

ALLEGED ABUSES IN THE NAVY DEPARTMENT.

JUNE 11, 1860.—Ordered to be printed, and its further consideration postponed until Wednesday next.

Mr. HATTON, from the Committee on Expenditures in the Navy Department, made the following

REPORT.

The Committee on Expenditures in the Navy Department beg leave to report back to the House the following resolutions, to wit:

Resolved, That the Secretary of the Navy has, with the sanction of the President, abused his discretionary power in the selection of a coal agent, and in the purchase of fuel for the government.

Resolved, That the contract made by the Secretary of the Navy, under date of September 23, 1858, with William C. N. Swift, for the delivery of live-oak timber, was made in violation of law, and in a manner unusual, improper, and injurious to the public service.

Resolved, That the distribution, by the Secretary of the Navy, of the patronage in the navy yards among members of Congress, was destructive of discipline, corrupting in its influence, and highly injurious to the public service.

Resolved, That the President and Secretary of the Navy, by receiving and considering the party relations of bidders for contracts with the United States, and the effect of awarding contracts upon pending elections, have set an example dangerous to the public safety, and deserving the reproof of this House.

Resolved, That the appointment, by the Secretary of the Navy, of Daniel B. Martin, chief engineer, as a member of the board of engineers to report upon proposals for constructing machinery for the United States, the said Martin at that time being pecuniarily interested in some of said proposals, is hereby censured by this House—

Referred to said committee on the 19th March, 1860, with a recommendation that they be adopted, accompanied by a report, embodying certain views and statements of fact (based upon proof taken by the select committee on naval contracts and expenditures, during the last Congress,) constituting in the estimation of the majority of the committee sufficient reason for the recommendation that the resolutions be adopted.

The present organization of the bureaus in the Navy Department is founded upon the act of August 31, 1842. Prior to that time work in the navy yards, whether for the construction and improvement of navy yards and docks, or for the construction and repairs of vessels, was done under the sanction of a board of navy commissioners. The amount then expended was comparatively small. In 1820 the work in navy yards amounted to \$65,000; in 1830 it was \$180,500; in 1840 it was \$110,250. Prior to 1840 the total expenditures in the purchase, construction, and improvement of navy yards was \$7,023,942 12. An annual appropriation was also made for the repairs of vessels, and another for gradual increase and improvement.

Under the act of 1842 expenditures in the navy yards have mainly been disbursed under the direction of two bureaus:

1. That of Navy Yards and Docks, charged with the construction of and improvements in navy yards.

2. That of Construction, Equipment, and Repair, charged with the construction and repairs of vessels, and with the purchase of fuel, hemp, and materials for the navy.

The following statement will exhibit the expenditures under the direction of these bureaus since their organization, excepting the special expenditures for the construction of new vessels:

BUREAU OF YARDS AND DOCKS.

From October 1, 1842, to June 30, 1843.....	\$366,881 03
For the year ending June 30, 1844.....	396,653 35
Do.....do.....1845.....	546,359 15
Do.....do.....1846.....	585,549 57
Do.....do.....1847.....	806,748 63
Do.....do.....1848.....	1,053,018 76
Do.....do.....1849.....	1,797,129 18
Do.....do.....1850.....	2,320,793 20
Do.....do.....1851.....	1,851,991 08
Do.....do.....1852.....	1,636,635 21
Do.....do.....1853.....	1,762,339 63
Do.....do.....1854.....	1,231,159 99
Do.....do.....1855.....	2,010,920 17
Do.....do.....1856.....	2,567,511 37
Do.....do.....1857.....	2,392,768 65
Do.....do.....1858.....	3,157,522 57
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	24,483,981 54
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BUREAU OF CONSTRUCTION, EQUIPMENT, AND REPAIR,

Amount expended for increase, repair, and equipment, armament, fuel for steamers, and purchase of hemp.

1841—'42.....	\$2,803,820 70
1842—'43.....	935,818 98
1843—'44.....	1,398,435 58
1844—'45.....	1,222,378 54
1845—'46.....	1,838,479 21
1846—'47.....	1,567,371 85
1847—'48.....	3,067,779 01
1848—'49.....	3,663,805 35
1849—'50.....	1,867,205 52
1850—'51.....	2,080,377 44
1851—'52.....	2,354,052 93
1852—'53.....	2,724,036 97
1853—'54.....	2,371,990 84
1854—'55.....	2,767,544 40
1855—'56.....	3,156,593 48
1856—'57.....	3,115,351 28
1857—'58.....	3,129,427 68
To January, 1859.....	1,739,688 38
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	41,804,159 15.
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In pursuing the inquiry ordered by the House the attention of your committee has been chiefly directed to four distinct items of expenditure.

1. The purchase of fuel for the navy.
2. The purchase of live-oak timber.
3. The management of the navy yards, and especially that of Brooklyn.
4. Contracts for steam machinery.

The undersigned beg leave to submit the result of their inquiry upon each of these subjects separately.

COAL AGENCY.

Previous to and including the year 1850 fuel for the use of the navy was required by law to be purchased by contract with the lowest bidder, in the same manner as other materials for the navy. By the act of September 28, 1850, it was provided that.

