ATTE TO	PRESS	-PITTI A	DET DE	TA TX	יקד דמים ווישו	STE A TO	TARACYTERNI'	DED 7	1964

NAVY DEPARTMENT, Dec. 5, 1864. Siz: In submitting the snunal report of the transac- tions of this Department and of the navy, with those of the several bureaus for the year, it affords me pleasure	to take and hold the place, further demonstration was not advisable. To obstruct naval operations, the bay had been strewn with torpedoes, and as late as the 18th of September, Rear Admiral Farrant wrote the Department that he was still engaged in removing them. One hundred it was reported had been placed in the bay by the rebels. EAST GULF SOUADRON. The limits of the Easterp Gulf Squadron have been extended so as to embrace within its cruising grounds the waters of the Baharas and the vicinity of Gula. On the 7th of August Acting Rear Admiral Bailey, whose health was saffering from the debilitating influence of the climpte, turned over the command of the Sanadron, by peralistion of the Department, to Capital	gaged in the illicit trade. Sixty-dve steamers, the aggregate value of which, with their cargoes, will carcely gregate value of which, with their cargoes, will carcely fall short of thit can millione of dollars, have been captured or desiroyed in endeavoring to enter or escape from Wilmington. Over fifty such, results have occurred since Hear Admiral, Dahlgren anchored his control foct inside of Charleston bar and closed that port to commerce. Some idea of the difficulty of closing the main entrances to Cape Fear river, which are nearly forty miles apart, can be formed when it is considered that with fifty of our steamers, some of them the fastest in the service, stationed and distributed by navaleff cors of intelligence and experience, off those entrances, block ader runners, waiching their opportunity, and availing themselves of dark nights, good pilots. and extraordinary speed, succeed in getting into and out of Wil-	The Alebama is reported to have discharged three bundred and seventy or more shot and shell in this engagement, but indicted no serious damage on the Kearsarge. Thirteen or fourteen took offset in end about the hall, and staten or seventeen should be weekend for	the vessels built on those rivers have been chiefly from it e plans submitted by parties thus invited. Two of there vessels, built at St. Louis, participated in the ac-	without full remuneration for all the outlay for shops, tools, and machinery which may be required in Drenstation. Besides this, unlimited time is taxen by 'them for the completion of the wark. It may be proper to mention, as an instance of the delay to which the government is subjected, that in October, 1852, contract, were made with a manufacturer of reputation and ability for making and setting up, the turrets of the Tonawanda and Misantonomah, which were to have been completed in February, 1853, but they will probably not be finished until february, 1853, but they will probably not be finished until february, 1853, but they will probably not be finished until february, 1853, but they will probably on the finished until february, 1853, but they will probably on the finished until february, 1853, but they will probably on the finished until february, 1853, but they was after the expension of the commencement of hostilities this Department had the commencement of hostilities this Department had not expensely the probably of war. Those which were laid up and those which were recalled from abroad had to undergo extensive repairs, for which no provision had been made. The Government has not ever we this time an establishment	ly proposed to have a corps of ordnance officers angratted upon the naval service, a separate organization, which should draw to itself the knowledge so necessary to each, and therefore proper to be distributed amongst all the officers. Forturately, our naval officers are taught seamanethy, gunnery, and the infantry drill, and the service thereby saved from distinct organizations in these research which would inevitably have impaired its effi-	meritoricus class of officers. I mend that the pay of master an forty to sixty dollars per more. On the 1st of July, 1893, 110-20. On the 1st of July, 1893, 110-20. Carpended balance stat drug to expended balance stat drug to expended balance stat drug to the Department of the Department of the Department of the Department of the Same time work. The expenditures of the Department of the present fiscal year of the present fiscal year of the present fiscal year of the present for the same for the same for the present for the same
activated ment to the Union and their includes a standard as a signal to block ade of all onest, by vigil intly parrolling the great national inverse of the interior, and by a succession of ocean and oastwise expeditions, achievements which have not may added to our naval removem but greatly promoted may national integrity and strength. When the change of Administration took place in fact, 1581, the war had already becavirtually begun.	North. Captain Greens continued in command until the 12th of October, when he was relieved by Acting Rear Adm/rai C. Stribling. Bear Adm/rai C. Stribling. Stribling and the sanitary presentions adopted for the beatth of this equatron many of the vessels falled to escape the infection of the yellow fever, so much and so justly dreaded, and has to seek a Northern climate during the summer. The system of promptly ordering vessels to a healther locality the moment they became infected has been in its effects salutary, the raverse of the disease have thereby been checked, and the ship's complement scon restored to the usual standard of health. Although the squadron was temporarily reduced by these withdrawais, no service the which has continued	mington. Acting Rear Admiral S. P. Lee, who for two years has been in command of this squadron, discharging his ardune dutes with intelligence and disclirt, was relieved by Rear Admiral Forter, who took toomand of the North Atlantic Squadron en the 12th of October. The events: of the year have furnished additional proof of the wisdom of the policy which dictated the organization of a powerful and efficient as quadron on the rivers of the interior. Its usefulness has been demonstrated on many occasions and in warrous ways. Whether in conveying transports indom with soldiers or	of her gubs. Three persons were wounded on the Kearsarge. The number of killed and wounded on the Alabama is unknown. Seventeen of the wounded, two of them in a dying condition, were brought on board the Kearsarge. One hundred and filteen officers and men of the Alabama's crew resched the shores of England and frince.	The pressure for iron-clads of light draught, which could ascend the rivers and penetrate the counds and bars along our coast, was felt to be a necessity. The operations of our armies in the vicinity of the inland	where a shaft can be made for our steamers or a plate for our tron-clads. The frontage or wharfage at all our navy yards, so important for repairs, is less than is re- quired at each of them the with a naval power which our next contest may be with a naval power which will attempt to district the property of control.	as preparatory to the future of the navy, to teach the midshipmen steam-engineering, as applied to running the engine. This would be independent of the art of designing and constructing, which is purely a specialty, and nowise necessary in the management and direction of the ship. And to this specialty, as a highly scientific body of officers, would the present corps of engineers be always required, as inspectors and constructors of mechinery. With the adoption of the suggestions here made we shall, in due time, have a homogenous corps of officers, who will be masters of the motive power of their ships in the fature, as they have been of seamenship in the past. By this arrangement there will be in each ship double the number of officers.	Making the total available the facal year ending Jinaa the facal year ending Jinaa The estimates submitted for June 30, 1865, are as follow. Pay of the nary Construction and repair of schinery Construction and repair of very Construction and magazines Fuel, hemp, and enjument of Provisions and clothing Navy yards and superiorendal Navigation and Navel Academ Navel Navel Navel Navel Navel Nav
nithman sunremery, and closed its term, and that it the Thirty-sixth Congress, without any preparatory teasures for the tremendous convulsion which was yen then shaking the Union to its centre and threatengous convexistence as a nation. In six weeks after I had entered upon the administrator of this Department, a blockade, extending over one than three thou and five hundred miles of our past, was ordered; and jor this stupendous work, propunced to be impracticable by the highest foreign autorities, we had a feeble navy, reduced to the lowest sace establishment, composed largely of sailing vesue, more of which were dismantled or dispersed	to be effective. Less frequent captures, and communications, demonstrate that the traffic and communication with the Florida coast has pretty much ceased. The monotopy of blockade hife has, in repeated instances, been broken by boat expeditions and armed incursions for the destruction of satt manufactories, which abound on the Florida shore, many of which are the public property of the insurgents. These expeditions, although apparently unimportant when compared with the great navel achievements which have given renown to our sailors in neighboring waters, have expendently the standard of the property of the propert	independent naval expeditions, or in co-operating in extensive military movements, its importance has been annifested. To obtain porsession of the Mississippi, and constantly patrol that great stream from Cairo to New Orleans, is in itself a work of wast magnitude. By it the rebeil combinations have been broken, and their organization severed, as it were, by an impassable guif. The Ohio, Tennessee, and Cumberland rivers have likewise been patrolled. Thus loyal citizens in their vicinity have been protected, refuge has been afforded to those escaping from anarchy and oppression, and partisan bands have been dispersed. To insome a systematic and vigorous execution of the states of the syndry transfer.	Some latent remains of pride which belong to the pro- fession, and which animated his earlier and more honor- able life while salling under the Ampican flag un- doubtedly had an influence in inducing the pirate com- mander to meet a neval aniagonist, after his long career of robbery and plunder of unarmed vessels, in the vain hope that it might, if successful, restore to him some portion of the respect he had forfelted, and at the same time relieve him of some of the debasement he	efficient, and to draw but seven feet of 15, inclusive of the season serious much however, who has been trained to make the completion, that their draught water was more than was intended. The heavy armor and the two eleven inch guns, with the machinery and the them proper speed, involved the necessity of enlarging the capacity of each of them. When making these resistary atterations it was deemed advisable, under applications from some of the commanders of squadcons for boats that should present but a small rise above the surface of the water, to dispense with the turrets in five of these light draught vessels, with a view to special operations. The remaining fifteen were ordered to be enlarged by raising their decks, thereby giving them additional tonnage and greater draught, and making out the original design. This work is now being porformed, and most of the vessels are near completion. The extremeles of the times and the necessities of the war have stimulated the inventive facilities of our connections.	curity for such an establishment, without depending entirely on fortifications and artificial means, which would be more costly than the navy yard itself. The additional military defences of Fortsmouth, England, rendered necessary by the proximity of that great naval station to the ocean, and its consequent assailability by modern ordnance, are now being constructed at an expense of \$50,000,000. Anavy yard, if we have one for naval iron work,	The number of vessels captured by the squadrons since the last annual report, and reported to the Department prior to November 1, is 52s, classified as follows: schooners, 105; steamers, 35; aloops, 40; brigs, 5; barks, 5; small boats, 65. The total number of captures since the commencement of the rebellion is 1,57s, wir schooners, 652; teamers, 257; sloops, 171; brigs, 35; barks, 29;	Contingent and miscellaneous. Total. Total. The expenditures of the Benamarch, 1801, have been as force. From 4th of March to close 1.7 June 30, 1861. For fiscal year ending June 3.7 For fiscal year ending June 3.7 From July 1, 1894, to Moy 1, 15; Estimated expenditures first 1, 1864, to March 4, 1886.
