REPORT OF THE SEC'Y OF THE INTERIOR. SALES OF PUBLIC LANDS.

The demand for the public lands has continned to declince since my last report. The sales for cash have not produced a sum sufficient to pay the expenses of our land system. On the 30th of September, 1861, there were surveyed and ready for sale 134,218,860 89 acres. From that date until September 30, 1862, there have been surveyed 3,135,067 41 acres.

During the fiscal year ending June 30, 1862. and the first quarter of the current fiscal year, there were sold for cash 151,258,65 acres producing \$437,476 26. During the same period 712.055.77 acres have been located with bounty and warrants; 1,138,898,92 acres have been certified under railroad grants made by Congress, and 24,316,60 acres have been certified to different States as swamp lands. The aggregate amount thus disposed of was 2,024,-529,48 acres; leaving of surveyed lands ready for sale on the 30th of September, 1862, 135,-320, 000, 84 acres.

Under the bounty land laws of 1847, 1850, 1852 and 1855, there were issued, prior to the 30th of S-ptember, 1862, 537,471 warrants, covering 58,876,430 acres of land. Of these there were outstanding and unsatisfied, September 30, 1862, 65,913 warrants, covering 7,123,380 acres.

The public lands for agricultural purposes can no longer be looked to as a source of revenne. The inducements to settlements presented by the homestead law will preclude extended sales for cash. The pine lands of the North will be purchased for the timber they supply, but these will be paid for mainly with warrants and the various land scrip which has heretofore been issued, or is authorized under existing laws. The amount of cash which will be hereafter received on purchases made either for the timber or cultivation will pay but a small proportion of the expenses of our land system.

THE MINERAL LANDS. The extensive mineral lands belonging to

the United States, although containing inex haustible mines of wealth, have heretofore been wholly unproductive as a source of reve The products of these mines have increased the wealth and prosperity of the country, but the direct profits upon their production have been enjoyed exclusively by those who have been engaged in mining them. It has become a grave question, to be determined by Congress, whether this polic shall be longer continued or whether these vast mines of wealth shall not be made available to aid in liquidating our national debt, so far as this may be done without injustice to the enterprising men who are working them. The great auriferous region of the United States, on the western portion of the continent, extends from 21 degrees 30 minutes north latitude to 49 degrees, and from 100 degrees of longitude to the Pacific Ocean, embracing portions of Dacotah, Nebraska, Colorado, New Mexico, Arizona, Utah, Nevada, California, Oregon and Washington and covering an area of more than a million sonare miles.

The vast region is traversed by extensive ranges of mountains, which are literally stacked with minerals, gold and silver being interspersed in profusion, and daily brought to light by new discoveries. The precious metals are found imbedded in mountains, and rich washings marking the pathways of rivers and floods. The silver mines of Nevada and New Mexico promise a production greater than any other portion of the world. The discoveries of gold in the Colorado, or Southern portion of California, and in the region stretching thence up to and north of the Salmon river, in the Territory of Washington, are stimulating the mining enterprise of that region beyond all former precedent.

Before the discovery of the gold in Califorhis the annual production of gold in all parts of the world did not exceed an average of eighteen millions. The present annual production in California is estimated to average seventy millions. The Commissioner of the General Land Office, after extensive inquiry from all the available sources of information, estimates the production of gold the present year, from the whole region of country before described at one hundred millions. If an amount of labor relatively equal to that expended in California had been applied to the gold fields already known to exist outside of that State, it is believed that the production of this year including that of California, would have exceeded four hundred millions.

Our rapidly increasing public debt demands a resort to every available source of revenue. The mineral lands of the public domain are the property of the whole people, and justice, as well as sound policy, requires that they should be used as a means of relieving them, to some extent, from the burdens of taxation.

Several modes have been suggested for making these lands productive to the Government. The granting of leases by the Government, the collection of a certain proportion of the proceeds of the mines, and the absolufe sale of the land in small lots, have each been advocated. It has been estimated that at least \$500,000,000 could be realized by the sale of them in one acre lots, after granting to

will be for Congress to determine which, if either, of these systems shall be adopted. PATENT OFFICE.

