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The National Republican.

VOL. X. WASHINGTON, D. C., MONDAY, DECEMBER 6, 1869. NO. 8.

Auction Sales.

TO-DAY.

BY W. L. WALL & CO., Auctioneers, [illegible]

[illegible] of Messrs. [illegible] at Auction.

[illegible] GOLD AND SILVER WATCHES, DIAMONDS, GOLD PINS AND RINGS, SILVER AND PLATED WARE, CUTLERY, MUSICAL AND MECHANICAL INSTRUMENTS, GUNS, REVOLVERS, BOOKS, LADIES' AND GENTS' CLOTHING, FANCY GOODS FOR CHRISTMAS PRESENTS, &c., &c.

[illegible] A discount of 5 per cent. will be allowed to persons purchasing the amount of [illegible] hundred dollars or over. ROBERT FULTON & CO., [illegible] Ninth street.

BY JOSEPH F. KELLEY, Real Estate Agent and Auctioneer. Office: No. 363 Eighth street west, near north I street.

TRUSTEE'S SALE OF SIX VALUABLE BUILDING LOTS ON THE EAST SIDE OF TENTH STREET WEST, [illegible] AND RHODE ISLAND AVENUE, CORNER OF P STREET.

By virtue of a deed of trust to the undersigned, bearing date on the [illegible] day of April, 1869, and duly recorded in Liber [illegible], folio [illegible], et seq., one of the land records in and for Washington county, D. C., and at the written request of the party [illegible] holds the notes secured thereby, I will sell at public auction, in front of the premises, on MONDAY, the 6th day of December, 1869, at 4 o'clock p. m., lots numbered eighty-two, (82,) eighty-three, (83,) eighty-four, (84,) eighty-five, (85,) eighty-six, (86,) eighty-seven, (87,) of Jos. F. Kelley's subdivision of the west half of square numbered three hundred and sixty-five, (365,) as the same is recorded in the Surveyor's office of said city, on December 5, 1866; said lots fronting from 18 to 20 feet each on Tenth street west, and next to the corner of north P street, and running back 100 feet to an alley.

Terms: One third of the purchase money to be paid in cash; and the balance in six, twelve, and eighteen months from day of sale, with notes bearing interest, and secured by a deed of trust on the premises sold. All conveyancing and revenue stamps at cost of purchaser. At the rate of $[illegible] to be paid down on each lot on day of sale. If the terms of sale should not be complied with within five days from the day of sale, the trustee reserves the right to resell at the risk and cost of the defaulting purchaser, by advertising for five days in some newspaper printed in Washington, D. C.

JOHN W. SIMMS, Trustee.
JOS. F. KELLEY, Auct.

BY COOPER & LATIMER, (Successors to Jas. C. McGuire & Co.,) Southwest corner Penn. av. and Eleventh street.

TRUSTEE'S SALE OF A VALUABLE BRICK HOUSE AND LOT, NOW USED AS A GROCERY AND DWELLING.

By virtue of a deed of trust, dated the 18th day of November, 1868, and recorded in Liber [illegible] and [illegible], folio [illegible], et seq., one of the land records of Washington county, D. C., I will sell at public auction, on MONDAY, the 6th day of December, 1869, at 4 o'clock p. m., on the premises, lot No. [illegible] in the recorded sub-division of Square No. [illegible], situate on the corner of [illegible] street west and P street north, improved by a new and commodious brick dwelling and store attached.

The amount unpaid secured by above deed of trust is $[illegible], and interest from November 18, 1868.

Terms of sale: $[illegible] cash; balance in one year, with interest, and secured by the purchaser's note and deed of trust on the premises; $[illegible] down at time of sale. Revenue stamps and conveyancing at purchaser's cost. If terms of sale are not complied with within five days from the day of sale the deposit to be forfeited, and the property will be resold at the cost of the defaulting purchaser.

SAMUEL T. GREY, Trustee.
COOPER & LATIMER, Auctioneers.

QUARTERMASTER STORES, CAMP AND GARRISON EQUIPAGE.

DEPOT QUARTERMASTER'S OFFICE, WASHINGTON, D. C., November 18, 1869.

Will be sold at public auction, at Armory Square, on MONDAY, December 6, commencing at 10 a. m., a lot of Clothing, Camp and Garrison Equipage, consisting in part of [illegible] Knit Shirts, [illegible], together with Tents, Knapsacks, Metallic Scales, Pick-axes, Shovels, Spades, Blankets, Bootees, &c., &c. Also, Quartermaster Stores, consisting in part of:

[illegible] Horses. [illegible] Mules. 100 Water Buckets. | 9,000 feet Oak, Ash and Hickory Lumber. 7,000 [illegible] 1,400 lbs. Scrap Iron.

And numerous other articles.

The attention of farmers and others is called to the very superior quality of the Mules offered, being selected animals, and are sold because no longer required.

Terms: Cash, on day of sale.

By order of the Quartermaster General.

D. G. THOMAS, Capt. M. S. K., U. S. A., Acting Depot Quartermaster.

FUTURE DAYS.

BY THOMAS DOWLING, Auctioneer.

TRUSTEE'S SALE OF VALUABLE REAL ESTATE NEAR TENALLYTOWN, D. C.

By virtue of a deed of trust from Frederick Jones and wife to the undersigned as trustee, bearing date the 12th day of February, 1868, and duly recorded in Liber [illegible], folio 84, of the Land Records of the county of Washington, D. C., and at the written request of the party secured thereby, the undersigned will, on MONDAY, the 13th day of December, 1869, at [illegible] o'clock p. m., sell at public auction, on the premises, near Tenallytown, all that piece of land, being part of a tract called "St. Philip and Jacob and Whitehaven," beginning for the same at the southwest corner of John Cephus' lot, [illegible] thence to a road; thence north [illegible] to the beginning, containing [illegible] acres.

Terms of Sale: One third cash; balance six and twelve months. Conveyancing and stamps at cost of purchaser. [illegible] If the terms of sale are not complied with within five days from day of sale, the undersigned reserves the right to resell the property at the risk and cost of the defaulting purchaser.

D. B. CARPENTER, Trustee.

The property is near Conduit Road and about one mile northwest of Drovers' Rest.

THOS. DOWLING, Auct.

BY JOSEPH F. KELLEY, Real Estate Agent and Auctioneer. Office: No. 363 Eighth street west, near north I street.

GUARDIAN'S SALE OF VALUABLE IMPROVED REAL ESTATE ON NINTH STREET WEST, BETWEEN P AND Q STREETS NORTH.

By virtue of a decree of the Orphans' Court of the District of Columbia, confirmed by the Supreme Court of said District, I shall offer for sale at public auction, in front of the premises, to the highest bidder, on TUESDAY, the 7th day of December, 1869, at 4:30 p. m., all the right, title and interest of Fannie Beall, in and to the following described property, to wit: Lot sixty-nine (69) of Henry Turner's sub-division of square three hundred and sixty-five, (365,) as the said sub-division is recorded in Liber W. F., folio 165, in the Surveyor's office for Washington city, D. C., the said lot having a width and front of twenty (20) feet on Ninth street west, running back said width one hundred and twenty (120) feet, and improved by a fine three-story brick building nearly new, containing 10 rooms, with modern improvements.