selied condition, without men, or snips, or ornance, resources placed at its disposal, the Department was lied upon to establish and soforce the most extensive lockact that was ever undertaken to be effectually aintained by any nation. To make available every naval vessel, to recall our reju equadrons, to increase our force by building new seeds, and by procuring for naval purposes, from the proclant everyice, every steamer which could be made, a	joint navel and military force was despaced against the party and succeeded in capturing some of them, with six of their seven boats, their ammunition, flags, and accompaniments. Detailed reports of this shair, as well as of others, which are creditable to the officers and mon engaged in them, form a part of the appendix to this report. SOUTH ATLANTIC SQUADEON.	under the command of an experienced officer. While the vessels in each district have their appropriate field of duty, they are held ready to support each other when occasion requires, and can be readily concentrated when an emergency demands it. The squadron is composed, to a great extent, of boats that had been employed in the carrying trade, but which have been purchased, strengthened, and fitted for war purposes. They are necessarily inferior to naval built vessels in strength; they are lightly armed, and consequently more liable to disaster. But their cost is greatly inferor to that of iron-clad vessels, or those of heavy structure for ocean service. The most extensive operations of the Miscissippi squadron during the year have been in connection with the military expedition on the Red river, which, with the stiending in-	other trophies of his robberies on shore. When beaten and compelled to surrender, he threw overbyad the sword that was no longer his own, and, abusing the generous confidence of his brave antagonist. He stole away in the English tender, whose owner protect himself, by his conduct, a fit companion for the dithonored and beaten coresir. Having surrendered, he cannot relieve himself of his obligations as a prisonor of war until he shall be regularly exchanged. He, and each of his surviving officers and crew, whether received upon the Kearsage or the Decrhound, are, and will be, held to be prisoners of war and amenable to the law which graves of a present of the process of th	try men to vast improvements in vessels, in engines, in ordance, and projectiles. That in some instances they are not at first entirely successful is not surprising. Distakes and even failures will occur. In nearly every class of vessels that have been built, and especially those that are armored, more or less alterations have been found necessary white they were being constructed. Only two of the monitor class of vessels—the Dictator and Puritan—are proposed for sea service. Their success, of which the inventor and builder is sanguine, is among the experiments that the period and the exigencies of the country have imposed upon the Department.	laid up in Salt water during peace. Ready access to coal, iron, and timber is also important, for these esential articles chould be always available on the fassential articles chould be always available on the fassential articles chould be always available on the fastenial waters without exposure to an enemy by coast when the stranger taking a superficient of the fast articles of markets and tenements are abundant, should be considered. A foundation of gravel would, for the purposes of machines must also be secured. For such a depot and established markets costly machinery and material would accomplate costly machinery and material would accomplate during years of peace, the advantages of an interior section are most manifest. These favorable conditions are to be obtained nowhere else so completely as on the Delaware river; and the position of Lesaus Island, within the limits jof the city of Philadelphia, presents probably a stronger	prire property amounts to \$14,386,260.51; expenses, \$1,227,153.96; leaving for distribution one haif to the captors and one haif to the United States as a mayal pension fund, \$13,190,841.65. Amarked to this report is a table giving the names of vessels captured, date of capture, name of capturing vessel, &c. Alos, a list of cases already adjudicated, showing the processing of sale, the expense of condemnation and the net amount for distribution. Joint resolution of Congress, approved on the 1st of Jaint anthorized the Secretary of the Navy to inverse amount of the payal pension fund as was not required for the immediate payment of pensions in the registered securities of the United States. Under the stationtity over accorded upon me I have invested fire mil.	and great disadvantages, of reasonable transactions of the Department the true standard of vaine, that of paper convertible into master, our navel war expenses vallages not equal, the current exgreat maritime l'owers car. In is also this great difference. It also this great difference already constructed and 12 contours to create and pay for one, in a contours and the contours are expenses. Were added to the detection the amount above this department would "alimited Governments". It is the wassel.
onable duties which were precipitated upon the De- triment at that exciting and interesting period. The measures promptly and energically adopted used an immense navy to spring into existence—not carry on a maritime war, for the rebels had no mary stimulate our sailors to glorions deeds, nor commerce reward their activity; but men, and ships, and ord- mee, and supplies, were speedful collected for the lerous paval duties needful to sustain fur national ity and preserve our national rights. Bestder instituting, the extensive blockade of the set, naval expeditions were organized at the earliest schile period to assert and restore the national au- ority at important points within the insurrectionary	siderable portion of the a network of inlets and sounds siderable portion of this command are two of the chief seaports of the insurgence—Charleston and Savannah—ittes of wealth and marts of commerce in other days, but the war which they commenced, and which they commenced, and which they cannot be succeeded by the commenced of the case of them to be sealed up, and has destroyed their wealth and prosperity. The craving for commerce and laxuries at Charleston, which the rebelion has now extingulated, within increasing hazards of running the blockade at Wilnington, have prompted some reckless advectures to expose their fortunes in efforts to clude the squadron of Admiral Dahlgren. Several valuable steamers having been lost in these attempts, the efforts were for a time	war. The failure of this conjoint expedition to accomplish the important results desired and anticipated, are attributable to causes beyond human control, and to the want of success on the part of the military arm of the service. So far as the nary was concerned, the expedition was chiefly one of co-operation with the army. It postessed, however, within itself the elements of success under ordinary circumstances, and had not natural obstacles indexensed its history might have been not less brilliant than the recordiof other achievements of this squadron. On the 7th of March Reaf Admiral Porter had assembled at the month of Red river a formulable fleet of iron-clad vessels and of light-draught wooden boats for co-operation with the army, and was there ioned by a	communities. A predatory rover may set the flaws of nations, as well as those of his o wn country, at iteliance, but in doing so he must abide the consequences. The Florida originally satisfed from England ander the name of Oreto, and under that name she was, on reaching Austrau, brough the fore the court through the efforts of the American consul, who was satisfied that she was in the rebel interest and intended as a robbi cruiser. The nontrul authorities decided in favor of the vessel, which was permitted to proceed. Leaving Massau she went to Green Cay, where she received only board the furnishment sent out for her from England.	Four turreted vessels have been built in the navy yards of wood and cased with iron, differing therein from the original monitors, which are exclusively of iron. One of them, the Monadnock, now in commission, has performed her trips from Boston to Hampton Roads with entire satisfaction, giving assurance that this experiment, deviating in essential respects from others, is likely to be successful. The draught of water of the Monadnock is twelve feet, and with two independent screws she has aspeed of ten knots. Four other rimiter vessels, of a still more formidable and in vulnerable character, are building. The only see going iron-clad ships, besides the two turreted vessels already mentioned, are the New Ironaides, built in 1862; the Roanoke, one of the old frigates which has been armored, and the Dunderberg, a. case-	other location. It is to be regretted that competition for supposed local benefits should interfere with, retard, and perhaps entirely defeat the Government in its efforts to secure so important a national establishment. If in such a conflict for sectional favor the country should lose forever the best situation for such a navy yard and establishment, the result would be always deplored. The Department has studiously avoided the controversy which has arisen in consequence of the efforts to secure a navy yard at New London, which is foreign to the question of enlarging or substituting a more commodious establishment at Philadelphia. A multiplicity of small yards, similir in character, crowded into one section of	ist of January next there will be the interest aim of \$2,00,00, which can be invested without interfering with the prompt payment of pensions. This amount will yield an entual income of \$420,000, sufficient for the payment of the entire pension roll. It affords me no little gratification to be able to state, that our brave officers and seamen, besides realizing tandsome sums for themselves, bave created a fand, the income from which will, doubtless, be ample for the payment of the authorized pension to those who have been wounded, and to the widows and orphans of those who have been killed in the service, or died from disease contracted in the line of duty, without calling upon the national treasury. The pension roll on the 1st of November, 1864, was as follows:	The condition of the current the cost of all materials and or may all the cost of all materials and or may all the cost of all materials and or may all the cost of all materials and or may all the collections, has still further increased and containing that the conditions of creating and organizing that The reports of the chiefs of the in detail the operations of the condition of the cost of the condition of the cost of the condition of the cost
d salled from he apron means in Augus, that he mand of Rear Admiral Stringham, and resulted in 9 capture of Hatteras, and was the first re-conquest astrong position which was effected on our coast, is was followed a few weeks later by the victory of 12 radmiral PuPout at Port Royal, which secared a muncled's harber for the ships of the South Atlantic nadron. The achievements on the lower Mississippi, here Refaradmiral Farragut dashed open this gates of passage to New Orleans, and restored to the Union 2 commercial metropylis of the South, were accompediated to the commercial metropylis of the South, were accompediated, comprising, in each case, a larger fleet an had ever been fitted out on this continent, and two them seldom suppassed in naval annals, were appeal organized and carried into execution in the	Charleston and Savannah, besides being among the best defended points on the Atlantic coast, possess adjust defended points on the Atlantic coast, possess adjust much reliance in the early days of the rebellion. There they have had armoved vessels, and rame, and oppede boats, or "Daylds" and "Divers," "elements with which they threatened to achieve success over the ppen warfare of the naval forces of the Union. Charleston, disaffected without cause, and aspiring without encerprise, having; after long and persistent efforts, succeeded in seducing others to engage with her in assailing the National Government, and attempting a dismemberment of the Union, fails to become either a naval or a commercial emporium. She has dragged down others without elevating herself, and is fast becoming	of cutting off the rebels in their retreat, but without success. That place was occupied by our forces, and about the first of April both army and navy commenced to move up the river towards Shreveport. A part only of the naval force could proceed further up the river of the naval force could proceed further up the river.	