The business of this bureau has exhibited increased activity the past year. During the year from October 1, 1861, to September 30, for patents, of which 3,522 were granted. In the same time 811 caveats were filed, and 29 which 18 were granted. Seven hundred patents remain in the office awaiting the payment of the fee which is due on delivery. PENSIONS.

The report of the Commissioners of pensions presents in detail the operations of the Pension bureau during the past year.

The number of pensioners of every class in the loyal States on the 30th June, 1862. was 8,159, requiring the sum of \$752,711, 71 to pay their pensions. The amount actually paid the past year, including expenses of agen-

tion, that there were 2,073 pensioners in the disloyal States, whose pensions amounted to \$165,364 98. The entire amount of pensions paid in those States in 1861, accounted for, was \$8,283 35.

At the close of the last fiscal year there remained in the hands of pension agents in the disloyal States \$23,627 56. Of this sum \$15-535 29 have been properly accounted for at different points taken and held by the Federal forces, at which pension agencies were loca-

An examination of the statistics furnished by the records of the Pension Office shows a decrease in the number of pensioners, since 1861, of 477. The aggregate payments in that year to pensioners was \$1,072,461 55. For the present year the amount due to pensioners is \$790,384 76, being \$282,077 79 less than was paid the previous year.

The number of bounty land warrants issued in 1861, was 5,341, granting 834,720 acres. For the present year but 1.636 warrants were issued, granting 257,860 acres, being a decrease of 3,705 warrants, and 576,860 acres of land.

Since the adoption of the Constitution there have been granted for paval and military services, 65,801,862 acres of the public domain which, if estimated at \$1 25 per acre, amounts to \$82,257,327 69; and the aggregate amount of money expended by the Government in the payment of army and navy pensions, since its organization, is ascertained to be \$90,668,-

The general pension act passed by Congress at its last session, and approved on the 14th July, 1862 has largely increased the business of the Pension Office, and will aid materially to the expenditures on behalf of the pension list. The law embraces in its terms every branch of the military and naval service of the United States since the 4th March, 1861, and humanely provides for two classes of pensioners hitherto not recognized, viz : mothers and sisters, dependent for support upon officers or soldiers, and the pensions to disabled seamen, and to widows and minor children of persons in both the army and navy, are increased.

The Commissioner states that "these facts, in addition to the consideration of the great numbers now employed in the army and navy, have led to apprehensions, in some quarters, of an extravagant, if not insupportable, annual burden resulting from this law, in itself demands towards the armed defenders of the country in this day of trial. From a careful examination of the data upon which estimates may be based it is my conviction-always supposing the results of the war to be commensurate with what may reasonably be expected from the means employed-that the total annual sum required to carry out this law will in no year exceed \$7,000,000."

The number of applications for army invalid pensions under this act was, to November 15, 4.411. The number of applications of widows (army) under this law to the same date was 3,101; of mothers, 301; of minor children, 20, and of sisters, 10.

In the navy branch there were filed previous to November 15, 163 applications for invalid pensions, 115 for widows, 20 for mothers, and 3, in behalf of minor children. Making the total number of applications growing out of the present war, 10,804.

The eighth section of the pension act of July 14, 1862, made it the duty of the Commissurgeons to make biennial examinations of pensioners, as required by the act of March; 1859, and also to examine applicants for invaformance of this duty the Commissioner has selected persons in the various States with reference to their professional skill and integrity of character. It is believed that the benefits designed by this provision of the law will be fully realized, and the greatly augmented labors imposed upon the Pension bureau will be performed with little difficulty if the zealons co-operation of these officers is obtained.

The act of July 14, 1862, authorizing the appointment of a special agent of the Pension Office to assist in the detection of frauds a- sued to postmasters was 104,000,000. Their delivery of the package. gainst the pension laws, omitted to make ap- calls for about 200,000,000, which would have He also proposes to abolish many of the disthose who are engaged in mining a clear title. propriation to defray the expenses incident to been nearly sufficient to meet the usual de- criminating rates of postage now existing, apwithout cost, to the lands they occupy. It the service required by the law, and I have mand for a year. This extraordinary demand proximating as far as possibly to uniformity, whom have volunteered for three years or der of the report.

therefore submitted an estimate of the amount arose from the temporary use of these stamps | and increasing the efficiency and extent of | the war. It will be remembered the call was that will be uccessary for that purpose.