"In the article of fuel for the navy, or naval stations and yards, the Secretary of the Navy shall have power to discriminate and purchase, in such manner as he may deem proper, that kind of fuel which is best adapted to the purpose for which it is to be used "

In the exercise of this discretionary power, Mr. Graham, Secretary of the Navy, appointed Mr. B. N. Springer, a retired coal merchant.

of Philadelphia, the agent of the government to purchase anthracite coal. Upon receiving a requisition for coal he went around among the coal dealers, receiving their offers, and took the lowest bid ; and upon its delivery either he or his son was upon the wharf to see that it was weighed correctly and shipped in good order. The compensation of the agent was fixed at five per cent. commission.

In May last Benjamin Tyson was the coal agent, and several applications were made to the Secretary of the Navy for the place. The mode of purchasing the coal, the selection of the agent, if needed, and his compensation, were, by the law, entirely at the discretion of the Secretary. The coal business had largely increased, so that the amount annually purchased was, in 1858, about 55,000 tons, being a larger amount than in previous years, and the per centage yielded a larger salary. In May, 1858, some of the applicants met at Washington, and at a conference with each other and their friends, (among whom was the Hon. J. Glancy Jones,) it was agreed that Dr. Charles H. Hunter, of Reading, Pennsylvania, shall be appointed coal agent; and that the emoluments of the office should be divided equally between him, John F. Smith, and J. Lawrence Getz, warm personal and political friends of the President, who had contributed largely to his election. Hunter and Smith were both applicants for the office of coal agent; Getz was a member of the Pennsylvania legislature, and then and now the editor of the Reading Gazette; each of the parties above named was examined by your committee; and also C. Nichols Beach, whose connexion with the transaction will hereafter appear.

Mr. Smith testified that he was in Washington in May last, and was present when the arrangement for the appointment of Hunter was made. That some of the applicants and their friends had a conversation to arrange things amicably if they could. Finally it was agreed that if the Secretary would appoint either of them, he should appoint Dr. Hunter, Mr. Getz, and Mr. Smith. That the arrangement was communicated to the Hon. J. Glancy Jones, then a member of this House, and that the President also understood that the emoluments of the office were to go to the three. As this is deemed important by the committee, the witness was examined and re-examined by different members of the committee as to the knowledge of the President; he repeated that the President knew that the three were to divide the emoluments of the office, and that the parties were satisfied with the decision; but he knew nothing about the arrangement, whether one-half was to go to one party and the other half to the other two or not.

Mr. Getz testifies that he was at Washington at the time, and was informed of the arrangement for the appointment of Dr. Hunter, and that he (Getz) was to have one-third of the profits. He agreed to it with a "mental reservation." He conversed with the President about the appointment of Dr. Hunter, and the President said to him, "Mr. Jones urged me to appoint you, but you are no applicant. I have made up my mind to appoint Dr. Hunter."

Mr. Beach (C. Nichols) testified that he is a nephew, by marriage,

of the Secretary of the Navy; that he was on intimate relations with him; that he was in Washington when the arrangement of the appointment of Dr. Hunter was made; that he was himself an applicant for the office; that he conversed with Mr. Jones about it; that he knew that the emoluments of the office were to be divided up among these parties; and that it was a matter of general rumor in Washington before and at the time of the appointment; that he talked with the Secretary about the appointment of Dr. Hunter, and that the Secretary informed him that, as the application was a Pennsylvania one, he would defer to the wish of the President.

It is to be remarked that, by law, the President has nothing to do with the purchase of coal. The only power in the matter is conferred by law upon the Secretary; yet it appears, from the testimony and the Secretary's admission to Beach, that the power was yielded to the President.

In pursuance of the arrangement, Dr. Hunter was appointed coal agent; Smith received the commission from the Navy Department, took it to Dr. Hunter at Reading, and narrated to him the arrangement, to which Hunter agreed. Getz subsequently declined to share in the profits, because, as he says, the arrangement was distasteful to him.

Dr. Hunter had been for years, was then, and still is, a practicing physician in Reading. He had never purchased coal for sale; he did not know its market value, took no pains to ascertain it; did not purchase any coal for the government, or do any act in performance of his duty except to sign formal papers sent to him by Tyler, Stone & Co., certifying that a specific quantity of coal of the best quality had been duly inspected and weighed by him and shipped on board a named vessel. These papers were sent to the proper bureau, and all parties knew, or ought to have known, that the certificates were false, so far as relates to his personal knowledge of the facts certified.

By an understanding between Hunter & Smith the latter was to make inquiries as to selecting coal at Philadelphia, but it is manifest that he did but little in the execution of this trust. He was in the omnibus business, and had no connexion with the purchase of coal.

The coal was required at Philadelphia, and was there delivered on shipboard to the government. Neither Hunter nor Smith saw the coal inspected, weighed, or delivered, and the whole business was turned over to Tyler, Stone & Co. Mr. Smith testifies that he took no personal supervision of the matter, except to see that the best coals could be had, and depended upon Tyler, Stone & Co. to inspect the coal. When the government needed coal a requisition was sent to Dr. Hunter, which by him was sent to Tyler, Stone & Co., who became at once the purchasers for and the sellers to the government. Tyler, Stone & Co. and Dr. Hunter fixed the price at \$3 85 per ton. The testimony of many witnesses establishes beyond a reasonable doubt that the market value of such coal as was delivered to the government would not exceed \$3 50 per ton, and several respectable dealers would have furnished the government at that or a less price, and then made a profit. The purchases of coal thus made for the government by Tyler, Stone & Co. for the six months from the 1st of July,

1858, to 31st December, 1858, was about 40,000 tons, at a cost of \$3 85 per ton. The amount of emoluments received by Dr. Hunter and divided by him with Mr. Smith, was, for the same six months, \$7,452 92, or, at the rate of \$14,905 84 per annum. In addition to this direct loss, the mode of purchase adopted furnished no guarantee against fraud in the quality or amount of coal which, when delivered on ship-board, was not inspected by any officer of the government.

