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Annual Report of Secretary Boutwell.

The Government Finance -- Suggestions and Recommendations-The Funding Act-Mints and Coinage, Etc. Etc.

TREASURY DEPARTMENT, Dec 5, 1870.-The financial condition of the country has been improved during the past year. The average rate of gold for the year 1869, as shown by the weekly sales, was 32 9 per centum premium, and for the first eleven months of the year 1870 15-2 per centum premium, indicating an improvement in the value of the paper currency of about 17 per centum.

From the 1st day of July, 1869, to the 30th of June, 1870, inclusive, the public debt, as shown by the warrant account, was reduced in the sum of \$101,601,916-88. From the 1st day of December, 1869, to the 30th day of November, 1870, inclusive, the reduction was \$119,251,240-58, as shown by the mouthly statements of the public debt. and the total reduction from the 1st of March, 1869, to the 1st of December, 1870, was \$191,154,705-36. The consequent reduction in the interest account is at the rate of more than \$10,000,000 per annum. The receipts for the fiscal year ending June 30,

1870, were as follows:— From customs. Internal revenue. Sales public lands. Miscellaneous.	3,350,481.76
Total The expenditures for the same peri For civil and miscellaneous purposes. War Department	\$69,234,017 16 57,656,675 40 21,780,229 87 31,748,140 32
Total This statement exhibits a surplus the payment of the public debt, incluping ded to the sinking fund by act of	applicable to ding amount

Total....\$115,101,230-75
The expenditures for the same period, excluding payments on account of the sinking fund, were:
For civil and miscellaneous purposes. \$18,207,242-49 War Department...... 10,218,338-36 
 Navy Department
 4.815.237.38

 Indians and pensions
 13.825.451.89

 Interest on the public debt
 33.496.450.51
 Total.....\$86,562,920°83 The estimated receipts for the remaining three

quarters of the present year are as follows: From customs......\$128,000,000 
 Internal revenue.
 98,000,000

 Sales of public lands.
 2,000,000

 Miscellaneous sources.
 16,000,000
 are:— For civil and miscellaneous purposes... \$54,000,000

 
 War Department
 30,000,000

 Navy Department
 15,000,000

 Indians and pensions
 24,500,090

 Interest on the public debt
 89,000,090
 Total.....\$203,500,00 Showing a balance applicable to the payment of

showing a barance applicable to the payment of the public debt, including, however, the amount payable on account of the sinking fund, of \$59,038,309.92. In estimating expenditures for the next fiscal year I have included the sum of \$24,500,000, properly chargeable to the current revenue as an appropriation, under acts of February 28, 1862, and July 14, 1870, relating to the sinking for the sink ing fund. Although the language employed in these acts is not the language commonly used in appropriation bills, it still has the force and effect a permanent appropriation. I therefore so

There will be required, also, the sum of \$4,866,933, being the amount answering to the interest on the capital of the sinking fund, as represented upon the books of the Department. This sum I have included in the estimate of expenditures for the iscal year ending June 30, 1872. Upon this basis I submit the following estimate of receipts and expenditures for the next fiscal year. Estimated re-ceipts and expenditures for the year ending June

From customs	175,000,000°00 126,418,000°00 3,000,000°00 16,000,000°00
Total	\$20,418,000.00
Legislative establishment Executive establishment Judicial establishment Military establishment Navai establishment Indian affairs Pensions Public works Postal service Miscellaneous Permanent appropriations Sinking fund Interest upon the capital of the sinking fund	17,238,165-50 28,488,194-00 29,045,417-77 5,021,569-03 30,800,000-06 22,338,278-37 4,694,383-00 14,305,428-60 132,528,234-00

According to this estimate there will be a sur-plus applicable to the payment of the principal of the public dept. in addition to the payments made on that account through the sinking fund of \$10,-778,680:29. An analysis of the expenditures de-velops facts tending to sustain the opinion that the balance will be considerably larger than appears from the foregoing estimates. The sum of \$22,338,278 37 is the estimates for public works. The appropriations for these objects for the pre year are less than \$12,000,000, and it is reasonable to presume that the appropriations for the next year will not much exceed that amount. It is believed, also, that the estimates made by the several de partments for the different branches of the public service are for the maximum amounts which will

be required under any circumstances.