The Commissioner alludes to "certain erroneous impressions which have prevailed in some quarters" of the existence of obstacles rency. in the way of the ready transaction of business 1862, there were received 5,302 applications in the prosecution of just claims for pensions; and that officer clearly explains, for the information of all parties, the forms prescribed for applications for extensions were received, of the convenience of applicants under the various pension laws, and shows that any one of ordinary intelligence can, by following the in structions of the Bureau, secure the admission of his claim without difficulty.

Considerable difficulty has been experienced in prescribing a mode of authenticating pension claims which shall be sufficiently liberal to claimants, and at the same time protect the Government against frauds.

To require all applications to be authenticated before a court of record, causes much trouble, and in many cases unreasonable excies and arrears of pensions, was \$782,161 41. pense to the applicants. If the authentica-It is ascertained, from the latest information before any person authorized to administer oaths shall be admitted as sufficient, experience has demonstrated that the Government is exposed to gross trauds. Large sums have ulent certificates of Justices of the Peace, and notaries.

To remedy these evils, it is recommended that the Department be authorized to appoint Pension Commissioners, who shall be authorized to receive applications, administer the necessary oaths, and certify the papers to the Pension Office, under proper regulations. The Commissioner should receive from the applicants reasonable tees for their services, and pension certificates should be forwarded to them to be delivered to the pensioners. A commissioner may be appointed in each counsions reside.

The adoption of a system like this would just charges which, in many cases, are now States was \$212,607 36, which constitutes the made by agents and attorneys.

The attention of Congress is invited to the er of Pensions.

The Report for this year exhibits a very

healthy financial condition of the Post Office Department, and shows it to be thoroughly impregnated with the spirit of improvement. The efficiency of the service has been maintained at the highest point, accompanied by a great diminution of expenditures. The gross revenue of the Department for this fiscal year. including the standing Treasury credit for free mail matter, and a small amount appropriated for the relief of individuals, was \$9,012,549 56. The expenditures for the same year amounted to \$11,125,364 13. The regular postal revenue for 1862 is only \$40 .-470 50 less than it was for the fiscal year 1861, during a large part of which year revenue was paid in from all the States of the Union. This fact shows a large increase in the correspondence of the loyal States. While the revenues have been so nearly sustained at the highest standard, the expenses have been largely reduced. For the preceding year the expenditures were \$2,481,394 98 greater than last year. The following comparisons of figures are interesting :

Expenditures of 1860 for service in all the States, \$14.874.772 89; revenues for the same year \$9,218,067 40; deficiency, \$5,656,705 49. certainly no more libera! than simple justice Expenditures for 1861 : service interrupted in 1861, \$13,606,759 11; gross revenues for 1861; service interrupted in 1861, \$9,049,296 40; deficiency, \$4,557,462 71. Expenditures for 1862. \$11,125,364 13; revenues for 1862, \$9,012,549 56; deficiency, \$2,112,814 57. Reduction of expenditures as compared with 1860, \$3,749,408; reduction of expenditures as compared with 1861, \$2,481,394.

The Department has not been for many years so nearly self-sustaining. This result is largely owing to the suspension of postal expendi- \$5,853,834, to which add the cost of the vatures in the South, which were greatly in ex- rious agencies, route and local messengers, cess of postal receipts, but not alone to that. &c., \$460,630 92, and the cost of the aervice A revision of all discretionary expenses has at that date is \$6,314,464 92, which includes been made, and large reductions ordered. The \$1,000,000 for the overland mail route not bepay of agents has been regarded and equal- fore charged upon the revenues of this Deized. Economy has been re-established in partment. the large offices where waste was found. Incompetency, wherever tound in official posi- July, 1862, is attributed to a strict adherence tion, has been removed, and an effort made to to the law of 1845, authorizing what is known adopt a standard of merit and of administrative efficiency, in lieu of other and inferior motives for appointment. The Postmaster sioner of Pensions to designate physicians and General expresses his determination to ad- be done at this session. here to this course.