Your committee have furnished to the parties implicated in these transactions every opportunity to explain them. All the parties, except the President, Secretary of the Navy, and Hon. J. Glancy Jones, have been examined. The President and the Secretary have been furnished with a copy of the testimony, and notified that any statements either of them desire to make would be heard by the committee, or that any witnesses desired by them would be examined. The Secretary, in his letter of February 14, 1858, herewith submitted, states that the same system existed in the coal agency during the administration of his predecessor. He also states that he was not aware until the present investigation of any want of attention on the part of the coal agent.

LIVE-OAK CONTRACTS.

Live-oak timber, like other material for the navy, is required by law to be purchased by contract with the lowest bidder; but, unlike other material, it is not kept on hand in large quantities by dealers in timber: therefore, it has been the uniform custom of the government to allow contractors from one to two years to furnish the supply needed, *unless* the exigencies of the service demand an immediate supply, when the amount needed may be bought in open purchase.

When delivered, it is stored away in the navy yards and used as the service demands.

W. C. N. Swift, a whaler, of New Bedford, Massachusetts, had, prior to 1844, been contractor for the supply of live-oak and other timber for the government. In 1854 he entered into a written agreement with George Plitt, of Philadelphia, an active and intimate friend of President Buchanan, by which Plitt agreed to aid Swift all he could in obtaining live-oak contracts with the Navy Department; for which Swift was to pay to Plitt ten per cent. on the gross amount of the contracts made. The aid contemplated was that Plitt should place Swift upon familiar relations with the departments. He introduced Mr. Swift to Mr. Dobbin during President Pierce's administration, and to other gentlemen, and used all his influence in behalf of Swift. Pending the presidential election of 1856, Plitt introduced Swift to Mr. Buchanan, and sought to place him in the very best position he possibly could with the President. Plitt, at the time, was treasurer of the democratic State central committee of Pennsylvania, and as such received from Swift the sum of \$16,000, of which Swift contributed \$10,000 and received the balance from his immediate friends, to be used in the pending election. Mr. Buchanan was informed before the election that Mr. Swift was an old line whig

who had come over to his party, and was taking an active part in the election; and he was subsequently informed of the amount contributed by Swift.

Plitt testifies that—

“In introducing Mr. Swift, I told Mr. Toucey that he was a gentleman whom I should be very glad to have him aid in any way that he could, legitimately, of course; that he was my very warm friend, who had contributed very liberally towards the election of 1856, and that he had a number of old-line whig friends in Massachusetts, who were equally liberal, some of them, at least, and I thought that such gentlemen ought to be patronized, of course.”

Plitt further testifies that he regarded the contract with Swift, of April, 1854, as a continuing contract, and “supposing that agreement was still in force under the present administration as it was under the former one, I had taken pains to make him acquainted with every one of my political friends.”

In the frequent interviews of Plitt with the President and Secretary, whenever Swift's name was mentioned, Plitt took pains to recommend him as a very good fellow, “and I was very sorry he should be disappointed; he was anxious to get some appointments in Massachusetts, in all of which he was disappointed, and I felt some sympathy for him. I frequently spoke of him in that way.” He testifies this was the extent of his aid to Swift.

The undersigned need not dwell upon the corrupting tendencies of such agreements as that between Plitt and Swift, whereby the influence arising from social relations and personal interviews with the highest officers of the government are sold for money. When they become the general rule, and upon discovery are passed over without objection or reproof by the highest functionaries, they become offences which should be punished by severe penalties. But they are still more dangerous when they look not merely to political influence, but to controlling and tampering with the judicial duty of awarding contracts.

Contracts for live-oak, in 1857, were awarded to Swift for 150,000 feet, to be delivered at three of the navy yards. An outstanding contract with a Mr. Blanchard was cancelled and awarded to Swift in November, 1857. The amount of these contracts is \$232,940.

Prior to June, 1858, Swift brought to some of the navy yards large quantities of live-oak, which was rejected; some of it because the size was below that prescribed by the contract, and some for its inferior quality. By the rule of the department at most of the yards timber not coming within the contract was required to be removed before that which had been accepted would be paid for. This rule seems to have been strictly enforced, except as to the timber delivered by Swift & Bigler, whose connexion with these transactions will be shown hereafter. The officers on duty at the navy yards, except at Norfolk, would have enforced this rule, but they were required by an order of the Secretary to allow this timber to remain in the yards, where, in some instances, it became a grievous inconvenience. By the 15th of June, 1858, when it became necessary to prepare the annual advertisement, the timber thus accumulated amounted to about 80,000 feet. On the ---- day of May, 1858, Swift sent the department a statement of the amount of his timber then on hand.

