REPORT

OF THE

POSTMASTER GENERAL.

POST OFFICE DEPARTMENT, Nov. 2, 1864.

FINANCIAL CONDITION.

SIR: The postal revenue for the year ending the 30th of June last, were $12,438,261 73, and the expenditures of this Department during the same period were $12,644,762 36, showing an excess of the latter of $206,502 42. The average annual receipts of this Department from 1850 to 1861, inclusive were $3,745,262 82, and the average annual expenditures for the same period were $4,428,016 46, showing an average annual excess of expenditures over receipts of $683,753 63; and the average annual receipts from 1861 to 1864, inclusive, were $10,571,050 97, and the expenditures $11,622,735 79, showing an average annual excess of expenditures over receipts of $1,051,684 82.

The excess of receipts in 1864, over 1861, the first year of the rebellion, was $1,093,207 38.

Although the proportion of receipts as against the expenditures has, doubtless, been increased, on account of the suspension of the postal service in the insurrectionary States, the above furnishes the evidence of an improving financial condition of the Department, highly creditable to the administration of my immediate predecessor.

The estimate of expenditure for 1864 was fixed at $13,000,000, in which was included the sum of $1,000,000 specially appropriated for the overland mail service, being $355,313 58 more than the amount actually expended.

On the other hand, the revenues of 1864 were estimated at an increase of five per centum on those of 1863, making $8 714,000, while they actually reached $12,438,263 73, or $3,724,263 73 more than the estimate. This increase equals 42½ per cent.

The increase of expenditures in 1864, compared with those of 1863 is 11½ per centum, and the increase in the revenues for the same year 19½ per cent.

This exhibit promises an increase of the revenues for 1865 over the estimate submitted in the report of last year.

ESTIMATES FOR 1865.

The expenditures of all kinds for the fiscal year ending June 30, 1865, (exclusive of the "Contingent for new routes," which is estimated at $100,000,) are estimated at..... $14,098,000 00

The gross revenue for the year ending June 30, 1865, including postage and miscellaneous receipts, is estimated at an increase of six per centum on the revenue of 1864, making..... 13,181,547 79

Estimated deficiency of revenue compared with estimated expenditures..... $918,952 21

From this sum must be deducted the amount of the permanent appropriations to compensate the Department for carrying free mail matter, under acts of March 3, 1847, and March 3, 1851..... 700,000 00

By which the estimated deficiency is reduced to..... 218,952 21

The grants for the transportation of free mail matter for the last two fiscal years have not been expended. Assuming that the amount of $700 000 for the last year is still available, no appropriation for any deficiency in the revenues will be required.

In making the estimate of probable expenditures for 1865, the amounts actually expended under the several heads during the past fiscal year have been taken as a basis; but an increase in several of the items named has become necessary, particularly in the appropriation for postage stamps and stamped envelopes, the estimated cost of the latter being increased one hundred per centum according to the terms of a new contract elsewhere referred to in this report.

DEAD-LETTER AND DRAFT WARRANTS.

The whole number of drafts and warrants issued during the year to the creditors of the Department in payment of balances represented to be due by the Auditor, was 16,608. The warrants were drawn on the Treasurer of the United States, in sums of five dollars and upwards, to designated postmasters—and the drafts on sixty-five post-office depositories, and on the postmaster at three hundred and sixty one draft offices. Of the above-named post office depositories, forty-five were established on January 1, 1864.

About 80 per cent. of the net revenue of the Department for the year ending June 30, 1864, was concentrated in the hands of the above named depositories and at draft offices. Of this amount, $8 927,761 was disbursed during the year, leaving subject to draft on July 1, 1864, $1,755,418 91.

The remainder of the revenue was collected by means of orders issued by the Auditor on postmasters at collection offices, and through payments made by postmasters, to special mail contractors and mail messengers.

STAMPS AND STAMPED ENVELOPES ISSUED.

During the fiscal year $34,054,610 postage stamps, of the value of $10,177,827, 26,641,340 stamped envelopes, amounting to $876,012 50, and 1,570,000 postal cards, amounting to $31,400, were issued. The total value of these issues was $10,085,239 50, which, compared with the issue of the previous year ($10,365,760), shows an increase of $680,549 50, or about 6¾ per cent.

The value of the stamps and stamped envelopes sold was $10,776,689 98; and the amount used in the prepayment of postage was $9 578 155 61.

Notwithstanding this enormous issue, the losses of stamps in the mails amounted only to $1,956, and of envelopes to $3,180. But it may be proper to state that, in addition to the system of registering each package of stamps and envelopes mailed, and to the fact that route agents and postmasters at special post office agencies are also instructed to keep a record of all such packages passing through their offices, during the year 1863, and in the month preceding the adoption of this system of registration, the value of postage stamps issued amounted to $5,239,406, while the loss in transit amounted to $1,956, or, for the months of that period were $4,378. Since that time the losses have decreased, although the issue has increased about 92½ per cent.