Terms of sale: One half cash, the residue in two equal payments at six and twelve months from date of sale, evidenced by the purchaser's promissory notes bearing interest. Upon ratification of sale a deed to be given, and a deed of trust taken to secure the deferred payments.

Conveyancing and stamps at purchaser's cost, and a deposit of $100 when sold.

The guardian reserves the right to resell, if terms of sale are not complied with within five days from date thereof at defaulting purchaser's cost.

B. VIRGINIA BEALL, Guardian.
JOS. F. KELLEY, Auctioneer.

The undersigned will also sell at public auction, to the highest bidder, all the right, title and interest of B. Virginia, Lloyd S. and Alice C. Beall, in and to the above described premises, at the same time and upon the same terms.

JOS. F. KELLEY, Auctioneer.

BY GREEN & WILLIAMS, Auctioneers and Real Estate Brokers, 525 Southeast corner of Seventh and D streets.

THE RESIDENCE OF THE LATE MRS. GEN. MACOMB FOR SALE.

SALE OF VALUABLE REAL ESTATE ON THE CORNER OF SEVENTEENTH AND I STREETS NORTH, FIRST WARD, WASHINGTON, D. C., KNOWN AS THE MACOMB PROPERTY, CONSISTING OF ELEGANT AND VALUABLE IMPROVEMENTS.

Under and by virtue of a decree of the Supreme Court of the District of Columbia, in Chancery, sitting in a certain cause then pending, entitled Theo. R. Balch et al. vs. L. P. W. Balch et al., No. [illegible], Equity Docket [illegible], passed on the [illegible] day of November, A. D. 1869, the undersigned will sell at Public Auction, to the highest bidder, on SATURDAY, the 11th day of December, 1869, at [illegible] o'clock, p. m., the following Real Estate, to wit: Lots A and B, in square No. 166, consisting of [illegible] square feet of ground, more or less, improved by a commodious and elegant three-story BRICK MANSION, and situated on the corner of Seventeenth and I streets, north, in the First ward of Washington city, D. C.

This property offers rare inducements for investment. It is situated in the most desirable part of Washington city; is perfectly convenient to the Government Departments; the neighborhood improved by the erection of a number of first-class houses, and is in the immediate vicinity of the newly laid out public square, hereafter to be beautified.

Terms of sale: One third Cash, balance in 6 and 12 months, respectively, from day of sale. The deferred payments to be secured by the bonds of the purchaser or purchasers, with interest, and a reserved lien on the property.

All conveyancing and stamps at the cost of purchaser or purchasers.

One hundred dollars to be paid when the property is knocked off on the premises.

JAMES F. TUSTIN, W. C. BALCH, Trustees.
GREEN & WILLIAMS, Auctioneers.
(Star)

Billiards.

NATIONAL BILLIARD HALL,

Bet. Thirteenth & Fourteenth sts.,

Over National Theatre,

Also, agents for Phelan & Collender. All kinds of billiard material for sale. J. L. MILLER, Proprietor

WASHINGTON NEWS AND INFORMATION.

THE MEETING OF CONGRESS.—Both Houses of Congress will assemble to-day at noon to enter upon the business of what is known as the long session. In the Senate Hon. Lot M. Morrill, of Maine, will appear as the successor of the lamented William Pitt Fessenden. The Governor of Iowa has not yet appointed a successor to Senator Grimes. The credentials of several Southern Senators will be presented, but they will all doubtless be referred for future action.

In the House there are the names of two hundred members on the roll, all of whom have been sworn in, and there will be no opposition to four others. These are Hon. S. S. Cox, formerly of Ohio, but now of New York, who was traveling in Europe when the Forty-first Congress assembled; Hon. George M. Brooks, of Massachusetts, who succeeds Secretary Boutwell; Hon. Wm. H. Barnum, of Connecticut, who was detained at his home by illness when Congress met, and Hon. H. C. Burchard, of the Third Illinois district, who succeeds Hon. Elihu B. Washburne.

The members from Alabama will probably be sworn in sooner or later. The Representatives elect from Virginia, Georgia, Mississippi and Texas will not be admitted until after their claims shall have been thoroughly discussed. After the roll is called the President will be notified by a joint committee of the two Houses, and will probably send in his message, accompanied by the reports of the heads of Departments, all of which have been printed except that of Secretary Boutwell, which will be sent in in manuscript.

The Republican Senators will probably have a caucus this morning, to rearrange the committees and fill vacancies thereon. Mr. Morrill, of Maine, will probably be made chairman of the Committee on Appropriations, in place of Mr. Fessenden, deceased; and it is said the chairmanship of the Naval Committee lies between Mr. Cragin, of New Hampshire, and Mr. Drake, of Missouri.

THE HOUSE SUB-COMMITTEE ON FOREIGN RELATIONS are busily engaged preparing a report upon the Paraguay matter. The voluminous character of the evidence; the great number of witnesses that have appeared before the committee, and the importance of the matter involved in the investigation renders the duties of preparing the report an arduous one.

The investigation before the committee involves the conduct of our naval officers in the South Atlantic squadron; the course pursued by our diplomatic representatives to the South American Governments, as well as the conduct of Lopez in his treatment of American prisoners seized by him under very aggravating circumstances and held as prisoners, as is alleged, in utter violation of international law. Some strange and startling revelations have been made to the committee touching the character and conduct of this Paraguayan chief.

THE INTERNATIONAL EXHIBITION.—A memorial, accompanied by the draft of a bill, will be presented to Congress to day, reciting the action that has been taken in relation to an international exhibition in this city, and asking Congress to pass an act [illegible] the company. The memorial closes with the following paragraph:

"Believing that, with the reasonable aid which they now pray from Congress, they will be able to bring together at the national capital such an exhibition as will be at once creditable and useful to the American people, your memorialists respectfully ask such an early action on their prayer as, if favorable, may enable them to enter, without unnecessary delay, upon the execution of the laborious work which they propose to undertake."

PRESENTATION TO HON. READER W. CLARKE.—On Saturday Judge G. N. Middlebrook, of the Third Auditor's office, on behalf of the clerks employed in that office, presented to Hon. Reader W. Clarke, the retiring Third Auditor, a magnificent silver set. The presentation was made in the presence of all the clerks of the bureau, and most feelingly responded to by Mr. Clarke. Accompanying this testimonial of their regard was a letter signed by all the clerks expressive of regret at the severance of his official relations with the office.

THE CENSUS COMMITTEE of the House, which has been busily engaged during the week in perfecting the new census bill, have completed their work and will report it to the House at the earliest opportunity to-day. It has already gone to the printer, and will be ready to lay on the members' desks in a short time. It is introduced at this early stage of the session in order to have it acted on at the earliest moment.