Before the advertisement of June, 1858, was issued, Swift & Bigler each had interviews with the Secretary, Bigler urged the Secretary to purchase his timber on open contract. Bigler testifies as follows:

"After I got my contracts filled, I went to the Secretary of the Navy to get him to buy timber upon open purchase. He gave as a reason for not buying upon open purchase, that it was against the law to buy timber upon open purchase, except for immediate use. Mr. Swift went to him on the same score, that he had timber over, which he wished to sell to the government. This induced the Secretary, I suppose, to make this advertisement to cover about the amount of timber that we had."

Mr. Lenthall, the chief of the Bureau of Construction, Equipment and Repairs, testifies that the Secretary inquired of him the shortest time within which the timber could be cut and transported to the various navy yards. He named the 1st of February, 1859, and the testimony shows that by extraordinary exertions and unusual expense and risk it could have been delivered at the navy yards at that time. Mr. Lenthall inserted this date in the advertisement, and sent it to the office of the Secretary. It was there altered so as to require one-half of it to be delivered by the 1st of September, 1858, thus excluding all competition. Bigler testifies that such was the design. He says:

"The Secretary of the Navy knew, and the chief of the bureau knew, that there was nobody else in all America that had the timber and could put it in *at such a time* but Mr. Swift and myself. There was not any such timber in the United States that was already got out except ours. There was nobody else in the business but Mr. Swift and myself who could furnish it. The Secretary knew there was no other timber anywhere else in the market."

If any doubt existed as to the design of the Secretary in the particular terms of the advertisement, the subsequent conduct of the parties concerned clearly proves that those terms were carefully arranged so as to prevent all competition, and secure the contract to Swift. Dealers in live-oak timber perceived at once the effect and purpose of the advertisement. Samuel P. Brown, of Maine, an intelligent lumberman, now a member of the legislature of Maine, thus testified to a conversation with Swift upon the subject:

"I think about the middle of June, 1858, I had one conversation with him (Mr. Swift;) that was after the advertisement was issued by the department. I told him that I was disappointed to see this advertisement come out; I knew that it was got out for his benefit and that of Mr. Bigler, and that the way they were managing the thing would not give satisfaction. I advised him, for his own reputation, to go to the Secretary and induce him to withdraw that advertisement and let him purchase his timber, if he wanted it for immediate use. He told me that he had been trying to induce the Secretary to do that same thing, but the Secretary told him that he had no authority to purchase this timber. He had made up his mind that he could not do it without advertising; but the advertising arrangement was such that nobody could offer for it but himself, because he had timber in the yards, and he knew that no other man could fill the offer, and it would only be trifling to make any offer. I stated to Mr. Swift that I should make an offer to take the contract in good faith, and then should ask the Secretary for an extension of time; says he, 'he will not grant it,' 'Well, then,' said I, 'let him do that, and I will report the thing to Congress next winter.'"

By the advertisement, as issued, 150,000 feet was required, being 25,000 feet at each of six yards, and a larger quantity than had been purchased in any year previous, except in 1857; but it was of a smaller size and of straighter form, and therefore much less valuable for ship building. It was of the peculiar character and description then owned by Swift in the different navy yards. It was impossible for any dealer but Swift to comply in point of time. The whole amount of live-oak timber in the market within the reach of the Navy

Department, other than Swift's and Bigler's timber, was less than 4,000 feet. The yellow fever was prevailing in the live-oak region; none could be cut and transported by the 1st of September, 1858, even to Pensacola, in the midst of the live-oak district. Work was then suspended in the navy yard there, and neither human endurance nor enterprise could meet the dangers of pestilence in that region.

The advertisement being thus arranged, it is manifest that but two men could compete, and these two were Bigler and Swift. They were in this city about the time the bids were to be opened, and then entered into an agreement by which Swift was to put in his bid and Bigler was to bid above him, so that there would be no possibility of Bigler coming in competition with Swift. The contract was then to be taken by Swift for the whole amount of timber—150,000 feet, at \$195,000, or \$1 30 per cubic foot—and Swift was to take of Bigler the timber he had on hand at the various yards at contract prices. Bigler testifies that he told the Secretary:

"I did not care how he arranged the matter, if he would give the contract to Mr. Swift, for it would make no difference to me, as he had agreed to take my timber."

This attempt of Swift and Bigler to procure the contract would have been entirely successful but for the intervention of several other bidders, who, being engaged in the business of lumbering, were anxious to obtain a contract with the government. They noticed the shortness of the time for delivery. Some of them had been for years contractors for delivering live-oak to the government, and in no previous case was the time of delivery less than from one to two years. Not supposing that the Secretary would enforce an impossibility, but would allow a delivery of the timber at any time within the six months prescribed for the delivery of the whole, and supposing that, by extraordinary exertions, they could accomplish that, they made proposals.

The lowest bids were those of Buxton & Lawrence who offered to deliver 25,000 feet at each of the yards, at Portsmouth, New Hampshire, Charlestown and Brooklyn, for \$81,750 for the whole; Samuel B. Grice offered to deliver 25,000 feet at each of the yards, at Philadelphia and Norfolk, for \$57,400 for the two yards; Coates, Degraw & Beach offered to deliver 25,000 feet at Pensacola for \$27,750; in all being 150,000 feet for \$166,700, being \$28,300 less than the pre-arranged bids of Swift. If the usual time of one and two years had been allowed by the advertisement, the testimony shows us that the bids would have been reduced at least 15 per cent., or about \$25,000. But the bids made were upon the basis of an entire delivery before the 1st of February, 1859, involving unusual expense and risk.