The number of packages of stamps sent out during the year ending June 30, 1864, was 1,826,245, of which claims allowed for deficiencies in the number of stamps amounted to only $29, and in the stamped envelopes 80 cents, showing great care on the part of those entrusted with this branch of the business.

Postage stamps are regularly supplied to the armies of the Potomac and Cumberland, through special agents of the Department located at or near the headquarters of each. Since the transfer of the Department, which took the list of July last—the agent stationed at City Point, Virginia, has sold stamps amounting to $29,773.95, and the agent of the army of the Cumberland, $2,217.

Under the act for "the relief of postmasters who have been robbed by Confederate forces or captured by them," one hundred and thirty-nine claims have been made, representing losses of postage stamps and money amounting to $5,355 37. Of the claims thus reported, sixty-two have been examined and reported on favorably, the aggregate of the credits allowed being $2,130.60. The balance of the claims—seventy-seven—representing $3,225.47, are still pending, the evidence furnished being in most cases insufficient.

Losses of a somewhat different character frequently occur, relief for which cannot be granted without additional legislation. I refer to cases where, by reason of the premature explosion of a government caisson, or the postmaster loses the fixtures and furniture, and to cases where the loss is occasioned by our own troops. The report of my predecessor, in my opinion, correctly states that such losses be provided for, and I invite attention to the subject, as several such claims have been made, where the losses have occurred through no fault of the postmaster.

During the last session of Congress a bill was passed for the relief of the contractor for furnishing the Department with stamped envelopes and newspaper wrappers, under the provisions of which the existing contract expired on September 11, 1864, when a conditional contract was made, to expire December 31, 1864, at an advanced rate for stamps and envelopes.

ISSUE OF NEWSPAPER WRAPPERS DISCONTINUED.

After the award of the contract above referred to, the Department and the contractor received a notice from a party in New York claiming to be the patentee of newspaper wrappers, with notice that he should assert his rights. Under these circumstances, and in view of the enormous advance in the contract price of the article, the Department decided to discontinue the issue for the present.

Notwithstanding the advance of every article used in the manufacture of stamps, and the large increase in the number required by the Department, the National Bank Note Company, of New York, have fulfilled, in a satisfactory manner, all their obligations. It is due to these contractors to add that they receive for postage stamps but two cents per hundred, while other contractors for internal revenue stamps receive thirty-three cents per thousand.

Seven temporary clerks have been employed for several years, who are paid out of the appropriation for postage stamps and stamped envelopes, and as they constitute a portion of the necessary force of the Department, I suggest the propriety of providing for them by law.

CONTRACTS.

On the 30th of June last, in the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Ohio, West Virginia, Michigan, Indiana, Illinois, Wisconsin, Iowa, Missouri, Minnesota, California, Oregon, Kansas, and the Territories of New Mexico, Utah, Nebraska, Washington, Colorado, Dakota, and Nevada, there were in operation 14,683 mail routes, the number of miles being 1,029,623. The length of these routes was 189,173 miles, and the service as follows, viz:

Railroad, 22,616 miles; steamboat, 7,278 miles; "celerity, certainty and security," 109 278 miles—costing $6,518,489, divided as follows, viz: Railroad, 15,301,942 miles of transportation at 42.567.064 about 11 cents a mile; steamboat, 1,131 at $23,272, about 2½ cents a mile; "celerity, certainty and security," 30,901,281 at $3,988,117, about 9 2-10 cents a mile.

The length of routes was decreased 495 miles, whilst there was an increase in the annual transportation of 39,392 miles, and a reduction of $77,893.

The aggregate compensation of route agents, local agents, mail messengers, baggage masters in charge of express mails, and agents employed on steamers conveying mails to Southern ports, was $546,753.43 which, added to the cost of service for the year ending 30th June, 1864, ($6,518,489,) makes the total cost of mail transportation at that date $6,365,722.43.

The contract term for the middle section, comprising the States of New Jersey, Pennsylvania, Delaware, Maryland, and Ohio, expired on the 30th of June last, and the new term commenced on the 1st of July following. The service under these lettings, for the first quarter of the contract, ending September 30, 1864, is exhibited by the annexed statement, viz:

	Miles	Miles of annual transportation.	Cost.
Railroad	7,492	7,934,701	$932,349
Steamboat	1,131	23,272	17,775
"Celerity, certainty, and security"	21,193	6,845,996	407,071

Other tables showing the operations of the Contract Office, are appended to this report.

RAILROAD COMPANIES.

Notwithstanding an express provision of law, (section 29 of act of July 1, 1862, which provides "that no person whose bid for the transportation of the mail may be accepted shall receive any pay until he shall have executed his contract according to law and the regulations of the Department,") but few of the railroad companies engaged in carrying mails are under contracts and the practice of recognizing their service from quarter to quarter has been necessary for a series of years to enable the Auditor of Post Office Accounts of the companies for the collection of moneys in the hands of postmasters at post offices, and the adjustment of accounts for services rendered.

