OFFICIAL DOCUMENTS.

REPORT OF THE POSTMASTER GENERAL.

POST OFFICE DEPARTMENT,
DECEMBER 4, 1854.

The whole number of post offices in the United States on the 30th of June, 1854, was 23,548. Of this number 257 are offices the annual commissions from which amount to one thousand dollars or upwards, and the appointments at these offices are therefore made by the President, by and with the advice and consent of the Senate, agreeably to the provisions of the act of 1836. The number of offices established during the last fiscal year was 1,842 and the number discontinued 614, showing a nett increase in one year of 1,228. The number of which the sites and names have been changed in the course of the year was 499. The number of post-masters appointed during the year was 8,618. Of these, 4,185 were appointed to fill vacancies occasioned by resignations; 1,977 by removals; 320 by deaths; 294 by change of names and sites; and 1,842 on establishment of new offices.

The total number of offices on the 1st December, 1854, was 23,925.

On the 30th June last there were in operation 6,697 mail routes. The number of contractors was 5,167.

The length of these routes is estimated at 219,935 miles.

The total annual transportation of mails was 63,387,005 miles, costing $4,630,676, and divided as follows, viz:

21,267,603 miles by modes not specified, at $1,092,883, about 5 cents per mile.

20,890,530 miles by coach, at $1,290,095, about 6 cents per mile.

15,433,389 miles by railroad, at $1,758,610, about 11 cents 4 mills per mile.

5,795,483 miles by steamboat, at $489,138, about 8 cents 4 mills per mile.

Compared with the services of the 30th of June, 1853, there is an increase of 1,494,463 miles of transportation, or about 2½ per cent., and of $134,708 cost, being about 3 per cent.

The increase of railroad service is 2,446,684 miles, and the expense $157,281, being 19 per cent. in transportation and not quite 1 per cent in cost.

The increased transportation by modes not specified is 377,157 miles, or about 1 per cent., at a cost of $37,520, or 3 35-100 per cent.

The transportation by coaches is less by 439,796 miles, or about 2 per cent., though at an increased cost of $83,137, or 6 88-100 per cent.

The unprecedented extension of railroads superseded much coach service. The increased cost for a diminished amount of such service may be accounted for from the fact that the new contracts in New England and New York, commencing 1st July, 1853, were made at largely-enhanced rates, increasing the aggregate expense, while the amount of service was largely reduced.

The steamboat transportation during the past year was reduced 889,582 miles, or 15⅝ per cent., at a reduced cost of $143,230, or 29 7-10 per cent.

This is accounted for by the discontinuance of service between Wilmington, North Carolina, and Charleston, South Carolina, Savannah, Georgia, and Charleston, and Detroit and Buffalo, and the suspension of service on the Arkansas and White rivers, owing to the failures of the contractors.

Several steamboat routes were also dispensed with at the lettings of new contracts for New England and New York.

The portions of service in the foregoing estimates chargeable to California are 591,630 miles of annual transportation, costing $142,933, and varying but slightly from last year's report.

Steamboat transportation 159,120 miles, at $21,000.
Coach " 174,026 miles, at $35,185.
Modes not specified, transportation 258,484 miles, at $86,748.

In Oregon the service is as follows:
Steamboat, 38,038 miles, at $17,000.
Modes not specified, 98,988 miles, at $2,151.
Total transportation 137,026 miles.
Total cost $45,151.

The annual transportation by steamboat was increased 10,760 miles during the year without additional pay.

The following table exhibits the extension of railroad service during the year, separately, in five groups of States:

	Length of route.	Miles of annual transportation.	Additional cost.
New England and New York	629	971,341	$29,488
New Jersey, Pennsylvania, Delaware, Maryland, and Ohio	342	453,660	15,518
Virginia, North Carolina, S. Carolina, Georgia, and Florida	328	235,227	56,863
Michigan, Indiana, Illinois, and Wisconsin	605	710,952	44,214
Kentucky, Tennessee, Alabama, Mississippi, and Louisiana	121	75,504	11,284

The lettings for the year embraced the States of Alabama, Mississippi, Louisiana, Arkansas, Texas, Missouri, Kentucky, Tennessee, Iowa, Wisconsin, Michigan, Indiana, Illinois, California, and the Territories of Oregon, New Mexico, Utah, Washington, and Minnesota. In some of the States and Territories I found the mail facilities greatly deficient, and not at all such as the wants and requirements of the people absolutely demanded. After a careful survey of each State and Territory, I gave to it such additional facilities as its increasing trade and population seemed to require.

A comparison of the service under the new contracts commencing 1st July last, as in operation on the 30th September, with that under the expired contracts in the Northwestern and Southwestern sections of the Union, shows that the annual transportation of mails has been increased 2,990,860 miles, at an increased cost of $395,873 per annum, divided among the several States and Territories as follows:

	Increased miles of annual transportation.	Increased annual cost.
Michigan	146,342	$2,189
Indiana	240,255	60,425
Illinois	266,618	67,956
Wisconsin	75,537	32,320
Iowa	180,156	39,625
Missouri	23,820	11,635
Minnesota	62,960	2,002
Kentucky	269,258	
Tennessee	....	16,285
Alabama	....	19,764
Mississippi	577,318	49,214
Arkansas	477,156	46,688
Louisiana	358,904	41,138
Texas	469,148	67,154
California	68,302	
Utah	25,960	12,203

In Alabama the transportation has been slightly decreased, though the total cost of service is increased $19,764.

In New Mexico the same amount of transportation continues as under the former contracts, but at a reduced cost of $10,700.

