinary sources and balance from preceding year	265,961,761
Balance provided from loans applied to the service of the year	599,272,326
The amount derived from loans specifically stated, is as follows:	
Five-twenty bonds, act Feb. 25, 1862	321,557,283
Fractional currency exceeding amount redeemed	2,702,421
Six per cent. bonds, act July 17, 1861	30,565,875
Ten-forty bonds, act March 3, 1864	73,337,600
Twenty years six per cents., act March 3, 1863	42,141,771
United States notes, act February 25, 1862	43,869,821
One year five per cent. notes, act March 3, 1863	44,520,000
Two year five per cent. notes, act March 3, 1863	152,864,800
Three year six per cent. compound interest notes	15,000,000
Certificates of indebtedness exceeding amount redeemed	4,098,758
Whole amount	$730,642,410
Of which amount there was applied to repayment of public debt	112,527,526
Which deducted, it leaves applicable to expenditures	618,114,884
Deduct balance July 1, 1864	18,842,558
Balance applied to the service of the year	$599,272,326

NATIONAL DEBT.

The public debt, as stated by my predecessor in his report of December 10, 1863, was	$1,098,793,181
To this amount should be added amounts paid into the Treasury previous to July 1, 1863, for which evidences of debt were subsequently issued	23,782,423
Amount of debt July 1, 1863	1,122,575,604
Add amount of loans applied to actual expenditures, as above, and balance in the Treasury July 1, 1864	618,114,884
It gives the amount of public debt July 1, 1864	1,740,690,489

RECEIPTS FROM MISCELLANEOUS SOURCES.

The very large comparative receipts from miscellaneous sources require explanation. They are accounted for as follows, viz:

From captured and abandoned property	$2,146,715
Premium on gold shipped from San Francisco to London	2,799,920
Sales of prizes due to captors	4,088,111
Internal and coastwise intercourse fees	5,809,287
Premium for sales of gold coin	16,498,975
Commutation money	12,451,896
All other sources	3,716,542
Total	47,511,448

The Secretary is of the opinion that not over $25,000,000 can be safely calculated upon as likely to accrue from similar sources during the current year.

FINANCIAL OPERATIONS ABROAD.

The item of "premium on gold shipped from San Francisco to London" may also require further explanation. In March, 1863, it became necessary to transmit a considerable amount of funds to London for a special purpose, for which an appropriation had been made by Congress; and it was thought advisable to deposit a certain amount of our securities with an eminent London banker, against which bills might be drawn. Five twenty bonds to the amount of ten millions were accordingly placed in the hands of two distinguished citizens, to whose care the negotiation was committed. The negotiation failed, and the ten millions were returned to the Treasury and disposed of. It was thought advisable that the amount of four millions should remain, and that exchange should be drawn against it and the bonds disposed of abroad if a favorable market should be found. It appears, however, that very nearly this amount of issue is in excess of the five hundred and eleven millions authorized by existing loans, $510,756 900 having been disposed of. It is at least questionable whether by this clause power is conferred to dispose of an amount beyond that fixed by existing laws. Additional legislation may remove that doubt, should Congress think it advisable, otherwise they may be cancelled. Exchange having been drawn, it became necessary to provide funds to meet the bills at maturity, which was accomplished by shipments of gold from California.

ESTIMATED EXPENSES OF THE CURRENT FISCAL YEAR.