Attention has been called to this subject by my predecessor in his report, and in addition to the suggestion investing the head of this Department with power to compel compliance with the law by withholding moneys ex-post on executed contracts. The matter is discussed by Postmaster General Holt in his report of December 3, 1859, and again in his report of 1860, and also by my immediate predecessor in his reports of December 5, 1861, and December 1, 1862, in which he says that the law is sufficiently explicit as it now stands, I do not propose further legislation, in the hope that the several railroad companies will continue to contract under the obligations assumed by all other persons contracting with the Department, and that, if the practice pointed in this reasonable hope, I shall not fail to call upon Congress for such legislation as the necessities of the service may require.

MAILS ON THE ATLANTIC AND PACIFIC.

In the last annual report attention was called to the unsettled accounts of persons employed to convey mails by sea to the military and naval forces and inhospitable at New Orleans, Pensacola, and other ports rendered necessary by the late rebellion in the insurrection in the South and also for service performed in steamships on the North Pacific coast during the year 1861, when the usual land routes were interrupted by extraordinary floods. These services were necessary to provide for communication with the soldiers and sailors engaged in the defence of the country, and the people isolated by an act of Providence, and were authorized by the acts of Congress. The Auditor of the Treasury for this Department, adjudging the contracts illegal, declined acting on the accounts of contractors and orders of the Postmaster General, rendering an appeal to Congress necessary. This resulted in the legislation contained in the 5th section of the "Act to provide for the conveyance of mails to foreign ports, &c., approved March 25, 1864, under which, in the month of April, the sum of $18,059 has been paid to several parties for the sea service, performed by order of the Postmaster General on the Atlantic coast and Gulf of Mexico, to the 30th of September last.

The claim made by the steamship owners for service on the north Pacific coast, during the flooded period on the land, was at the rate of $8,000 per month for three months, but the amount deemed adequate by the Department was $5,962 67 per month for the whole service, and the sum reported to the Auditor as due the claimants; but Congress having fixed the rate to be paid for this service at $1,500, which they declined to receive, the claim is still unadjusted.

OVERLAND MAILS.

The contract for service on the route from the Mississippi river, via Salt Lake, to Placerville, California, under act of March 3, 1861, expired on the 30th June last, an arrangement was made with the same parties for continuing the service on the same terms to September 30, 1864.

Under an advertisement dated March 22, 1864, inviting proposals for service from Atchison, Kansas, or St. Joseph, Missouri, to Denver City, Colorado, the Hon. C. Heisland, of Lancaster, Pennsylvania, was the lowest bidder, at $760,000 per annum; but his bid having been subsequently withdrawn, contracts have been made with Ben. Holladay, of New York, for the service between Atchison, or St. Joseph, and Salt Lake City, at $365,000, and with William B. Dinsmore, president of the Overland Mail Company, also of New York, from Salt Lake City to Folsom City, at $385,000, making an aggregate of $750,000 per annum. These parties are believed to be able to fulfill their obligations. The contracts are from October 1, 1864, to September 30, 1868, the trips to be made in sixteen days eight months in the year, and in twenty days the remainder of the year, to convey through letter mails only, mail matter prepaid at letter rates, and all local or way mails.

Paper and document mails for the Pacific coast are to be carried by sea, via New York and Panama, temporary arrangements having been made for their conveyance, within the sum named in the law of March 25, 1864, viz: $150,000 per annum, including all the expense of territorial and Pacific mails not over $810,000 per annum, or $90,000 less than under the former contract.

Owing to Indian depredations, the overland service was much interrupted during the months of August and September last, and, for a period of four or five weeks, the school mail for the Pacific coast and the Territories was necessarily sent by sea from New York.

The contract for the California and Oregon route—Section No. 1—Sacramento—terminating September 30, 1864, proposals were invited for the continuance of the service to 1868 and 1869. But one bid was received, that of the Company, at $200,000 per annum, which was deemed extravagant for the service required, and accepted to June 30, 1865, only, with a view to again invite competition, which has been done.

Pursuant to the 8th section of the act of March 2, 1861, and the 2d section of the act of February 21 1863, the contract for service on the route from St. Cloud, Minnesota, to Pembina, in Dakota Territory, was extended to June 30, 1865, and the trips increased from one to two per week, at an increase of compensation of $17,107 per annum. As the contracts on all other routes in the State expire June 30, 1865, this will be relet for one year only, so that it may be embraced in the contract section to which it belongs.

The topographer of the Department being been instructed by my predecessor to prepare a set of maps, by States and Territories of States, designed to show all the permanent routes, distances, and post offices thereon, in the United States, with other statistical information, I have to communicate that progress has been made in their preparation. It is found, however, that in consequence of the enhanced price of all articles purchased through the contingent fund, chargeable with the expenses, that the fund, as previously estimated, will be insufficient, having regard to other demands upon it, and I therefore recommend that an appropriation of $10 000 be made for preparing and publishing these maps. It is believed that the proceeds of the sale of such as will not be needed for the use of this Department will eventually more than reimburse the entire outlay, leaving a surplus which will diminish, to that extent, the amount appropriated for continental purposes.