In California 68,302 miles of additional transportation is obtained at a reduced annual cost of $41,804, according to the accepted bids; but, owing to the failure of the bidders on two important routes, it is expected that the actual cost of the service will be largely increased.

The service in Oregon has been reduced by not renewing the contracts on the routes from Columbia to Cascades, Cascades to Wascupum, and Wascapum to Salt Lake.

In Kentucky 269,258 miles of additional service were obtained at less pay than under the former contracts.

Of the 2,990,860 miles of transportation above stated, 1,292,650 miles are performed by railroad.

Of the additional cost of $395,873, $106,951 is for railroad service.

The total annual transportation under the new contracts, as adjusted for the quarter ending 30th September, is 29,047,050 miles, and the total annual cost $2,375,785, divided as follows, viz:

3,576,966 miles by railroad, at $343,118, or 9 cents and 6 mills per mile.

4,159,864 miles by steamboat, at $436,768, or 10½ cents per mile.

6,674,072 miles by coach, at $646,068, or 9 cents and 6 mills per mile.

14,636,148 miles by modes not specified, at $949,835, or 6½ cents per mile.

Contracts have been made to convey mails by steamboat between New Orleans, St. Francisville, and Vicksburg at $75,000 per annum, and between Mobile and Montgomery, Alabama, at $35,000 per annum, which are not included in the foregoing statements. The amount of pay for service, as in operation on 30th September, between New Orleans and St. Francisville, by transient boats, is $33,680. It is proper, therefore, to add for the new regular service $41,320, which, with the $35,000 on the Alabama river route, will increase the cost of the service for the current year $76,320; making the whole additional cost of the new contracts $471,693. To these must also be added the cost of additional route agents, local agents, and mail messengers, appointed since 1st July, amounting to $7,988.

There were in service on the 30th of June last 236 route agents, at a compensation of $181,600 per annum; 21 local agents, at $15,490 per annum; and 968 mail messengers, at $92,131.80 per annum; making a total cost of $289,221.80 per annum to be added to the other cost of transportation, stated above at $4,630,476.

Pursuant to the act of Congress of the 5th of August, 1854, I invited proposals on the 31st of August for conveying mails from Cairo, Illinois, to New Orleans and back, daily, in steamboats. Only one bid was received within the prescribed time, (6th November,) and that being for $300,000 I did not feel myself at liberty to accept it. A second bid at a much more reasonable rate was received after the regular time had expired.

There are now no great mail lines in operation with which to connect the proposed one at Cairo. The time is, however, not distant when the necessary connexions will be effected by the completion of the Illinois Central Railroad to Cairo, and of the Ohio and Mississippi road to its point of intersection from the east with the Illinois Central. I am informed that by the 1st of January the Illinois Central will be completed, and that by the 1st of July the Ohio and Mississippi road will make its eastern connexion with that road. The chain of railroads between the Atlantic at various points and the Mississippi river, thus completed, will attract large and important mails which are now conveyed on other routes, and most materially enhance the importance of a steamboat route between Cairo and New Orleans. Moreover, it is reasonable to anticipate such an increase of trade and travel in the same direction as will go very far towards sustaining a line of boats, thus reducing the cost of mail service. At present the principal, if not the only, support of the line would be from this Department; and I have therefore deemed it my duty not to enter into a contract now, but await developments so soon to be expected, enabling me to negotiate terms much more advantageous both to the public and this Department. In the mean time mails are regularly conveyed, as heretofore, by the trip between Louisville and New Orleans and St. Louis and New Orleans.

I have also contracted for separate service between New Orleans and Vicksburg, Vicksburg and Napoleon and Memphis.

There were in operation on the 30th September last 239 railroad routes. Their aggregate length was 16,621½ miles, and the cost of mail transportation thereon was $1,923,747.89. Add to this the sums paid mail messengers, route and local agents, and the whole cost of this service will be $2,196,249.89.

[The Postmaster General next alludes at considerable length to the difficulties between the Department and railroad companies relative to the rates of compensation for carrying the mails. The companies, he says, allege that the Government should not ask or expect them to perform for it any service at a less rate than that paid by individuals for similar services. This principle, he contends, he has always been willing to recognise in the adjustment of prices. What is now required, he believes, is that the railroad companies should be paid according to the bulk of the mails, the speed with which they are conveyed, and the accommodations required. The sums paid by express companies are no fair criterion; for, as they are uninfluenced by competition, they can pay any price demanded of them and assess it upon their customers. England, France, Germany, and Canada pay less to railroads for mail service than is paid by the United States. Complaint is made of the insufficient accommodations, as a general rule, for route agents. Allusion is made to the habit of irresponsible parties obtaining, by gross misrepresentation, mail contracts, and subsequently throwing them up because of a failure on their part to sell the same at a profit. A remedy for this fraud is suggested.]

The Auditor reports the expenditures of the Department for the last fiscal year at $8,577,424.12, for the following objects, viz:

Compensation to postmasters	$1,707,708 29
Extra compensation to postmasters by the act of March 3, 1851	34,799 97
Ship, steamboat, and way letters	19,549 67
Transportation of the mails, including the mails to Bremen, Havre, and Havana, and the mails across the isthmus of Panama	5,401,382 50
Wrapping paper	40,463 66
Office furniture for post offices	5,929 36
Advertising	103,863 57
Mail bags	48,861 57
Blanks	78,176 81
Mail locks, keys, and stamps	10,070 77
Mail depredations and special agents	48,769 51
Clerks for offices (of postmasters)	631,138 26
Official letters received by postmasters	447 32
Postage stamps	13,664 57
Stamped envelopes	47,418 77
Postage stamps of old issues redeemed	51 65
Payments to letter carriers	135,968 52
Compilation of post routes	1,000 00
Miscellaneous payments	153,617 96
Payments for British mails	94,541 39
	8,577,424 12