If such is the case, there will remain on the 35th of June, 1872, unexpended balances to be covered into the Treasury. It may, therefore, be reasonably anticipated that the total reduction of the public debt during the next fiscal year, including payments on account of the sinking fund, will be about fifty millions of dollars. It is a noticeable fact that the estimated expenditures for the next fiscal year, including payments on account of the sinking fund and for the interest on the public debt, are so nearly equal to the receipts as to jus-tify and demand the greatest caution in dealing with the revenues and business of the country. It is apparent that a disaster, or even a serious che to business, would reduce the revenues below our

It is apparent, also, that the prosperous condition of the country is largely due to the revenue system manufacted during the war, by which manufactures and the mechanic arts have been extended and established. This policy cannot now be rashly abandoned or suddenly and radically changed without great injury to business and labor, and serious consequent losses of revenue. The war in Europe has rendered it impracticable to refund the national debt, as authorized by the act approved July 14, 1879. A portion of the paper has been manufactured, and the preparation of the plates has been so far advanced that whenever

a favorable opportunity arises, the loan may offered and the bonds delivered without delay. Inasmuch as the war in Europe and the conse-quent demand for money, makes it doubtful whether the four and the four and a half per cent. whether the four and the four and a half per cent, bonds will be taken, it seems to me, wise to authorize the issue of three hundred millions additional of bonds bearing interest at the rate of five per cent. The interest can be paid quarterly without inconvenience, and I therefore respectfully recommend that the Loan act be so modified that the payment of interest may be made quarterly instead of semi-annually. Should these recommendations be approved by Congress, it is of g-cat importance that an act authorizing the changes inportance that an act authorizing the changes e passed without delay. Since the 1st of July the currency balance in the

Treasury has been unusually, and for immediate purposes, unnecessarily large. The act of July 12, 1870, authorizing an increase of national bank notes, imposed upon the Secretary of the Treasury the duty of providing for the redemption of equa-amounts of three per cent. certificates. The cortain though prospective decrease in the revenues, both of coin and currency, made it my duty to re-serve a sum sufficient to enable the department to comply with the law without resorting to extraordinary means.

Happily, the financial condition of the country has not been unfavorably affected by the accumulations in the treasury. During the year ending September 30, 1870, the national banks paid in interest the sum of \$6,456,172.66. It is estimated that

of this sum two millions were paid to private parties. I cannot doubt that the practice of paying interest, except upon balances due from one bank to another, is a means by which large amounts of capital are diverted from the extreme portions of the country to the commercial and financial centres, to the injury of business generally.

The province of a bank is to lend money, and its proper duty is, by loans and discounts, to facilitate and develope business in the neighborhood of its location. As a matter of fact, under the present system, banks are agencies by which capital is

system, banks are agencies by which capital is gathered in and sent away to distant cities, there to be loaned on call and used for speculative purposes. Complaints are made from all parts of the country that the bills of the national banks are worn and defaced to such an extent as to be no longer fit for sixualities.

worn and defaced to such an extent as to be no longer fit for circulation.

As many new banks are soon to be organized under the law of the last session of Congress, I respectfully recommend that an appropriation be made and authority given for the issue of new bills, upon such paper and in such form as may be designated by the Secretary of the Treasury. The Controller of the Currency, in his report for 1869, recommended the establishment of an agency in the city of New York, under the control of the national banks, for the redemption of their issues. The substance of this recommendation seems to me not only proper but necessary. The expense

The substance of this recommendation seems to me not only proper but necessary. The expense should be borne by the banks. Coupled with these recommendations, I take this occasion to say that the banking system of the country appears to be well managed, and to answer reasonably the purposes for which it was established.

It is no doubt true that Treasury notes representing an equal amount of the public debt, without interest, are the most economical circulations for the government. But it should be considered that the banking institutions of the country are agencies by which business is established and fostered. Upon the whole, the system of banking should be cles by which business is established and fostered. Upon the whole, the system of banking should be extended only for the purpose of meeting the demands of business; but when the demands are urgent the concession should be made upon the ground that the prosperity of business is more important than the mere saving of interest arising from the circulation of Treasury notes.

