Report of the Comptroller of the Currency.

According to the report of the Comptroller of the Currency, nine National Banks have been organized within the year, of which eight are new associations, and one a conversion from a State bank, making the total number organized up to October, 1869, sixteen hundred and ninety-four. The number in active operation is sixteen hundred and twenty.

The total amount of notes of all denominations outstanding on the 30th of September, 1869, was $299,789,895.45. The amount of United States bonds held by the Treasurer of the United States to secure the redemption of the circulating notes of National Banks on the 30th day of September, 1869, was $342,475,100. Of $17,560 of notes prepared in the usual manner for issue for National Banks which were purloined previous to the annual report of 1867, only $1,400 of the same have been recovered. Of these $4,500 were in fifty and one hundred dollar notes of the National City Bank of Lynn, Massachusetts, and $15,000 in fifty and one hundred dollar notes of the First National Bank of Jersey City, in addition to which several thefts of a single sheet had occurred. The Comptroller says it is a serious question whether provision should not be made for the payment of these stolen notes when found in the hands of innocent holders. Their similarity to the genuine issues of the same and other National Banks, and the difficulty, to any but the most expert and skillful, in recognizing the forged signatures, make it impossible for the great majority of those who must handle money to distinguish the spurious from the genuine issues. The subject is respectfully submitted to the consideration of Congress.

The Comptroller cites attention to the fact that, as the law now stands, a bank may, by a vote of the shareholders owning two-thirds of its stock, go into liquidation and close up its affairs. After the expiration of one year from the publication of notice to its shareholders and creditors, as required by the statute, it may deposit with the Treasurer of the United States legal-tender notes for its outstanding circulation, and take up the bonds held as security therefor. This section was undoubtedly intended to provide for the winding up of banks under the ordinary conditions incident to specie payments. But under existing circumstances, banks go into liquidation, and call upon noteholders to present their notes for redemption, by publishing notice, as required by law, but, during the whole year that follows, are not obliged to redeem anything except, now and then, a worn-out or defaced note. This facility of circulation, and the absence of all cost of redemptions, have probably induced some associations to take the legal steps for going into liquidation, with the expectation of continuing to reap the benefit of their outstanding circulation, while they continue to do a banking business under State laws, or as private bankers. This is an abuse that could only be practised under a suspension of specie payments, and during the absence of all demand for redemptions; but for the time it does not the less an abuse that requires correction. The Comptroller recommends that Congress should pass an act in one section, unconnected with any other subject, requiring all banks that go into liquidation to deposit legal-tender notes for their outstanding circulation, and take up their bonds deposited with the Treasurer of the United States as security for such circulation, within sixty days from the date of the vote of the shareholders to go into liquidation.

If the recommendation of notes issued to National Banks by the United States be made returnable and payable to the Treasurer of the United States, in the same manner that the larger portion of them now are.

The employment by the government of agents to examine into the affairs of National Banks, without previous notice, has done more than any other one thing to promote the safety and sound management of the National Banks, and the good results brought about, directly and indirectly, by such examinations, have fully vindicated the wisdom of the provision. Congress is urged to make provision for an increase in the compensation of these examiners, as a matter of necessity as well as a matter of justice.

The salaries of the clerks employed in the Comptroller's office are inadequate to the abilities and integrity required, and the Comptroller recommends that they be increased. He recommends that the Deputy Comptroller be paid a salary of $3,500; the head of each division, $2,400; two correspondents, $2,200 each; and two bookkeepers, $2,000 each.

The recommendation contained in his last preceding annual report, looking to the establishment of an agency in the city of New York in the interest of the National Banks, owned and controlled by them, for the redemption of all their issues and for the transaction of all their business, is again submitted to the consideration of Congress.

Concerning the interest on deposits and call loans, the Comptroler says that the law for the organization of National Banks defines their power with precision. They are empowered to exercise under the act, "all such incidental powers as shall be necessary to carry on the business of banking, by discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt; by receiving deposits; by buying and selling exchange, coin, and bullion; by loaning money on personal security; by obtaining, issuing, and circulating notes," &c.—from which it will be seen that National Banks are authorized, among other things, "*to receive deposits*;" that is when money is brought to them they are authorized to receive it. They are not, however, authorized to *hire* deposits, and the law does not contemplate that they should solicit loans, under the guise of deposits, by the offer to pay interest on them. This practice, however, prevails extensively; and although by implication, the law forbids it, the prohibition is not sufficiently explicit or positive to prevent it. If banks pay interest on these deposits, they must, of course, use them; and, as they are payable on demand, they must be loaned on call. Call loans, as a rule, are made to brokers and operators in stocks and gold. Men engaged in trade cannot ordinarily afford to borrow money which they may be called upon to refund at an hour's notice. The facility with which large loans can be effected, payable on call, at low rates of interest, while commercial paper is only done at high rates, or is declined altogether, fosters speculation. The delegation by the government to banking associations of the power to issue notes to circulate as money, has a tendency to lower the rate of interest, and so to furnish cheap money to the business community. The incorporated bank, doing business and issuing circulation under the authority of the government, is uniformly regarded as the most reliable and reasonable source of accommodation by the business community. The private banker, depending upon the active use of his capital for his profit, must charge a much higher rate of interest to realize the same relative profit, supposing, of course, that the deposits of the two institutions are equal. The government, therefore, confers a greater boon upon the business public, by enabling it to borrow money at moderate rates of interest, than is generally realized or admitted. If all the banks were deprived of their circulation during the coming year, by act of Congress, the rates at which money could be borrowed in most sections of the country would be nearly doubled. The assumption by the government of the sole power to issue circulating notes would in no wise furnish relief.