The successful bidders promptly took steps to complete their contracts. General — Berry, of Maine, was applied to by Messrs. Buxton & Lawrence to become their security. Before doing so, he wrote to his friend, Mr. John Appleton, Assistant Secretary of State, to obtain an extension of the time for delivery. Mr. Appleton applied to the Secretary of the Navy, and was informed that if the contracts were not complied with he would buy the timber in open market and charge it against them under the law. Mr. Appleton urged that unless the timber was needed for immediate use, it would certainly be

better to extend the time for its delivery and then get it at a low rate, rather than purchase it at high rates. The Secretary said he would consider that point before he decided. Mr. Appleton called the second time, and was then informed by the Secretary of the Navy that Mr. Swift had offered to take the contract at the rates proposed by the lowest bidders, and he had accepted his offer.

Mr. Samuel B. Grice duly executed his contract, and promptly delivered at the navy yard at Philadelphia over 1,400 feet. He arranged to get the residue as rapidly as possible, and he had on ship-board at the navy yard at Philadelphia, on September 16, 1858, some 800 feet, when his contract was abruptly cancelled, and a new one made on similar terms with Swift.

Coates, Degraw & Beach executed their contract, and immediately took steps to fulfil it. This contract related only to the Pensacola navy yard *where Swift had no live-oak, and was in no better condition than other bidders*. Mr. Degraw immediately went on to Florida to make arrangements to comply with the wants of the government there. He was informed by the naval constructor that but a small portion of the timber would be needed immediately, and sixty days would be in time for the delivery of the most of it. He made arrangements to supply the few sticks wanted in the construction of a vessel on the stocks; as for the balance, he arranged to deliver it when required, and all before the 1st of February, 1859.

Before Mr. Degraw went on to Florida, Mr. Coates came on here on the first of September, the very day upon which one-half of this timber was to have been delivered, and asked for an extension of time. The Secretary said he was not in the habit of doing that, to which Mr. Coates replied that if their contract was to be annulled for non-fulfilment he wanted to know it at once, and he would expend no more time or money upon it. He told the Secretary that they were ready to do what other contractors had done to meet the wants of the government, and asked if one of their firm had better not go on to Florida and ascertain what the wants of the government were there. To which Mr. Toucey replied that he had better do so, and report to the department. In consequence of this, Mr. Degraw went on to Florida. Before he returned, however, the contract had been annulled and awarded to Swift. This was a case of peculiar hardship. A practical lumberman obtained the contract, evinced unusual energy in its prompt execution, risking the dangers of the yellow fever in its worst season, supplying by purchase the immediate wants of the government and providing for them in future; yet he is suddenly deprived of his contract, at the loss of his time and labor, because he has not complied with *an impossible condition, not designed to be performed*, and the contract is awarded to a favored contractor who could not comply and who has not yet complied.

During all this time Swift remained in Washington, in confidence that he would finally get the contracts. He assured Bigler "that he was satisfied that the parties would have to give them up. The government was under obligations to him, and he thought he could bring

such influence to bear that they would give him these contracts. He said it was due to him for services rendered."

By the law: "All purchases, &c., made by or under the direction, &c., of the Secretary of the Navy, shall be made either by open purchase or by previously advertising for proposals respecting the same," &c.—(Brightly, p. 191.)

"In case the lowest bidder shall fail to enter into such contract and give such security within a reasonable time, to be fixed in such advertisement, then the contract shall be given to the next lowest bidder who shall enter into such contract and give such security."—(Brightly, page 677.)

"Purchases in open market cannot be resorted to except in case of such articles as are wanted for use so immediate as not to admit of contracts by advertisement."—Brightly, note b, page 677.)

The Secretary is authorized to purchase in two ways: 1st, by contract after advertisement, and acceptance of proposals of bidders. If the lowest bidder fails to enter into the contract and give the security in the time specified, then the contract is to be given to the next lowest bidder.

2. By open purchase.

In this case the Secretary had no more power to enter into a contract with Swift than if the advertisement of June 14, 1858, had never been issued. By the terms of that advertisement, one half of the timber was to be delivered on the 1st of September, 1858, and the rest on or before the 1st day of February, 1859. It was not possible to award the contracts originally advertised for to any one. On the 23d day of September, when the contract was entered into with Swift, it was manifestly absurd and impossible to award a contract to any one to deliver timber on the 1st day of the same September. In every possible respect, so far as Swift was concerned, the Secretary was precisely in the same position, under the law, on the 23d day of September, that he would have been if no advertisement for proposals had ever been issued. The Secretary alleges, in his defence, that there were fears of a rupture with Great Britain when the advertisement was issued, but all those fears were completely dissipated before the end of June; and in September, when the contract was made, our relations with Great Britain were certainly as harmonious as they have ever been at any time in the history of the two governments.

The allegation of want of timber in the yards is equally as idle as the pretence of fears of Great Britain. The testimony shows clearly that little of this timber was required, perhaps none of it was absolutely necessary for immediate use, and the quantity actually used has been so small compared with the amount purchased as to be worthy of no consideration. In fact, the testimony of the naval constructors at Norfolk and some of the other yards renders it probable that the timber purchased from Swift is of small value to the government, as, in case it should be used, an equal quantity of timber already in the yards will be suffered to decay.