In February last, availing berself of a dark night, she escaped from Breat, eluding the Koarsarge, which was off that port. In June she visited the neutral port of St. George's, Bermuda, and remained there nine days, receiving all the coal and supplies necessary for a long piratical cruise. Leaving at George's, on the 27th of that mouth, she remained outside, that approached the island. On the 10th of July she captured the Electric Spark, near our coast; while several vessels were cruising for her, but she escaped, and was mant heard from at Toneriffe, on the state of August. Subsequently, entering the bay of San Salvador, Brazil, she encountered the streamer Wachnett, commanded by Com-	mate vessel. For this vessel the contractor has promised a tpeed of fifteen knots at sea. The Department has, on several occasions, invited propositions for iron, sea going, armored ships, but Congress having declined to make the necessary appropriations, no measures have been taken for their construction. The vessels recently built, and at present constructing in the navy yards, are of wood, the smaller class of them being gunboats, eight of which are of the class of the Nipsic, of 600 tons, mounting one heavy pivot and four broadside guns. There are four of the class of the Rantacket, of 900 tons, mounting one heavy pivot, with six broadside guns. In addition to these there are four vessels of the class of the Algons, with a tennary of	the country, was not the object or purpose of the Department in the suggestions and recommendations which it has from time to time urged upon Congress. There are aiready three navy yards east of the Hudeon, and should Congress deem it advisable to add another to that section or e; sewhere, it is to be hoped that each determination will not interfere with or prevent the Covenment from having a proper establishment for the construction of iron vessels, from armor, and from work of every description for naval purposes in the immediate vicinity of the iron and coal region of the more central pertions of the Union. Such an establishment as the Department has advised on the Dalaware would not add to the number of yards, but would be a mere substitution, without one dollar's expense to the Government for land, of the more commodious and extensive grounds and water front of League Island. in place	769 invalids, with pensions amounting to \$50, 401 10 1840, widows and orphans, amounting to \$25 28 00 1,609 persons, receiving a total amount of 189, 258 00 1,609 persons, receiving a total amount of 189, 659 10 In this connection I ask attention to the suggestions of the chief of the Bureau of Medicine and Surgery relative to naval pensions. The act of Congress approved July 11, 1869, regulating pensions, makes no provision for the new grades of the navy—rear admiral, commodore, lieutenant commander, &c.—authorized by act of Congress on the 16th of Jrly of the same year. The act ahould be so revised as to include these grades, and it is suggested that a better adaptation of the a mount of pension to the responsibility of the officer might be advantage only made. The highest have now authorized is	labor, and the consequent discipropriations. He urges a class system, and gives it as his opin of its operations, the bureau it per cent. more than the narts smaller articles, which could open purchase. The intelligence of this efficience of this efficience of this efficience is pretful consideration. The delipitation bill until near the delipitation bill until near the printing between the printing of additional land phin to enlarge the navy yards mended. More water front is in
at year of the war. In addition to an immense index- e, which was at the same time so vigilarity and proposly enforced that the reteis even then felt and midalined of its exhausting severity. Other harbors d places have from time to time been saized and oc- pied—the last being the bay of Mobile, and the fortisa- tions at its entiance, effected by the same distin- ished officer who had thrown open the lower Missia- pie to uninterrupted navigation two years before, or have the prowess and skill of our navy in this un- proy contest, involving the integrity of the Union and radional supremacy, been felt upon the seaboard me. On our inland waters, at Fort Henry, at Donel- n, at Shiloh, at Island No. 10, at Memphis, at Arkan- e Post, at Vicksburg, at Port Hudson, and at almost every involvent places on the Mississimpit the Cumber-	Water Mofornidable independent operations, in the form of Mofornidable independent operations, in the form of Mofornidable operations, have been made by the squadron during the year. A steady, unrelenting blockade has been rigidly enforced, with no attractive and excluting neodents, but which has been effective and exhausting apon the rebels. In February a detachment of vessels was sent to the St. John's river to aid a military force intended to be hirown into Florida. Rear Admiral Dahlgren accompanied the expedition in person, saw the proper co-perative arrangements made, and assigned an adequate navel force, which is holding possession of all points on the St. John's occupied by our army. In March a diversion was made at Buil's Bay. In May a force was factalled to ecoperate in an effort to sever the	than Alexandria, and it was with difficulty they leached that point. But the assistance of the gunboats was so essential to success that some risks had to be taken, and extraordinary exertions were made to pass the vessels over the falls, so as to give the required co-operation. Main force had to be used to haut the gunboats. But Grand Ecore was reached without accident, and occupied without opposition. There were at this time inducations of the usual rise of the season in the river, and everything promised success. Twenty three heavy guns had been captured from the rebels since the entry into that river. Springfield landing was designated as the point for the next junction of the co-operating forces, and it was reached at the appointed time, three days after leaving Ecore, by six gunboats and twenty	whom she was trought in a leary and aliapidated condition to Hampton Reads. Here, while it anchor, an army transport came in collision with the shattered vessel, which sunk a few days after near the wreck of the tumber land. The Georgia, another English built naval vessel which cruised under the robel flag, repaired to Cherbourg in February, and thence proceeded to the Merzey, where she changed owners. Her armament was removed from her, and she left Liverpool for Lieboa. On the 16th of August Commedor T. T. Grayen, of the	1.830 tons, and proportionate armsment. All of these verseels have very considerable steam-power, and will, as some of them have already proved, be efficient cruisers at sea. The immediate wants of the blockade having been supplied by the vessels built and altered in the navy yards, and by purchase of the best merchant steamers capable of bearing heavy armament, the attention of the Department has been bestowed on larger and more imposing phips, such as would be formidable not only for home defence but for foreign service. The position and influence of a nation among the great commercial and maritime powers of the world are to a great extant dependent on its navel ability. Limited appropriations have already been made by Congress for yessels of this character. Each succeeding year of this war has pro-	of the present limited and restricted site at Philadei- phis, which is wholly inadequate and insufficient for the purposes of a yard for even wooden ships. Among the reasons which impelme again to introduce this subject and earnestly press it upon the immediate attention of Congress, is the fact that the great Penn- sylvania Central Railroad has moved with a view of obtaining a portion of the least valuable part of League Island for a depot. The objections urged against that position for a navy word, with its workshops, have no weight with this company, which requires shops and heavy work, and knows its own interest. Unless,	on the 4th of July last provides that a person in the "military service" who shall lose both feet shall re- serve a pension of \$20 per month, and those who shall lose both hands \$25 per month. As the law is construed not to include persons in the navel service, those who have suffered a similar loss in the navy continue to re- ceive but eight or ten dollars per month—an inequality which it is believed was not intended. I suggest such changes in the law as will place the sailor upon the same footing as the soldier. PRIZE LAW.	and Aspart & Spiains in detail proposed to build, and for whited. He recommends that prover the state of the
and, the Tennessee, and other reversol the southwest, a nay has been active in re-selablishing the name of the property of the seel has been put afford to those waters, and most of an are now patrolling, those rivers in the national rese. These been the policy of this Department, rigidly adted to under all circumstances, and from which it is not allowed itse f to be diverted, naver to permit to efficiency of the blockade to be impaired during seed onessito frouties. Hence no large squadrons have an maintained on foreign stations. Gruierrand mendaring the protect American interests, and capture or deposite to protect American interests, and capture or deposite or whe few predatory rovers which from time to time	ment of iron-ciade crossed Stono bar in July to assist General Foster in a demonstration upon the rebel works on Stono river and James island. Rear Admiral Dahlgren conducted the naval force in person: In these and other military movements the navy has been always active and ready to extend cordial co-operation to very army operation. In February permission was given to Rear Admiral Dahlgren to leave his squadron in command of Comnodore S. C. Rowan. On resuming his duties in May, the found that General Gillmore had been called, with he greater part of his army, to another field, leaving sehind, however, a smilicient defensive force when sussined by the navy. The withdrawal of so large a sortion of the military force necessarily put a stop to	ander veneral sames and met a reverse, and was falling back to Pleasant Hill some distance below. Rear Admiral Porter was therefore compelled to turn back, with the full knowledge that in retracing his stops he would be interrupted at every assailable point. The rebels, flushed with their success against the army, availed themselves of every opportunity which offered for harassing the gunboats and transports. Their cavairy and artillery, taking advantage of the winding stream, moved rapidly from point to point, attacking one every available occasion. But the gunboats successfully fought their way, and from time to time repelled their assailants with terrible slaughter. On the 14th of April Rear Admiral Porter got back to Grand Ecore, where he found the vessels which he had	The Tallahassee, an English built blockade-runner from Liverpool, which port she left in the early part of the spring under the name of the Atlanta, was-engaged in violating the blockade, running between Bermoda and Wilmington. I am not aware that any valid transfer of ownership of this vessel has ever taken place, but am induced to believe she is now, while dopredating on our commerce, regulatered as a British vessel in the custom house at Liverpool. Whatever may be the fact in that particular, this English-built neutral vessel, which had been previously engaged in the unneutral employment of carrying supplies to the rebells who are waging war upon our Government, came out of Wilminston early in August armed, officered, and manuad	duced from foreign ship wards staamers of greater speed to run the blockade, and the reliable preventive of this illicit trade must be found in vessels of increased steampower. By making them of sufficient size they will be formidable, not only to neutral violaters of our laws, but to an enemy of the vessels on which some sacrifice of armament has been made to obtain speed there are, seven building, three of which are already launched, and the others will soon be ready. Two of these vessels are being build by contract, and five in the navy yards. This class of vessels is represented by the Ammonoosuc and the Chattanoega. There are also in progress of construction twenty vessels with steam machinery of rather less power, but which are to be much more heavily armed. Ten of these, of the class of the Illinois, the Guerriere, and the Java, have covered	land, with a water front of twenty three feat depth ex- touding for more than two miles, within the limits of Philadelphia, should be accepted during the present seesion of Congress, it will probably pass into private hands, and the most desirable and available position in this country for such a yard will be diverted to other purposes, and lote forever to the Government. As a measure of ordinary prudence it is most earnestly re- commended that the offer of Lesgue Island be without delay accepted. When plans for its improvement shall be submitted, and an appropriation asked, with a view of transferring the works at the present yard to the new location, Congress can then exercise its discretion in determining the amount of expenditure proper for this purpose. By an act of Congress, approved June SO, 1864, the Secretary of the Navy was "authorized and empower- ed to appoint a commission, constiting of one nayal offi-	olicy in regard to "property seized or taken upon any inland waters of the United States, by the naval forces thereof," was not I apprehend, well considered, and does not appear to have undergone discussion in either	statements are made of the size rent classes of engines designal other parties, and of the result Particular notice is given to have been made to test the relationary, the economy of mine trated steam, as well as a steam of expansion; the value of the and of petroleum as a substitut portant combinations which en and working of steam macanic cifications have been furnished hundred and sixteen steames burden of 149.806 tons, besides drewings and directions for the in whole or in part, of the me