The average dividends made by the banks during the past year will probably not exceed ten per cent. upon their capital, after deducting taxes and expenses. And as the premium on gold shall diminish, and the National Banking system shall be made free to all who are able and choose to comply with the conditions, the average profit will conform to the law which governs all business. It will be a fair living profit, and no more.

There are two kinds of currency in use; one issued directly by the Government; the other issued by the banks. One kind would seem to be enough. The best should be preserved and perfected; the other withdrawn. The very moment the government issues are made redeemable, they will cease to answer the purpose of currency; for, after they are redeemed, they are in the treasury and cannot again be paid out, except upon appropriations made by law, in accordance with the constitutional provision, and consequently cannot again be put in circulation, except as disbursements may be necessary to pay expenses and debts of the government. So that government circulation is convertible, and therefore is not elastic, and cannot be made so without first making a radical change in the organization of the United States Treasury, by which it should be converted into a huge banking institution calculated to receive deposits, make loans, and otherwise perform the functions of a National Bank.

The notes issued by National Banks are nominally redeemable; and, if the legal-tender notes were out of the way, would be actually so, and, being issued by institutions in sympathy with trade, would contract and expand in obedience to the law of supply and demand, so that they would also possess the element of elasticity.

As to the comparative merits of the two different kinds of currency, an impartial consideration would probably decide in favor of a bank circulation, principally because it would possess the power of adapting itself to the exigencies of trade. If government issues could be made to possess the same power of adaptation, the verdict would be in their favor. A candid investigation, however, cannot fail to develop the fact that there is no branch of the fiscal service adequate to the direct issue and care of such a currency as the country requires. The Treasury system is so arbitrary in its collections and disbursements, so little in harmony with the business interests of the community, that it frequently absorbs large amounts of currency at most inopportune seasons, and distresses them in just as little regard to the wants of trade.

So long as the collection of revenues is liable to be a process of contraction, and their disbursement a process of inflation, the agencies through which collections and disbursements are effected cannot be regarded as suitable agencies for furnishing a sound currency to the people.

The argument that the government should furnish the currency in order that it may realize the profit upon its circulation is a common one, but will not bear scrutiny. There is no profit to the government on the circulation of an inferior currency. Only a sound currency will promote the material prosperity of the people, and the government can realize no profit from anything detrimental to their interests. As a currency, therefore, government issues are not profitable. As a loan without interest they are equally unprofitable, because they are injurious to the national credit, and add enormously to the expenses of the government.

If, however, it is impossible for the government to comply with the conditions necessary in order to furnish a sound currency, it can at least provide for the withdrawal of its own notes, and prescribe the conditions upon which, and the agencies through which, a better currency may be provided. As before stated, there should be but one paper currency in the country, and that should emanate from a source that is influenced by, and is amenable to, the laws of trade. No check or limitation should be imposed upon it, other than the law of supply and demand.

FREE BANKING.

A self-adjusting currency is the only one that is adapted to the exigencies of trade, and to the wants of the country; and it is a vital question at this time, whether this result can be reached before the return of specie payments. If possible at all, it is only possible through the agency of the National Banks. The machinery of the government is not adapted to such ends. And further, if possible, it is only upon the adoption of a policy which will tend gradually but surely to a resumption of specie payments. It must be the gradual development of a process which shall absorb legal tenders, and put in their place a paper currency which shall at all times and under all circumstances be exchangeable for coin, either of paper, (legal tenders) or of gold—a paper currency which shall gradually increase, while the legal tenders for its redemption shall gradually decrease, in such a ratio as a healthy demand for banking facilities may determine.

Where banking facilities were already abundant, there would be no inducement for the establishment of banking institutions for the issue of currency upon conditions that would inevitably diminish the volume of lawful money applicable to its redemption, and so gradually, but surely, enhance the cost of such redemption; while in other sections destitute, in whole or in part, of banking facilities for the legitimate demands of business, the necessity for banks and currency would justify the increase of bank circulation, notwithstanding the fact that by such increase the burden of its redemption would also be enhanced.