The gross revenue of the last fiscal year, including foreign postages and the annual appropriations from the Treasury granted by the acts of 3d March, 1847, and 3d March, 1851, in compensation of mail services rendered to the Government, amounted to $6,955,586.22, viz:

Letter postage	$3,277,110 50
Postage stamps sold	2,146,476 02
Newspapers and pamphlets	606,148 18
Fines, other than from contractors	17 50
Emolument accounts of postmasters	81,952 46
Letter carriers	135,968 52
Recovered from failing contractors	400 00
Dead-letter money unclaimed	4,346 11
Miscellaneous receipts	3,166 93
	6,255,586 22
Annual appropriations above stated	700,000 00
	6,955,586 22

The revenue, as above stated, includes the balance against the Department of $138,565.61, resulting from our postal account with Great Britain, Prussia, and Bremen for the last fiscal year.

The expenditures of the Department for the past year, including payments for foreign postages, were, as already stated		$8,577,424 12
The revenue of the year, including foreign postages and the appropriation for free matter, amounted to		6,955,586 22
Deficiency		1,621,837 90
To the deficiency above stated should be added the balances due and unpaid to the London and Bremen offices up to the 1st of July last, less the balances due by the Prussian office up to the same period, viz:		
Balances due the London office from April 1, 1853, to June 30, 1854...$230,259 07		
Balances due and unpaid to the Bremen office to the same period	13,465 40	
	243,724 47	
Less balances due from the Prussian office 1st January, 1853, to June 30, 1854	110,241 14	
		133,483 33
Total deficiency for 1854		1,755,321 23
The deficiency for the year ending June 30, 1853, as stated in my report of last year, was		2,117,078 20
In the year 1854 the deficiency, as stated above, was		1,755,321 23
Difference in favor of 1854		361,756 97

One of the results of the great activity and expansion which have prevailed in the general business operations of the country during the past year is manifest in an extraordinary increase of the Post Office revenue; and that it may be seen in which branch this increase has mainly arisen, the revenue of the past and preceding year is here presented in a comparative statement, from which the foreign postages are excluded:

	Revenue of 1853.	Revenue of 1854.
Letter postage	$2,843,965 42	$3,277,110 50
Stamps sold	1,629,262 12	2,146,476 02
Newspapers and pamphlets	611,333 42	606,148 18
Emolument accou't of postmasters	38,386 01	81,952 46
Received from letter-carriers	113,017 73	135,968 52
Miscellaneous receipts	4,760 00	7,930 54
Annual appropriations for free matter	700,000 00	700,000 00
	5,940,724 70	6,955,586 22
Deduct the balance in each year resulting from our postal accounts with England, Prussia, and Bremen	94,466 27	138,928 31
	5,846,258 43	6,816,657 91
		5,846,258 43
Total increase of 1854	....	970,399 48 or 18 85-100 per cent.

If from the letter postage and stamps sold in each year the foreign balances be deducted, there will appear an increase over 1853 of 20 67-100 per cent.; while the revenue from newspapers and pamphlets in 1854 seems to have fallen off nearly one per cent. But the general account of "stamps sold" is necessarily so kept as to embrace not only the letter postage stamps and stamped envelopes, but also the one-cent blue stamps, which are generally used to prepay transient newspapers, printed circulars, and dropped letters, and occasionally upon domestic and foreign correspondence. Therefore, to arrive at a proper estimate of the revenue from printed matter, it is necessary to accord to it its due proportion of the stamps sold. If we admit 75 per cent. of the average amount of the blue stamps sold in the last three years to belong to the revenue from printed matter, then the condition of the revenue derived from that branch in the last four years will be shown by the following statement:

	Year ending June 30, 1851.	Year ending June 30, 1852.	Year ending June 30, 1853.	Year ending June 30, 1854.
Revenue as stated by the Auditor	$1,035,130 89	$789,246 36	$611,333 42	$606,148 18
Three-fourths of blue stamps sold	None issued this year.	38,081 64	32,858 17	53,950 61
	1,035,130 89	827,328 00	644,291 59	660,098 79

As the act of the 30th August, 1852, fixing the present rates of postage on printed matter, took effect on the 1st October following, a fair comparison can only be instituted between the revenue of the two last fiscal years, through the whole of which the existing rates of postage prevailed. This shows that, after giving to each year the liberal allowance of three-fourths of the one-cent stamps sold, the year ending June 30, 1854, exceeds the previous year only 2 45-100 per cent.