On the 3d of March, 1864, the Inspection office of the Department, in its distinct and separate form, was abolished, and its duties transferred to the Contract office, in charge of the Second Assistant Postmaster General.

The net amount of fines imposed and deductions made during the year from the pay of mail contractors, for failures and other delinquencies, was $44,275 55.

SPECIAL AGENTS.

By the 17th section of an act of Congress approved March 3, 1863, chapter 197, page 339, it is enacted "that the special agent of the Post Office Department on the Pacific coast shall receive a compensation of five dollars per diem." The salary of this officer was $3,000 per annum under the act of March 2, 1861, and for all travelling and incidental expenses no greater sum than two dollars for each day employed could be allowed under the act of March 3, 1845.

It is not supposed that Congress intended to reduce the pay of this officer from $3 320 to $1,825, but such is the effect of the latter act, and I therefore recommend such a modification of that section as will restore his full salary of $3 500 per annum from the date of the passage of said act, and to provide for his actual travelling expenses a sum not exceeding five dollars per diem. Although, at the time of the passage of said act, two dollars was deemed sufficient for the travelling and incidental expenses of these officers, it is now inadequate, and I recommend that all other special agents be allowed a sum not exceeding four dollars per day while actually employed.

For several years after the occupation of the Pacific coast by the United States, the agent of this Department stationed at San Francisco had larger powers than usually confided to special agents in the Atlantic States, particularly in reference to the adjustment of contractors' claims for services, and the practice being for him to give certificates of service performed under mail contracts, on which the postmaster at San Francisco made payments. The accounts were then transmitted to the Auditor for entry and final settlement. In this manner payments to mail contractors were expedited, but doubts arising as to the authority of the Postmaster General to confer such power on a subordinate officer, they were withdrawn, and the Pacific agent is now on the same footing with all other officers of his class. It is believed that the functions of this officer could be enlarged with advantage to the public service, and, as previous legislation is necessary, attention is called to the subject. In this connection it is proper to add that, from information which has recently reached me, I am assured that the postal service in the Pacific States is not in as good condition as should be desired; and I may have occasion to communicate with Congress upon the subject during its approaching session.

ARMY MAILS.

Inquiry has been made of Lieutenant General Grant relative to the existing arrangements for supplying our armies in the field with the necessary mail facilities, the purpose to co-operate with him in carrying into effect such a desirable improvement. I have pleasure in a response that my efforts in this regard have been crowned with success, that the system of receiving and forwarding the mails now in operation is entirely satisfactory; and that "our soldiers receive their mail matter with as much regularity and promptness as is possible for armies in the field, and with perhaps as much celerity and security as the most favored portions of the country." He also informs me that the policy established adopted of exclusive civilian from the mail service within the lines of the army, and detailed for that duty soldiers of men of intelligence and reliability, will be continued.

DISTRIBUTION.

For many years the regulations of this Department have required that every post office should mail letters direct to every other office not on the route of a distributing office, and that all other letters should be mailed to the nearest distributing office on the route to their destination, involving considerable expense and delays in the transmission of the mails. This subject has been repeatedly referred to in the reports of the Department. Elaborate distribution schemes have been proposed to substitute the existing system, which is still considered defective.

The majority of letters are now subjected to delays, while the expense attending the work in twenty-five hundred distributing post offices amounted, during the fourth quarter of last year, to two hundred thousand dollars, being at the rate of eight hundred thousand dollars per year, or about sixty-two per centum of the whole expense of the Post Office in all offices.

The mailing of all letters direct from one office to another, or to intermediate points, is an improvement so that embraced within the United States, is undoubtable. The ordinary distributing post offices not meeting the necessities of the country, experiments have been commenced with railway or travelling post offices. The requisite cars for this purpose are prepared for one daily line between Washington and New York, with a number of clerks taken, temporarily, from the post offices at Washington, Baltimore, Philadelphia, and New York, letters intended for distribution at either of those points are distributed in the cars, and so arranged that they can be deposited without delay on connecting routes. Thus it is found that the transmission of letters is expedited from twelve to twenty-four hours, besides the time usually lost in distributing post offices. Similar experiments have been made on the routes from Chicago, Illinois, to Milwaukee, Wisconsin, and Dunuque, Iowa, with equally satisfactory results.

Attention has been given to the putting in operation the railway distribution to other prominent routes, and the companies which have been asked to furnish the necessary car facilities have generally responded favorably. On the great Eastern and Western routes to Cleveland, as well as between Washington and New York, the time and the proportionate cost of the mails and the amount of distribution to be done are such as to require a commodious car, fitted up for the purpose. On all other routes, a single portion of a car will be used on each route. In order to make the work of railway post offices effectual, a change in the mode of mailing letters is necessary. All offices cannot mail direct, neither can all mail to a railway office. The work will, therefore, be divided between best offices and route offices, the former being those which are the initial or terminal points of a route, and the latter those offices or stations on the direct line of a road from which there are no post roads diverging. Additional clerks, as well as superintendents and travelling postmasters, will be required, for whom I recommend provision be made by law.