The entire South and many portions of the West are very much in need of the facilities and advantages to be derived from properly organized banking institutions, and their necessities would justify them in deliberately adopting measures to supply their wants, the direct tendency of which would be to hasten the return of specie payments in the manner indicated, to wit, by the increase of bank notes, and the absorption of the legal-tender notes. As the former increased, the latter would diminish. As lawful money became scarce, its value would be enhanced, and would gradually approximate to par with gold. Thus specie payment may be reached through the agency of the National Banks, and by the operation of natural causes. The process will not be rapid or spasmodic, because it will in all its stages, and in all its details, be governed by sound principles and conforms to established laws. At the same time, the benefits and advantages of the National Banking system would gradually become more equally diffused, until all sections would at length get their just and equal share, apportioned beyond cavil or objection because regulated by the actual requirements of business.

While free banking may thus be established with safety, anterior to specie payments, conditioned only upon the withdrawal and cancellation of a legal tender dollar for every dollar of bank currency issued, free banking upon a specie basis may also be permitted, with equal safty, and without delay. With details properly adjusted, banks may be established with authority to issue and put in circulation gold notes-limiting the amount only by the ability of the banks to comply with the necessary conditions, and to redeem their issues. Some provision of this kind is probably necessary in order to supply the Pacific and gold-producing States with a paper currency. A circulating medium, cheaper and more convenient than coin, has long been a necessity in those States, and would undoubtedly do much to promote activity, enterprise, and development. Experience has demonstrated to them that a currency composed exclusively of specie is not exempt from the fluctuations to which money and trade everywhere are subject, which may lead to the introduction of paper money, if the opportunity is offered.

By the establishment of banks on a specie basis, the resumption of specie payments is only anticipated; and familiarity with gold values will do much to relieve the subject of the mystery with which it is associated in the minds of many. Looking forward to the day when uniform values shall again prevail, it may be, by wise legislation now, a banking system can be established, truly national in its character and scope, which will furnish a sound currency of uniform value in every State of the Union. Respectfully submitted.

HILAND R. HULBURD,
Comptroller of the Currency.

Chasing a Hat.

THE most absurd sight in the world, next to a man with a bandbox trying to engineer an umbrella down a crowded street in a windy day, is the spectacle a man presents in chasing his hat in similar weather. The fun is enhanced if it happens to be raining a little. You see a portly individual bearing down the street, serenely unconscious of such trifles as head winds and cross seas from overflowing gutters. Suddenly his shiny black top gear tilts back, he clasps one hand on his head, then reaches up frantically with both, broaches to, comes before the wind and bears away in chase. Just before him the tantalizing chips along as if bent on enjoying its newly-acquired liberty. He pauses as it whirls under the imminent wheel of a passing omnibus, lurches after it again with new energy, makes desperate grabs which bring up handfuls of mud, and seems on the point of success, when up it goes, clears a lamp post and comes down in a puddle. At last then. He moves on it cautiously and tries to flank it. Pretends not to see it, and makes a dig sideways at it. Not much. Up he street again like mad, and now, losing all patience, he goes for it vigorously, and by getting his foot on it, and mashing it out of all shape, finally picks up the wrecked and dirty thing, clasps it victoriously on his head, and sails away with an air of triumph. MARK TWAIN.

—At Oxford, some twenty years ago, a tutor of one of the colleges limped in his walk. Stopping one day last summer at a railway station, he was accosted by a well-known politician, who recognized him, and asked if he was not the chaplain of the college at such a time, naming the year. The doctor replied that he was. "I was there," said his interrogator, "and knew you by your limp." "Well." said the doctor, "it seems that my limping made a deeper impression than my preaching." "Ah, doctor," was the reply, with ready wit, "it is the highest compliment we can pay a minister to say that he is known by his walk rather than by his conversation."

Commissioner Delano's Report.

According to the report of the Commissioner of Internal Revenue, the receipts from all sources, exclusive of the tax on bank circulation and deposits, for the fiscal year ending June 30, 1869, were $160,089,344.30. This includes the sums refunded for taxes illegally assessed and collected, amounting to $350,325.13, nearly all of which was for taxes assessed and collected on previous years.

The receipts for the current year are estimated at $175,000,000; receipts for the first six months of the fiscal years 1868 and 1869 are compared, and a comparative statement is submitted, showing the total receipts from the same general sources of taxation for the first six months of the fiscal year 1868 to have been $66,110,639; for the first six months of the fiscal year 1869, $67,256,388; total gain for first six months of 1869, $1,146,358. For the last six months of the fiscal year 1868, the receipts from the same general sources were $64,479,948; same period 1869, $90,548,700; gain, 1869, $26,068,852. Receipts from the same general sources for the six months ending September 30, 1869, were $104,877,950; for same period 1868, $90,548,082. The total receipts for the first quarter of the fiscal year 1870, from June 30 to September 30, 1869, show an aggregate of $46,441,615, against $36,692,098 for the same months in the preceding year. The aggregate receipts from June 30 to November 30, 1869, are $74,816,704, against $60,385,471 of the same months in the preceding year.