In this act there is a clause which provides that "when the postage upon any newspaper or periodical is paid quarterly or yearly in advance," one-half only of the regular rates shall be charged. In view of the trivial increase of the postage on printed matter, and of the extremely low rates, particularly for newspapers and periodicals, I would recommend that the law be so far changed as to omit the clause referred to, leaving the Department to fall back upon the act of 1825, under which quarterly payments in advance on newspapers and periodicals have heretofore always been required. The propriety of this recommendation will be apparent not only for the reasons above suggested, but also from the following comparative statement of facts: Under the act in operation prior and up to July 1st, 1851, the postage, for instance, on a weekly newspaper when sent not over one hundred miles, or any distance in the State where published, was thirteen cents, and when sent over one hundred miles, or out of the State where published, nineteen and a half cents a quarter. By the act of March 3d, 1851, six different rates, according to distance, were established. Thus, on a weekly newspaper, for any distance not exceeding fifty miles, five cents a quarter; over fifty, and not exceeding three hundred miles, ten cents; over three hundred, and not exceeding one thousand miles, fifteen cents; over one, and not exceeding two thousand miles, twenty cents; over two, and not exceeding four thousand miles, twenty-five cents; over four thousand miles, thirty cents a quarter; and weekly newspapers to subscribers in the county where published were made free. By this act the postage, it will be perceived, for any distance not over one thousand miles, was greatly reduced; but owing to the diversity of rates—the too great reduction for the shorter and too great increase for the longer distances—its modification was at once called for, and this resulted in the present law, by which the quarterly rate on any weekly newspaper or periodical not exceeding three ounces in weight, sent any distance in the United States, is only six and a half cents. On newspapers not exceeding one and a half ounce in weight, when circulated in the State where published, the quarterly rate is still one-half less, being only three and a quarter cents; and weekly newspapers to subscribers in the county where published go free. I cannot avoid the conviction that, had it been clearly understood that the act of 1825 required payment quarterly in advance on regular newspapers to subscribers, and that the effect of the clause in question would be to reduce the postage on the great bulk of printed matter to rates so exceedingly low, Congress never would have given its sanction to the measure. If my recommendation be adopted, the quarterly postage, for instance, on a weekly newspaper or periodical not exceeding one and a half ounce, circulated in the State where published, (and in the same proportion for more frequent publications,) will be six and a half cents; and when not over three ounces in weight, sent to any part of the United States, thirteen cents a quarter. The newspapers to subscribers living in the county where published will continue to go free.

The expenditures of the current year ending June 30, 1855, owing to causes not within the control of the Department, will greatly exceed those of the past year.

In my report of the 1st December last I had the honor to state that the commissions allowed to postmasters by the 6th section of the act to establish certain post-roads, &c., approved 3d March, 1853, had proved insufficient at several of the distributing offices to defray the expenses necessary to their efficient administration; and to remedy a state of things so injurious to the service I then recommended the restoration to the Postmaster General of the discretion given him by the 6th section of the "Act to reduce and modify the rates of postage," approved March 3, 1851, so that he might have it in his power to allow to the postmasters at such distributing offices the means necessary to defray expenses. At the same time I took occasion to say that, while this power should be given to meet the exigencies of a particular class of cases, not exceeding twenty in number, there were abundant reasons why a larger share of the postages should not be diverted from the general purposes of the Department. Upon representations subsequently made, it was deemed expedient to ask an enlargement of the power above mentioned so far only as to embrace a few separating offices situated at points exacting great labor and affording but a nominal compensation to the incumbents. Careful estimates were made by the Auditor of the increase of expense necessary to relieve the few distributing and separating offices which might, upon investigation, appear to be justly entitled to aid from the Department, and the conclusion was that the whole amount could not exceed $45,000 per annum. This sum would certainly have been sufficient to cover all proper demands for additional aid. But the views of the Department did not prevail, and Congress passed the act of June 22d, 1854, fixing an increased scale of commissions and raising the aggregate compensation of all the postmasters in the United States not less than $300,000 per annum, thereby increasing the expenditures of the Department to that amount, instead of $45,000, as had been recommended.

The expenditures of the current year for "compensation to postmasters," "clerks for offices," &c. will be further increased by the operation of the 4th and 5th sections of the act of 27th July, 1854, making provision for the postal service in the State of California and the Territories of Oregon and Washington. By the 5th section of the act the Postmaster General is authorized and directed to allow, in the statement of the accounts of postmasters in California and Oregon originating previous to the 30th June, 1853, "all just and reasonable expenses incurred by them in and about the business of their respective offices and the discharge of their official duties; provided that no allowance shall be made whereby the United States shall be charged with any indebtedness whatsoever." The balances due from late and present postmasters in California and the Territories of Oregon and Washington, subject to the operation of the 4th and 5th sections of the act just mentioned, amounted on the 30th June, 1854, to $164,144 41, of which sum it is estimated that not less than $50,000 must be cancelled under the provisions of the 5th section, and carried into the general accounts of the Department as expenditures of the current year.

In addition to the burdens thrown upon the revenue of the Department by the general increase of the compensation of postmasters, and the special legislation for those in California, Oregon, and Washington Territories, the cost of transporting the mails will be greatly increased in the present year by putting new post routes in operation, by the enhanced prices demanded in the very large section let to contract from the 1st July last, and by important improvements in the grades of service generally.

Whilst I shall take care that the expenditures of the Department are not unnecessarily increased, and that it shall draw from the general treasury only as much as its absolute wants require, which, I fear, it must necessarily do for some years under the present rates of postage, it would be neither wise nor expedient to deprive or keep from our people the mail facilities which they require. The principle adopted in the infancy of our Republic, that the Post Office Department should sustain itself from its own revenues, was, in my opinion, most wise and salutary. A postage was then laid sufficient to meet the wants of the service, and under this system each citizen paid the expenses of the transportation of his own letters and others were not taxed for his benefit, as they must be when sums have to be drawn from the general treasury to meet deficiencies in the Post Office revenues.

Having thus briefly adverted to some of the causes of increase in the expenditures in the current year, I proceed to show what those expenditures will probably be, and what means the Department will have to meet them.