THE BLOCKADE. The blockade of a coast line of three thousand five indred and forty-nine miles in length, greater in extat than the whole coast of Europe from Cape Trafair to Cape North, is an undertaking without precedent history. During our last war with Great Britain, sen that Power had eight hundred naval vessels in men that Power had eight hundred naval vessels in monission, not a single port of the United States was proposely closed. The most serious attempts of the sat martime Powers have consisted in endeavors to terdict trade at a few of the principal ports of a ballieral. Immediately after closing the ports of the takes in rebeilion, and giving that act the character of lookedage, the efforts of this Department were directed	nyther serious demonstration against Charleston. The retention of the harbor, as well as the entire laster of that coast, depended thenceforward mainly on he iron-clads. They were indispensable for the coninued possession of Morris Island by our troops, and hey could not have been withdrawn without putting a jeopardy the blookading fleet which, as well as the and force, would have been assailed by the armored obel yessels. The capability of the monitors to hold cosition of Morris Island had been controverted by he former intelligent commander of the squadron, who denied its practicability, and had deemed it his tuty in June, 1863, to enter a protest against it. His representations, with those of the officers then in company of the iron-clads, that those vassels could not re-	instead of rising as customary at this season, had fallen during his absence. The army was preparing to move back upon Alexandria; the water having so receded, there was little hope of getting the vessels out, and destruction apparently awaited the bessels out. The content of the content of the Admiral, "Providence provided a man for the occasion." Lieut. Col. Joseph Bailey, acting engineer of the 19th Army Corps, an intelligent and efficient officer, devised a plan for the construction of a series of dams across the rocks at the falls; thus by artificial means to supply that which nature withheld—a sufficient depth of water for the passage of the vessels. Extraordinary as was the project, and received with incredulity, the mind that conceived it was enabled to carry it into successful	Wood, formerly of our navy, commenced the piratical work of destroying peaceful merchant ships, robbing them of money and other valuables, and retaining as tropies of his heroism the stolen chronometers. Information of the operations of this vessel reached the Department on the 12th of August, and orders were immediately sent for all the available vessels within convenient distance to start at once in pursuit. Several vessels and distance to start at once in pursuit. Several vessels from ceeded to sea that evening, and within forty-eight hours sixteen vessels from New York, Boston, Philadelphia, Newport, and Hampton Roads were in search of her. But she reached Halitax in cafety. Instead of remaing there nine days, getting supplies, as did the Florida	gun-decks, and will carry twenty heavy guns. Two will have a plating of thin iron as a protection from shells. The remaining ten, of the class of the Contocock and Maniton, building in the navy yards, are of less size but with equal machinery and intended for greater speed. As all of them will be provided with masts and sails, they can be cruising yessels and used on foreign stations. STEAN MACHINERY. As our navy has become not only exclusively a steam navy, but avery large one, with an enormous consumption of coal and great expenditure for the construction and areas of the construction and areas of the construction and areas of the construction.	cer, one officer of the engineer corps; and one civilian, to select the most approved nite for a navy yard or naval station on the Mississippi river, or upon one of its tributaries, and to report to the next session of Congress." In pursuance of the authority conferred on me by this act, a commission has been constituted, and is now engaged in making the required examinations. Rear Admiral Charles H. Dayis, who has had experience as commanding officer of the Mississippi squadron, was appointed senior member of the commission. The Secretary of War having been requested to name a smitable officer of the engineer corps to be associated on this commission, and having mamed and detailed Lieurable commission, and having named and detailed Lieurable commission.	seized or taken upon any inland waters of the United States, by the naval forces thereof," comprehend not only cargoes, but vessels, may be quessioned; but it can hardly be supposed that Congress intended to deny that naval vessels captured in naval conflict, as at New Orleans, or Memphis, or in Mobile bay, are the legitimate subject of prize. The same is true also of transports, armed or unarmed, conveying the troops or munitions of an enemy, which may be captured. It seems improbable that to deprive such captures of the character of prize could have been deliberately intended. States" embrace the Chesspeake and Delaware bays, the Bay of Mobile, and Lake Poncharkalu. By the terms of this section, the naval officer seizing or	The chief of the Bureau of Lestates the personnel of the next and 45,000 men. Under the opgress, giving the seamen the sa and crediting their enlistme towns, the naval deficiencies lare now about two hundred an the school-ship Sabine, and the proficelency of the pupils, is we sumption of coal this year withous and tons. The ropewalk yard furnishes all the larger si the facilities at the Washingto Inadequate to supply the needs anchors. and additional estimates the sabilities at the sabilities
uidistant points, as bases of operations for the several nadrons, where our naval vessels could receive their polies, and maintain themselves at their stations of on their crusting ground, without returning to Northern ports for repairs and refitures. To have done this would not only have engaged the efficiency, but in some instances might ve involved an abandonment of the blookade. To send there were set on foot various coast expeditions, sich have resulted in our taking possession of or sesing all the ports excepting Wilmington. From	Scisto, with other suggested difficulties, caused the Department to consider well its purpose before carrying out the original order, that the monitors should remain uside the bar and off Morris Island as the only effectual nestod of entirely closing the port, and making further lemonstrations. The views of the Department were sustained by their neval officers of judgment and ability. Younger there were never the views of the department were sustained by their neval officers of younger tender of their services, is well as some of those who had doubted, each offering to take the risks which the great stake juitified; while the sallors, always ready for any service or to encounter any hardship, imitated and emulated their example. The result has been that Rear Admiral Dahlgren has	decided; quarries opened; and, after some weeks, the undertaking was accomplished. The dams were built, the vessels passed safely over the falls to the delight of the assembled army and navy, who had mutually participated in the works and on the 16th of May Rear Admiral. Porter had the satisfaction of announcing that the fleet was relieved from danger. There is probably in naval history no other fastance of such parli and difficulty so successfully and skilfully surmounted. Congress yery appropriately acknowledged the mericorious services of lieutenant Colonel Bailey on this cocasion, and they have been still further recognized by his promotion. Interesting details of this and minor expeditions on the Washita, Arkaneas, Black, and Yazoo rivers, will	The subjoined statements present a general exhibit of the navy, including vessels under construction on the list of December, 1894, with a comparative statement of the navy in December, 1893 and 1894. A tabular statement is appeaded of the number of navalvessels, of every class, that have been constructed, or are in the course of construction, since March's, 1861; GENERAL EXHIBIT OF THE NAVY, INCLUDING VESSELS UNDER CONSTRUCTION, DECEMBER, 1894.	Its consequence that only the best machinery be obtained for it. This problem is one of very difficult, costly, and alow solution. The great maritime countries of England and France have not yetsolved it, either in the commercial or war marine, and at this hour the best anthorities do not agree upon it. So many conditions enter into the problem that, as prominenes is given more or less to one or the other, different conclusions are reached. It is evident that as the question is purely a practical one, it can only be answered by extensive experience and accurate observations. Mindful of the importance of this matter, the Department, notwithstanding the great pressure upon its resources by the war, has kept it in view, and promoted by every means the acquisition of the necessary information. The proportions of hulls have been varied with a view to determined the relative development of speed in proportions of years power; machinery has been constructed upon	There is in the naval branch of the public service no rank corresponding with that of lieutenant general. Congress has established the grade of rear admiral, which corresponds with that of major general, and it would be an act of recognition eminently deserved, and which would be fully appreciated by gallant men of the navy, were Congress to authorize the appointment of a vice admiral. Such honors and preferments atmusts heroes, and many eminent commanders in our naval service, of whom the nation may well be proud, we have one who, all will acknowledge, merits by his achievements as high rank as the for any naval officer in any courted.	lose, to the treasury agent. No one but the naval series has this option. All other persons must turn over their seizures to the Treasury agent. It is difficult to perceive the purpose for which this distinction is made. The property-seized is either liable to capture and condemnation as prize, or it is not. If it beso liable, he is bound to send it to the prize court. Why, then, should he have authority to turn it over to the Treasury agent? and if it be not so liable, why should the naval seizer alone be relieved from the obligation of sending it to the Treasury agent? If it is the object of the section to take away the character of prize of war from all property which may be captured by naval sprozes on the inland waters of the	mended. The report of the chief of the sents a resume of the history a ordnance. The constant dem the year for ordnance and or promptly met, and at the same been given to the many new questions of the day. Among of the removal of ont large m sent locations to more seein portance of the permanent or ship, as a school for the instrupreparatory to being placed on is again presented. Owing to nance work, and the accumult New York navy yard, more r