Yet the Secretary, without notice to the next bidder, and without advertisement, and without such a necessity as would justify an open

purchase for such an amount as Swift had on hand, entered into a contract with Swift for 150,000 feet. This contract is dated September 23, 1858, but was made as early as September 16. On that day Mr. Lenthall wrote to Grice, the lowest bidder, as follows :

“NAVY DEPARTMENT,
“Bureau of Construction, &c., September 16, 1858.

“SIR : I am instructed by the department to inform you that, as you have not complied with the terms of your contract for live-oak, a new one has been made with other parties.

“Respectfully, your obedient servant,

“JOHN LENTHALL,
“Chief of Bureau.

“SAMUEL B. GRICE, Esq., *Philadelphia.*”

The arrangement between Swift and Bigler was carried out. All their timber on hand at the different navy yards that would pass inspection has been taken. It was the same that was on hand when the advertisement was issued, and no other has yet been delivered. The rejected timber of Swift is still allowed to remain at the navy yards. The price paid is higher than Bigler offered his timber to the government on open purchase. The only failure in Swift's plan is, that by the intervening bids the government was saved \$28,300.

On the 15th day of October, he, for the first time, repudiated his written agreement with Plitt; Plitt thereupon consulted the President. The result of this conference is thus stated by him:

“I did not want to involve the present administration in any difficulty, and, therefore, I asked the President whether there would be any objection to my prosecuting Mr. Swift in court for this claim. The President looked at the agreement made in 1854, and said he could not see any objection to it. He had, of course, no advice to give, and told me I might do as I pleased about it.”

At a recent interview of Plitt with the Secretary, the latter remarked to him:

“Your friend Swift, I am afraid, has failed in delivering one of his last contracts at the Pensacola yard, and if so, I intend to annul it.”

Swift also claims that, as his arrangement with Bigler did not entirely succeed, Bigler should pay him \$1,000 for nameless expenditures in obtaining the contract, and he testifies to an agreement to this effect, which Bigler denies.

The undersigned have fully considered the statement of the Secretary, of the date of February 14, 1859, that the contracts were made to supply the pressing and immediate wants of the government, and have directed their attention to that subject. The yards at which the Secretary says the live-oak was most needed were Norfolk, Kittery, and Pensacola. The naval constructor at Norfolk testifies that they have used to this time less than 1,000 feet of Swift's timber, and that they have on hand over 500,000 feet. At Kittery the wants of the government were supplied by open purchase from Bigler of about 3,000 feet. At Pensacola Degraw had arranged with the naval constructor for the few sticks needed for immediate use, and for the balance as needed. The Secretary expressly refused to make the purchase an open purchase, for the reason that the law would not justify it. He so stated to Swift, Bigler, and Appleton.

In June, 1857, a greater necessity for timber existed than when the contracts were awarded to Swift, and yet the usual advertisement was then issued. It is worthy of observation, moreover, that at Pensacola, where the Secretary informs us the wants of the service were most pressing, Swift had no timber, and did not deliver it as soon as the lowest bidders could have done.

BROOKLYN NAVY YARD.

Shortly after the organization of the present administration, the patronage of the New York yard having been previously confined chiefly to a few of the congressional districts of New York, an understanding was entered into between the democratic members from New York, with the acquiescence of the Secretary of the Navy, that it should, as nearly as practicable, be equally divided among them. In some cases the Secretary created new places of master workmen. The correspondence of these members with the department is herewith reported, and exhibits on its face the evil effects of the system.

The division of patronage among members was well known in the yard. Each master workman understood to whom he and each of his fellows owed their places. Thus the constructive engineer, the master plumber, and the master block-maker, represented Mr. Sickles; the master painter represented Mr. Searing; the master spar-maker, master blacksmith, and timber inspector, represented Mr. Maclay; the master laborer, under the constructing engineer, the master boat-builder, and the master ship-carpenter, represented Mr. Taylor; the master calker represented Mr. Cochrane; and the master stone-cutter represented Mr. Ward. Until May, 1858, the master laborer, under the constructing engineer, represented Mr. Clark, and the master carpenter represented Mr. Haskin, and so with all the heads of the departments of labor in the yard at Brooklyn.

Lawrence Cohane was appointed master carpenter, upon the nomination of Mr. Haskin, in the general division of patronage. He was removed on the 9th of June, 1858, on account of Mr. Haskin's course upon the Lecompton constitution, as he says. Alexander Ward was appointed in October 1857, for Mr. Clark; and in May, after Mr. Clark had taken position upon the Kansas question, he resigned. He states that he wanted to use his influence for the renomination of Mr. Clark; and he knew that if he did so, and still remained in the yard, he would subject himself to being removed. Rather than that, he preferred to leave himself. These places were then given to Mr. Taylor.

Each master workman selected all the workmen under him, and upon his requisition the number was increased or diminished, he naming those to be selected or discharged.

This system, added to the abuses previously existing, has reduced the navy yard to a mere political machine, where idleness, theft, insubordination, fraud, and gross neglect of duty prevailed to an alarming degree. Members of Congress, officers of the yard, both naval and civil, master workmen, contractors and laborers, have all testified to many abuses.