It is estimated that the expenditures for the year 1855, exclusive of payments for foreign postages accruing within the year, will be about $9,841,921.33, viz:

The rate of cost of transportation, including foreign mails, on the 30th June, 1854, was		$5,517,312 00
To the cost of transportation in 1854 add the increase in the current year which will be occasioned by the enhanced prices of the new contracts commenced 1st July last in the Northwestern, Western, and Southwestern States and Territories, including California and Oregon, by the extension and improvement of the service therein, and by improvements in other sections, about		650,000 00
Total for transportation in 1855		6,167,312 00
For compensation to postmasters, clerks for offices, ship, steamboat, and way letters, wrapping paper, advertising, office furniture, mail bags, blanks, mail locks, keys and stamps, mail depredations and special agents, postage stamps and stamped envelopes, letter carriers, and miscellaneous payments		3,541,126 00
For balances due to foreign countries up to June 30, 1854, which will be paid in 1855, amounting to		133,483 33
		$9,841,921 33

The means for the year 1855 will probably amount to $9,989,944.90.

The balance stated by the Auditor as at the credit of the revenue account on the 30th June last was		$740,078 63
From the above balance the following deductions should be made, viz:		
Doubtful and unavailable balances due by late postmasters, originating prior to June 30, 1854	$149,438 34	
California accounts, estimated at	50,000 00	
Balances due from foreign postage accounts prior to June 30, 1854	133,483 33	
		332,921 67
Available for 1855		417,156 96
The gross revenue of the year, exclusive of balances resulting from the foreign postage accounts, is estimated at		6,728,324 00
The appropriations for free matter, less $200,000 drawn in 1854		500,000 00
The appropriation to supply deficiencies in the year 1855, made by the act of August 5, 1854		2,344,464 00
		9,989,944 96
Estimated expenditures of 1855		9,841,921 33
Estimated surplus June 30, 1855		$148,023 63

During the three years which commenced on the 1st July, 1851, and ended on the 30th June, 1854, the Department issued 166,126,417 postage stamps and 25,076,656 stamped envelopes, amounting in the aggregate to $5,507,022.03, of which $5,092,301.73 were sold, being about 92½ per cent. of the whole amount issued.

Having ascertained that the mode of examining and checking the quarterly returns of postmasters was radically defective, I took occasion to invite attention to the subject in my report of last year, and I again advert to it because subsequent investigation and experience have convinced me that a thorough check of the accounts under the present system is wholly impracticable. Such a check is indispensable to the safety of the revenue, and can in no way be effected so certainly, at so little cost and with so much advantage to the service, as by adopting prepayment of postage in all cases not coming within our postal arrangements with foreign countries.

This plan, connected with a well-digested system for the registration of letters, to which I shall presently allude, would quicken correspondence, while it would facilitate and expedite the operations of the post offices in mailing and delivering letters, and inspire confidence in the Department as a safe means of transmitting letters containing remittances.

[Here the Postmaster General enters into the details of a plan for the registration of letters, so as to afford greater security to those of value transmitted by the mails. He proposes to give receipts for valuable letters when posted, and that duplicates of these receipts shall be kept for reference at the office of mailing. It is not, however, proposed to make the registering of valuable letters compulsory, nor that the Government shall become liable for such letters when lost, but only to enable each person mailing a valuable letter to do so either in the ordinary manner or to add something to its security by the payment of a small registration fee. It would relieve the Department from the imputation of numerous losses not properly chargeable upon it.]

The cost of the service for the last fiscal year on the several United States mail steamship lines and across the isthmus of Panama is as follows:

New York to Liverpool, Collins line, twenty-six round trips	$858,000 00
New York, via Southampton, to Bremen, eleven round trips	183,333 26
New York, via Cowes, to Havre, eleven round trips	137,500 00
New York and New Orleans to Aspinwall, twenty-four round trips, including same number of trips between New York and New Orleans, via Havana	289,000 00
Astoria, via San Francisco, to Panama, twenty-four round trips	348,250 00
Charleston, via Savannah and Key West, to Havana, twenty-four round trips	50,000 00
New Orleans to Vera Cruz, twenty-four round trips, omitting Tampico	37,200 00
Aspinwall to Panama	119,727 03
	2,023,010 29

By the act of Congress approved the 3d of March, 1847, the President was authorized to contract for the construction and equipment of four first-class sea-going steamships, to be attached to the navy of the United States. It was by the second section made the duty of the Secretary of the Navy to accept, on the part of the Government of the United States, the proposal of E. K. Collins and his associates for the transportation of the United States mail between New York and Liverpool. The steamships to be employed were to be so constructed as to render them convertible at the least possible cost into war steamships of the first class. By the fourth section of the same act it was likewise made the duty of the Secretary of the Navy to contract with A. G. Sloo for the transportation of the mail from New York to New Orleans twice a month and back, touching at Charleston, if practicable, Savannah, and Havana, and from Havana to Chagres, and back twice a month. The fifth section authorized him to enter into a contract to carry the mail from Panama to Oregon once a month. The sixth section made it the duty of the Secretary of the Navy to provide in the contracts authorized by the act that the Navy Department shall at all times exercise control over said steamships, and at any time have the right to take them for the exclusive use and service of the United States, due provision being made in the contracts for the mode of ascertaining the proper compensation to the contractors therefor. On the first of March, 1847, the Secretary of the Navy entered into a contract with E. K. Collins and his associates. The contract contains all the stipulations required by the act of Congress. The service to be performed was twice each month for eight months of the year, and once a month during the other four months. The sum to be paid was three hundred and eighty-five thousand dollars, or nineteen thousand two hundred and fifty dollars a trip, and the contract was to continue in force for ten years from the date of the commencement of the service. A. G. Sloo was contracted with by the Secretary of the Navy on the 20th of April, 1847, to perform the service mentioned in the fourth section. The service was to be twice a month; the sum to be paid two hundred and ninety thousand dollars, and the contract to continue in force for ten years from the commencement of the service. This contract likewise contains all the stipulations required by the act of Congress, and was assigned by A. G. Sloo to Geo. Law, Marshall O. Roberts, and B. R. McIlvain on the 3d of September, 1847. The contract to transport the mail from Panama to Oregon was entered into with Arnold Harris on the 16th of November, 1847. The service was to be once a month; the price to be paid was one hundred and ninety-nine thousand dollars, and the contract was to continue for ten years from the 1st of October, 1848. All the stipulations required by the act of Congress are contained in this contract also, which was assigned on the 19th of November, 1847, to William H. Aspinwall. On the 13th of March, 1851, the Secretary of the Navy and Postmaster General, in pursuance of a law passed on the 3d of March, 1851, entered into an additional contract with the Pacific Mail Steamship Company, acting by Wm. H. Aspinwall, by which the service from Panama to California and Oregon was increased to twice a month, at an increased price of one hundred and forty-nine thousand two hundred and fifty dollars, making the whole cost of the service three hundred and forty-eight thousand two hundred and fifty dollars.