y and regularly to the shore-line, and numerous iso- ed batteries are erected along the coast, so that a ckade-runner of light draught is not under the ne- sity of making directly for the entrance, but can, by lead, run close under the land protected by the bat- les, and pass in over the bar at leisure. When coming t, a steamer will se eather own time, thus securing	and samidently appreciated, for it has been quiet and undemonstrative, without those occasional captures which, before taking possession of the harbor, enligence that the rebels were strengthening Fost umpter, building bomb proofs and mounting heavy runs on the channel faces, led Rear Admirst Dahigren sarly in the summer to entertain the thought of attacking that fortification, and attempting the passage with his iron-clads. It was a question of great responsibility, for the assault, if made, would draw upon the yes-	be found in the official appendix to this report. Rear Admiral Porter, having been for nearly two years on ardnous and exhausting duty in this command, received leave to return East in the summer, and was subsequently detached in order to take command of the North Atlantic Squadron. Captain A. M. Pennock, senlor officer on the station, was left in charge. On the list of November Acting Rear Admiral S. P. Lee as- sumed command of the Mississippi Squadron, and en- tered on the discharge of his duties, POTOMAC FLOTILLA. The limits of the Petomac Flotilla embrace also the waters of the Rappahannock, and at present and during the year have been under the command of Commander FOXhall A. Perker. Opon the flotilla has devolved the	113 Screw teamers especially construct ed for naval purposes	different types and systems, and the Department has encouraged all offers from citizens, as well as from its own officers, to build new machinery that gave promise of improvement. The navy at this moment contains marine machiney on an extensive scale of every kind; their results are in its log-books, from which can be determined their various marits, both for general service and for particular applications. In the new screw gunboate machinery has been used designed by Corless, of Providence, E. I.; J. Ericsson, of New York; William Wright, of Woodruff & Beach's establishment at Hartford; Merrick & Sons, of Philagelphia, and the Bureau of Steam Engineering of the	On the occasion of the recent brilliant victory in the bay of Mobile, more glorious, perhaps, in some of its insidents, even, than the memorable conflict that gave us the possession and ultimately restored the free navigation of the Mississippi, it was, beyond question, the spontaneous sentiment of the country, that the veteran hero who had illustrated our naval annule by these grand successes was worthy of the highest honore, and should be promoted to the highest naval rank. In recommending, therefore, that the office of vice admiral should be created, and the appointment conferred on Bear Admiral David G. Farragut, I but respond, and believe, to the voice and wishes of the nasponding all believe, to the voice and wishes of the na-	waters offer the readiest naval access to wast amounts of commercial property belonging to those who are now waging war against the Government. The property, both public and private, found upon those waters and along their shores belonging to the enemy is, under the public law of war, liable to capture by naval balligerents, and, when so captured, to condemnation as prize of war. By the exercise of this right, a naval force	this requirement, the burean h up of the uncorpied march a which, when completed, will; tions, as well as furnish a par nor, with all appliances for hit. The chief of the Bureau of recommends a new arrangem that they be entirely disconnee Also, the establishment of tw and the preparation by the Governess and desicated vegetabl part of the navy ration. He acrease in the number of payma masters in the regular service, the grade of passed assistant ordinary rise in the price of r
munerative as those attending the slave trade, a kin.	It, under the circumstances, unadvisable. It was con- sequently abandoned. Everal travitable the trains of this command, result- ing in the discomiture of the rebels. Details of these, as of those of the other regulatons, are appended to this	duty of arresting the contraband trade attempted to be carried on across the Potomac from Virginia with the lower counties of Marviand, and agree the bay itself. Partia to Cheannake Hay, included Equart the Rappahannock. The small craft, which are the vehicles of this traffic, and adapted to it, are well calculated to elude detection. Those engaged in it are reckless, unscruptions, and unprincipled, so that on no station are greater vigilance and more uncasaing watchfulness required than on the part of the officers and mon of the licitilla. It is scarcely possible to wholly prevent this species of illicit traffic and blockade running. With so long a line of communication to be patrolled, opportunities will sometimes be found by the contrabandists, who are ever on the watch, and who are added by sympathizing associates on either shore, to elude detection and capture. Numbers have, however, been captured during the year while in transit; others have been ferreted out and their books have been destroved.	112 Sailing vessels of all classes	Department. The was competitive machinery to be of a qual power propelling the same hull. In the double-howed paddie-wheel steamers machinery has been employed designed by Merrick & Sont-of-Felial-India: hy E. M. Dickerson, and by the lin the large sloops of-war, of three thousand tons and over, competitive machinery is being placed by the above parties, and by J. Ericsson. In the frigates and sloops of the old navy, and in some of those built during the early part of the present Administration, machinery was employed designed by most of the principal establishments in the country. The Fulton Iron Works and Morgan Iron Works, of New York; Mesers, Woodruff & Beach, of Hartford, Connecticut; Harrison Loring, and the Atlantic Works, of Beston; Merrick & Sons, of Philadelphia; the Vulcan Works, of Beltimore, and the Bureau of Steam Engineering.	in intravacances in the grade of admiral in time of peace. My letter on this subject, with the accompanying draft of a bill, making provision also for the incorporation into the regular service of a few volunteer offiters who, by zeal, ability, and service during the war, have merited this reward, will be found in the appendix to this report. Enlishment.	Upon the inland waters within the insurrectionary region, or affording access to or excess from it, our naverage in the continue to the displace in builtierent operations. Why should the law intervene and depaired that part of the navy of one of its primary belighterent rights? It certainly could not have been intended to cripple the power of the navy, to cripple the enemy, or by law to hedge round and protect from capture and condemnation an enamy's property. The service on inland waters is not less difficult, perilous, and harassing than that on the sea, that there should be this discrimination against it, nor has it been less useful to the country.	and the increased number of me additional appropriations necess. The chief of the Bureau of usual reports of the Navai Observations of the Navai Observations and the general section.
Many who have failed to make themselves acquainted the facts connected with the Wilmington blockade are been free and severe in their creasures of the maner in which it has been conducted. The intelligent llocers of the naval and merchant service, who have bored with untiling real and assiduity, and watched ith sleepless vigilance through weary mouths of wingrand summer, and in all weathers, stimulated by the hope of benefiting their country and receiving its anks, as well as by every inducement to fame and semilary reward, if successful, do not concur in the pinion that the port of Wilmington can be entirely	ron has devolved the duly of guarding and holding pos- session of the great inland waters of North Caroling and Virginia, and an extensive co-operation with the armies which are threatening Richmond and its vi- cinity. In order to secure the most thorough and efficient dis- charge of duly that is possible in every department of this equadron, and especially that of the blockade of Wilmington, Acting Rear Admiral Lee, by direction of the Department established four divisions of the squad- ron, viz: one or James rivey, one in the sounds of Next Caroline and wooff Cape Fear viver und alia.	At all times and on all occasions the flotilis has given its active and willing co-operation to the military movements. While the army was in the vicinity of Fredericksburg last spring and summer, the services of the smaller steamers on the Rappahainock were efficient and invaluable. They opened communication with the military forces; cleared large numbers of torpedoes from the river; drove the rebels from its banks; convoyed transports with troops and supplies going to the army, and returning with the wounded and sick from the natile field. The wessels which are	Top December, 1863, to December, 1864; 313 55,518 VESSEELS CONSTRUCTED FOR THE NAVY SINCE MARCH 4, 1861. No. DESCRIPTION. GUNS; TON'GE 7 Screw sloops, Ammonoosuc class, 17 to 19 guns, 3,213 to 3,73 tons each. 121 Screw sloop Idaho, S guns and 2,638	In these vessels nearly every variety and type of engine, of valve sear, of rate of expansion, of surface condenser, of series of expansion, of surface condenser, of series propeller, and of boilers, have been thoroughly tested; but the results thus far above that the machinery designed by the Steam Engineering Bureau of the Department has not been surpassed, perhaps not equalled, by any of its competitors, while in many cases their results have been gratly below it. In its iron-clads the Department has experimented by the construction of different classes and sizes, both in wood and iron, propelled by one screws and by two screws, working independently of each other. In its most recent constructions, of the Miantonomah class, a wooden vessel designed by the naval constructors and built at the navy yards, with Bricsson turrets, and machinery designed by the Bureau of Steam Engineering, a high rate of speed, perfect ventilation, impregnatively, and the anormous battery of four fifteen inch guns, baye been combined in a vessel of the moderate size of 1.5% tons, drawing only twelve feet of wear	the army when high bounties were given to the soldiers	the allowance of a monety to "informers, collectors of the customs, and other persons," as an incentive to "vigilance in protecting the public interest." In taking this moiety from the officers and crews who make the captures, and conferring it on the informer or custom house officer, the treasury and country are not benefited. The right to make capture or prize of war, in all places and upon all property, subject to the law of war, is one of the encouragements which maritime nations have extended to their navies in all time, and ours has been no exception until this enactment. The exercise of this right, in cutting off the resources of an enemy, is one of the chief methods by which nations seek to bring war to a close	states the number of casualt year to be 171 killed and 151 wo cases of sickness under treat number 1,048 died. 55,070 wer charged, leaving 2,111 under the year. The total number of gests a reorganization of the molace it in better harmony with of other branches of the set via
Convinced, as this Department slyways has been, that is necessary to take pussession of the entrances, so as perrait our armed vessels of light draught to go inde, no opportunity has been omitted to impress the ecessity of joint naval and military operations for that mipose. The navy has been at all times ready to perim its part in tuch an expedition; but the army has of yet been able to unlied in a conjoint movement, either branch of the service can expect to be successful in an attack upon this position independent of the lies. Were there deep water at Wilmington, as at ew Orleans, Mobile, and Port Royal, either of those perations could have been repeated at that point. But	fort. For some months previous to May last the rebels had been left in quiet possession of James river for a considerable dietance below Richmond, but the progress of the Fotomac army towards the rebel capital was the signal for active operations in another quarter. On the 5th of May Major General Butler moved his army from Newport News, under convoy of a naval force which had been assembled for the purpose, up James river, and made the following night a successful landing at Bormuda Hundred and City Foint. The movement was.	employed in this service are of light draught, and their construction is necessarily slight, consequently those who serve on board of them in a hostile country are exposed to more than ordinary peall. But whether in clearing the banks of the Rappahannock of sharpshooters, or removing from its bed dangerous torpedoes, no less daring and energy have been exhibited than by others in vessels of larger proportions and with greater protection. PACIFIC SQUADRON. There has been no material change in the strength of this squadron within the past year. The new steamer Wateree joined it, and orders have been given detaching the Narragansett and ordering her to the Atlantic States. Acting Rear Admiral Charles H. Bell, having had command of the squadron for three years, has been recently relieved by Atlang Rear Admiral George F. Fear-	Contoccook class, 13 guns and 27965 tons each	These vessels are free from the disadvantage of foul- ing, which so greatly reduces the speed of iron ones. Others of this type, but of increased tomage, are in process of construction, to have still higher speed and be adapted to coast service. o In the steamers bought from the commercial marine f the country, and in the captured blockade runners, now adapted for naval service, are to be found every variety of machinery, both serew and paddle-wheelf	to serve their country in any capacity, but they cannot be made available as seamen without training and or perience at sea. The organization of a man-of-war is very different from that of a merchant vessel. A first-rate sailor will seem make himself at home on board of any ship; but the division of duties—the system of petty officers—the exercise at quarters and in boats—the discipline, the observances, and the thorough and complete system of	There is no reason why in this war against the rebel- jion an ancient and rightful proceeding should be aban- doned, and a rule adopted that must operate to our na- tional injury in all wars. I can see no reason upon which to conclude that in fighting down this rebellion we should reverse all previous usage and law, either as against the rebels themselves, or their abstrors, or the property upon which they rely for their resources, or why, indeed, we should relianguish any one belligerant right. On the contrary, it will be well to preserve to our navy upon all the waters where it can foat or fight all its rights of war unimpalyed. With these views the expediency of a repeal of the 7th	as the large proportion of lunteer service who decline po corps. Since January, fifty curred, and quite a number ar ment unaccepted, simply been of filing the vacancies. It is remedy is to make the medisirable in pay and position. It to the attention of Congress. are required for the completion teration of the law of March 3, of rations of sick transferred; to