Hon. John Cochrane testifies that the tendency of "the distribution of patronage by members was very deleterious upon the purity of elections; injurious to the workmen, in that it teaches laborers and mechanics to look to political influence for sustenance and support; injurious to the member of Congress; that he himself had been besieged—beset by hundreds of claimants at his house and in his office, until now, having been driven from his office, he was in doubt whether he should return to New York." And Hon H. F. Clark, in reference to the same subject, makes the following statement:

"My attention was first attracted to the subject by receiving a very great number of applications from mechanics and laborers in my district for my interference to procure for them places in the navy yard. To such an extent was this demand that it became onerous, indeed offensive. My house was run down. I was addressed upon the street upon the subject. When in the lower part of the city on business I would be pursued; and I really could find no rest by reason of the great number of such applications."

* * * * "Another class of applications was from men who desired to have procured for them the situation of quartermen in the navy yard, at \$2 50 per day. Another class was from men who desired to have procured for them the situation of masters in the navy yard. And, between them all, I found that more was required of a member of Congress than I had imagined. It appeared to me that I was expected to find places for the unemployed, and there were too many of that class in New York to render it possible that I should voluntarily undertake that business."

"This whole system tends, in the first place, to the demoralization of the laboring classes, to their serious detriment, and, in my judgment, to the degradation, personal and political, of members of Congress."

The incidents and details of these abuses are shown by the testimony and the very voluminous correspondence of the department with Commander Rootes and Mr. Graham, the constructing engineer. Most of the members of Congress went to the yard during the hours of work to look after their interests. Each was anxious to have his friends in the yard, and most of them in person frequently pressed these applications. They had controversies with each other, with the officers of the yard, and with the master workmen, about the division of patronage. Several cases of this kind are testified to by the master workmen, and are shown by the correspondence. Pressed by laborers begging for work as a reward for partisan services, numbers sent them to *their* master workmen, in some cases to others, with letters of recommendation, in many cases without proper inquiry as to their fitness or ability to do work. The master workmen, themselves appointed for partisan services, often yielded. In some cases, when they refused, threats of their own removal were sent to them; and when compelled to choose in some cases they preferred packing the yard with idle and unskilful workmen or laborers to risking their own places. In one case Hon. John Cochrane, believing that Lawrence Cohane, the master carpenter, did not fairly divide the patronage in his department, wrote Cohane thus:

"NEW YORK, June 14, 1857.

"MR. COHANE: Mr. Cullen tells me that you are to take men on on Tuesday; now I ask you to take *him* on and the others I have asked you to take on. I *will* have my proportion of men under you; if you do not give them I will lodge charges against you. You have turned away all the men but one from my district already. Of this I have complained to the Secretary, and now, unless you rectify this injustice, I will make application that you be turned out. The bearer will bring me an answer.

"Yours, &c.,

JOHN COCHRANE."

Mr. Cochrane's letters of a similar character to the master blacksmith are herewith reported.

In another case Lewis W. Berry, the master painter, discharged a man for habitual drunkenness, who had been appointed upon the recommendation of Hon. John Kelly. Mr. Kelly requested that the man be taken on again. Berry thus describes what took place at that interview:

"I told Mr. Kelly that I could not employ any such man as he was; that he had disgraced himself, and was a disgrace to my department. Mr. Kelly said he could not help that, but that the man must go to work again. I told him I could not employ him again. Said he, 'You may set it down as a fact that I will have you removed if I can, if you don't put that man on again.'"

Within two or three months Berry was removed. When asked if he had been removed for this cause, he said:

"I cannot say of my own knowledge; I only know what was said. I suppose he was as good as his word, as he said he would get me turned out. When I came on to Washington afterwards, I thanked him for being as good as his word."

Mr. Kelly testifies that he did not know that this man was a drunkard, and always had regarded him as a sober man. He said he applied for Mr. Berry's removal, but he did not think he was turned out upon that application, as it was nearly three months before he was removed. William Turner, the successor of Mr. Berry, was appointed for Mr. Searing. An immediate controversy arose between him and Hon. George Taylor, about the division of his patronage. The following letters were produced by Mr. Berry from Mr. Taylor to illustrate the control of members of Congress over master workmen.

"WASHINGTON CITY, *March 23, 1858.*

"CAPTAIN TURNER: You will much oblige me by retaining Mr. Fitzgerald as foreman. This is the understanding between Mr. Searing and myself, and, I may add, the Secretary of the Navy. You will also oblige me by appointing Mr. Tenney, in the 12th ward, when in your power to do so. As a general thing, Hugh McLaughlin, master laborer, knows who my friends are, and he will confer with you at all times.

"Yours, respectfully,

"GEO. TAYLOR."

"HOUSE OF REPRESENTATIVES, *April 7, 1858.*

"DEAR SIR: I understood that, as a part of the arrangement before your appointment, you were to retain Mr. Fitzgerald as your foreman. You promised to do so; and that is Mr. Searing's understanding. I am now informed that you intend to dismiss him and appoint some one in his place from New York. This is not right, and you ought not to think of it, if you do. I trust that the original understanding will be carried out. I have just conversed with Mr. Searing, and this is his view of the matter, and it was the Secretary's view when you were appointed. In your turn you will, of course, do the best to equalize matters among the various members.

"Yours, respectfully,

"GEO. TAYLOR.

"I have just shown this letter to Mr. Searing.