FREE CUBA.—The petition of the citizens of Philadelphia and vicinity in favor of conferring belligerent rights on the struggling Republic of Cuba—with 29,748 well authenticated signatures will probably be presented in the Senate to-day by Senator Cameron. The petition is nearly a mile in length.

OF THE five candidates just examined by the naval academic board, at Annapolis, for the position of Second Lieutenant, only two were successful: Robert D. Wainwright, son of Colonel Wainwright, of the Ordnance Department, and a son of Lieutenant Commander Quackenbush.

THE OPERA SEASON closed on Saturday. To-night Miss Lucille Western, an old Washington favorite, appears at the National in her dual character of Lady Isabel and Madame Vine in her version of "East Lynne."

WALL'S OPERA HOUSE still has a splendid attraction in the Fox family. Our citizens appreciate their performances, and gave them crowded houses last week as they doubtless will this week also.

THE JOINT COMMISSION to settle the Mexican and American claims will reassemble to-day, when an arbiter will be selected, and test questions as to contract claims will be brought forward without delay.

THE BUILDING of the Alexandria and Fredericksburg railroad will, it is said, be commenced at an early day, and prosecuted with vigor to its completion.

THE NATIONAL LABOR CONVENTION meets in this city to-day. Delegates will be present from all sections of the country.

GEN. COBURN, of Indiana, will introduce early in the session a bill prepared by himself providing for a system of free banking.

SENATOR SUMNER arrived in the city on Saturday evening.

ANOTHER OLD CITIZEN GONE.—Mr. Johnson K. Rodgers, a resident of this city for the last twenty-seven years, died at his residence on H street this morning, at about 1:30 o'clock. Mr. Rodgers was a native of Georgia, and was fifty-eight years of age. He was connected with the Government for a number of years—up to within a few years past. The last position held by him was that of clerk to the Senate Committee on Public Printing.

He was a genial and kindly man, and leaves many warm friends and acquaintances to mourn his sudden death. He leaves an estimable wife, formerly Miss Mount, of this city, but no children.

THE NEWS BY CABLES

SPAIN.

Sentence of a Carlist Chief—The Force Sent to Subdue Cuba.

MADRID, December 5.—The Carlist chief Polo has been convicted of treason, and sentenced to death.

Rumors of a Carlist insurrection continue to circulate.

In the Cortes yesterday Gen'l Prim stated that since the commencement of the Cuban rebellion fourteen vessels of war, including two iron-clads, had sailed for Cuba, transporting nearly 40,000 troops.

FRANCE.

Eugenie in Paris—Supplementary Elections Proceeding Quietly.

PARIS, Dec. 5.—The Empress Eugenie has arrived in Paris.

Elections are being held to-day for deputies to the Corps Legislatif in the districts where the result was not decided at the last election. The voting goes on quietly, and the city remains perfectly calm.

THE ECUMENICAL COUNCIL.

All but Five of the Italian Bishops Swear Fidelity to the Pope.

PARIS, Dec. 5.—A dispatch from Rome says all the Italian Bishops except five have taken the oath of fidelity to the Pope.

ALBERT D. RICHARDSON.

Rev. Dr. Frothingham Explains his Connection with him—Funeral Services at Franklin, Massachusetts.

NEW YORK, Dec. 5.—Rev. Mr. Beecher, in his sermon to-day, made no allusion to the Richardson matter.

The Rev. Mr. Frothingham said that he had no answer to make to the attacks of the press, but he owed his congregation some explanation. Mr. Richardson had been a member of his congregation, and he (Frothingham) had been called to his dying bedside, to be present at the marriage with Mrs. McFarland, receiving, at the same time, the assurance that a divorce had been legally obtained.

He counselled charity for the stricken woman.

A dispatch from Franklin, Massachusetts, states that the last obsequies of the late Albert D. Richardson took place in the Congregational church yesterday afternoon.

About 3,000 persons, including the widow, mother, and brother of the deceased was present.

THE TEXAS ELECTION.

The State in Doubt.

GALVESTON, Dec. 5.—The election returns come in slow. From the best information Hamilton has carried Bells, Walls, McLellan and Williams counties. The aggregate majority is estimated at 2,000. Davis carries Brazos, Calhoun and Robertson counties. The aggregate majority is 517. Partial returns from Harris, Galveston, Travis and Walker counties give Davis small majorities.

There are indications that Clark, Radical, is elected to Congress from the Third district, and Haynes, Conservative, from the Fourth district.

[illegible] returns received it is impossible to say how the State has gone.

Important Dispatches for Europe—Steamer Detained for their Arrival in New York.

NEW YORK, Dec. 5.—The steamer City of Brussels was detained yesterday, waiting, as is supposed, for important Government dispatches to the United States representatives in Europe.

Murder and Robbery.

RICHMOND, VA., Dec. 5.—Charles H. Rogers, a traveling collector, was found robbed and murdered this morning on a road four miles from this city. He had been shot dead in his buggy and his body was dragged to a thicket and rifled.

Latest Telegraphic Brevities.

The barque Noell, the first freighted merchant vessel that passed through the Suez canal, was wrecked in the Red Sea, 186 miles from Suez.

The coin in the New York sub-Treasury is all correct, and the totals correspond with the Government books.

The Citizens' National Bank of Middletown, Del., was robbed Friday night of Government and Pacific railroad bonds.

J. J. Eckell, who first became notorious in connection with the Burdell-Cunningham murder, and who has latterly been in the penitentiary of New York, having been convicted of the Blaisdell-Eckell whisky frauds, died in the penitentiary on Saturday morning.

The snow sheds on the Pacific railroad have been completed, those burned last summer having been rebuilt.

Heart Disease—A Valuable Hint.

At the regular meeting of the Medico-Legal Society at the College of Physicians and Surgeons at Richmond, on Saturday evening, Dr. Finnell submitted a rare specimen of a fatty heart taken from a colored woman who recently fell in syncope while shouting under great excitement at a religious meeting, and died in a few moments. The autopsy discovered that the entire structure of the heart had been transformed from the ordinary healthy muscular tissue to pure fat, and yet its organism remained perfect in all its parts. The Doctor said he presented this case to the society, not only for its rarity, but for the bearing which it and similar cases had upon medical jurisprudence, the special object for which the society was organized. It might often happen, as it often did happen, that a man was knocked down by a blow in a quarrel, and was supposed to have been killed by the blow, when in fact he died, as this colored woman did, from over-excitement acting upon a fatty heart. It showed the importance of a careful autopsy in cases of supposed homicide.

Death resulted in this case from paralysis of the heart, and long detention of blood from the brain; and it indicated the treatment in such cases that could not be too often or too strongly impressed upon the public, viz: that in cases of fainting the patient should be immediately suspended head downward, or, at the very least, placed in a horizontal position. Had this been done in the case of the colored woman whose heart was here exhibited, she might probably have been alive to-day. Scarcely an audience could be got together in which there would not be individuals, with feeble and fatty hearts, who were liable at any time, under any extraordinary mental or bodily excitement, to be attacked in the manner this woman was, and who might die under the attack, unless immediately treated in the proper manner. In the case of Inspector Carpenter the doctor said that the autopsy showed a fatty and feeble condition of the heart, and had not Mr. Carpenter been so obstinately opposed to taking stimulus of any kind his life might probably have been prolonged many years.—*Richmond Enquirer.*

THE CONCERT AT CARROLL HALL last night for the benefit of the widow of the late Professor Gennari was largely attended, and the selections were admirably executed.