The number of gallons of spirits in bonded warehouse produced before July 1, 1868, was 94,816,634. The number of gallons produced since July 30, 1868, to June 30, 1869, was 37,575,417, showing that from June 30, 1868, to June 30, 1869, the tax was collected on 69,606,417 gallons, while in 1867-68 it was 56,938,000 gallons than paid tax in 1867. During the eleven months ending June 30, 1869, there were produced and the tax was collected on 37,575,417 gallons of spirits, which, with 1,663,836 gallons remaining in bond, shows a total product for the eleven months of 54,329,021 gallons, equal to nearly 60,000,000 for the whole year. This, however, the Commissioner does not believe includes all the spirits actually distilled.

Hitherto, in surveying distilleries, the average fermenting period was seventy-nine hours. Under this rule 364 distilleries have been operated, having a total mashing and fermenting capacity of 120,155 bushels of grain in twenty-four hours, and a spirit-producing capacity of 473,665 gallons for the same time. Four hundred and forty-four of these distilleries are now in operation, and 104 are temporarily suspended. Having become convinced that seventy-nine hours was too long for a fermenting period, and that frauds were perpetrated, forty-eight hours has been fixed as a basis, and, by this re-survey, the present capacity of 364 distilleries is 677,948 gallons every twenty-four hours. This change will not only increase the revenue, but prevent frauds. The repeal of all deductions on account of leakage on spirits in bond is regarded as a wholesome reform. The Commissioner estimates the annual production of spirits at 80,000,000 gallons a year, which ought to produce $68,000,000 of revenue. He thinks it possible to so execute the law as to secure $50,000,000 of tax annually. He advises against any essential change in the law, until its provisions have had a further practical test.

The number of cigars returned for taxation in 1869, at an average tax of $5 per $1,000, was 991,535,964, against 347,446,984 in 1868, when the tax was $10 per 1,000. The Commissioner advises that no change be made in the law respecting tax on tobacco.

The receipts for stamps since March, 1869, exceed by nearly a million of dollars the receipts for the same period of last year.

The Commissioner reiterates his inability to recommend any satisfactory plan to prevent frauds and evasions in the use of stamps.

The receipts from income tax for the year 1869 are $26,000,000, against $23,300,000 for the preceding year. The Commissioner is of the opinion that, as long as a large revenue is needed, the income tax ought to be continued, and as it expires by limitation next year he recommends that it be renewed by Congress at the approaching session.

He advises that the appointments of Supervisors of the Revenue be vested in the President. An increase of salary be given, and that the office of Revenue Detective be changed to that of Assistant Supervisor. He says that where internal revenue officers have been placed the taxes have been promptly assessed and collected.

The Commissioner is of the opinion that, as 90 per cent. of the entire receipts was collected from a few objects, all of which may be classed as luxuries or as the accumulated and associated wealth of the country, the Revenue law is not unjust or burdensome, and he thinks that, fairly administered, $175,000,000 may be collected annually from spirits, tobacco, fermented liquors, income, salaries, stamps, banks, legacies, and gas companies.

He is of the opinion that the rice meters in distilleries have failed to accomplish the desired end, but has appointed a commission to practically test their sufficiency.

The expense of collecting the revenue for the year was $6,785,477, a reduction of $1,991,337 from the expense of the preceding year. The number of officers employed, reporting to the bureau, is 6,009.

Report of the Secretary of War.

The report of General Belknap, Secretary of War, opens with a reference to Gen. Rawlins, of whom it says: "Of Gen. Rawlins, as with one who has run his race and has entered upon his reward, it may be said that the virtues of true manhood characterized his life, as a soldier, citizen, and statesman, while on the records of his country and history will remain evidence of his high honor, his patriotism, and his sagacious judgment." The Secretary then explains that few recommendations he makes are of length, as the duties of the office were assumed but a few days prior to the date of this report, November 20. He, however, refers to the material recommendations of the reports presented to him. Referring to the report of the General of the Army, he says there are 12 departments and 3 districts, each under the command of a general officer. The several regiments of cavalry are formed into 4 military divisions, commanded by the four Generals next in rank to the General of the Army. The regular army consists of 45 regiments of artillery, 10 of cavalry, 25 of infantry, the battalion of engineers, and the corps of cadets. All the regiments are on duty. The Secretary indorses a recommendation of Gen. Sherman that legislation be had enacting the rules and articles of war adopted by the board, convened in conformity with the act of Congress, July 28, 1868, and approving the new regulations compiled in June, 1868.

The Secretary then continues, still referring to Gen. Sherman's report: "After the consolidation made in accordance with the act of March 3, 1869, there remained, on Nov. 1, 509 unattached officers. All of these have been assigned to duty, excepting 156 who are awaiting orders. It seems equitable and just, should a reduction be made, that officers awaiting orders to duty should be treated as those who have been assigned to duty, should have claim for retention than those who applied for assignment. Of this class there are 156 officers. Some of them, however, had special reasons for asking to be placed on the awaiting order list, which the department recognized, and which should be regarded. It is certainly fair that the consequence of reduction of officers should fall proportionately on cavalry, artillery, and infantry; and should Congress act in the matter, it is respectfully the consideration should not be overlooked. In reference to the question of reduction, I concur with the report in recommending that no promotion be made to require a greater number of officers for cause than is now allowed by law—seven per cent. of the officers of the whole army. The present maximum of the army is 52,234 enlisted men. Relying on two-thirds for actual service, the number of men is 34,822. By the plan of organization submitted in the report there would be 44,650 men, two-thirds for actual service would be 29,730 men. below which it would not be prudent to go, as the necessities of the country and the great extent of territory to be protected will require every man of that number.