ad been delayed for army co-operation, was the pos- saion of the bay of Mobile. In anticipation that this ould receive early attention, Rear Admiral Farragut joined his equadron in January, but the operation was ill further postponed for military demonstrations in exas and on Red river. Commodore Bell, who had been left in charge, ac- vely co-operated with the army in its movements for the occupation of cartain points in fewers.	From the landing of the Army of the James in May, a nast lorce competent to meet the armored vessels and raws of the insurgents, had they made a demonstration; has been maintained on the upper waters of the James. On various occasions sharp but brief engagements have occurred between our vessels and the rebel batteries forming the defence of Richmond. The naval force had anticipated an encounter with the rebel face which had been in the course of prepara-	contily relieved by Acting Rear Admiral George F. Pearson; the transfer took place at Panama on the 25th of contine transfer took place at Panama on the 25th of two hostile craft has made its appearance in the Pacific, and our commerce has been carried on in its usual channels without interruption, other than that necessarily caused by the measures of foreign Powers in an attitude of hostility towards each other. The blockade of Mexican ports on the facific by the French fleet readered it important for Acting Rear Admiral Bell to remain several months in that quarter with his flag-ship, in order to look after the interests of the United States. An exception in favor of the scammers of the Pacific Mail Steamship Company, made in the detaration of blockade, gave them the continued use of the barbor of Acepulco as an intermediate depot, and the presence of the flag-ship, or some other one of the	730 to 955 tons each 98 11,024 26 Paddle-wheel steamers, double-enders, Sasracus class, 10 to 14 guns 272 25,324	constructed either in this country or Great Britain. So far as the exigencies of the war would permit, the different types of machinery have been submitted to careful experiment to ascertain their relative merits. Nearly every variety of boiler and of expansive gear, of rate of expansion, and of saturated and superheated steam, has been made the subject of accurate experiment, and it is believed that the files of the Department contain the latest and most reliable information on these subjects. A chief engineer of the navy has been sent to Europe to collect information on these topics in addition to the published accounts and official reports. Nearly all the kinds of coals of the seaboard States have been the subject of careful experiment, with a view to ascertain their comparative value for naval purposes. A board of engineers has also experimented with petroleum as a substitute for coal in naval Eleamers.	merchant service. In other countries the field of adventure is restricted; here the avenues are many, besides ocean life. I am not aware that any firste but Massachusetts has a nautical school. Encouragement is given to the young in every other calling; but the naval and merchant service, in time of peace, depend almost entirely upon the foreigners and the homeless for mariners to sail their ships. These men, who hardly touch the shores without finding themselves the victims of land sharks, and who scarcely receive a thought in the vast and generous sanitary operations, put in motion by wealth and beneficent patriotism, have enclosed our country by their labors in commercial emriched our country by their labors in commercial em-	The present contract system is open to many and serious objections. Whatever may have been its merits when originally established, the condition of the country and of trade has so changed as to render essential modifications necessary, if not the abrogation of the system itself. The instability of prices, and a rising market during the progress of the yer, have made it difficult and in some instances almost impossible to	Authority to Purchase the oast the city of Washington, for requested. The Government of the land makes it desirable, the remainder (seme 14,000 fcontrol of the Department. The colonel commandant of his command in a good state of number is now fully equal to law, he is unable to comply we guards for sea going vessel several squadrons and vessals in the guilant deeds of the borne an honorable part. In thir, my fourth annual somewhat in detail the condit the service. This report present
Prior to the occupation of the left bank of the Rio trade, the mouth of that river had been made the andexvous of vessels of various nationalities engaged a violating, indirectly, the blockade; the demoralized oudition of Mexico, and the mutual rights of the two ountries on the river and at its entrance, affording unsual facilities to the lilicit traders. Commander Strong provided some sixty vessels anchored in the Mexican rates of the Rio Grande, carrying on an extensive rade, chicgly in cotton, with the rebels through Mata-	waters, were a demonstration to be made by all or any portion of the robel navy. The security of the transports was justily deemed of vital importance to the army, and required to be placed beyond any contingency. Hence this obstruction of the river, in addition to the protection afforded by our iron clads and other naval vessels, was doubtless a wise military precaution, although it restricted the movements of the navy. The operations in the sounds of North Carolina have the fact of the repetition of the naviet of deas of the repetition and the regard that the principal places on them, which had been wrested from rebel authority early in.	the property of the company against the acts of lawless persons, and inspired those on board the steamers with a feeling of security from assaults of insurgent cruisers from seaward. About the middle of April, Acting Rear Admiral Bell proceeded from Acapulco to Fanama, and thence to Callado, at which port he arrived on the 25th of May, 1884. Difficulties had arisen between Pern and Spain, which resulted in the selzure, by the naval squadron of the latter, of the Chincha Islands, and it was essential that our extensive fleet of gnano vessels froquenting that quarter should have within reach an armed vessel of their own constructions.	2 Sea going casemated vessels, Dunderberg and New Ironsides 28 5.578 3 Sea going turret vessels, Puritan, Dictator, and Boanoke	As opinion appears to have settled upon the horizontal and the vertical tubular boilers as the only ones proper for naval service, the Department has had one of each kind manufactured, according to designs furnished by a board of nine engineers, employed in the principal private steam, angine manufacturing establishments of the country, and by the Bureau of Steam Engineering, for the purpose of accurate experiments to determine their respective merits. These experiments will be of the most elaborate nature, and will, it is presumed, enable a choice to be made. They are now in progress. A commission of nine, on practical engineering, has been appointed by the Department, consisting of three from the Academy of Science, three from the Franklin lastitute, and three on the part of the Department—all laminest in physical science—to devise the proper ap-	the Sabine has been fitted up for the purpose of a school-ship for hoys. This is, in fact, a revival, with some modifications, of the apprentice system, which, while it was continued, worked beneficially for the sailor and the country. Some measures are requisite to elevate the condition and the character of this class now, when the sailor is neither flogged nor taught to become a drunkard—two important steps in the right direction towards making him a man to be trusted on shore as well as affect	supply of flax cavas, which is mostly imported, fillus- trates this point. The bidg were received when ex- change was at nearly the highest rate it has attained, and from an honorable and reliable contractor who has for years supplied the Government faithfully. The ag- gregate of the offer was, for peyment in currency, \$1,415,719 50, or for payment in gold, or its equivalent, at the time each bill was paid, \$536,923. There was no alternative under the law other than to accept the cur- rency bid, and as the rate of exchange has falsen, there has been a corresponding increase of profits to the con-	employment of a maritime to additions to it now in progr constitutes, for all the purpose tack and conquest, the most p the world. In four preced tions, including that submitted bling of Congress in the ext been my duty to exhibit the madministration by which, from beginning, and under the preceding of the contributions which from our commercial marine; cation of all the resources of p
incounsylle, which was followed by the President's reclamation of February 18, 1864, relaxing, conditionally, the blockade of that port. But this possession of the several ports of Texas was fabors duration. After a few months' occupation the allitary forces were withdrawn, and the duty of guarding that extensive coast was thus again devolved exhaustvely upon the navy. Under orders of August 18th, or Rear As miral Farragat, the blockade was resumed in the 8th of September, and has been since maintained. The bay of also the guarded at its entrance by two imosing fortifications, constructed by the Federal Goernment in former years, was difficult to blockade, and was one of the principal ports for illicit trade with the rebels. It had been the steady upropose of this de-	parations were long in progress for the construction of armored vessels, and others of light draught, on the Rosnoke and Neuse rivers, with intent to descend and drive out from the sounds our fact of slightly-built wooden bosis, recapture Plymouth, Newbern, and other points held by our arms, and re-establish rebail power in that quarter. These schemes, though partially successful at the commencement, soon closed in disaster: Delays in the completion of the armored vessels ordered by the Department, and especially intended for service in shallow waters, which were inaccessible to the monitor vessels already built, jeopgarded our posses-	of unnecessary interruption of their interests. The threatening attitude of these two Powers induced acting Rear Admiral Bell to remain with the flag-ship at Callac from May until the 5th of October. The remaining vessels of the squadron have visited the Mexican and Central American ports, and it is not known that they have failed in any respect to respond to all proper appeals of our countrymen for aid and encouragement, or to observe and scruppionsly regard the rights of, and courtesies due to, friendly nations. Emmore or reports of a rebel privateer fitting out at Victoria. Vanconver's island, drew to that quarter the United States steamer Narraganestt, from San Francisco. The probability of such a scheme being carried into effect was accertained to be not greater than that which had but a short time previously drawn, the	gnis and 1,200 tollows and 2 1,200 class, 4 gnis and 370 tons each	paratus; and make