The expenditures for the current fiscal year were estimated in the last report of the Secretary as follows, viz:

Estimated balance of former appropriations	$350,000,000
For the civil service	27,973,194
For pensions and Indians	9,631,303
For the War Department	536,204,127
For the Navy Department	142,618,785
For interest on the public debt	85,387,677
Aggregate	$1,151,815,089
Deducting as likely to remain unexpended on the 30th of June, 1864	$400,000,000
Leaving to be provided for	751,815,089
And the receipts from ordinary sources were estimated in the aggregate at	206,836,539
Leaving to be provided by loans	544,978,549

This estimate, like all others of a similar character, was necessarily based on past experience with regard to unexpended balances, and upon estimates from the different departments, which, in a time of war, must be liable to great uncertainty. Additional information enables me to state the probable expenditures with a near approach to accuracy, as corrected, by including so much of the actual balance of former appropriations as is liable to be used during the year, those made at the last session of Congress, the additional amounts called for to meet probable deficiencies, and reducing the balance of unexpended appropriations at the end of the year, as from amounts expended during the first quarter, would seem necessary. The estimate is as follows, viz:

Actual unexpended balances as above	$380,387,050
For the War Department	625,945,741
For the Navy Department	110,047,459
For the civil service	21,796,572
For pensions and Indians	6,590,089
Indefinite appropriations	9,152,007
Total	$1,153,918,920
Add interest on public debt	$91,810,215
Add public debt matured and maturing during the year, viz: Certificates of Indebtedness	160,729,000
Texas debt	2,149,000
Loan of 1842	196,803
Treasury notes under act of March 2, 1861, and prior thereto	278,511
Total	$1,409,082,455

OUTSTANDING CERTIFICATES OF DEBT.

The amount of certificates outstanding on the 1st of November, 1864, was $233,593,000. This being a much larger amount than the market ought to bear, it would not be wise to calculate upon these securities as available for the service of the year beyond $75,000,000.

THE RESOURCES FOR THE CURRENT YEAR.

The available probable resources for the current year may then be stated as follows:

From customs	$70,271,091
Lands	642,185
Internal revenue	249,762,859
Miscellaneous resources	24,020,171
Direct tax	16,079
Certificates of indebtedness	75,000,000
Total	$419,512,389
To this should be added probably unexpended balances, June 30, 1865	350,000,000
Balance of cash July 1, 1864	18,842,558
Total resources	$788,354,947
Which, deducted from expenditures, leaves balance to be provided for by loans	630,727,508
If, however, an additional sum of fifty millions should be realized, as proposed by the Commissioner, from internal duties, the amount to be raised by loans would be	580,727,508
From this should be deducted the public debt redeemed	88,353,320
Leaving an increase of public debt at the close of the year	482,374,188

[NOTE.—In addition to the liabilities before stated, it may be mentioned that the seven-thirty notes, now called the issue of 1861, and the one year five per cent. legal-tenders, amounting to $43,585,000, also become payable during the current year. The conversion of the former being provided for, however, by the act of August, 1861, and the latter, by a power of substitution, under the act of June 30, 1864, they have been excluded from this estimate. The amount of seven-thirty notes redeemed in money to November 1, 1864, is only $63,500, charged to current expenditure, while the whole amount converted to that date is $125,864,900.]

RECEIPTS AND EXPENDITURES FOR 1864-5.

Stated in the usual form, by taking the actual receipts and expenditures of the first quarter as a distinct basis of calculation, the result is the same, viz: For the first quarter of the current year, ending September 30, 1864, the actual receipts, as shown by the books of the Treasury, were as follows:

From customs	$19,271,091
From lands	342,185
From direct tax	16,079
From internal revenue	46,564,850
From miscellaneous sources	9,010,171
Total receipts	$75,212,389
Add balance in Treasury July 1, 1864	18,842,558
Receipts from all sources excepting loans	$94,054,947
For the three remaining quarters, ending on the 30th of June, 1865, the estimates are:	
From customs	$51,000,000
Internal revenue	203,000,000
Lands	30,000 000
Miscellaneous sources	15,000,000
Total	$269,000 000
Total receipts from ordinary sources, actual and estimated, with balance on hand July 1, 1864	$363,354,947

The expenditures for the first quarter, ending September 30, 1864, were as follows:

Civil service	$8,712,422
Pensions and Indians	4,935,179
War Department	286,100,283
Navy Department	33,292,916
Interest on public debt	19,921,054
Total, exclusive of principal of public debt	$353,061,861