It is estimated that over $300 will be realized for the benefit of Mrs. Gennari, and the enterprise reflects the highest credit upon Messrs. H. H. Hazard, Marini, Petroll and Calaifana, the originators, and who labored hard for its success.

THE WISCONSIN ASSOCIATION meets to-night at 7 o'clock, at the law office of Gen. John Mansfield, No. 460 Fifteenth street.

THE ARMY.

Report of Gen. Sherman.

HEADQUARTERS OF THE ARMY,
WASHINGTON, D. C., Nov. 20, 1869.

GENERAL: I have now the honor to submit my report of the army for the present year. At the time of the last annual report, General U. S. Grant was in command of the army, and remained until the 4th of March, 1869, when he became President of the United States, and I succeeded him as general-in-chief. The confirmation of my commission was announced on the 8th day of March, and I was ordered to assume command March 8, which I did.

At that time Major General J. M. Schofield was Secretary of War, and continued in that capacity until March 13, when General John A. Rawlins was duly commissioned and entered upon his duties as Secretary of War, a post he filled until his death, September 6, when the President conferred on me the commission, with the understanding that it was to be held only until he could select a successor, and it afforded me great pleasure, on the 1st instant, to give place to yourself, Gen. W. W. Belknap.

As these changes have in a measure affected the course of events, I believe that you will be pleased that I take a wider view of the history and condition of the army and its administration than is customary for the commander-in-chief.

LINE OF THE ARMY.

For the purpose of military responsibility and government the domain of the United States is divided into twelve departments and three districts, each under the command of an experienced general officer, who by law is invested with all the powers of the commanding General of an army in the field, and is held responsible for the discipline and maintenance of the troops, the preservation of good order so far as the military authority extends, and for the care of all public property that belongs to the army. * * * * * *

In order to prompt action in case of need, and to place similar territory and similar interests under a common commander, these departments are again grouped into four military divisions, which are commanded by the four generals next in rank to the commander-in-chief.

By the original law of July 28, 1866, as modified by that of March 3, 1869, the regular army now consists of five regiments of artillery, ten of cavalry, twenty-five of infantry, a battalion of engineers, and the cadets of the Military Academy. These are all assigned to the several departments by regiments or companies; but each division commander can reinforce any point within his command by transferring the troops from one of his departments to another.

The report then gives the location of the regiments and continues as follows:

At this moment we have not a single regiment that may be said to be in reserve. All are on duty, and I have constant calls for more troops, which cannot be granted. I beg, therefore, your earnest attention to this matter, that Congress may be appealed to not to diminish the military establishment any further, because of the great extent of our country, the unsettled character of a region measured north and south, east and west, by thousands of miles, the nomadic character of the Indians who inhabit this region, and the growing necessity to afford greater protection to the roads that traverse this region, and the mining and agricultural interests therein.

While the nation at large is at peace, a state of *quasi* war has existed, and continues to exist over one half of its extent, and the troops therein are exposed to labors, marches, fights, and dangers that amount to war. Were the troops withdrawn or largely diminished in Texas, the Indian country in Arizona, New Mexico, Montana, Idaho or Alaska, as well as in some parts of our Southern States, I believe a condition of things would result amounting to anarchy.

* * * I hope the officers and men composing the army will receive the assurance of the country, to which they are fairly entitled, that their services are appreciated. Many of the officers have been required to perform, at great personal risk, the duties of Indian agents, governors, sheriffs, judges and inspectors of election, &c., duties foreign to their military training, and they have done this duty without a murmur and with marked intelligence. The great mass of them are banished to distant sections, and kept there with indifferent shelter, without any of the associations and facilities of civilized life; and many of them have families that they scarcely have the means to educate and provide for. In my whole army experience I have never known the army officers so poor, and yet I believe they will continue cheerfully to endure this state of the facts if they can see in the future any hope of improvement. I do not understand they expect more [illegible] that our money will approach the value of gold in [illegible] purchasing capacity, and I believe any diminution of pay would turn the thoughts of every officer to a change of profession, which would be extremely damaging to the army itself.

The code of laws by which the army is governed is very antiquated and obscure, based on the old English mutiny act in existence at the time of our revolution, and bears date April 10, 1806. Other laws respecting the Government of the army have been passed from time to time, and volume on volume of regulations has been issued from the War Department, the last of which bears date in 1863. These are the Army Regulations now in use, although they also have been modified by numerous subsequent orders and circulars, so that at this moment no officer can, from the most careful study, be certain of his rights and duties, and is liable, at any time, to suffer in his accounts, or incur personal liability for acts done in pardonable ignorance.

In view of this condition of affairs General Sherman recommends the adoption of new articles of war and regulations heretofore agreed upon by boards appointed to consider the matter.

With regard to the consolidation of regiments and the reduction of the army, General Sherman, after referring to the provisions of the law of March 3, 1869, says:

The Secretary of War, General Schofield, with whom by law the discretion rested, saw at once that, were he to wait for the number of officers to diminish to the standard of twenty-five regiments by the slow process of death and resignation, all the enlisted men would be discharged by the expiration of their terms of service, and we would be compelled to abandon many of the forts in the Indian country. He therefore very wisely resolved to make the consolidation at once, so that new enlistments could be made to replace the men discharged by expiration of their terms of enlistment. His orders prescribing the mode and manner of consolidation were made on the 10th of March, and have been carried into effect as fast as possible, considering the scattered condition of the troops. The colonels and field officers were chosen here and announced in general orders from these headquarters. The captains and lieutenants were selected by the commanding generals of the departments in which the new regiments were to serve. As a general rule, all other things being equal, the senior of each grade was retained, provided he was deemed qualified and was actually present for duty. The recruiting service was resumed on the 28th of April, and has supplied almost a thousand recruits per month, barely enough to replace the discharges in the more exposed garrisons of the Indian country. The consolidation has thus been effected at as little cost as possible, and on principles as fair and just as the case admitted.

By this consolidation 622 officers were rendered supernumerary. Only 156 are, however, awaiting orders, the others being assigned to various duties. If disbandment must come, General Sherman thinks it but fair that those awaiting orders should be first dismissed, for he says with regard to the others that they are—

Among our very best, who have in battle earned their commission, and who are illy qualified to be thrown out of their chosen profession to begin life anew. Their claims are entitled to the generous consideration of the Government, and I feel assured they will receive it, and to this end will endeavor to submit all the facts of the case, with such suggestions as seem appropriate, and likely to facilitate their retention in the military service.