Excluding re-deposits, the amount of gold and silver deposited at the Mint and its several branches during the last fiscal year was \$30,408,788 10. The counge for the year was \$24.6%,011.

branches during the last fiscal year was \$30,408,788 lo. The coinage for the year was \$24.636,011. The value of gold and silver bars stamped was \$8.748,852 lo. I respectfully ask the attention of Congress to the bill prepared in this department and submitted at the last session, and to the accompanying report relative to the mints and the coinage system of the country.

The bill was prepared with care, and it has since

been submitted to the criticism of a large number of practical and scientific men, whose views have been published by authority of Congress. During been published by authority of Congress. During the year the several branch mints and assay offices have been visited and examined by Mr. Knox and Dr. Linderman. The assay office at Boise City, Idaho, is nearly completed, and it will require a small appropriation for the commencement of business. Provisions should be made for the redemption of the bronze and other tokens issued by the generation. the government. The report of the Commissioner of Mining Statistics for the year 1809 has been printed since the close of the session in July last, and that for the year 1870 will be made during the winter. The continuance of the work appears to be a matter of national importance. The proportion of American vessels engaged in

foreign trade has not increased relatively during the year, although there has been an actual in-crease in the entries of American vessels at the ports of United States, amounting in the agabout 130,000 tons. The total tonnage engaged in the foreign trade, entered at all of the ports of the United States, has increased from 5,583,000 tons in 1869 to 5,957,000 tons in 1870. But the proportion of American tonnage remains as in 1869 at thirty-six per cent. Without undertaking to specify the means by which it is to be accom-

plished. I cannot over-state the importance of such

legislation as will secure the revival of American

commerce. The report of the Light House Board sets forth in detail the difficulties which have arisen in that branch of the public service from the operation of the fifth section of the act of July 12, 1870, making

appropriations for the legislative and executive expenses of the government for the year ending June 30, 1871. The legislation asked for by the board seems to me to be necessary.

The report of the Superintendent of the Coast Survey gives a brief but satisfactory statement of the progress made during the last surveying year. On the first day of October last regulations were On the first day of October last regulations were issued concerning the transportation of merchandise from the ports of importation to certain other ports in the United States without appraisement dation of the duties at the port of arrival agreeably to the provisions of an act entitled, an act to reduce internal taxes and for other purposes, approved July 14, 1870

A copy of the regulations will be transmitted to Congress. In the nature of the case the regula-tions are stringent, but when the railway compa-nies shall have given the bonds required, and the importing merchants of the interior cities shall have made arrangements for the importation of goods upon the lasis of the act, I am satisfied that no serious difficulties will arise either to the railways, the merchants or the government.

Without doubt the act increases the opportunity for the introduction of foreign goods into the country in violation of the revenue laws, but the exami-nation which I have given to the subject in the preparation of the regulations, leads me to think that the business can be safely conducted. The appropriation for the expenses of collecting

the customs revenue, under the act approved May 3, 1866, is at the rate of \$4,200,000 annually, in ad dition to such sums as may be received from fines, penalties, forfeiture, and from storage, cartage, drayage and labor. Experience has shown that this amount is insufficient, and a deficiency appropriation will be needed at each session of Congress until the permanent appropriation is increased. have instituted a careful supervision in the Treasury Department over this branch of expenditure, and agents are employed in investigating the ex penses of the custom houses of the county for the purpose of ascertaining whether a reduction of the

number of employees or of salaries is practicable.

By this means some saving will be effected, but it will even then be impossible to reduce the expenses within the appropriation. From 1858 to penses within the appropriation. From 1856 to 1866 the permanent appropriation was at the rate of \$1,600,000 per annum, in addition to the receipts before enumerated, as applicable to this branch of the service. From 1856 to 1860 inclusive, the total receipts from customs were about \$272,000,000, and the expenses of collection were \$15,879,000, or at the rate of more than five and one-half per cent. The receipts for the year ending June 30, 1870, were \$194,538,374 '44, and the expenses \$5 '912,113 '63, or not exceeding three and one-half per cent. From 1858 to 1860 the revenue collected did not exceed an average of \$50,000,000 a year. And the temptation to supporting and frame was much less temptation to smuggling and fraud was much less under a low system of duties than it is at the pre-

At the principal importing cities of the country it is necessary to employ a large force for the pro-tection of the wharves and water lines within or near to such cities. against smuggling by the presence often of several officers upon and around the steamers and other vessels importing large quantities of goods, while engaged in discharging their cargoes. It is also apparent that the extensive line of coast on the Atlantic and Pacific Oceans and the Guif of Mexico, everywhere furnishing opportunities for the introduction of goods in violation of the revenue laws, requires the presence of a large number of skilful and trustworthy persons.