EXPENSES OF RAILWAY DISTRIBUTION.

The introduction of the proposed scheme will necessarily be attended with difficulties, and must be accomplished gradually. The classification of offices alone will require a considerable time and labor, and for the present the distribution will be limited to a few principal railroad lines. Until the necessary classification is completed, and the railway distribution organized, it is anticipated that additional expenses will be involved; but it is hoped that the final effect will be to reduce the expenses connected with the present plan of distribution. Under the new law, also, which took effect first of July last, all accounting for money for postal letters has been done away with, thus saving much labor heretofore required in mailing letters and in keeping accounts. The transcripts of mails sent in the railway mail cars for ten at five of the principal offices amounted to 50,000 letters, the accounts from which offices for the quarter ended 30th September last, during which changes were only partially introduced, show a saving in the expense of postage of fifty per cent. Thus in various ways will the ordinary expenses of post offices be expected to be diminished so as to compensate for the cost of railway distribution. But, whether this result be fully attained or not, the expedition of mails will be insured.

FOREIGN MAIL SERVICE.

The statistics of the foreign service for the fiscal year ended June 30, 1864, show the following general results, viz:

The aggregate postage (sea, inland, and foreign) upon the correspondence exchanged with Great Britain, France, Prussia, Austria, Hamburg, Bremen, and Italy, amounted to $1,199,605 59, being an increase of $174,305.42, as compared with the last year, and $21,458.37 in excess of the largest amount realized in any previous fiscal year. The collections in this country amounted to $861,730.08, and in Europe to $317,875.51; excess of collections in the United States $393,855.67. This result is significant and gratifying, showing a largely increased correspondence with Europe, notwithstanding the civil troubles agitating the country, and the interruption of postal communications with the Southern States.

The transatlantic mail transportation was performed as follows:

By the foreign steamships of the New York and Liverpool United States, Canadian, Bremen, and Hamburg lines, $770,365.01.

By British contract mail packets of the Cunard and Galway lines, $629,240.68.

The amount paid by this Department for mail steam ship service to and from Europe was $571,740 44 the steamships employed receiving the sea postage on the mails conveyed as compensation for the service. Of this amount the Liverpool and New York and Philadelphia Steamship Company received $272,914 54 for fifty-two inward and fifty-three outward trips between New York, Queenstown, and Liverpool; the Canadian mail packets, $77,175.80 for fifty-three round trips between Portland and Liverpool; and Cunard and Galway mail packets, $241,650 14 for fifty-three inward trips and fifty-three outward trips.

The North German Lloyd Steamship Company, $65,149.61 for sixteen outward and fifteen inward trips, and the New York and Hamburg Steamship Company, $45,061.18 for thirteen outward and twelve inward trips between New York and Southampton.

The total postages on the correspondence exchanged with British North American provinces during the year amounted to $307,371.39 being an increase of $61,638.69 over the amount reported last year, and of $129,618 89 over the largest amount in any previous fiscal year. The postage collected in this country amounted to $166,765.74, and in the province to $140,605.65—excess in favor of the United States $30,143.10. This extraordinary increase of correspondence is probably partly owing to the fact that large sums of money have been expended by refugees, have taken up their temporary abode in Canada and the other provinces.

WEST INDIA MAILS AND COST OF TRANSPORTATION.

The total postages on the mails conveyed to and from the West Indies amounted to $59,890.16, and the cost of transportation to the same to and from the various West India ports was $40,337.03, being $19,553 15 less than the amount of the postages on the mails conveyed. Heretofore the steamers employed in the service received as compensation the gross amount of United States postages upon the correspondence transported, without allowing for the expenses of the inland service; but as no contracts were executed, with the Department calling for the performance of a specified number of trips, according to a fixed schedule of sailing days; and as the mails they conveyed received no greater care or attention while in transit than is ordinarily given to first-class freight, it was considered by my predecessor proper that the compensation for the sea portion of the service should be so adjusted as to prevent loss to the postal revenues; and arrangements were accordingly concluded by him with the proprietors of all the steamship lines, except two, plying between New York and Havana, for a fixed compensation by the trip of $125 each way, or $250 per round trip, the amount being the United States postages on the mails conveyed. The proprietors of one of the steamship lines in question declined to accede to the rate of compensation, claiming that they were entitled to the gross amount of postages under the provisions of the fourth section of the act of June 15, 1860, which authorizes the Postmaster General to cause the mails to be transported between the United States and any foreign port or ports, or between ports of the United States and any foreign port, by steamship, allowing and paying therefor, if by an American vessel, any sum not exceeding the sea and United states inland postage, and if by a foreign vessel, any sum not exceeding the sea postage on the mails so conveyed.