"Section 3 of the act of March, 1869, provides that, until otherwise directed by law, there shall be no new appointments and no promotions in the Adjutant General's department, in the Inspector General's department, in the Quartermaster's department, in the Commissary department, in the Ordnance department, in the Engineer's department and the Medical department. I recommend that the staff corps be retained at the standard fixed by the act of July 28, 1866, and that the clause prohibiting appointments and promotions be repealed, in order that vacancies may be filled, as was the practice prior to the passage of the act of March 3, 1869. Although the army may be smaller than heretofore, experience has shown these officers are necessary for the smaller as the larger force." He indorses the recommendation of the Adjutant General of the Army for the repeal of the provision of section 16 of the act of March 3, 1869, as prohibite further appointments or promotion, leaving the organization of the Adjutant General's department as it was fixed by section 10 of the act of July 28, 1866.

An increase of the number of Assistant Inspectors General is recommended.

With regard to the Bureau of Military Justice, the Secretary says the Judge Advocate General reports the number of records of military courts received, reviewed, and transmitted to be kept, a number of special reports made, 1,532. The Bureau, in addition to its regular duties, has been charged with the care of systematically arranging and indexing the important state papers belonging to the office of the late Col. L. C. Turner, Judge Advocate, and Maj. Gen. J. A. Bolt, Provost Marshal, and the work is steadily progressing.

The expenses of the Quartermaster's department during the fiscal year ending June 30, 1869, were $21,905,484.08, a reduction of $14,500,000 below those of the preceding fiscal year. In February, 1869, the number of civilians hired by this department exceeded 10,000, which has since been reduced to 4,500. Nine officers have done duty in the Quartermaster's department, in addition to the officers of the establishment, 84 in number.

The report of the Quartermaster General states that the clerical force of this office has been reduced so low by the late legislation as to seriously retard the public business, and to provide for the settlement of accounts some increase in the force is necessary.

A building capable of accommodating all of the bureaus of the War department, fire-proof and secure, is much needed. Military records of great value are exposed to destruction, and are so scattered as to impede and delay the public business. The monthly rental of buildings, and lots occupied by buildings owned by the United States, amounted to $4,364 18, being a yearly rental of $60,056.36.

The railway companies to which the military railroad material in the Quartermaster's department was sold on credit, at the close of the war, contracted a debt originally of $7,591,406. Interest has increased this amount to $9,000,000, about one-half of which has been paid; but some railroads being in default, and showing no disposition to meet their obligations, suit has been lately ordered to be brought against them. But few vessels have been owned by the department during the year.

The railroads of the companies, having declined to share to the terms of transportation, have been paid during the fiscal year upon their general tariffs, with a classification of military supplies settled in conference at a convention of general freight agents. There have been paid for water transportation during the year $1,494,922.82, for railroad transportation $2,202,304 30. Of this amount $933,168 31 was paid to the Pacific railroads; one-half being paid in cash, and the other half retained in the treasury to meet the interest on the bonds guaranteed by the United States. During the year 96,000 persons, 3,700 animals and 62,000 tons of stores have been moved by water, and 60,000 persons, 14,000 animals, and 40,000 tons of stores by rail, and 27,000 tons of stores have been moved by contractors for wagon transportation. The Pacific Railroad has occupied some of the principal routes of former wagon transportation, and has saved the government much money in supplying the posts along the line. By arranging between the departments of War and the Interior, supplies for the Indians are now transported by the Quartermaster's department on routes in the Indian Territory, the actual cost under the contracts being refunded to the War department out of the appropriation of $9,000,000 for pacification of the Indians, granted April 10, 1869.

Although the amount of clothing and equipage on hand at the end of the war has been reduced by sales and issues, there still remains a stock valued at over $45,000,000. The general depots have been reduced to four, and at only two of them is there any large collection of material, viz.: At the Schuylkill arsenal on the Delaware, and at Jeffersonville, on the Ohio. This latter is being drawn upon constantly, but it still contains over $14,000,000 worth of war material.

There are 72 national cemeteries, and 313 local, post, or private cemeteries in which soldiers lie buried. The titles of 71 of the national cemeteries have been approved by the Attorney General. There are 322,607 interments reported, of which 71,946 have been identified. The expenditure on the work has been nearly $5,000,000.

During the year 5,855 animals were purchased, and 3,492 were sold. These latter produced the sum of $25,336.35.