The object of Congress in the passage of this act seems to have been to build up a naval steam marine which might temporarily be employed for commercial purposes. In order to enable private individuals to build and equip these steamships in the mode pointed out by Congress sums of money were advanced to them, and to sustain them until wanted for Government purposes large sums of money were paid them for conveying the mails. If, in the progress of time, it is discovered that these steamships are not suited for naval purposes, or that the large sums paid their owners for mail transportation have created a monopoly, checking the energy and enterprise of others of our citizens, Congress, in my opinion, is called upon to terminate their contracts, if it can do so consistently with plighted faith. By the terms of the act, and of the contracts entered into by the Navy Department and these companies in pursuance of the act, it will be seen that Congress reserved to itself the right to purchase the steamships, and thus terminate the connexion between the companies and the Government. When they have been paid for their vessels the sums fixed by the appraisers mutually chosen every thing has been done which the faith of the nation requires.

It is of course of great importance to the commercial and other interests of the country that the mails should continue to be carried; but, if these contracts are to be considered with reference to the transportation of the mails, the prices paid are too high, and, if continued, all competition on the part of private individuals unconnected with the Government must cease. High, however, as are the present prices, if the competition on the New York and California line be driven off by the aid of funds derived from the General Government, no one can foretell the prices that will have to be paid after the expiration of the present contract. If the present contractors do not wish the Government to purchase their steamships, and thus to end the contracts, it will be for them to agree to a reduction of the present prices. Government will then pay a fair remuneration for all the service which it receives, and the carrying and passenger trade between our Atlantic and Pacific coasts will not have become a monopoly. In the bids received under an advertisement issued to obtain information, required by the third section of the act of 3d March, 1853, the Nicaragua Company proposed to carry a semi-monthly mail between New York and California for a sum not exceeding three hundred thousand dollars, or six hundred thousand dollars for a weekly service, which is now required; and this, in my opinion, is the highest rate of pay which ought to be demanded. The present semi-monthly service, including the sum of $119,727.03 paid for the isthmus transportation, will cost this year the sum of $757,977.03. By the act of July 21, 1852, the number of trips on the Collins line was increased to twenty-six, and the price raised from $19,250 to $33,000 a trip, making the yearly cost of this service $858,000. The section thus increasing the compensation contains a proviso reserving the power to Congress to terminate this additional allowance at any time after the 31st of December, 1854, upon giving six months' notice.

[Whilst the Postmaster General takes pleasure in testifying to the faithfulness with which the contracts have been performed, he thinks the sums paid are too high, and that the notice should be given to terminate the contract. He compares with the sums paid to the Collins line the amounts paid to the Cunard line by the British Government, and cannot see a valid reason for the disparity in favor of the former. Temporary arrangements have been made to supply the places on the Havre line made vacant by the loss of the Humboldt and the Franklin.]

In September last the United States Mail Steamship Company having withdrawn their direct steamers between New Orleans and Aspinwall, the mails between New Orleans and the Pacific have since been conveyed, according to the original contract, by the way of Havana. On the Pacific line the company are permitted to omit Monterey and San Diego by their ocean steamers, and thus expedite the through mails, on condition of their supplying those offices, together with Santa Cruz, Santa Barbara, San Luis Obispo, (if practicable,) and San Pedro semi-monthly by a coastwise steamer from San Francisco, in due connexion with the through route, without change of pay.

No progress has been made since my last annual report in the pending negotiations with Great Britain relative to the admission of France into the arrangement as contemplated by the provision in the 12th article of our postal convention. This article provides that "the rate of postage to be taken by the British post office upon letters arriving in the United Kingdom from the United States, either by British or United States packets, and to be forwarded through the United Kingdom to colonies or possessions of the United Kingdom or of the United States, or to foreign countries, and *vice versa*, shall be the same as the rate which is now or which may hereafter be taken by the British post office upon letters to or from such colonies or possessions or foreign countries, respectively, when posted at the port of arrival or delivered at the port of departure of the packets conveying the mails between the United Kingdom and the United States."