To prevent the postal revenues from losses incident to the unauthorized conveyance of letters by private ships or vessels departing from the United States for foreign countries, I recommend the passage of a law requiring, as a condition of clearance, that the master or commander of any steamship or other vessel departing for a foreign port or ports, shall make oath or affirmation that he has not received on board his ship or vessel, and that he will not receive on the voyage out, any letters addressed to a foreign country which have not been received directly from the post office at the port of departure, or from persons duly authorized to deliver out of the ship or vessel.

The United States postages upon the correspondence exchanged with Central and South America, via Aspinwall and Panama, amounted to $15,238.51, all of which was paid to the Aspinwall and Panama mail steamship company for the sea and inland transportation.

UNITED STATES AND CANADA.

The provisions of article three of the United States and Canada postal convention have been so modified, by agreement between the respective post departments, as to abolish the international letter postage of fifteen cents per single rate, heretofore levied upon letters passing between Canada and California, Oregon, and Washington Territory, thus establishing a uniform international postage for letters of ten cents the single rate, prepaid or unpaid, optional, between Canada and all parts of the United States, without regard to distance or the route of transit. The adoption of the same uniform international rate of ten cents has also been extended to the correspondence exchanged with the province of New Brunswick.

Our arrangement with Canada adopts the principle of optional prepayment in both countries of the unchanged rate of international postage, each country retaining all the postage which it collects. It is the most simple and the most satisfactory postal arrangement, inasmuch as it dispenses entirely with accounts between the respective post departments, and has been adopted with all the other provinces except Newfoundland, and, in the view of securing uniformity in our postal relations with that province, a recent effort was made to obtain the concurrence of Newfoundland in a like arrangement, which I regret to say was unsuccessful, the Legislature of that government declining to give its assent to the measure, on account of the additional British packet postage of twenty cents per single letter, which is levied for the sea service to and from the island, and accrues to Great Britain.

The following steps taken to conclude similar postal arrangements with the colonies of Vancouver's Island and British Columbia, referred to in the last annual report, have not as yet been attended with the success anticipated.

GREAT BRITAIN.

Additional articles to the United States and British postal convention have been agreed upon, constituting the British packet agency at Colon an office for the exchange of mails with the post office of New York, by means of the United States packets plying between New York and Aspinwall, the object being to prevent the delay to correspondence forwarded from the United States to ports and places on the Atlantic coast and interior of New Granada, previously caused by its transit across the Isthmus to and from Panama.

An arrangement has also been concluded for expediting the transmission to destination of unpaid letters addressed to the United States, received at Panama by British packets from countries on the west coast of South America; this Department agreeing to collect, and account to Great Britain, through the office of the British packet agency at Panama, for the unpaid postage charged thereon.

BREMEN AND HAMBURG.

An additional article to the United States and Bremen, and to the United States and Hamburg conventions, respectively, was executed on the 28th of March last, authorizing the conveyance of the international correspondence, in time of war, or threatening war, by steamships sailing under neutral flag, whenever the same cannot be safely conveyed by British, United States, Bremen, or Hamburg steamships. In view of the apprehension then felt that the way pending in the north Europe might interrupt the regular service so long and advantageously performed by the Bremen and Hamburg line of mail packets, steps were taken to ascertain whether the neutrality of the said steamers might not be secured by means of diplomatic correspondence, but this Department has not been advised of the result. Our postal conventions with Great Britain and Mexico, respectively, recognize the principle that, even in time of war between the contracting parties, their respective mail packets shall continue their navigation without impediment or molestation until six weeks after a notification given by either of the two Governments, as addressed to the other, that the service is to be discontinued; and as all governments have a common interest in the uninterrupted transmission of mails, I recommend that the transmission of letters be expedited from twelve to twenty-four hours, besides the time usually lost in distributing post offices. Similar experiments have been made on the routes from Chicago, Illinois, to Milwaukee, Wisconsin, and Dunuque, Iowa, with equally satisfactory results.

Attention has been given to the putting in operation the railway distribution to other prominent routes, and the companies which have been asked to furnish the necessary car facilities have generally responded favorably. On the great Eastern and Western routes to Cleveland, as well as between Washington and New York, the time and the proportionate cost of the mails and the amount of distribution to be done are such as to require a commodious car, fitted up for the purpose. On all other routes, a single portion of a car will be used on each route. In order to make the work of railway post offices effectual, a change in the mode of mailing letters is necessary. All offices cannot mail direct, neither can all mail to a railway office. The work will, therefore, be divided between best offices and route offices, the former being those which are the initial or terminal points of a route, and the latter those offices or stations on the direct line of a road from which there are no post roads diverging. Additional clerks, as well as superintendents and travelling postmasters, will be required, for whom I recommend provision be made by law.

EXPENSES OF RAILWAY DISTRIBUTION.