For the three remaining quarters the estimated expenditures, based upon appropriations and estimated deficiencies, are:

For the civil service	$26,852,489
For pensions and Indians	6,516,795
For War Department	677,479,384
For Navy Department	109,939,644
For interest on public debt	71,889,160
Total of expenditures, actual and estimated	$1,246,729,135

These estimates include all unexpended appropriations from former years, and there may be deducted, as a probable unexpended balance at the close of the year, $350,000,000, leaving the total amount, actual and estimated, for the current year, $875,729,135. Deducting the receipts from the total of expenditures, actual and estimated, there will remain $512,374,188.

THE DEFICIENCY.

If Congress should adopt the measures for increasing the internal revenue at an early day, the Secretary believes there may be added to the receipts from that source $50,000,000, which being deducted, there would remain to be provided $482,374,188.

THE PUBLIC DEBT.

The public debt, matured and maturing during the year, is, as before stated, $163,353,320. From this may be deducted, as likely to be provided for by new certificates of indebtedness, $75,000,000. Add this sum ($88,353 320) to the balance to be provided for the expenditures of the year, viz. $482,374,188, and it makes the whole amount to be provided from loans $570 727,508. But as this would include so much of the existing public debt as would be redeemed, exceeding certificates issued within the year, viz. $88 353 320, this sum is to be deducted from the amount to be obtained by loans, viz $570,727 508, showing the probable increase of the public debt during the year to be $482,374,188, which, added to $1 740 690 489, would make the public debt on July 1, 1865, $2,223 064,677, subject to such increase as may be occasioned should Congress not provide for additional revenue, or should the income from ordinary sources fall short of the estimate submitted.

ESTIMATED RECEIPTS AND EXPENDITURES.

Any estimate which may be made of the probable receipts and expenditures for the next fiscal year must necessarily be liable to still greater uncertainty. This remark applies more particularly to expenditures, for while, if existing laws remain unchanged, the amount of revenue may be calculated with reasonable certainty, it is impossible to anticipate what the exigencies of war may require. On the one hand this may call for increased effort, and on the other it may be confidently hoped that the great struggle is near its termination, and that, consequently, the estimate now submitted will prove far beyond the wants of the year. While any doubt remains, however, it would be unsafe to assume any other basis of calculation than one predicated upon the existing state of affairs.

The receipts for the year ending June 30, 1866, are estimated as follows:

From customs	$70,000,000
Internal duties	300,000 000
Lands	1,000,000
Miscellaneous sources	25,000,000
Aggregate	$396,000,000

The expenditures are estimated as follows:

Balance of unexpended appropriations	$350,000,000
For the civil service	30,08[illegible],097
Pensions and Indians	14,196,050
The war Department	531,[illegible]8 191
Navy Department	112,219,6[illegible]6
Interest on public debt	127,000,000
Aggregate	$1,168,256,005
But from this aggregate there may be deducted as likely to remain unexpended at the close of the year	350,000,000
Total	$818,256,005

Deduct estimated receipts from ordinary sources, $396,000,000, there will remain to be provided for by loans $422,256,005. To this should be added for redemption of excess of certificates of indebtedness $47,365,000, making the whole amount to be provided for by loans $469,621,005. Assuming the correctness of these estimates, the whole debt on the first day of July, 1866 would be found by adding the foregoing amount of $422 256,005 to the estimated debt in July 1, 1865, $2,223,064 677, giving $2,645 320 682 as the amount of the debt at the close of the next fiscal year.

This calculation is made on the same basis of receipts as that assumed for the current year. It is quite probable, in the judgment of the Commissioner of Internal Revenue, that $300,000,000 may be received in another year from that source, without the additional legislation suggested by him. Should this supposition be verified, and the new taxes proposed for this year be laid and continued, an additional fifty millions might be expected from internal revenue. The Secretary has, however, thought it wiser to name $300,000,000 as all that would probably be realized.

It will be observed that the actual receipts from ordinary sources