In the first place, in the reorganization of the army in 1866, the law provided for four regiments of veteran reserve troops, the officers of which were chosen because they had become disabled by wounds in the war of the rebellion. In the consolidation these regiments were put on a par with the others, and several of the officers, though wounded and disabled, are provided for in the new organization; still, the great majority have been left out, and in fact are disqualified by the loss of limbs or other physical disability for the exposure and activity of our infantry regiments.

They would be entitled to be retired under existing laws, were it not for the fact that the number of officers to be retired is limited by the sixteenth section of the act approved May 3, 1861, to seven per cent. of the officers of the whole army. This limit of seven per cent. of officers in service was fixed when the army was very large; and now that it is reduced the number that can be retired by reason of age or infirmity, or by reason of wounds, is comparatively small. I earnestly recommend that this limit be removed, and that the President be allowed to retire any number for cause, viz: for wounds in battle or age; or, if it be deemed prudent to fix a limit, that it be fixed at some specific number—say two hundred and fifty. The number now retired is one hundred and seventy-seven.

* * * * * * * * *

I am satisfied that all regiments should have the same organization, viz.: one colonel, one lieutenant colonel, two majors, and twelve companies; for this organization admits of a subdivision into three battalions of four companies each, commanded by a lieutenant colonel or major. Moreover the artillery companies have each two first lieutenants, whereas the cavalry and infantry have but one. All companies should have the same organization, viz: one captain, two first lieutenants, and one second lieutenant. If all the officers could be kept with their companies, one captain and two lieutenants would be sufficient; but the army organization never did provide for detachments and details which are inevitable from the nature of our service—such as for recruiting service, for the Indian service, for duty at West Point, and civil colleges, for details as aides to general officers, &c., &c. It is for this reason, especially, that I ask for an extra lieutenant to the companies of cavalry and infantry, the same as already exist in the artillery. The extra lieutenants now allowed by law as regimental adjutants, quartermasters, and commissaries could be omitted, and detailed from the list of first lieutenants.

I herewith submit a table showing the organization as proposed; and assuming the number of regiments to remain unchanged, (viz: forty,) and allowing a maximum of seventy-five privates to each company, it would give us for the line of the army two thousand one hundred and thirty-five (2,135) commissioned officers and forty-two thousand four hundred and ninety (42,490) men. It is well known that no army can be kept up to its legal standard and that two-thirds is as large a proportion as can be relied on for actual service. Applying this ratio we will have for actual service about twenty-nine thousand seven hundred and fifty (29,750) officers and men—a number no one acquainted with the subject can decide to be above the necessities of the country. It also seems unjust to permit the whole blow of reduction upon the infantry arm of service alone.

The cavalry and artillery should share in the consequences, and therefore I recommend, after Congress has enacted the necessary laws, that the President assemble a board of disinterested general officers, to whom shall be committed the whole matter of reduction and reorganization, with authority to transfer unattached infantry officers to vacancies that exist or may be created in the regiments of cavalry, artillery and infantry alike, after which, to recommend for actual disbandment the officers found in excess of the new organization. In spite of whatever may be done, there will be cases of hardship and seeming injustice, but it is all important that the rule that cuts off all promotions should be removed as soon as possible, for no army can be efficient without holding out to junior officers the hope of promotion.

STAFF OF THE ARMY.

This term applies to those officers and men who administer to the wants of every military establishment, and are in our service classified as adjutants general, inspectors general, bureau of military justice, quartermasters, commissaries, surgeons, paymasters and ordnance departments, corps of engineers, chief signal officer and post captains. The names imply their respective duties, and the organic law of 1866 limits and prescribes the number. The heads of these departments reside in Washington, and submit annually a written report of their operations for the past year. It so happened that I was Secretary of War during the month of October, when by law these reports were made, in order to reach the public printer by the 1st of November, and I required all the annual reports to be addressed, like all other military reports, to the Adjutant General for the perusal of the General of the Army, who could make use of such information as they contained and then lay them before the Secretary of War. This is, in my judgment, the course that should always be pursued, though a different one has heretofore prevailed, for otherwise we would have the absurdity of a general commanding the army with his chief staff officers reporting somewhere else. The General can have no objection to any amount of labor being imposed upon these departments by Congress, by the President or Secretary of War, but all orders and instructions touching army movements by law must pass through the General of the Army, that he may know what is transpiring. (See section two of act of Congress approved March 2, 1867.

General Sherman then refers to a report made by General Garfield on February 26, 1869, and, after endorsing the views expressed by General Garfield, continues:

I heartily concur in these views, and so far as my authority goes, will carry them out. It would be absurd to hold General Schofield or General Augur or General Hancock responsible for affairs, in their most important departments, if they have not the absolute command of their troops and all the staff officers who minister to their necessities. If Congress will enact the new articles of war, all hurtful distinctions heretofore existing will at once cease, and all parts of the army will be put on the same honorable footing.

He then refers to the marked distinction that has been made with reference to officers of engineers, and continues, as follows:

I have no wish to command the engineer corps or any other corps; but if it forms a part of the regular army of the United States, it is all-important that the generals who command the military departments, and are charged with the general supervision of all army matters within their limits, should be able to avail themselves of this most important branch of the army, receive from them the usual reports of the state of the national defences, &c., without asking it as a special favor or applying to the President for his permission in each case. * * * The President has by an executive order reduced the civilian employees of the Quartermaster's Department from fourteen thousand six hundred and seventy-two (14,672) [illegible] subject to the personal command of the Quartermaster General, but are, in fact, teamsters and laborers, hired in the distant territories under the supervision of the local quartermasters, and under the control of the military department commanders.

In like manner the number of ordnance enlisted workmen has been reduced from 1,101 to 745, and to department commanders has been given the supervision of the recruiting depots in all essential matters except the final assignment of recruits to regiments, which is controlled by the General-in-chief, who can best judge where the recruits are most needed. As to the consolidation of the staff corps and departments, discussed in this report, I feel disposed to concur with Gen. Thomas in his opinion as given in evidence on page 13 of his "report on army organization," that it would hardly be wise to make this change to the extent which the committee seems to favor. The chief signal officer might be attached to the engineer corps or to one of the staff departments, and the 40 post chaplains now in service might be assigned one to each of the 40 regiments which now compose the army.

I would deem it advisable to allow the other corps and departments to remain unchanged, except with such limits as to the number and rank of officers as Congress may adjudge proper. In numbers and rank they do seem disproportioned to the line of the army, but this has been the case for a number of years, and the experience of the war of the rebellion demonstrated its wisdom. A staff system that has admitted of an increase of the line of the army from the mere nucleus of 1860 to a million of men, and the reduction back to the present standard without confusion, and with the most perfect accountability as to property and money, at all times provided for the army abundantly, is entitled to our respect. * * *

The Quartermaster General shows that the disbursements of his Department have fallen fourteen and one half millions of dollars below those of the previous year. This Department is more affected by the scattered condition of the troops and the peculiar sterile character of the country in which they are kept, than any other. If the army could be concentrated and quartered in the region of supplies, the expenses could be kept down to a comparatively small sum; or if we had, as in former years, a single line of frontier, a little in advance of the settlements, the same, or similar would be the result; but now, from the nature of the case, our troops are scattered by companies to posts in the most inhospitable parts of the continent, to which every article of food, forage, clothing, ammunition, &c., must be hauled in wagons hundreds of miles, at great cost.