The number of postage stamps issued to post- tion by the Postmaster General, is that of emmasters during the year was 7,078,188. The bossing postal stamps on business and other hid pensions under the late act. In the per- value of letter envelopes was \$733,255 50. envelopes, supplied for that purpose by per-The value of stamped newspaper wrappers, sons desiring to furnish their own designs. \$23.648 50; increase of issue over 1861, \$1,- It is believed that this will largely increase 144.858 27. The total value sold was \$6,010,- the use of stamped envelopes in lieu of stamps, Taught by experience of the ruin of inaction 131 89.

The increasing demand on the part of the public for the stamped newspaper shows that mand, and promoted the convenience of cor- of a limited money order system, and offers respondents.

as a currency by the public in lieu of the smaller denominations of specie, and ceased with the introduction of the so called postal cur-

The difference between the value of stamps sold and stamps canceled in the fiscal year 1862 shows \$738,379 96 as the amount in the hands of purchasers on the 1st of July, 1862.

The whole number of dead letters received and examined during the year is 2,282,018, which is 267,000 less than in the previous year. The whole number of valuable letters sent out by the Dead Letter Office was 51,239. Many interesting details are given in the Report touching the operations of the office. Out of 21,493 cases where causes of non-delivery were ascertained, only 225 were attribhad no address whatever.

Congress at its first session passed an act anthorizing the employment of 25 additional clerks to facilitate the return of dead letters to their writers, with the expectation that the receipts of postages thereon would cover the appropriation of \$20,000 for their compensation. The result thus far shows that an exbeen obtained from the Treasury upon fraud- cess of revenue therefrom over the expenses has accrued to the amount of several thousand tion under my control, without any discrimidollars.

The whole number of Post Offices in the United States, remaining established on the 30th of June, 1862, was 28,785, of which there and in the insurrectionary States and districts of the public service. there were 8,902.

The net increase in the established officers over last year was 121. The number of cases acted upon by the appointment office during the year was 7,785. The total postages accrued on United States and European mails ty where it is probable any applicants for pen- during the year amounts to \$1,144,095 82, being a reduction on the amount of the previous year of \$217,940 88. Of the total amount protect applicants for pensions from the un- collected, the excess collected in the United balances paid to the several foreign departments, the cost of exchange being defrayed accompanying able report of the Commission- by the United States. The Postmaster General objects to this cost as inequitable, and proposes, if possible, to retrieve the Department from this burden.

The Postmaster General has made special efforts to retrieve the foreign correspondence of the country from its complexity now so embarrassing alik to correspondents and to postal officers. Separate negotiations have been found altogether inadequate to secure simple and satisfactory arrangements. He therefore opened a correspondence in August last through the Department of State with loreign Administrations, proposing a Convention of Postal Representatives at some convenient point to consider the enumerated difficulties and the means of remedying.

Several replies have been received from the various governments, and all are favorable and agree to the project. This country comprising emigrants from alm st every civilized nation, is especially interested in the subject proposed to be brought before this conference. It is a species of postal improvement requiring the establishment of greater uniformity, and some common principle of arrangement, and is connected with our pros persous commercial intercourse with other countries.

The mail-lettings which went into operation on the 1st of July last in the Western Division, and were effected on such favorable terms, as compared with the previous lettings, that a reduction of expenditure resulted to the amount of \$331,000. At the same time the length of the routes was increased by 159 miles, with an annual increase of transportation of 754,428 miles. Notwithstanding this increase of service, the net saving is over 9 per cent., as compared with the previous term.

The total annual cost of the internal service in operation on the 30th of June last was

The saving in the lettings of the West to

The report renews the recommendation for codifying all the postal laws, and hopes it may

Among the improvements under considerawhich is an object of great importance to the Department.

He also discourages the use of the mails their introduction has satisfied a public de- for transmitting money, and speaks favorably exhibited. In the numerous battles and enan amendment to the registers system, by which In the first quarter of the current year end- a return receipt shall be sent to the despatching September 30, the number of stamps is- ing party as evidence of the fact and date of

the delivery and collection of letters by carriers in cities.