the necessary experiments therewith, to accerta'n by practical results the economyous using steam with different degrees of expansion. These experiments, which are now in progress, will be as elaborate and as complete as it is possible to make them. And under the practical conditions of steam engineering, it is believed they will indisputably set at rest the amount of gain to be obtained from using steam with different measures of expansion, and also determine the relative merits of different kinds of valve gear; steam pressure, &c., besides settling many incidental questions of great importance. Nothing has been left undone in the way of ascertaining and putting in use all valuable improvements in steam machinery, and no occasion neglected of experimentally determining the data necessary for correct	Commencing as apprentices on the school-ship, it would be well to oped to the sailor boy the way to promotion by giving him an opportunity, if he shall deserve it, of entering the Naval Academy. From among the apprentices on the school-ship a selection of one-half of the midshipmen annually appointed might be made with great advantage to the service and the country. These apprentices, in their preliminary training on the school-ship will have developed their capabilities and aptitude for the profession, and in transferring them to the scademy there will not be the manifold errors which stend so large a portion of those who are appointed under the present system. Were each Congressional district authorized to place two or more apprentices on the school-ship, and the annual selection of midshipmen, or one-half of the midshipmen, directed to be made from these apprentices, its effect would be most beneficient on the sailor, as well as the schools and the service. It would popularize the "Ray", and open to those who may	risk, and omit making annual contracts, relying upon- purchases as wanted, under the direction of the Depart- ment, at the current market price. The Government is seldom benefitted by a rise in prices; for while the laws compel its agents to pursue a definite course of action, the centractor generally finds little difficulty in evading penalities, and a losing contract is therefore abandoned. It is worthy of serious consideration whether, for the present at least, it, would not be for the true interest of the Government to relinquish the system of annual con- tracts altogether, and authorize purchases to be made by agents of probity, whose fidelity and integrity have been leated through wear of either a contract.	to show how individual energy have come successfully in aid mental provision for the due pland to trace in general outline of inventive genius and seis have changed, to a great exforms of naval structure and all have enabled our country, will assuming a for most place am create also a new ern in the dion of naval force. In connection with such ace tion of a new American naval same time my privilege in the mate official record of a series achievements wholly without
ions on the Mississippi would permit the detachment of sufficient co-operating military force for the expedition. But repeated co-operative movements having his purpose in view were commenced, and then abandance for army operations elsewhere. In the meanine the rebels, availing themselves of this delay and if he advantages of this position, proceeded to the colection and construction of a formidable navy, with a few of raising the blockade. The information received was of such a character that he Department deemed it important that Rear Admiral arragut should resume his command, which he did, not on the 18th of January arrived off Mobile. It was	verses, vigorous measures were immediately taken by this Department to prevent further disaster. Captain Melancton Smith, an officer of much naval experience, was sent to the sounds with vessels of heavier armament, and instructed to take command, attack the armored ram at all hazards, and use all means to destroy her. On the 5th of May the ram came out of Roanoka river, and Capt. Smith engaged her with his gnaboats. The action continued from 4 40 to 7.30 P. M., when darkness intervened, and the albemarie retreated up the river. Shot fell from her armor apparently without effect, and the efforts to run her down wave unspresses.	cisco. The probability of such a scheme being carried into effect was accertained to be not greater than that which had but a short time previously drawn the United States steamer Saginaw to that locality. After cruising, therefore, a short time in the Straits of Fuca and Puget's Sound, and receiving the friendly assurances of her Britannic Majecty's authorities that every effort would be made to discountenance and arrest any proposed violation of neutrality, the Narragansett returned to San Francico. The West India squadron, as an organization, has been discontinued. Acting Rear Admiral James L. Lardner, who had command of it at the date of my last annual report, arrived at Hampton Roads, in the Towhatan, on the 3d of October, in pursuance of orders of the Department. The principal objects for which this squadron was created had ceased to be prominent, and the chief duties originally assigned to the parameter of the dief of the second contraction of the desired of the contraction of the desired of the second of the desired of the contraction of the desired of the des	The foregoing tabular statement exhibits the number and description of vessels that have been constructed, or put in the course of construction; for the navy single the institution of settive measures for the suppression of the rebellion. Some of them have been built by contract; others by the Government, in the several navy yards. If we add to the number those constructed un-	DRITARS.	have enlisted the highest positions and honors of the service. NAVAL ACADEMY: Congress having, by the act approved May 21, 1884, directed that "the United States Naval Academy shall be returned to, and established at, the Naval lacademy grounds in Annapolis, in the State of Maryland, before the commencement of the academic year eighteen hundred and sixty five," It will be necessary that preparations; should be commenced for putting the buildings and grounds in order as early in the ensuing spring as the War Department can leave them. The school and	Another source of embarrasement in procuring naval supplies has been the delay and uncertainty of pay-	city and success herecorde kay such fortnesses, through fort siructions spread for their defe tion by war-vessels of internal of navigation almost contine scale of co-operation of naval peditions and combate hundre board, and along the course dangerous of navigation, can character to compare with ti forms of naval effort which ti Department during the past th to report. If in the prosecution of shull
	ful. Her consort, a small army steamer which had been captured and converted into a naval vessel, was recaptured. On but one subsequent occasion did the Albemarle make her appearance, and then she quickly retired on being fired at. As there was no known cause to prevent her making another demonstration, a competent naval force was always in readiness to meet her. But the inactivity of awaiting her movements was irksome and paralyzing, and her destruction by other means became	voy to the California steamers over the most exposed section of their route. This convoy has been since, when expedient, extended over the entire route, by de-	ciads Monitor, Weehauken, Keokuk, Indianola, and Tecumseh, the aggregate would be 210 vessels, L'676 guns, and 256, 756 tons. Picket-boats, and small eraft built for especial pur- poses, are not embraced in this statement.	privateers, built by skilled figlish mechanics in Ring- lish ship-yards, and manned by Englishmen, which, under the rebel flag, have roved the ocean, destroying our merchant shipping, and have found refuge and sup-	more favorable to the efficient training of the midship- men. The able superintendent, Commodore George S. Blake, has preserved his connection with the school during its unsettled state, and its management, under many dis- advantages, has been creditable to him and his asso- ciates. OLDET ENGINEERS. Preliminary measures have been taken to carry into	mate serious injury to the Government. As a consequence, the Government is driven to other, and often less honest dealers, and is compelled to pay for subsequent purchases higher rates. Government, instead of being st unsed and distrusted for neglecting to make prompt payment for value received, should, for its prompt payment, be a favored purchaser in any market-enabled to deal with the manufacturer or producer at first prices, instead of with second and third hands. If supplies are procured when wanted and as wanted, at the market paice, either in open purchase, by an honest agent, or upon bids received for immediate delivery, with prompt payment, immense sums would be	ted, and exacting, the trust con shall appear to have been it charged, then certainly my ac- due, as they have been bare gentlemen associated with me- the whole elerical force, to the e- and especially to the invaluab- ant Secretary and the chief eler- But it is to the officers and no that the great renown of what is doing, justly belongs. The this Department can do little give them the adequate means nity of action. To them, theref the honor, when their own cou
deed now lustre even to the renown of Rear Admiral arragut, was not without serious loss on the part of its fleet. The most serious of these was the destruction of the iron clad Tecumseh, one of his most formiable yeasels, by a torpedo, early in the action, and the 20s of her gailant commander, T. A. M. Craven, and	W. W. Wood, and possesses extraordinary power. It was arranged and applied to the picket-boat at the suggestion and under the direction of Rear Admiral F. H. Gregory and his able assistants. Lieutenant Gushing was directed to have the means for carrying out the	assistance in neutral ports, have terminated their predatory career. Their unrestrained warfare has undoubtedly had the effect of diminithing American tonnage, and caused a transfer of American shipping to English and other flags. Whether the maritime nations of the world will be ultimately benefited by this policy of fostering rebel belligarents may well be doubted. We have been compelled to encounter it as one of the incidents of this extraordinary and unnatural conflict. While notoriously engaged in plunder and in the want on destruction of our merchant saling ships, these English-built, and almost exclusively English-manned, rovers have never, during their entire piratical career, and of all their many captures on various seas, sent in robberies were taken on board the corsuits to be sold or covertly transferred in neutral ports, while the stolen chronometers and a few mementoes were retained as memorials of their achievements, All else was destroyed.	still render service. Time was required to repair and place in proper condition such of these vessels as were dismaniled, and also those which were recalled from service abroad. The sailing men-of-war had become useless for fighting purposes. In the emergency that devolved upon it at the beginning of hostilities, the Repartment resorted to the commercial marine, and purchased every available merchant steamer that	the resources of the nation. Great embarrassment was experienced in consequence of this neglect of the Government at the very commencement of the war, and alkough the naval service and the country are suffering constantly from this neglect, inseaures for the establishment of a suitable navy yard for the construction and repair of fron vessels, their armature and team machinery, are still delayed. As early as March, 1862, and on several eccasions since, I have and the hoor to prosent my views to Congress on this subject. The earnestness and frequency with which it has been brought forward must find an apology in its great importance, of the Department, in any of the surgestions or recommendations, to increase the number of our navy yards, nor to alter their local distribution. The yard which we now have at Phila-	been issued and printed in the papers of the great ma- nufacturing cities, inviting applications in conformity to the law. Before this plan shall be put in operation, it is re- spectfully submitted, in view of the radical changes which have been wrought by steam as a motive power for naval vessels, whether steam-engineering should not be made to constitute hereafter a necessary part of the education of all midshipmen, so that in our future navy wery line officer will be a steam-engineer, and qualified to have complete command and direction of his sbip. Hereafter every vessel of war must be a steam-vessel. Those designed for occan service will be funished with sails in order to economize fuel while cruising; the present and future care. Will therefore	bidder for fair and honest dealing, no discretion is	naval power a spectacle of patiem worthy of the cause in wo of the national life which it illies