The acquisition of Alaska, the establishment of interior ports of entry, the accommodation of business by railways and steamers on the northbusiness by railways and steamers on the north-ern frontier, add materially to the expenses of collecting and guarding the revenue. I therefore respectfully recommend the increase of the per-manent appropriation for collecting the revenue from customs to the sum of \$2,600,000 for each half year from and after the 30th day of June, 1870. At several of the important ports there are two appraisers, whose powers are equal. I recommend such an alteration of the law as will provide for one principal appraiser at each port, who shall be responsible for the business of the office. The Treasury Department has the care of one hundred and tea public buildings that are completed, and of seventeen more that are in the course of erec all of which had cost on the 3d of June las

\$35,300,53838.
The appropriations for the repair and preservation of these buildings for the current year is \$100,000, a sum manifestly inadequate, being less than one-third of one per cent. Unless larger annual appropriations are made the buildings will rapidly deteriorate in value, and finally will need much larger revales or the creetion of new ones in their stead. With the creetion of new ones in their stead. With the increase of population in the country, appropriation must be annually made for the erection of post offices, custom houses and other public buildings. The present mode of in-augurating these works seem to me natwise. Appropriations are often made without sufficient in-formation upon the subject.

It is true that when a proposition is introduced into Congress for the erection of a public building the subject is referred to the Treasury Deparment and by the Secretary to the supervising architect of the Treasury. But it is also true that the supervising arthitect has only general information upon the subject, and in answer to a suited the supervising arthitect has only general information upon the subject, and in answer to a suited the supervising arthitect has only general information upon the subject, and in answer to a suited that the supervision of the subject and in answer to a suited that the supervision of the subject and in answer to a suited that the supervision of the subject and in answer to a suite subject and in answer to a suite supervision of the subject and the subje den call and without time for the preparation of plans and estimates he cannot give a safe opinion as to the necessity or to the cost of the work. I respectfully recommend that hereafter, when applications are made for the construction of public buildings, the first step on the part of Congress is to instruct the Treasury Department to make careful inqury as to the necessity of the work and also to prepare estimates to be laid before Con

This being done, and the work authorized, it

would seem to be wise to make a single appropriation sufficient to meet the entire cost, and then hold the department and the supervising architect responsible for the speedy completion of the building, substantially upon plans duly authorized and within the estimates. I am satisfied that much waste of public money occurs, and much complaint on the part of citizens arises from small appropriations which are made from year to year. The inevitable consequence of the policy is that the public works are injured in the process of construction and the expenses are largely increased.

The supervising architect of the Treasury states in his report that the expenditure authorized by

The supervising architect of the Treasury states in his report that the expenditure authorized by law for the construction of the Post Office in the city of New York will be inadequate, unless the character of the work is changed from the original design. It seems to be due to the city of New York, for general and apparent reasons, and in consideration of the fact that a most eligible site has been

tion of the fact that a most eligible site has been secured by the co-operation, and in some degree at the expense of the city, that the building should not only be a fire-proof structure, but also of such design and workmanship as to rank among the best public buildings of the country.

At the present time there are twenty-four steamers and ten sailing vessels attached to the revenue marine service, the number having been reduced this year by the sale of two vessels of the latter class. At the third session of the Fortieth Congress an appropriation of three hundred thousand dollars was made for the construction of four steam revenue cutters. After proposals had been sand dollars was made for the construction of four steam revenue cutters. After proposals had been issued, and bids received, which were rejected, under the impression on my part that the public interests did not require vessels of as large size as those for which proposals had been issued, I appointed a commission, by letter dated December 16, 1869, consisting of Captain C. T. Patterson, of the Coast Survey, Captain Douglas Ottinger and Captain J. H. Merriman, of the revenue marine, and instructed them to consider and report upon the character of the vessels best adapted to the service. Final action in reference to the construction of the vessels authorized was delayed for the report of vessels authorized was delayed for the report of the commission. That report was made on the first day of May, 1870. Executive document No. 93, Sen-ate, second session of the present Congress.