Subsistence supplies for the army have been mainly procured in 10 large market cities. The average cost of the ration at these markets has been about 23 cents. Salt meats on the Pacific coast, for troops stationed there, have been obtained at favorable prices. Tobacco, at an average money value of $190,000, has been furnished to troops at cost prices, and the Freedmen's Bureau has been supplied with stores to the value of nearly $250,000, most of which has already been paid for, and the remainder is in process of refunding at the treasury. The issues to the Indians at the various points have amounted to more than $150,000, and at the request of the Interior department stores valued at $37,500 were issued to destitute Osages and others to prevent starvation during the winter. Under an arrangement between the War department and the Department of the Interior, the Indian department is being furnished with food for the Indians on the several reservations on the Missouri river, and in Nebraska. Nothing, however, has been issued not prescribed, or approved, by the Interior department, and no value is to be repaid from appropriations made by section 4, of the act of April 10, 1869. There have been paid $37,361.75 as commutation of rations to Union soldiers, white prisoners of war, amounting to $3,398,906.15, have been received, of which $866,623.87 have been allowed, and $2,681,064.12 have been rejected. During the fiscal year 11,567 accounts for claims have been received from various officers, of which 11,787 have been examined and referred to the Third Auditor for final settlement. A change in the army ration, by extending the variety of articles, and also in the manner of disposing of the savings of soldiers' messes and bakeries, would be of advantage. A change in the law is recommended, so as to allow officers of the line, when acting as assistant commissioners of subsistence, to receive $30 per month in addition to their pay, instead of the sum of $20 less one ration per day, now allowed.

The current expenditures of the Medical department during the fiscal year ending June 30, 1869, were $333,551 21. The total expenditures of that department, including war debts and refundments, were $70,030,534, and the available balance at the close of the year was $979,905,073. The health of the troops has been good. The total number of deaths was 1,184. During the year was 1,054.25. The average number constantly sick since last report was 2,965, or about 5½ per cent. The number of deaths was 948; of discharges for disability, 1,054. The number of medical officers for duty on June 30, 1869, was 161, being an average of one medical officer to 204 men. The number of posts was 258, including detachments and outposts. There are now two vacancies of surgeons, and 43 of assistant surgeons in the medical corps. The experience of the past three years has demonstrated the present organization of the medical staff is satisfactory; but even were all the vacancies in it filled, it would still be barely adequate to the demands made upon it.

The Paymaster General presents the following summary:

Balance in hands of paymaster at the beginning of the fiscal year, July 1, 1868	$5,981,578 14
Received from the treasury during the fiscal year	36,245,000 00
Received by paymasters from other sources exclusive of sums transferred among themselves	238,199 06
Total to be accounted for	$42,464,770 20
Accounted for as follows:	
Disbursements to the regular army	$18,673,350 61
Disbursements to the military academy	185,358 78
Disbursements to volunteers, back pay, and bounties	19,918,835 43
Total disbursements	$38,782,144 82
Amount refunded to the treasury	4,894,537 00
Balance in hands of paymaster June 30, 1869	3,633,677 01
Total	$42,464,770 20

There remain now in service only the 60 regular paymasters authorized by the reorganization of the army, passed July 28, 1866. The disbursements for reconstruction purposes are $2,613,293.46, and the balance in the hands of the paymaster Oct. 28, 1869, is $110,645.79. The total amount disbursed by the Paymaster's department for additional bounties, including those settled by the Second Auditor and paid by the Paymaster General on Land Warrant certificates, from the beginning to the 30th of June, is $7,220,150.

The river and harbor works have progressed as rapidly as the means appropriated for their execution allowed. The appropriation in April last of $2,000,000 for these works was distributed in accordance with the law, so as best to subserve the interests of commerce. The survey of the lakes and northwestern lakes has progressed commensurately with the amount appropriated for conducting it.

The Lake Superior survey is drawing to completion. It has developed many new harbors of refuge, and made known the existence of deposits important to the commercial interests of the States dependent on this water line of communication for the transportation of cereals and ores. Topographical and geological explorations and surveys have been continued during the year in the territory west of the Mississippi river, and the information that has been obtained through the army troops occupying that section of the country. The survey of the Colorado of the West has not, for special reasons, been prosecuted. The information now in progress may furnish evidence of the necessity of the survey of the upper portions of the river, and the improvement of the lower one as much as a line of military supply, and of travel and transportation from the mines of Southern Nevada. The geological survey just completed from the Sierra Nevada to the Rocky Mountains is faithful in its valuable results, especially in relation to the mining regions, and the extent of the coal formation. It also furnishes other scientific data of great interest.

Liberty arsenal, Missouri, has been sold during the year under authority of the act of July 25, 1868, and realized the sum of $8,012.50. The St. Louis arsenal will be sold under the same act, as soon as it can be spared, but certain buildings thereat should be reserved from sale and donated for general army purposes. Rome arsenal, New York; Champlain arsenal, Vermont; Mt. Vernon arsenal, Alabama; Appalachicola arsenal, Florida, and North Carolina arsenal, North Carolina, are recommended to be sold. It is advisable that this should be done, and that the captured lands in Shreveport, La., and Benicia and Allegheny, Pa., be sold, and Rock and Davis counties, Texas, should be similarly disposed of.