The attention of the public is called to the great importance of good postal officers for a successful administration of this Department. If the Postmasters and their clerks are selected without chief reference to their efficiency and personal fitness, no amount of good legislation will secure public satisfaction. An energetic, faithful, and efficient Postmaster, devoted to the interests of the service, should be retained as long as he illustrates those qualities in his administration of the office.

He attributes the success of the English system largely to the permanent character of their officers, and their familiarity with the laws and regulations, and regrets the extent utable to the fault of Postmasters; 822 letters | to which other motives to appointments have prevailed in this country. He urges a return to the old standard of honesty, capability and fidelity, and anticipated more public satisfaction and administrative success from the adoption of such a principle than from any other single act of reform. He uses this language : order.

It is my intention to adhere firmly to my determination to displace incompetence and indifference wherever found in official posination in favor of appointments I mysell have made under misinformation of lacts.

The document as a whole will be read with unusual interest, and contains numerous were in the loyal States and districts 19,973, suggestions of great importance to this branch

REPORT OF THE SECRETARY OF WAR. That portion of the United States which is

now, or has been during the last year, the scene of military operations, is comprised within ten military departments. The armies operating in those departments, according to recent official returns, constitute a force of seven hundred and seventy-five thousand three hundred and thirty-six officers and privates, fully armed and equipped. Since the date of the returns this number has been incresed to over eight hundred thousand. When the quotas are filled up they will number a million of men, and the estimates for the next year are based upon that number.

If the campaigns of the armies in these de partments have not equalled in their results the expectations of the government and public hope, still they have not been unproductive of good results. The valor of our troops has been displayed upon many occasions, and the skill and gallantry of their officers have been distinguished at Yorktown, Williamsburg, Fair Oaks, Gaines' Mill, Malvern Hill, Cross Keys, Cedar Mountain, Chantilly, and places enumerated in the reports herewith submit-

The Secretary then refers to the repulse of the rebels from Maryland, and the position of our forces at Fortress Monroe.

The beginning of last winter found the rebel armies of Price and M'Cullough in possession of all the northwestern portion of Missouri, while many of the counties north of Missouri river were in a state of insurrection. Our forces were concentrating at Rolla and Sedalia. As soon as the rebels could be driven from the northern counties, and our armies teorganized, active operations were commenced, notwithstanding the inclemency of the season and the bad condition of the roads. On the 10th of December a considerable number of the enemy were cut off and captured at Milford, while on their way to join Price on the Osage river. The forces at Rolla under General Curtis, moved towards Springfield, which compelled Price to fall back into Arkansas, where he was joined by Van Dorn. A severe battle was fought at Pea

Ridge, Arkansas, on the 6th, 7th and 8th of March, between the combined armies of the enemy and Gen. Cartis' forces, in which the latter gained a complete and decisive victory. The operations in the West are briefly detailed,up to the battle of Pittsburg Landing, April 7th and 8th. The Secretaty of War details the military

operations during the past year: points to the fact that the Department of the Pacific has been free from any of the calamities occasioned by the rebellion: an earnest and deep sympathy has been manifested by the loyal citizens of the Pacific States in support of the Union. From a survey of the whole field of operations, it is apparent whatever disasters our arms may have suffered at particular points, a great advance has been made since the commencement of the war. The Union forces are now in the field under able commanders, stronger than ever, resolute and eager to be led against the enemy, to crush the rebellion by a vigorous winter campaign. The armies of the Potomac and the West stand ready to vie with each other in dealing the quickest and heaviest blow against the enemy. and the hazard of delay, a spirit of earnest activity seems to prevade the forces of the United States beyond what has hitherto been gagements that have occurred, our armies in general have displayed the courage and determination that should inspire officers and soldiers fighting in defence of their government. Under the calls of July and August there are already in the field over 420,000 new troops, of which 399,000 are volunteers, 382,000 of and other kindred points, occupy the remain-

made at one of those periods of despondency which occur in every national struggle.