Upon the completion of the work of the commission, proposals were again issued for the construc-tion of the four vessels authorized by law. Satis-factory bids were received, and on the 22d of July and 22d of August last contracts were made. The construction given by the Controller to the fifth section of the act making appropriations for the legislative, executive and judicial expenditures of the government for the year ending the 30th of June, 1871, rendered the appropriation unavailable, and it therefore became necessary to notify the parties to the contracts that they must be con-sidered as null and void. One of the parties has asked to have his contract formally annulled, which

has been done.

I recommend the renewal of the appropriation of three hundred thousand dollars for the construc-tion of steam revenue cutters, without limitation as to the number or specification as to the size of the vessels to be built. The report of the Commission shows that thirteen of the vessels now in use are either old or not adapted to the service. The opinion entertained by me that the vessels in use were larger than the nature of the service required, is confirmed by the report of the Commission. They recommend that the number be reduced to thirty-two, and the aggregate tonnage reduced from 9208 tons to 7175 tons. They also state that it will be practicable, upon the proposed basis, to reduce the total number of officers, pilots, petty officers and men from 1266, the number then in service, to 1061, and the actual expense of maintaining the system, not including appropriations for the construction of new vessels, from \$1.446.493 to \$943,639, making a saving of more than half a million dollars a year. The report of the Commission is the result of a

careful and comprehensive examination of the sub-ject by competent men, and while it is the present purpose of the department to act upon it, I am of opinion that it should receive legislative sanction. On the 9th of July, 1869. I convened a board of examiners, who were charged, among other things, with the examination of the officers of the revenue marine. The board is composed of Captains Faunce and Slicer, of the revenue marine, and Captain Patterson, of the coast survey. The ex-amination has not yet been completed, as only a small number of officers could be detailed for ex-amination at the same time.

One hundred and ten lientenants have been examined—ten first lientenants, nine second lieutenants, and six third lieutenants were reported for removal, and have been removed; the vacancies thus created in the first and second grades were filled by promotions, and the vacancies,in the lowest grades will be filled by qualified persons selected at large. The examination of the remaining officers will be continued. The condition of the marine hospitals have been improved during the past year. The result is largely due to Dr. J. the past year. The result is largely due to Dr. J. S. Billings, of the Surgeon-General's office, who has visited nearly all of them, and through whose advice many important changes have been made. No appointment has yet been made of a superintendent under the act of the last session.

The authority therein granted to appoint superintendent is desirable, although the salary does not apear to be sufficient. I, however, recom-mend such an alteration of the law as will permit the President to detail a surgeon of the army or navy to perform the duty of superintendent with out any addition to his pay, other than his neces-sary traveling expenses. With such authority the department could have the benefit of the services of Doctor Billings or some other competent sur-geon, with less expense than would be involved in a regular appointment. Even with the present salary, five of the principal ports of the country. New York, New Orieans, San Francisco, Baltimore and Philadelphia are without hospital accommoda tions, and provision is made for the patients by contract with hospitals or private parties.

The War Department is in possession of a very desirable hospital at New Orleans, known as the Sedgwick Hospital, and I earnestly recommend the passage of an act by which the building may be transferred to the Treasury Department for a Marine Hospital, and an appropriation made for the purchase of the land on which it stands.

At the last session the attention of Congress was called to the subject of transferring David's Island at New York, from the War Department to the Treasury Department, for the establishment of a Marine Hospital. This recommendation is now respectfully renewed. In compliance with the act of July 1, 1870, in reference to the seal fisheries proposals were issued and bids received for the exclusive right to the fisheries for the term of

The phrase ogy employed in the act warranted the interpretation that the contract should be awarded to the Alaska Commercial Company, if their proposition was as favorable to the Govern-ment as that of any other party, and upon that basis the contract was awarded to that company A copy of the contract and of the papers connected therewith will be transmitted to Congress. About 86,000 seal skins have arrived at Sau Francisco as the product of 1869, on which the owners have paid \$1 each, as required by the sixth section

I consider it my duty to call the attention of Congress to the inadequacy and inequality of the salaries of the officers in the Treasury Department