A principal arsenal of construction and deposit and a powder depot are recommended to be established on the Atlantic and Pacific coasts, and in the valley of the Mississippi. The sale of some of the present Ordnance arsenals would furnish a means to raise funds wherewith to establish the principal arsenal for the Atlantic coast. Rock Island is the point for the principal arsenal for the valley of the Mississippi. Powder depots should be established on the Atlantic and Pacific coasts. Some more buildings are required at the Rock Island barracks, and are recommended to be paid for out of the proceeds of the sale of the St. Louis arsenal.

The expenses of the Freedmen's Bureau were met the first year with the proceeds of rents, sales of crops, school tax, and tuition, and sale of "Confederate States" property. The amount received from all the miscellaneous sources was $1,862,645 80, and from appropriations by Congress since July, 1866, $11,084,750, making a total of $12,950,395 80 received from all sources. The expenditures, including the accounts of the "Department of negro affairs," from June 1, 1865, to Aug. 31, 1869, have been $11,742,028 78. The total expenses of the bureau have been $13,524,816.82.

The division commanded by Lieut. Gen. Sheridan comprises the military divisions of Dakota, the Platte, and Missouri, commanded respectively by Maj. Gen. W. H. Hancock, Bvt. Maj. Gen. Eugene A. Carr, and Maj. Gen. Alfred Sully, three departments cover a territory of great extent, in which most of the civilized, semi-civilized, and Indian population of the United States, viz: Illinois, Iowa, Missouri, Kansas, Nebraska, and Minnesota, and the Territories of Colorado, New Mexico, Wyoming, Utah, Dakota, Montana, and the Indian. The administration of these departments is reasonably and economically conducted; but the number of troops now on duty in them is deemed insufficient, with the present reduced strength of companies, to meet the wants of the service.

Although there have been numerous depredations in this division, the condition of Indian affairs is very much better than last year. The policy of reservations adopted by the Indian department is, in the judgement of Gen. Sheridan, the policy that will put an end to Indian murders and depredations. Every effort is made to avoid the necessity of punishing the savages, with the strong hope that they may settle down on their reservations and adopt a more peaceful and civilized, life. The system of supplying the wild bands under the present Indian management is working well. I recommend that all that the Government intends he should, and can have no plea of bad faith to urge as an excuse for a return to his former habits.

Gen. Sherman's Report.

IN his report as General of the Army, Gen. Sherman opposes any further reduction of the army. He says the entire army is on duty, and he has confidence in the officers and men who compose it. He calls the President's earnest attention to the matter, so that Congress may be appealed to not only against further reduction, but against the great extent of country; the unsettled character of a large region, measured north, south, east and west by thousands of miles; the acts of Indians who inhabit this region, and the growing necessities of affording greater protection to the roads that traverse that region, and the mining and agricultural interests therein. While the nation at large is at peace, a state of quasi war continues to exist over one-half its extent, and troops therein are exposed to the elements, fights, and exposure that amount to war; withdrawing or largely diminishing the troops in Texas, the Indian country, Arizona, Colorado, New Mexico, Utah, and Dakota, as well as in some parts of the Southern States, would, he believes, result in a condition of things amounting to anarchy. He refers to the labors and exposures of officers and men, and hopes that they will receive the assurances to which they are fairly entitled, that their labors are appreciated. Officers have been required to perform the duties of Indian agents, governors, sheriffs, &c., foreign to their military training, and have done this duty without a murmur and with marked intelligence. Never, he says, has he known the army officer slack in duty, but they hope that by the appreciation of currency their compensation will soon become more satisfactory. Any diminution of their pay would result in a loss of the services of every good officer, to the extreme damage of the army itself. Gen. Sherman advises the adoption by Congress of the new army regulations, as prepared by the special Board of Officers. In referring to army consolidation, he says: There are 639 staff corps officers, of whom 156 are awaiting orders; the number of retired officers is 177. He urges that cavalry and artillery regiments be officered alike in regimental and company organization, and asks for an extra lieutenant for cavalry companies. He argues that it is unjust that a reduction of the army should fall exclusively upon the infantry arm of service, and recommends that, after Congress has enacted the necessary laws, the President assemble a board of disinterested general officers, to whom shall be committed the whole matter of reduction and reorganization. Gen. Sherman comments upon what he calls the absurdity of the staff of the army making their reports to the Secretary of War; if this is continued, he says, we have the absurdity of the General commanding the army, with his chief staff officers reporting to somebody else. He hopes for legislation that will allow officers of the army to call upon the General for troops instead of the President. He advocates an increase of pay for the soldiers. He recommends that forts covering the cities of Portland, Boston, New York, Philadelphia, Baltimore, New Orleans, and San Francisco, be completed as soon as possible. He calls attention to the earnest recommendation of Gen. Thomas, that the Islands of Alaska, St. Paul and St. George, be sold to the highest bidder. He is informed that parties in San Francisco are ready to bid several million dollars, which, he says, would go far toward indemnifying the Government for an otherwise poor and costly country.