For the same reason this department is heavily taxed by the cost of fuel and materials for making huts, sometimes at a distance of one or two hundred miles from a place where a growing twig as large as a walking-stick can be found. While the pay and allowances of a soldier remain the same in all parts of the country, the cost of his maintenance in Texas, New Mexico, Arizona, Nevada, Idaho, Montana and Alaska is two and three times as great as on the Kansas and Nebraska frontier. If, therefore, the estimates must be made to approximate those of the anti-war period, we may be forced to withdraw our troops from all or a large part of the Territories named. I have personal knowledge that the huts in which our troops are forced to live are in some places inferior to what horses usually have in this city. Nearly all of these posts are temporary in their nature and character; but as time progresses and roads become established, we can choose the real strategic points, and at these we should have good quarters for troops, and I hope the Secretary will ask a liberal appropriation, subject to his control, for the erection of the necessary barracks.

In reference to the report of the Commissary General, General Eaton, it is proper that I should say that the army has been well supplied with good health and food. * * *

General Sherman then refers briefly to the engineer's report, and approves the following general propositions for sea-coast defences:

1. The use of barbette batteries of earth, with deep parapet and a liberal number of bomb-proof and magazine traverses.
2. The use of the heaviest guns practicable, with carriages admitting of the gun being depressed below the parapet for loading.
3. An abundant supply of heavy mortars.
4. The use of torpedoes.
5. Entanglements to hold a fleet long enough for destruction.

These propositions, he thinks, would fulfill all the requirements. He recommends that the forts covering the cities of Portland, Boston, New York, Philadelphia, Baltimore, New Orleans and San Francisco should be pushed to completion as soon as possible. All other points might be neglected for the present.

Improved quarters for officers and men in the forts are recommended.

General Sherman calls attention to the report of Gen. Dyer, and says:

All our troops are supplied with breech-loading small arms of the best kind, fully equal to any in use by foreign armies. Yet, as inventions and so called improvements are all the time being pressed by inventors, I have committed to a board of experienced and practical officers in St. Louis, with Gen. Schofield at its head, the task of making a practical test of all small arms and ammunition that may be submitted prior to March 1, 1870.

In field guns the experience of our late war demonstrates that we have in the Napoleon twelve-pounder smooth bore and in the three-inch ordnance rifled gun all that is to be desired in this line.

In conclusion, General Sherman invites attention to the recommendations of General Thomas that the—

Seal Islands of Alaska, St. Paul and St. George be sold, after due advertisement, to the highest bidder. From the nature of the fur seal, either of these islands, held by a single owner will be a most valuable property, but if thrown open to the world they will soon become valueless, because the seals will not resort to those islands if they are hunted and killed without due regard to their habits.

General Thomas informed me that there were parties in San Francisco ready to bid for them several millions of dollars, which would go far towards indemnifying the Government for an otherwise poor and costly country.

I have the honor to be, your obedient servant,
W. T. SHERMAN, General.
General W. W. Belknap, Secretary of War.

Report of Lieut. Gen. Sheridan.

The report of General Sheridan accompanies that of the General of the Army. Gen. Sheridan commands departments which cover a territory of great extent, in which most of the civilized, semi-civilized and wild Indians abide. All the commands have been economically and successfully administered during the past year. The number of troops would be sufficient if the companies were kept filled to their maximum.

The report then continues as follows:

A great many of the settlers in Montana have been murdered and five or six hundred head of stock captured and run off within the last fifty days, and much bitter complaint has been made by the settlers on account of non-protection, the few troops stationed in Montana being insufficient to meet the wants of the case.

There has also been a great deal of trouble along the Missouri river, and a number of people murdered in the vicinity of the military posts. The friendly Indians and the agents and employees at Big Cheyenne, Grand River, and Whetstone agencies, have been in jeopardy on several occasions, as the wild Indians have at times had their own way, driving the employees into the agency building, taking possession of the annuity goods, and killing the cattle.

Steps have been taken to remedy these evils, as far as we can, by the erection of block houses. The post at Fort Buford has been in a state of siege for two or three years. In the early spring I hope to be able to send a few troops from the department of the Platte to the department of Dakota.

Although there have been numerous depredations in the department of Dakota, and some in fact in all the departments, still the condition of Indian affairs is very much better than last year. The policy of reservations adopted by the Indian Department is, in my judgment, the only policy that will put an end to Indian murders and depredations. I think that it may be necessary to punish some of the Sioux as the Cheyenne and other tribes south had to be punished, before peace can be fully established, and the reservation system made a success; but every effort will be made to avoid any necessity of this kind, with the strong hope that the savages may settle down on their reservation and adopt a more peaceful and civilized life.

The Indians have run riot along the lines of our Western settlements and the emigrant and commercial lines of travel for many years, murdering and plundering without any adequate punishment, and the Government has heretofore sought to give protection to some of its best interests by making presents to those savages, or in other words, while it found it necessary to enact the most stringent laws for the government of civilized whites, it was attempting to govern a wild, brutal and savage people without any laws at all, or the infliction of any punishment for the most heinous crimes. This system was not a success. If a white man commits murder or robs we hang him or send him to the penitentiary. If an Indian does the same we have been in the habit of giving him more blankets.

The Indian is a lazy, idle vagabond; he never labors, and has no profession except that of arms, to which he is raised from a child; a scalp is constantly dangled before his eyes, and the highest honor he can aspire to is to possess one taken by himself. It is not to be wondered at, therefore, if he aims for the honor when he grows up, especially if there is no punishment to follow the barbarous act.

The Government has always been very liberal to Indians, especially whenever they have settled on reservations; the lands allotted to them have been of the very best character, making them, perhaps, by far the richest communities in the country.

The system of supplying the wild bands under the present management is working well; the Indian gets all that the Government intends him to have; he cannot now plead bad faith, and if he does not now give up his cruel and destructive habits, I see no other way to save the lives and property of our people than to punish him until peace becomes a desirable object.

The troops at the different posts throughout the military division are quartered (officers and men) comfortably. The expenses for the coming year will be much less than for the past; however, a very large portion of the expenses of the last year were very properly chargeable to the Indian department.

I cannot close this report without expressing my high appreciation of the efficient management of the present Commissioner of Indian Affairs, and assure him that every effort will be made by the military to assist him in his difficult and highly responsible duties.

I am, general, very respectfully, your obedient servant,
P. H. SHERIDAN,
Lieut. Gen. U. S. A.

Brevet Maj. Gen. E. D. TOWNSEND, Adjutant General, Washington, D. C.

Report of the Comptroller of the Currency.