The offices recently established are supported by proper salaries, but the salaries attached to many of those created at the organization of the government are insufficient. As a temporary means of alleviating admitted evil, Congress has from time to time and for many years, annually made appropriations, to be used at the discretion of the Secretary, for additions to salaries of officers in the department. In the nature of the case, this is a disagreeable duty for the [Secretary to perform; is usually unsatisfactory to the parties interested, and the result has not the sanction and support incident to a system of specific salaries established by law. At the present time the sum of \$21,500 is distributed by the Secretary in his discretion. After a careful examination of the subject I find that an additional appropriation not exceeding \$16,000 a year will be sufficient to provide adequate salaries for the officers of the Treasury Depart-

The act of 1853 in regard to the examination of The act of 1853 in regard to the examination of clerks has been observed by this department, and with beneficial results. It is worthy of consideration, however, whether it would not be wise to provide by law for an examining board, the majority of whose members should not be officers of the department to which the clerk is to be assigned in case of appointment and approval. This system should also be extended to the principal content horizon and revenue mides of the country. custom houses and revenue offices of the country. By such an arrangement adequate security would be taken for the character and qualifications of clerks as far as they can be ascertained or tested without actual service in the discharge of official duty. It is well understood, however, that no examination can furnish security that the person examined will prove satisfactory upon trial, and there should always be a speedy and easy method

of removing such persons from office.

I do not therefore, accept the idea that the tenure of office for the clerks, and employees in this department should be changed. Indeed, I be-lieve that the present tenure of office furnishes the lieve that the present tenure of office furnishes the best security the people of the country can have, that the business of the government will be efficiently and properly performed. The work of the Treasury Department does not differ essentially from the business done in banking houses and merchants' counting-rooms, and there is no reason why the tenure of office should be permanent in one case that does not apply with equal force in the others. It does happen practically that there are in the Treasury Department, and in every bureau and office of it, men who have been connected with the service for several years and who possess with the service for several years and who possess all the knowledge derived from experience and tradition that is essential to the performance of

Excluding the employees of the Bureau of Engraving and Printing, and messengers and laborers, there were 2143 officers and clerks connected with the Treasury Department at Washington on the 1st day of November, 1870, and of these 1489 were in office on the 4th day of March, 1869; leaving 654 as the total number of appointments made since that time. Previous to the war the business of the department was so small that on the 1st of March, 1861, only 433 persons were employed, and of these fully 57 are now in the service. One has been in office over fifty years, two others over forty years, one over thirty-five years, seven over thirty years, one over twenty-five years, ten over twenty years, fourteen over fifteen years, and twelve over years, fourteen over fifteen years, and twelve over

ten years.
These statements show that the changes in the department are not so numerous as to deprive the service of the knowledge derived from experience. On the other hand, the introduction of new men secures additional energy and efficiency. Two errors prevail in the community in connection with the subject. One is that under a republican gov-ernment every man has a right to an office. This

ernment every man has a right to an office. This is in no sense true. The only right is that of the people to elect and have appointed to office persons best qualified to perform the work.

The other error is, that offices in the Treasury Department are prizes which the young men of the country may wisely seek. Speaking generally, it is a misfortune to a young man, who possesses even ordinary capacity for business or labor, to remain permanently in the public offices of this city. It is, however, true, that many of the most valuable clerks in the Treasury are young men who are pursuing professional studies, or who, having completed the course, remain from one to four years in the department with the purpose, by industry an economy, of securing a small amount industry an economy, of securing a small amount of money with which to commence active life else-

A system of life tenure would exclude all these men from the service, unless they chose to accept it as a permanent pursuit, which, in the main, would be an injury to them and to the country. I am also convinced that any more permanent tenure am also convinced that any more permanent tenure of office would materially impair the efficiency of the revenue system. There are many thousand men employed in the customs and internal revenue service, and however careful the preliminary examination might be, evils which now impair its efficiency would undoubtedly exist.