The introduction of the proposed scheme will necessarily be attended with difficulties, and must be accomplished gradually. The classification of offices alone will require a considerable time and labor, and for the present the distribution will be limited to a few principal railroad lines. Until the necessary classification is completed, and the railway distribution organized, it is anticipated that additional expenses will be involved; but it is hoped that the final effect will be to reduce the expenses connected with the present plan of distribution. Under the new law, also, which took effect first of July last, all accounting for money for postal letters has been done away with, thus saving much labor heretofore required in mailing letters and in keeping accounts. The transcripts of mails sent in the railway mail cars for ten at five of the principal offices amounted to 50,000 letters, the accounts from which offices for the quarter ended 30th September last, during which changes were only partially introduced, show a saving in the expense of postage of fifty per c. Thus in various ways will the ordinary expenses of post offices be expected to be diminished so as to compensate for the cost of railway distribution. But, whether this result be fully attained or not, the expedition of mails will be insured.

FOREIGN MAIL SERVICE.

The statistics of the foreign service for the fiscal year ended June 30, 1864, show the following general results, viz:

The aggregate postage (sea, inland, and foreign) upon the correspondence exchanged with Great Britain, France, Prussia, Austria, Hamburg, Bremen, and Italy, amounted to $1,199,605 59, being an increase of $174,305, as compared with the last year, and $21,458.37 in excess of the largest amount realized in any previous fiscal year. The collections in this country amounted to $861,730.08, and in Europe to $317,875.51; excess of collections in the United States $393,855.67. This result is significant and gratifying, showing a largely increased correspondence with Europe, notwithstanding the civil troubles agitating the country, and the interruption of postal communications with the Southern States.

The transatlantic mail transportation was performed as follows:

By the foreign steamships of the New York and Liverpool United States, Canadian, Bremen, and Hamburg lines, $770,365.01.

By British contract mail packets of the Cunard and Galway lines, $629,240 68.

The amount paid by this Department for mail steam ship service to and from Europe was $571,740 44 the steamships employed receiving the sea postage on the mails conveyed as compensation for the service. Of this amount the Liverpool and New York and Philadelphia Steamship Company received $272,914 54 for fifty-two inward and fifty-three outward trips between New York, Queenstown, and Liverpool; the Canadian mail packets, $77,175.80 for fifty-three round trips between Portland and Liverpool; and Cunard and Liverpool; the North German Lloyd Steamship Company, $65,149.61 for sixteen outward and fifteen inward trips, and the New York and Hamburg Steamship Company, $45,061.18 for thirteen outward and twelve inward trips between New York and Southampton.

The total postages on the correspondence exchanged with British North American provinces during the year amounted to $307.371.39 being an increase of $61.638.69 over the amount reported last year, and of $129,618 89 over the largest amount in any previous fiscal year. The postage collected in this country amounted to $166,765.74, and in the province to $140,605.65—excess in favor of the United States $30,143.10. This extraordinary increase of correspondence is probably partly owing to the fact that large sums of money have been expended by refugees, have taken up their temporary abode in Canada and the other provinces.

WEST INDIA MAILS AND COST OF TRANSPORTATION.

The total postages on the mails conveyed to and from the West Indies amounted to $59,890.16, and the cost of transportation to the same to and from the various West India ports was $40,337.03, being $19,553 15 less than the amount of the postages on the mails conveyed. Heretofore the steamers employed in the service received as compensation the gross amount of United States postages upon the correspondence transported, without allowing for the expenses of the inland service; but as no contracts were executed, with the Department calling for the performance of a specified number of trips, according to a fixed schedule of sailing days; and as the mails they conveyed received no greater care or attention while in transit than is ordinarily given to first-class freight, it was considered by my predecessor proper that the compensation for the sea portion of the service should be so adjusted as to prevent loss to the postal revenues; and arrangements were accordingly concluded by him with the proprietors of all the steamship lines, except two, plying between New York and Havana for a fixed compensation by the trip of $125 each way, or $250 per round trip, the amount being the United States postages on the mails conveyed. The proprietors of one of the steamship lines in question declined to accede to the rate of compensation, claiming that they were entitled to the gross amount of postages under the provisions of the fourth section of the act of June 15, 1860, which authorizes the Postmaster General to cause the mails to be transported between the United States and any foreign port or ports, by steamships, allowing therefor the sea and United states inland postage, if by an American vessel, and the sea postage only if by a foreign vessel. The provisions of this section have not been construed by this Department as requiring the Postmaster General to pay the entire United States sea and inland postages on the mails conveyed, to all American vessels, but simply as limiting the compensation in any case to that amount.

The net cost of $250 per round trip, limited to the postages, having been generally accepted by the proprietors as a fair remuneration for the steamship service between New York and Havana, no reason occurs to me why it should not be adopted as the uniform compensation for all steamships employed on that route.

As doubts have arisen relative to the proper construction of the 4th and 6th sections of the act of the 15th of June, 1858, and the 4th section of the act of the 15th of June, 1860, which are still in effect, superseded the last-mentioned section, I recommend additional legislation authorizing the Postmaster General to cause the mails to be transported between the United States and any foreign port or ports, or between ports of the United States and any foreign port, by steamship, allowing and paying therefor, if by an American vessel, any sum not exceeding the sea and United states inland postage, and if by a foreign vessel, any sum not exceeding the sea postage on the mails so conveyed.