We present below some important extracts from the report of Mr. Hulburd, the Comptroller of the Currency, which will be submitted to Congress with Secretary Boutwell's report to-day:

Since the last annual report nine national banks have been organized, 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. From this number, however, seventy-four must be deducted, leaving the number in active operation at sixteen hundred and twenty. The banks to be excluded are four that never completed their organization so as to commence business; two that were superseded by subsequent organizations with the same titles; fifty-four that are in voluntary liquidation, and fourteen that have failed to redeem their circulating notes, and for which receivers have been appointed. Included in the number in voluntary liquidation are the National Bank of the Metropolis, in Washington; Farmers' National Bank, of Richmond; National Exchange Bank, of Richmond; First National Bank, of Danville, Va.; National Savings Bank, of Wheeling, West Virginia, and First National Bank, of Frostburg, Md. Among the banks that failed to redeem circulating notes is the Merchants' National Bank, of Washington, D. C.

The following statement exhibits the number and amount of notes issued, redeemed, and outstanding, September 30, 1869.

		No. of notes.	Amount.
Ones—	Issued	9,589,160	$9,589,160 00
"	Redeemed	904,013	904,013 00
"	Outstanding	8,685,147	8,685,147 00
Twos—	Issued	3,209,388	6,418,776 00
"	Redeemed	232,224	464,448 00
"	Outstanding	2,977,164	5,954,328 00
Fives—	Issued	23,676,760	118,383,800 00
"	Redeemed	985,940	4,929,700 00
"	Outstanding	22,690,820	113,454,100 00
Tens—	Issued	8,094,645	80,946,450 00
"	Redeemed	272,495	2,724,950 00
"	Outstanding	7,821,150	78,221,500 00
Twenties—	Issued	2,269,764	45,395,280 00
"	Redeemed	71,655	1,433,100 00
"	Outstanding	2,198,109	43,962,180 00
Fifties—	Issued	366,523	18,176,150 00
"	Redeemed	22,859	1,442,950 00
"	Outstanding	334,664	16,733,200 00
One hundred—	Issued	274,799	27,479,900 00
"	Redeemed	25,968	2,596,800 00
"	Outstanding	248,831	24,883,100 00
Five hundreds—	Issued	13,668	6,834,000 00
"	Redeemed	2,585	1,292,500 00
"	Outstanding	11,083	5,541,500 00
One thousands—	Issued	4,769	4,769,000 00
"	Redeemed	2,415	2,415,000 00
"	Outstanding	2,354	2,354,000 00
Total amount of all denominations on the 30th day of September, 1869			$299,789,055 00
Add for fragments of notes outstanding, lost, or destroyed portions of which have been redeemed			840 45
Total			299,789,895 45

The following statement shows the amounts and kinds 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:

Registered bonds, act of June 14, 1858	$673,000
Registered bonds, act of June 22, 1860	35,000
Registered bonds, act of February 8, 1861	5,401,000
Coupon bonds, act of March 2, 1861	10,000
Registered bonds, acts of July 17 and August 5, 1861	56,830,050
Registered bonds, act of February 25, 1862	59,328,850
Coupon bonds, act of February 25, 1862	4,200
Registered bonds, act of March 3, 1863	39,343,900
Registered bonds, act of March 3, 1864, 5 per cent.	81,579,450
Coupon bonds, act of March 3, 1864, 5 per cent.	10,000
Registered bonds, act of March 3, 1864, 6 per cent.	2,711,350
Registered bonds, act of June 30, 1864	37,218,700
Registered bonds, acts July 1, 1862, and July 2, 1864	19,555,100
Registered bonds, act of March 3, 1865, 1st series	23,497,250
Registered bonds, act of March 3, 1865, 2d series	15,392,850
Registered bonds, act of March 3, 1865, 3d series	7,678,450
Registered bonds, act of March 3, 1865, 4th series	228,000
Total	$342,478,100

The Schureman case, which recently attracted so much attention in the courts here, is referred to as follows:

"In my report for 1867 I called the attention of Congress to the fact that in several instances notes prepared in the usual manner for issue to national banks had been purloined from this office. Two amounts larger than the rest were mentioned, to wit: $4,500 in fifty and one hundred dollar notes of the National City Bank of Lynn, Massachusetts, and $13,000 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, making in all $17,560. Suspicion at that time was directed to a colored man who had been employed in the office from the time of its organization in a confidential capacity, and who was then under arrest. The evidence against him, though very strong, was not considered to be conclusive, and it was thought best not to bring the case to trial at once, but to wait and see what additional testimony might be developed by the lapse of time.

"During the past year efforts made by the guilty party to avail himself of the stolen notes furnishing conclusive proof of his guilt, he was tried in the Criminal Court of the District in August last, and convicted; but a motion in arrest of judgment was granted by the court for some defect in the indictment, and the criminal was discharged; he was at once rearrested on several other charges, and is now awaiting his trial on new indictments. Only about $1,400 of the stolen notes have been recovered, and it is a serious question whether provision should 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 may handle money to distinguish the spurious from the genuine issues. The subject is respectfully submitted to the consideration of Congress."

With regard to liquidation the Comptroller says:

"As the law now stands, a bank may, by a vote of the share holders 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 bill-holders 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. The natural flow of notes to the place of their issue, when banks are paying specie, would cause a large portion of them to be redeemed during the year; and if the bank is solvent, and in good faith endeavoring to close up its affairs, the most of its creditors would probably be paid by the expiration of that period. So that, supposing the liquidation to have progressed so far that the bank is ready to distribute its capital among its stockholders, the law provides the manner in which the liquidation shall be completed, and the shareholders discharged from all further liability on account of its circulating notes, within a reasonable time.

In this view of the case the provisions of the statute are reasonable and proper. But, under existing circumstances, when bank notes remain in circulation until they are worn out, and when the use of the notes as money is so much more valuable to the holder than any gain he may realize from their redemption that he will not send them home for that purpose, the year provided in the law, and the purpose of that provision are of no moment whatever. Banks go into liquidation, and call upon note holders to present their notes for redemption by published 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 practiced under a suspension of specie payments, and during the absence of all demand for redemption; but for the time it is none the less an abuse that requires correction. Congress provided by law for the organization of banking associations which should be subject to certain restrictions, and which should be authorized to issue notes for circulation as national currency. The privilege of issuing circulation was granted upon certain conditions. The privilege and the conditions go together. The law does not contemplate that the conditions should be cast aside or disregarded while the privilege is retained. Unfortunately the phraseology of the law seems not to forbid such operations, and the interference of Congress is necessary to prevent its privileges from being abused, and to protect those banks which are in good faith endeavoring to comply with all the requirements of the law.

It is respectfully recommended 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.

The Comptroller recommends that all taxes imposed on 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. This change would avoid confusion, save expense and trouble, collect the taxes more promptly and probably more thoroughly, and place the whole business under the supervision of one officer, by which means, also, all information on the subject would be concentrated in one office, and so be more accessible.

The subject of special examinations of National Banks occupies considerable space, and the Comptroller says:

"The good results brought about directly and indirectly by such examinations, have fully vindicated the wisdom of the provision. The examiner's work is done silently, and the public are not aware of either the amount or the importance of the work done. In quite a large number of cases examinations have brought facts to light that have enabled the Comptroller to interpose in time to save banks from failure."