By this article a similar privilege is secured to Great Britain in respect to letters to and from the United Kingdom to be forwarded through the United States; but letters and newspapers passing through the United Kingdom "to and from France" are expressly excepted from the stipulations of said article. The two contracting parties, however, agreed "to invite France to enter into communication with them, without loss of time, in order to effect such arrangement for the conveyance of letters and newspapers and closed mails through the territories of the United Kingdom, of the United States, and of France, respectively, as may be most conducive to the interest of the three countries." The clause above referred to, excluding the correspondence between the United States and France from the advantages of the convention, was strongly objected to by Mr. Bancroft, who negotiated the treaty on our part, and he was induced finally to consent to it only on being assured by the British Government that "the treaty stipulations between England and France rendered its insertion necessary, as without it the latter Power would have just cause of complaint against the former." This representation, however, appears to have been incorrect, as Mr. Lawrence, the successor of Mr. Bancroft, was subsequently assured that "France was then ready to negotiate at once, waiving the privileges of the convention which England set up in her behalf." This Government, deeming the treaty unequal in its bearing upon the interests of the two countries, particularly on account of the exceptional clause referred to, and being desirous of consummating without loss of time the triple arrangement contemplated by the 12th article, commenced negotiations for that purpose immediately after the treaty was executed; which negotiations have been continued to the present time—nearly six years—without any beneficial result. The British Government has steadily declined to unite in effecting such arrangements as would "be most conducive to the interests of the three countries," which arrangements might have rendered the treaty more equal in its operation; and the original terms of the convention still remain unchanged.

[Reference is next made to the more important parts of the correspondence between the two Governments on the subject, and the rates of charge are stated on closed mails from France for the United States. The present treaty, it is thought, gives an undue advantage to Great Britain.]

No satisfactory progress has been made since my last report toward effecting a postal convention with France, nor has the contemplated arrangement with Belgium been yet consummated.

Some steps have been taken with reference to a postal convention with Mexico. A mutual exchange of dead letters has already been agreed upon and carried into effect; and I now await a project, which Mexico is to propose, for a more perfect arrangement, by which it is expected the rates of postage between the two countries will be materially reduced.

Under our postal convention with Great Britain the Philadelphia post office, with the concurrence of that Government, has been constituted an office of exchange for United States and British mails. The articles of agreement on this subject are hereto annexed. I regret to state that my proposition for the reduction of pamphlet and magazine postage between the two countries to one cent an ounce on either side has been positively declined by the British Post Department. The combined rate is at present altogether too high, being eight cents an ounce for all works of this kind above the weight of two ounces.

In the month of March last an arrangement was made with the proprietors of the Australia Pioneer Line of monthly packets to convey mails regularly between New York and Port Philip, Australia, at two cents a letter, one-half cent per newspaper, and one-quarter cent an ounce for pamphlets and magazines; and, with the view of affording to our citizens the cheapest practicable means of communication with that country, I have fixed the rates on all out-going matter by that line at five cents a letter, two cents each for newspapers, and one cent an ounce or fraction of an ounce for pamphlets and magazines, prepayment required. These rates embrace both the United States inland and sea postage. As the United States postage cannot be prepaid on incoming letters by this line, they are treated as ordinary ship letters. Similar arrangements have been made during the year with the proprietors of the steamers Black Warrior and Cahawba to convey mails semi-monthly between New York and Havana and New Orleans and Havana at two cents a letter, and also with the proprietor of the steamship Jewess to convey mails once in every twenty days between New York and Nassau, New Providence, returning by way of Havana, at the same rate of compensation.

By these agreements an important point has been gained in sustaining the Department in the efforts which should be made in all future arrangements to keep the cost of the ocean service, if possible, within its receipts.

To the appendix (marked A) I invite your particular attention and that of Congress.

It exhibits full statistical information on the subject of the foreign mails; embracing the amount of postages, inland, sea, and foreign, on mailable matter received and sent by the different mail steamship lines during the year; the amounts of letter postages on British, Prussian, Bremen, and Havre mails; the portion thereof collected by the United States, Great Britain, Prussia, and Bremen respectively; and the amounts of unpaid and paid matter received and sent by each of the lines of mail steamers. The gross and nett revenues received by the Department from each of the trans-Atlantic mail lines are shown, and also the revenue derived from the correspondence with Great Britain, Prussia, and Bremen, respectively, under the existing postal arrangements with those countries, both including and excluding the United States inland postage. It also shows the number of letters and newspapers exchanged during the year between the United States and Great Britain in British mails, between the United States and Bremen in *Bremen* mails, and between the United States and the kingdom of Prussia in closed mails; the number of letters (*in ounces*) received and sent in closed mails under each of our closed mail arrangements, and the number of letters and newspapers conveyed by the several home lines of ocean steamers. Other valuable statistics connected with the foreign mail service are also fully stated.

The usual report of fines and deductions will be duly furnished for the information of Congress. These fines and deductions for the year ending the 30th June, 1854, amount to $110,486 59. The amount for the previous year was $37,920 31. The increased amount has been mainly caused by a more rigorous exaction than heretofore of forfeitures incurred for defective service. The aggregate amount of fines and deductions for the last year has thus been greatly increased.

I am pleased to say that the introduction into the post offices of a better system of responsibility for mail bags has resulted in checking the waste of this species of property. The consequence has been a decrease of twenty per cent. in the number of letter mail bags procured during the year ending 30th June last, as compared with the preceding year; though the ordinary increase in the transportation of letters has required the use of a greater number of bags than were actually used before.

My assistants and chief and other clerks have faithfully attended to all their duties during the past year.

JAMES CAMPBELL.

LETTERS FROM THE WEST.

[WRITTEN FOR THE NATIONAL INTELLIGENCER.]

Glimpses of Society in Cincinnati.

BURNET HOUSE, (CINCINNATI,) NOVEMBER, 1854.

The most delightful weather has welcomed us back to the "Metropolis of the West." The mornings, indeed, are not quite yet bracing enough for an old stager; and, in hurrying through a round of visits before the almost universal dinner-hour of the polite, (two o'clock,) the temperature is often felt to be even warm. Bright skies and clear atmosphere make us more than contentedly thankful. Cincinnati never looked better to my eyes; nor have the hills and vales and forests that surround it ever appeared more richly and variously beautiful than now.