To prevent the postal revenues from losses incident to the unauthorized conveyance of letters by private ships or vessels departing from the United States for foreign countries, I recommend the passage of a law requiring, as a condition of clearance, that the master or commander of any steamship or other vessel departing for a foreign port or ports, shall make oath or affirmation that he has not received on board his ship or vessel, and that he will not receive on the voyage out, any letters addressed to a foreign country which have not been received directly from the post office at the port of departure, or from persons duly authorized to deliver out of the ship or vessel.

The United States postages upon the correspondence exchanged with Central and South America, via Aspinwall and Panama, amounted to $15,238.51, all of which was paid to the Aspinwall and Panama mail steamship company for the sea and inland transportation.

UNITED STATES AND CANADA.

The provisions of article three of the United States and Canada postal convention have been so modified, by agreement between the respective post departments, as to abolish the international letter postage of fifteen cents per single rate, heretofore levied upon letters passing between Canada and California, Oregon, and Washington Territory, thus establishing a uniform international postage for letters of ten cents the single rate, prepaid or unpaid, optional, between Canada and all parts of the United States, without regard to distance or the route of transit. The adoption of the same uniform international rate of ten cents has also been extended to the correspondence exchanged with the province of New Brunswick.

Our arrangement with Canada adopts the principle of optional prepayment in both countries of the unchanged rate of international postage, each country retaining all the postage which it collects. It is the most simple and the most satisfactory postal arrangement, inasmuch as it dispenses entirely with accounts between the respective post departments, and has been adopted with all the other provinces except Newfoundland, and, in the view of securing uniformity in our postal relations with that province, a recent effort was made to obtain the concurrence of Newfoundland in a like arrangement, which I regret to say was unsuccessful, the Legislature of that government declining to give its assent to the measure, on account of the additional British packet postage of twenty cents per single letter, which is levied for the sea service to and from the island, and accrues to Great Britain.

The following steps taken to conclude similar postal arrangements with the colonies of Vancouver's Island and British Columbia, referred to in the last annual report, have not as yet been attended with the success anticipated.

GREAT BRITAIN.

Additional articles to the United States and British postal convention have been agreed upon, constituting the British packet agency at Colon an office for the exchange of mails with the post office of New York, by means of the United States packets plying between New York and Aspinwall, the object being to prevent the delay to correspondence forwarded from the United States to ports and places on the Atlantic coast and interior of New Granada, previously caused by its transit across the Isthmus to and from Panama.

An arrangement has also been concluded for expediting the transmission to destination of unpaid letters addressed to the United States, received at Panama by British packets from countries on the west coast of South America; this Department agreeing to collect, and account to Great Britain, through the office of the British packet agency at Panama, for the unpaid postage charged thereon.

POSTAL MONEY-ORDER SYSTEM.

The act approved May 17, 1864, authorized the Postmaster General to establish, "under such rules and regulations as he may find expedient and necessary, a uniform money-order system at all post offices which he may deem suitable therefor; and it further provided that this system should be put into operation during the fiscal year ending June 30, 1865. A superintendent and assistant have been appointed, one hundred and forty-one post offices have been designated as money-order offices, and the operation of the system commenced on the first instant. The maximum amount for which a money-order can be issued is fixed by law at thirty dollars, the expense of the system to be

STATIONERY & BLANK BOOKS.

OIL, MINING, COAL, AND OTHER NEW COMPANIES.

We are prepared to furnish New Corporations with all the books they require, at short notice and low prices, of first quality. All styles of Binding.

STEEL PLATE CERTIFICATES OF STOCK.
LITHOGRAPHED " "
TRANSFER BOOK.
ORDERS OF TRANSFER.
STOCK LEDGER.
STOCK LEDGER BALANCES.
REGISTER OF CAPITAL STOCK.
BROKER'S PETTY LEDGER.
ACCOUNT OF SALES.
DIVIDEND BOOK.

MOSS & CO.,

BLANK BOOK MANUFACTURERS AND STATIONERS,
433 CHESTNUT Street.
se16-tf

LEGAL.

IN THE DISTRICT COURT FOR THE CITY AND COUNTY OF PHILADELPHIA.

DAVID J. ROAR vs. ROBERT L. RAY.

Venditioni Exponas of September Term, 1864, No. 20.

The Auditor appointed by the court to report distribution of the fund produced by the Sheriff's sale under the above writ, of the following properties, to-wit:

No. 1. All that certain lot of ground situate at the northeast corner of Thirty-third street and Rim street, and along said Rim street, in the city of Philadelphia; containing in front on said Rim street twenty-five feet, and extending of that width in length or depth twenty feet along said Thirty-third street eighty-three feet. There is erected upon the said lot of ground a substantial two-story stone dwelling house, with basement, seventeen front and thirty-two feet deep.

No. 2. All that certain lot or piece of ground situate at the southeast corner of Thirty