The compensation of the examiners is however deemed inadequate, and an increase is recommended on the ground of necessity as well as of justice and sound policy. No appropriation of the public moneys would be necessary, as the increase should be assessed upon the several banks examined in proportion to the time and labor spent in the examination.

SALARIES.

In relation to salaries Mr. Hulburd says:

"In the organization of the National Currency Bureau, the Comptroller was authorized to 'employ, from time to time, the necessary clerks to discharge such duties as he shall direct, which clerks shall be appointed and classified by the Secretary of the Treasury in the manner now provided by law.'

Under this provision of law the highest salaries that could be paid were already fixed by laws passed nearly seventeen years ago. Perhaps in the beginning such provision was adequate for all practical purposes; but as the nature of the duties to be performed became more arduous, and the responsibilities greater, more difficulty has been experienced in securing the services of competent men in the various positions to be filled.

The leading places in this office, now filled by clerks receiving salaries of $1,800, require abilities of a high order and integrity of the most undoubted character—abilities and integrity that in other pursuits command much higher compensation. The salaries paid by banks to officers for the performance of duties no more difficult and no more responsible than those devolving upon the clerks in this office, are from one hundred to three hundred per cent. greater. The consequence has been that, even after the services of the right kind of men have been secured by a course of instruction and training, the higher prices offered by private interests outside of the Department constantly draw from the Department, and leave the same difficulties to be again encountered.

It seems to me evident, if the salaries fixed seventeen years ago were not then too high, when all the necessaries of life were much cheaper than now, that at the present time they are totally inadequate, in view of the enormous advances in the expense of living. It is not wise to place men upon a salary meagre and barely sufficient to furnish the necessaries of life—perhaps even insufficient for that—in positions of responsibility where the most thorough integrity is required. It is exposing them to temptations to which they ought not to be subjected. And I earnestly recommend a general increase of salaries, and especially an increase of the salaries of those men who have the most important positions in the bureau.

The salary of the deputy comptroller is not equal to the importance and responsibility of his position. It is less than that now paid to men in the office of the Treasurer of the United States, whose positions are no more responsible and no more important, and very much less than the salaries paid by banking institutions in the large cities.

The position of the cashier of the division of issues is also one of labor and responsibility, and is that of the cashier of the division of redemptions.

The division of reports requires for its chief a man of peculiar qualifications. It is his duty to examine all reports received from the National Banks, and he has charge also of the correspondence growing out of them. The position is one of great labor, requiring no ordinary judgment and skill. I would recommend that the Deputy Comptroller should be paid a salary of $3,500; the head of each division, $2,400, two correspondents, $2,200 each, and two book-keepers, $2,000 each. I do not think the Government would lose anything by a fair compensation for honest labor. The duties would be more ably and satisfactorily performed, and the efficiency of the public service would be increased."

The Comptroller renews the recommendation made last year for 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. He argues at great length to show that such a central agency would be of immense value to the country, and disposes of the objections urged against it. This course, he thinks, would prevent running upon the banks, and every bank in the country would have its just proportion of the benefit to be derived from circulation. It would be equal rights and equal privileges to all, and special hardships and heavy expense to none. He thinks also it would cause to disappear all inconveniences growing out of local values, and would result in the establishment of a truly national currency.

With reference to interest on deposits and call loans, Mr. Hulburd says:

"As far as possible business should be left free and untrammelled; but, in this country, the business of issuing circulating notes is so involved with the lending of money, the ability to redeem on demand is so dependent on the amount of reserve kept on hand, and the character of the loan, that it is impossible to apply safeguards to the currency, without applying prudence and reasonable restrictions to the business of lending. If a bank pledges its capital by the deposit of bonds for the redemption of its circulation, it must so use that circulation as not to lose it; so invest it as to have it coming back with a profit; must use it judiciously and safely, so that it will protect itself.

The Government, in delegating the power to issue notes, has the right to prescribe the conditions upon which they shall be issued. If harsh or unnecessary conditions are imposed, they should be abrogated. If the conditions are wise and wholesome, they should be honestly observed. In prescribing rules, reference should be had to the object to be obtained by the organization or incorporation of banking institutions. A charter to carry on the business of banking does not give power to buy and sell real estate, to ship goods to a foreign port, or to engage in or promote any speculative operation. The business of banking, properly conducted, is just as sure and just as safe as any other business; but it must be confined to its proper and legitimate sphere.

In the case of an incorporated banking association its powers are prescribed in its charter. The law for the organization of national banks defines their powers 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. The evil of the practice is this: All the banks in the leading cities, and nearly all the country banks, keep balances in New York, which by law constitute a portion of their reserve. The offer of interest on these balances is an inducement to keep as large a portion of their reserve on deposit in New York as the law will allow. Banks in the leading cities—which are named in section thirty-one of the act—are permitted to keep one half their reserve in New York; and all other banks are permitted to keep three-fifths of their reserve there.

If, then, New York 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 on to refund at an hour's notice. It is, moreover, a prevalent opinion in the large cities that a large call loan is a good thing for a bank to have—that it makes a bank strong, and bank officers exhibit with evident satisfaction a large proportion of their loan, payable on demand. And why? Money loaned on call is loaned at a lower rate of interest than when time is specified, and therefore cannot be more profitable. The truth is, they have a large deposit, upon which they are paying interest, that may be checked out at any moment. They are obliged to get something for the use of their money, but are afraid to give time, and so have to lend on cash at low rates.

They know their weakness in this respect, and feel obliged to fortify. The fortifications are perhaps the best possible; but if there were no weak points there would be no danger to guard against. Perfect immunity from danger is better than the strongest fortifications against an ever impending danger.

The most objectionable feature of the whole transaction, however, lies in the fact that the facility with which 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.

Call loans are a necessity, when interest is paid on deposits. Competition for the accounts of country banks has led to the payment of interest. The New York banks see and deprecate the evils of the practice. They have several times attempted to put an end to it; but there will always be one or more banks which see their opportunity in such an effort, and will refuse to come into any arrangement intended to put a stop to it. The fact that the reserves of the country are hawked on the street, and are tendered and used for speculation, is sufficient ground for an interference of the law."

With regard to interest, taxes and profit, Mr. Hulburd argues that 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. A bank with $100,000 capital invested in securities bearing six per cent. interest, upon which it has received $90,000 in circulation, can lend that $90,000 at seven per cent., and yet realize a profit of $12,300 on its capital. The private banker, lending his capital of $100,000 directly, must charge his customers *twelve per cent.* to realize the same profit as the bank. The merchant and the tradesman know this, and expect to pay about that difference for the use of money when their necessities compel them to resort to private bankers or brokers.

The Government, he argues, 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 United States can get its notes into circulation by paying them out for its expenses, and in payment of its debts. Not being able to do a banking business, however, it cannot lend them as a bank can, but would have to pay them out to its creditors, and, in the end, the notes would come into the hands of capitalists, who would lend them to the people at high rates of interest.

The above are only a portion of the views advanced by Mr. Hulburd, but they tend to show the general character of the report.

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