Metacomet, and the retreat of two others under the uns of Fort Morgan, the iron-claft ram Tennessee, searing the flag of the rebel Admiral Buchanan, main- ained the contest. For awhile the action was figree red the Tennessee, although her armor was impervi- us to their guss, while our iron-clads grappled fierce- yith one of her lo-inch shot, bythe through the armor f the Tennessee, and a monitor shotalso disabled the teering gear, and thus readered her helpless. At 10 'clock she surrendered. Twenty officers and about he hundred and sevenity men were cambred.	batteries, and on the Sist of October took possession of the place, capturing a few prisoners, thirty-two can non, small arms and ammunition, thus re-establishing the Union supremency in the sounds of Morth Carolina. From July, 1863, when the chals were driven from Morris Jaland by the combined chals were driven from Dahlgren and Major General Gilmores, and the navy thereby gained command of the entrance to, and pos- session of, Charleston harbor, so that monitor vessels could remain inside, blockade running ceased almost entirely in that quarter, and was transferred to, and	coverty transferred in neutral ports, while the stolen chronometers and a few mementoes were retained as memorials of their achievements. All else was destroyed. The Alabama, eluding our naval vessels at the Cape of Good Hope and Straits of Sunda, after committing sundry devastations, returned westward and proceeded to the French port of Cherbourg. Information of her arrival was communicated to Captain Winslow, of the Kearsarge, then at Flushing, who at once proceeded off the harbor, and at 10 20 A. M., on Sunday, June 19, the Alabama was discovered standing out, accompanied by a French iron-clad steamer and the harbiny short Deerhound. When the Alabama was descried the Kearsarge was about three miles from the antrance of the harbor.	at the these transfers and the state of the state of a class of small, heavily armed, propeller vessels was felt, and the Department immediately proceeded, on its own responsibility, and without any appropriation or authorization by Congress, to contract for the construction of twenty three gunbasts, of which the Unadilla, Pinola, and Wiscahlckon, may be taken as the type. Some of these vessels were affoct, armed, and manned within four months from the date of contract, and participated in the attack on Port Royal; others took part on the lower Mississippi in passing the forts and in capturing New Orleans. These gunbasts continue to maintain a good reputation, and their steam machinery gives satisfaction. Well daubted as they are for guarding our coast, a larger description was needed	delphia is altogether inadequate to our present or future wants. It was proposed, therefore, to substitute a new one on the Delaware, in the vicinity of Philadelphia. League Island, within the limits of that city, if adopted as a site, must gradually absorb the works at the present yard, which would then be discontinued. All of our present navy yards, it will be remembered, were established for the construction and repair of wooden sailing vessels. Steam and armored vessels have superseded these, and the inability of our present establishments for the work imposed by this war has been the source of inexpressible anxiety, and often of great disappointment and public injury. To relieve the navy wards from work which they have hut limited	whatever attention may have been given by him to the theoretical study of steam, is yet capable of taking charge of an engine, nor are ateam-engine drivers capable of taking charge of a man-of-war, navigating her, sighting her giuns, and preserving her discipline. When vessels were propelled exclusively by sails, there were but two officers, excepting in fing-ships, the surgeon and paymaster, who were not line-officers. But under the present naval system a new and additional corps is	exist, and with the purpose of investigating and bring.	COMMUNICATION OF THE PARTY.
which has directed and seventy mea were expired in this ressel, and ninety officers and men in the Seima. The apture of these two yeasels, and the retreat of the two remaining rebel gunboate under the guns of fort Mortan, terminated the glo loue battle of the 6th of Augast. On the following day one of the iron-clads shelled Fort Gaines with such effect that Colonel Anderson, the commander, sent a communication to Rear Admiral Farragut, offering to surrender. General Granger, commanding the United States military forces, was sent for, and the terms of capitulation were signed by the respective parties on board of the Hartford. From this time onward movements were in progress or capituring Fort Morgan, and on the 22d of August, at lay dawn, a bombardae art was opened from the shore opticities, the monitors and ships inside, and the vessels until the bay. At 0.4. M of the 23d, a white flag	vigorously prosecuted at, Wilmington. This locality possesses singular natural advantages to resist a blookade, to which the rebels have added others in the way of earthworks, with powerful guns, to cover the blockade-runners and to open on our vessels whenever they come within range. These shore batteries were made to command the several channels and the numerous inlets in that quarter. The difficulties of closing this port entirely, while rebel forts command the channels, and which none of our ships with heavy breadids batteries can approach by reason of the extreme shallowness of the water, can be rightly appreciated by those only who are familiar with the locality, and have had experience on that standard with the locality, and have had experience on that standard with the continuation. Without a coperating land force, it is not expected that we could close the port of Wilmington. There has been not time within the last two years when the navy has not been ready and anxious to perform its part in such an expedition, for possessing of the trances to Cape Fear river is a necessity to stop entirely all ingress to or egress from that place. In maning the blockade at that point has been made a matter of business by foreign capitalists, as well as by the rebels. Such has been and is the stringency of he blockade, that articles of commerce command fabulous prices throughout the whole insurrectionary region. thereby stimulating the cupidity of reckiess neutrals. But while a successful trip begets have epidit, the blockade has not been violated with impunity: Heavy blockade has not been violated with impunity: Heavy			Department has been compelled to establish stations for machinery, and means of refitment at Mound City,	duty when the engine is at rest, one half of the officers	In conrequence of the greatly increased prices that prevail, many who are in the clerical employment of the Government, at a compensation established prior to the war, are receiving a remuneration wholly insufficient. The state of the currency, with other causes, has so affected prices that these men are receiving relatively but about one-half the pay of former years, and the effect has been such as to compel many of the best clerks in this Department to leave the Government service. This is a public injury, especially in a crisis like the present. The place of an experienced and accomplished clerk is at no time easily supplied; but when such place is weated for the reason that this not remunerative, or that the pay is below corresponding positions in private exhibitaments, the difficulty is increased. It is, therefore, suggested that the salaries of the selected force, or a portion of the clerical force, be increased until the close of the war, or until the currency shall return to a specie standard. This recommendation is made with some refluctance, and only under a sense of its absolute necessity at this time.	Mills, Mason, Heller, Thoma others, amply establish their h by W. J. COCHRAN, 908 Cl. a large assortment of other Plancs, for sale and to rent. M. E. Y. E. R. S. M. E. Y. E. R. S. WENTEUNG Acknowledged to be the be and Highest Awards in American Market awards in American Market Sam Warsrooms, No. 733 DENTISTRY.
ras displayed by the rebels, and at 2 o clock P. M. the ort was unconditionally surrendered to the nayy and army of the United States. A naval shore battery did cook service on this cocksion. For frowell highesen already attacked on the night of he oth and blowly up, the guns falling into our hands. The capture of Forts Powell, Gaines, and Morgan, and the destruction of the rebel fleet, gave us possession of the bay, and closed the port to all ingress regress of blockade runners. This was all that was contemplated. Possession of the city of Mobile could not make the blockade more effectual, and without a sufficient	the navy has not been ready and anxious to perform its part in such an expedition for possession of the entrances to Cape Fear river is a necessity to stop entirely all ingress to or egress from that place. Running the blockade at that point has been made a matter of business by foreign capitalities, as well as by the rebels. Such has been end is the stringency of the blockade, that articles of commerce command fabulous prices throughout the whole insurrectionary region, thereby stimulating the cupidity of reckiess neutrals. But while a successful trip begges large profits, the blockade has not been violated with immunity.	her broadside to the Kearsarge, was forced with a full head of steam into a circular track. On the seventh rotation the Alabama headed for the shore, disabled and at the mercy of the Kearsarge, the well-directed shots brought down her flag, a white one was displayed, and the fire of the Kearsarge was reserved. In about two minutes the Alabama gain opened fire. The Kearsarge replied, steamed shead and laid across the bows of the Alabama for raking. The fire of the Kearsarge being again reserved, boats were lowered and an officer in one of them came along-side at 12 10 and surrendered the Alabama, which he sald was in a stubture candition and a 12 of the same and a side of the same and a long-side at 12 10 and surrendered the Alabama, which he sald was in a stubture candition and a 12 of the same and a same a study of the same and a same and the same a	and sometimes impossible, and the necessities of the case suggested the principle of a sighting vessel with a double bow and rudder at each end. Tweive paddle-wheel steamers constructed on this principle were huilt, some in the navy yards and others by contract. The Port Royal and Sonoma are types of this class. An additional number, amounting to twenty-seven, of these double-bowed paddle-wheel vessels have been built, almost all of them by contract. The Sassaus, which was distinguished in the attack on the rebel ram in Albemarle sound, the Metacomet, conspicuous in Mobile bay, and the Eutaw, are types of these vessels. Eight of this class are built or building of iron and will	of creating and sustaining one, has not, in all the navy yards combined, the appliances possessed by single establishments in England and France. Were there outside of our navy yards establishments to perform promptly the requisite work in time of war, I should not at this time again press the subject of a navy yard for iron work for the constitution of vessels upon the consideration of our authorities. But although the Department has generally been ably and salonaly seconded in its efforts by private contractors, yet the fact that there is no customer but the Government for much of this heavy class of iron work, forbins us to expect that	whether the engineers and firemen are competent or not. The remedy for all this is very simple, provided the principle were once recognized and adopted of making our officers engine drivers as well as sallors. If would not be expedient to interfere with the present status of line officers or engineers—the change would be too radical; but we should begin by teaching each midshipman to be able to discharge the duties of line officers and steam—engneers. To combine the two in one profession, so that officers to educate the one of the officers and alternately in the output prom and on deck.	creased. It is, therefore, suggested that the salaries of the clerical force, or a portion of the clerical force, be insreased until the close of the war, or until the currency shall return to a specie standard. This recommendation is made with some reluctance, and only under a sonse of its absolute necessity at this time. MASTER'S MATES. When the rate of pay for master's mates was established it was thought to correspond with that of other grades—but the changes in currency and values which have since taken place render it difficult to retain in service a sufficient number of this highly serviceable and	oci2-wimly No. 25 s