An old friend from England has been traversing the city and its environs with me, making excursions to the neighboring heights—Mount Auburn, Clifton, Walnut Hills, &c.; up and down the banks of "La Belle riviere," as the old French settlers called the Ohio; taking a glance at the vineyards, now stripped of their fruit, and a peep into the cellars of the wine producers; and it is no exaggeration to say that he is amazed at what he has seen. Indeed, he assures me that he has done little more in his journal than the repetition of "wonderful," "wonderful!" in different forms of amplification, since the hour of his arrival. His opinion that "Cincinnati is a glorious place" was perhaps not less forcibly felt nor less vivaciously expressed in consequence of the comforts we find at our hotel. Coleman is a trump. He is making the *Burnet* what the *Astor* has long been, and revives to the traveller the remembrance of the pleasant hosts of the latter. In the tasteful and comfortable parlors appropriated to our use I have had some delightful re-unions with old friends of at least ten or fifteen years' standing, including several of the cleverest men and most accomplished women one would wish to meet with in the most genial hour. My friend has suggested the idea of condensing for your enlightenment (ehem!) the information about society in Cincinnati which I communicated to him during our "*noctes cœnasque*." So here goes!

The "Queen City," as this somewhat favorite name would lead you very easily to imagine, is an excessively ambitious place, and perhaps nowhere in the world are people more constantly controlled by the merely conventional ideas of social position, wealth, fashion, &c.; and, as a matter of course, nowhere in the world do the actual possessors of such advantages wield a less disputed sway. As Sir Giles Overreach said of Lovel—

"Their fortune swells them; 'tis rank! rank of some kind, at least."

But what, or rather *who*, constitute rank in this Western metropolis? There are at least three well defined classes of aspirants to this distinction. One comprehends the old "Buckeye" families, as they are still lovingly called—those who either were pioneers themselves to this region when it was "bare creation," (to use Daniel Webster's excellent phrase,) or their immediate descendants, and who, by the gradual increase of the value of land and houses, or by the fruits of long-continued and well-directed enterprise and industry, are now affluent beyond the imaginations of many a European owner of a baronetcy, and possess, besides, in a city which has sprung up like an exhalation, a certain ancient repute, the prestige of antiquity of at least a whole half of a century!

Another class embraces those who came hither about 1829–'30; merchants who have become, like those of Tyre in olden days, "princes of the earth;" bankers who do not deal in grinding the faces of the poor; lawyers, physicians, surgeons, and others who have reached the highest summits of their professions.

A third class includes a number of families possessed of ample resources in money, considerable culture, no small amount of social tact and talent; but, as comparatively new comers, looked upon with a condescendingly patronising air by the other two sets.

Of course, individuals belonging to each of these classes penetrate into the others. Many men and women who cultivate the *savoir vivre* are at home with the best families of all. Yet the partitions which divide them are clearly discriminated and determined as "the Buckeye set," "the Broadway set," "the New England set," &c.

You need no assurance, my dear friends, that, with our inevitable proclivity to make the most of every thing, we have mingled freely with the best of all these circles. Few things are better than a dinner or an evening with any leading family of the Buckeye set, where one can pick up, in the pleasantest way, a hundred tales connected with the story of Cincinnati and its surroundings. Yet we can pass, without disparagement or invidious comparison, to social circles of later origin, and therein equally enjoy the luxuries of life, the varied productions of genius, choice libraries, the creations of the chisel and pencil, and the many-colored and inspiring associations of Eastern old abodes, mingled with the peculiarities of Western homes, each modifying and heightening the other. * * * *

There is one feature of Cincinnati society which might perhaps be imitated with advantage in some elder communities: I mean the esteem in which men of letters and artists are held. The different circles, already noticed, seem to vie with each other in giving substantial support as well as delicate attentions to a few eminent musicians, painters, and writers who have settled among them. You are quite sure to meet them at every large party; and one or two of the more distinguished will most likely be found at the *recherché* dinners or the snug suppers of the best representatives of all the "sets." If the author gives a lecture, or the musician a concert, or the artist an exhibition of some new production, the lecture-room, the concert-hall, or the studio will surely be graced by the presence of the most fair, the most polished, and the most spirited in the various social circles. An old friend of yours gave last year a course of lectures to ladies, on English literature, at four o'clock in the afternoon. The price of tickets was placed at an unusually high figure. Yet a large and brilliant array of the *elite* of the city, married and unmarried, attended regularly throughout the whole course. It is not in every city of much greater pretensions that such an attendance, so steady and persevering, of women of high culture and social position could be secured at such an hour.

Adieu, my dear old friends, for the present. Y. L.

FIVE MEN SHOT.—At Cairo, Illinois, on Tuesday last, an extraordinary and exciting scene occurred, of which the St. Louis Republican gives the particulars. A negro named *Spencer* became very obnoxious to the people of Cairo by his lawlessness and bad character. He was summoned to appear before a Justice, and entered court with a keg of gunpowder, unheeded, under his arm, and a loaded revolver in his hand, and threatened to blow up the building if he did not receive justice. He was disarmed, and then fled on board of a boat that he owned. He was pursued, and began firing upon the people on shore. The boat was set on fire and cut loose by the people. He continued firing until the flames drove him into the water. He plunged in with loud curses, and never rose again. None of those shot were killed.

BANK FAILURE.—We understand that the Government Stock Bank at Ann Arbor (Michigan) has shut up shop and made an assignment. To what extent depositors will be defrauded we are not informed. Bill holders should not submit to sacrifice, as the security in the hands of the State Treasurer for the redemption of the notes of the bank is amply sufficient to cover the whole circulation.—*Detroit Free Press.*