A chief hope of those who set the rebellion on foot was for aid and comfort from disloyal sympathisers in the Northern States, whose efforts were relied upon to divide and distract the people of the North, and prevent them from patting forth their whole strength to preserve the national existence. The call for volunteers and a draft of the militia afforded an occasion for disloyal persons to accomplish their evil purpose by discouraging enlistments and encourage opposition to the war and the draft of soldiers to carry it on. Anxiety was felt in some States at the probable success of those disloyal paretices, and the government was urged to adopt measures of protection by temporary restraints of those engaged inthese hostile acts. To that end provost marshals were appointed in some States, upon the nomination of their Governors, to act under the direction of the State Executive, and the writ of habeas corpus was suspended by our

By order of the War Department arrests were torbidden unless authorized by the State Executive or Judge Advocate. Some instances of unauthorized arrests have occurred, and when brought to the notice of the Department the parties have been immediately discharged. By a recent order all parties arrested for discouraging enlistments, or for disloyal practices in the States where the quotas of volanteers and militia are filled up, have been released. Other persons arrested by military commanders and sent from depaatments where their presence was deemed dangerous to the public safety, have been discharged upon parole to be of good behavior and do no act of hostility against the government of the United States.

While military arrests of disloval persons form the subject of complaint in some States, the discharge of such persons is complained of in other States. It has been the aim of the Department to avoid any encroachments upon individual rights as far as might be consistent with the public safety; but reflecting minds will preceive that no greater encouragement can be given to the enemy, no more dangerous act of hostility can be perpetrated in this war than efforts to prevent recruiting and enlisting for the armies apon whose strength the national existence depends.

The expectation of rebel leaders and their sympathisers in the loyal States that the call of volunteers would not be answered, and that the draft could not be enforced, have failed, and nothing is left but to clamor at the means by which their hopes were frustrated, and to strive to disarm the Government in future, if in the chance of war, another occasion for increasing the military force should arise.

The absense of officers and privates from their posts is noted, and measures taken to correct the evil, also to punish fraud in regard to bounties. The expenditures for enlistments, recruting, and subsistence of voluteers. regulars and militia amounts to the sum of \$20,692,282 91.

In relation to contrabands it is said : In Lousana, where at one time there were apprehensions of embarrasment from the number of efugees, the reserve of a tract of rich land along the raffroad to Barracks Bay opens up a territory in which many thousand can be profitably employed, if placed under proper regulation and control. At Port Royal such persons have been extensively employed in the works of the Quartermaster Department, and in cultivating some thousands of acres of the Sea Island of the coast, the product of which are used in the support of themselves and families. In the operations of the army on the James river, and on the Potomac, in the fortifications of Washington, and as laborers, teamsters, hostlers, and in landing and shipping of stores, they have been of great service, and the demand for their labor has exceeded the supply available.

Some details are given of the provision for coast and harbor defenses. The Secretary calls special attention to necessity of providing additional means for the storage and preservation of ordance supplies, as recommended in the report of the Chief of Ordance. The attention of the department has been earnestly directed to the forts and fortifications for coast and harbor defences. A personal inspectation of these impotant warks has been mabe by Gen. Totton, the distinguished Chief

of Engineers. The grants made by Congress for fortifica tions at last session amounted to five millions five hundred and thirty-five dollars for permanent works, and seven hundred and fifty thousand dollars for temporary works. The Chief of Engineers reports that these sums admitted of very material progress, being made at the most important forts now in process of construction. This has been realized in a number of instances, and in all a decided advancement has been effected. Great difficulties have been experienced in obtaining supplies of materials from the quarries, stoneyards, &c., owing to the demands made upon the classes usuemployed in this kind of work by the War Department. Similar trouble has been encountered in procuring transportation for materials. Much has been done in advancing the state of readiness of our fortifications in the principal commercial harbors for service in preparing for additional guns, in providing for the reception of armament of very large calibre in the existing batteries, and in placing all in effective condition for defense. Like measures have been observed with reference to naval stations and of frontiers generally.

The employment of contraband labor in the purposes of cultivation, for army supplies,