No system of examination could exclude all those

who are dishonest or who, under the pressure of necessity or the offer of sudden wealth might yield to temptation. It often happens, and it would happen under any system, that men are found who are honest, temperate and apparently capable and yet lack the energy or the courage essential to the enforcement of the Revenue laws, a duty which often requires sagacity and a kind of intel-ligence too subtle for discovery through formal questions. Men, who are thus unqualified, should be removed from office, and this without an investigation, which, indeed, might furnish nothing tan-gible in justification of the act. So, too, in custom houses or collection districts, a branch of the houses or collection districts, a branch of the service will fail to meet just expectations, although no dishonesty may be traceable to any person connected with the office. In such cases the interests of the government demand a change, and a change must be made without a hearing of the parties concerned. I may be warranted in saying, in this connection, that the evil of office-seeking, although great, is probably exaggerated in the public mind. It is true that there are more applications for ap-It is true that there are more applications for appointment to office in the department than can be met. But the number of applicants who are well qualified, and who could pass, any proper examination, is not usually very large. Outside of the department and in the several States and districts of the country the number of applicants for local offices does not often exceed three or four to each office and occasionally there are not more than fices does not often exceed three or four to each office, and occasionally there are not more than two who are really so presented as to be considered in connection with the appointment. In justification of the present tenure, and as a proper recognition of the services of the officers and cierks employed in this department, I express the opinion that the business upon the whole is not only done in a satisfactory manner, but that it will compare in accuracy and efficiency with the business of the country generally, which is carried on by corgora-

tions or individuals.

In my annual report of December last I advised the continuance of the existing system of taxation as an essential condition to the success of the proposed loan. The circumstance that war was declared between France and Prussia simultaneously with the passage of the Loan bill, put it out of the power of the department to make the negotiation as had been expected. The large revenues, however, of the government, continuing without material abstraction not in the present without material abatement until the present time, improved the credit of the country, enabled the Treasury Department, by weekly purchases, to reduce the amount of surplus bonds offered for sale, and contributed to depreciate the market

I also expressed the opinion that the settled poricy of the country should contemplate a revenue sufficient to meet the ordinary expenses of the government, pay the interest on the public debt and from twenty-five to lifty millions of dollars o the principal annually. The reduction of the public debt since the 20th day of June last has been so great as to render it certain that the total reduction for the present ilscal year will exceed sixty millions of dollars. The natural increase of the business of the country during the next eighteen months is likely to be such as to show a surplus for the fiscal year ending June 30, 1872, of about forty millions of dollars.

The principal of the public debt on the last day

The principal of the public debt on the last day of November, 1870, not deducting moneys on hand, was \$2,418,673,044.43; of this amount \$355,259,257.08 was represented by United States notes and fractional entrency not bearing interest. The banks of the country acting within the authority of existing laws will require about \$393,000,000 of bonds to be placed on deposit as security for their encountries. to be placed on deposit as security for their circulation. Should the present system of furnishing a paper circulation for the country, partly by the Treasury and partly by the national banks, be con-tinued, or the entire circulation be furnished by the Treasury or by the banks, the credit of the United States will be the security for the redemp-

tion of the notes.

From this view of the policy of the country it follows that \$800,000,000 of the public debt will reremain unpaid, existing either in the form of Treasury notes in circulation without interest, or in bonds owned by the banks and held as security for the redemption of their notes, and that only about \$1,000,000,000 of the principal of the debt is subject to payment. The financial prospect, al-though highly favorable, is not such as to warrant important changes in the revenue system at the present session of Congress. But should the result during the coming year meet my expectations it will be possible at the December session of the Forty-second Congress to a make a very material reduction in the revenues without impairing the

ability of the government to make satisfactory payments of the public debt.

The reduction already made has been advantageous to the country, not only in the particular indicated, but in other respects hardly less important. There is much evidence tending to show that no other event since the concusion of the corresponding to the contributed as many to the diffusion of war has contributed so much to the diffusion of republican opinions in Europe. The spread of these opinions in Europe stimulates emigration from that section, and at the same time prepares the way for the establishment of free institutions on that Continent. Nor can there be any doubt that a policy accepting the debt as permanent would retard emigration from Europe, especially of the reading and reflecting classes.

Whatever arguments may be adduced, or whatever theories advanced, the fact must ever remain that a public debr is a public evil. It is especially burdensome to the moorning classes, and it is therefore in their interest to provide for the constant reduction of the existing national debt. This policy will not prevent such changes in the revenue system from time to time as will equalize the inevitable burdens of our present condition and within a comparatively short period. taxes may be removed from many articles of prime

It is the occasion of satisfaction that no other nation eyer passed through a great war with so slight a shock to industry and business. Specific in-formation and general intelligence from various parts of the United States show that all classes, and especially the laboring classes, are in the joyment of more than average prosperity, whether tested by the experience of this country or by the present condition of other nations. No reason can be found, however, in the favorable condition of public and private affairs, for neglecting any proper means for equalizing and diminishing the burden of taxation; but it does justify the statement that the nation can make provision for the public dept in the manner recommended without embarrassing its industry or retarding progress.