THE writer has always experienced difficulty in attempting to shape an oilstone or slip for sharpening gouges. The ordinary way is to grind off the highest parts, and then rub it on a gritty floor, or, if near a foundry, to get some parting sand and sprinkle on the floor or board on which you are rubbing; better still if you can find the true surface of a casting before it is cleaned—this will cut it away quite fast. But recently, while trying to shape a small slip, it occurred to me to try some glass paper, and to my surprise I found that it cut away very fast. For truing an ordinary oil-stone for sharpening planes, take a sheet of glass paper, No. 2, and lay it on the bench, and rub your stone on it; in this way you can true the stone in one-quarter the time it would take in the ordinary way; and carpenters have always such means at hand. Five or ten minutes' rubbing will be found sufficient. Your glass paper will not be spoiled by the operation.—*Oneida Circular.*

THE Cincinnati correspondent of the Newark, (N. J.) *Journal* says: "Years ago we met a farmer, residing near Albany, who visited this spot in 1805, when the infant emporium contained about fifteen hundred people. A friend urged him to buy forty acres of land in what is now the heart of the city, for $1,300."

CURRENT ITEMS.

—Olive Logan's name is Mrs. Henry A. Deille.

—A Writ of Attachment—A Marriage Certificate.

—Old men are mowed down, but babies are cradled.

—The Peabody school in Augusta, Ga., has 230 pupils.

—If love is blind, how can there be any love at first sight?

—The potatoes are rotting badly in many parts of Vermont.

—An interior county of New York raised this year $500,000 worth of peppermint.

—A married woman in Baltimore charged a girl with stealing a dress, and pays $900 for slander.

—The New York *Leader* estimates that no less than 20,000 New Yorkers are living above their means.

—Miss Mollie Stacy, of Navasoto, Texas, won a Sunday-school prize by committing to memory 560 verses.

—The Coates' thread company are erecting buildings at a cost of $350,000, at Pawtucket, for the American branch of their business.

—Providence, R. I., real and personal estate is now valued at $93,088,900, and the amount of tax to be raised is $1,135,684.

—The recent seizure of the Spanish gunboats at New York threw four hundred men out of employment at the Delameter Works.

—A young man has been excommunicated from a St. Louis church for stealing its funds, he being clerk to the treasurer.

—There is an evening school for Chinese in New York, which is generally attended by ten or twenty young men.

—The contract for building the Southern Illinois Normal University, at Carbondale, Ill., has been let to a citizen of Carbondale.

—The first provision for a free school, in the colony of New York was made in 1732, and placed under the care of Alexander Malcolm, a Scotchman.

—Over sixty Indians—men, women and children—of the Yankton Band of Dakotas, were recently burned to death in a prairie fire.

—Near Zanesville, Ohio, a young man recently gorged himself with chestnuts and cider until he was taken with the cramps and died.

—The schooner J. B. Martin, from Milwaukee, was lost in Lake Huron during a late gale. She had on board ten persons from Milwaukee.

—An idiotic boy, named Joseph Fallgate, unearthed from the Berks county, Pa jail by the Grand Jury, has been chained in a dark cell for several years.

—Thomas Brand, of Effingham, Ill., put some powder in his stove to blow the soot out of his pipe. The explosion put out both of Mr. Brand's eyes—blinding him for life.

—The boiler of a saw-mill near Owensboro, Ky., exploded a few days ago, and Mr. Morrison, one of the proprietors, was killed, and another man mortally wounded.

—More than a hundred hay growers in New England indorse the report of the Board of Agriculture that the time to cut timothy is "flowering, and not when the flower is dying, as formerly practiced.

—Smith and Jones were talking about fencing, the art of self-defense and the like. Smith remarked that he had seen a rail fence. "Pooh!" said Jones, "that is nothing—I have seen a hat-box."

—A popular French author writes in his last novel; "The Countess fell back in a deadly swoon. When she revived her spirit had fled." How disappointed the poor creature must have felt!

—The Thanksgiving dinner of each prisoner in the Albany Penitentiary consisted of four pounds of roast beef, a loaf of white bread, fresh crackers, apples, and other luxuries, eaten in the loneliness of a cell.

—A little boy was thrown from a runaway horse in Leavenworth, Kansas, a few days ago, and, his foot catching in the stirrup, was dragged a considerable distance and dashed to death.

—A carpenter shop in Providence, R. I. was destroyed by fire a few days ago, after having been insured for twenty-four years, and the last insurance policy had run-out just previous to the accident.

—A citizen of Dalton, Mass., missed a valuable horse a few mornings since, and after alarming various officers by telegraph and otherwise, found the horse in the barn, where he had been carelessly left the night before without hitching.

—At Frazeysburg, Ohio, a few mornings ago, a boy, twelve years old, while riding one horse and leading another, was thrown, and, his foot remaining in the stirrup, dragged at full speed more than three-quarters of a mile, and killed.