Gronge H. Boutwell, Sec. of the Treasury.

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FAME INSURANCE COMPANY No. 809 CHESNUT Street. INCOMPORATED 1856. CHARTER PERPETUAL. CAPITAL \$200,000. FIRE INSURANCE EXCLUSIVELY.

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### INSURANCE COMPANY NORTH AMERICA

JANUARY 1.	
incorporated 1794. Charter Per	Company of the Compan
DAPITAL SERVICE SERVIC	8500,000 ,783,581
Losses paid since organization	,000,000
Receipts of Premiums, 1869\$1,99 Interest from Investments, 186911	1,83745 4,69674
	6,534·19 5,386·84
STATEMENT OF THE ASSETS.	
First Mortgages on City Property United States Government and other Loan	<b>2766</b> ,450
Bonds 1 Railroad, Bank and Canal Stocks 1	123,946 55,708

Cash in Bank and Office
Loans on Collateral Security
Notes Receivable, mostly Marine Premiums
Accrued Interest.
Premiums in course of transmission.
Unsettled Marine Premiums.
Real Estate, Office of Company, Philadelphia 82,568 331,944 phia..... DIRECTORS. Arthur G. Coffin, Samuel W. Jones, John A. Brown, Charles Taylor, Ambrose White, William Welsh, S. Morris Waln. Francis R. Cope, Edward H. Trotter, Edward S. Clarke,

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BUILDINGS. HOUSEHOLD FURNITURE. AND MERCHANDISE GENERALLY From Loss by fire (in the City of Philadelphia only) ASSETS, JANUARY 1, 1870, 81,572,734 TRUSTEES.

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FIRE INSURANCE EXCLUSIVELY.
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THE P. LEWIS CO., MICH. SHIPS, VANCAUMORE,

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RATES TEN CENTS PER 100 POUNDS, FOUR CENTS PER CUBIC FOOT, ONE CENT PER GALLON, SHIP'S OPTION.

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Extra rates on small packages iron, metals, etc.

No receipt or bill of lading signed for less than fifty cents.

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Goods forwarded to all points free of commissions. Through bills of lading given to Wilmington, N. C., by the steamers of this line leaving New York triweekly. For further particulars apply to

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THE REGULAR STEAMSHIPS ON THE PHILADELPHIA AND CHARLESTON STEAMSHIP LINE are ALONE authorized to issue through
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MAIL STEAMSHIP COMPANY'S REGULAR SEMI-MONTHLY LINE TO NEW ORLEANS, Is.
The JUNIATA will sail for New Orleans, via Havana,
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EThe YAZOO will sail from New Orleans, via Havana,
on Thursday, December 16.
THROUGH BILLS OF LADING at as low rates as by
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points on the Mississippi river between New Orleans and
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without charge of commissions.

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The WYOMING will sail for Savannah on Saturday,
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The TONAWANDA will sail from Savannah on Satur-

The TONA WANDA will sail from Savannah on Saturday, December 10.

THE ROUGH BILLS OF LADING given to all the principal towns in Georgia, Albama, Plorida, Mississippi, Louisiana, Arkansas, and Tennessee in connection with the Central Railroad of Georgia, Atlantic and Guif Railroad, and Florida steamers, at as low rates as by competing lines.

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The PIONEER will sail for Wilmington on Tuesday, December 13, at 6 A. M. Returning, will leave Wilmington Saturday, December 20.

Connects with the Cape Fear River Steamboat Company, the Wilmington and Weldon and North Carolina Railroads, and the Wilmington and Manchester Railroad te all interior points.

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Bremen, etc., at reduced rates.

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Steamers leave every WEDNESDAY and SATURDAY, at 13 o'clock noon, from FIRST WHARF above MAR. KET Street.
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Ne Bills of Lading signed after 12 o'clock on sailing.

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Freight received daily.
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