"WILLIAM TURNER, Esq., *Master Painter.*"

"WASHINGTON CITY, *April 13, 1858.*

"SIR: Your favor has been received. I will be much obliged for a list of the men under you, when I will write to indicate those I am especially interested in. I want only a fair proportion of the men.

"In reference to Mr. Fitzgerald, it was expressly understood between Mr. Searing and myself that Fitzgerald should remain, and promised this yourself. I do not know what Mr. Kelly has to do with this matter, but I shall be pleased to see him gratified so far as it is proper; but I cannot and will not submit to Mr. Fitzgerald's dismissal; and now I give you notice that if you do remove him I will do what I can to correct it, and if you suffer you most not blame me. I desire to sustain you and to make your position pleasant; this I desire on your account as well as in respect to Mr. Searing; but, sir, I will not stand by and see my friends struck down by you or any other master.

"Yours, respectfully,

"GEO. TAYLOR.

"WILLIAM TURNER, Esq."

The testimony clearly shows that, through the master workmen, nearly all the workmen in the yard were selected by members of Congress, and mostly on account of political services. One of the master workmen testifies that when unfit men were pressed upon him by members of Congress, he reported it to the naval constructor, Mr. Delano, and the reply was, "He was sorry for me, but he could not help it." He informed Captain Rootes, who said "he saw it, but could not help it." It was reported in the yard, and the report was acted upon, that it was the order of the Secretary that the patronage of the different departments was to be divided and distributed among the members of Congress.

That this report was well founded, the following correspondence will show:

"NEW YORK, July 27, 1858.

"MY DEAR SIR: I have applied to Mr. Fraganza, master joiner of the navy yard, to give employment to a few men, good workmen and worthy persons, in my district. Although he has 130 men or thereabouts in his shop, he has not done so

"I have only sent one letter of recommendation to him, but no attention has been paid to it, beyond the answer that when he put an additional number of men to work he would then see what he could do

"I appeal to you to vindicate my district from this unjust and partial discrimination.

"Mr. Fraganza admits he has not one man in his shop from my district.

"If I have not misunderstood your views, it is your wish that the masters should select from the different districts adjacent to the yard, in equal proportions, upon the recommendation of members, the workmen employed in the shops, &c.

"Truly yours,

"D. E. SICKLES.

"HON. ISAAC TOUCEY, *Secretary of the Navy, Washington.*"

"NAVY DEPARTMENT, *August 2, 1858.*

"SIR: The department has addressed the commandant of the navy yard at New York on the subject of your letter of the 27th ultimo.

"Very respectfully, your obedient servant,

"ISAAC TOUCEY.

"HON. DANIEL E. SICKLES, *New York.*"

"NAVY DEPARTMENT, *July 30, 1858.*

"SIR: The Hon. Mr. Sickles has complained to the department that an unequal and unjust course is pursued towards his district by Mr. Fraganza, the master joiner, who, though he has about 130 men under him, has not employed a single person from his district, although Mr. Sickles has made only one recommendation.

"The department desires that a fair and liberal course be pursued towards Mr. Sickles's district, and wishes you to inquire into and report upon this matter.

"I am, respectfully, your obedient servant,

"ISAAC TOUCEY.

"Commodore L. KEARNY, *Commandant Navy Yard, New York.*"

"NAVY YARD, NEW YORK, *August 5, 1858.*

"SIR: On receipt of the department's letter of the 30th ultimo, Mr. Fraganza, the master joiner of this yard, was called on for an explanation in regard to the complaint made by the

Hon. Mr. Sickles. Mr Fraganza's letter, in answer to the subject, is herewith respectfully submitted.

"The department's letter of the same date, with reference to the selection of their foremen by the master workmen, was also received, and on the recommendation of Mr. Kennedy, the master stone-cutter, I sanctioned the rating of a foreman, named by him, and the discharge of the person who had previously held that position.

"Believing that I have carried out the intentions of the department's order, I would like to be informed if the course pursued in this instance meets its approval.

"I have the honor to be, sir, very respectfully, your obedient servant,

L. KEARNY, *Commandant.*

"Hon. ISAAC TOUCEY, *Secretary of the Navy.*"

This is certainly very extraordinary business on which to detail an officer of the highest rank known in the navy of the United States.

The natural result followed: many of them employed were of an inferior class of men. With rare exceptions, good workmen would not humble themselves to seek from a politician a job of work when they can get it elsewhere. A master workman testified that the poorest workmen were pressed upon him with the most pertinacity. Romeo Fraganza, one of the master workmen, writes the department, under date of August 5, 1858: "In eight congressional districts who claim the patronage of the yard, in nine cases out of ten the men who are most strenuously recommended are very indifferent hands, many of whom cannot obtain employment from private employers." Men from the laborers' gang, who knew nothing about painting, were ranked as first-class painters, (Fitzgerald,) others as blacksmiths, &c.; and so on in the different departments. Laborers were employed to act as clerks and to work as carpenters.

Worthless persons, old men, physically unable to work, "primaries," &c., were sent by members of Congress to master workmen, often merely to get rid of their importunities, and they were taken into the several departments, until their unfitness was palpable, and even then in some cases partisan services outweighed public interest. The only department in which the commandant of the yard had a right to appoint the men was the riggers' and the sailmakers' department, usually sailors working under warrant officers of the navy. Commander Rootes was applied to by members of Congress to put certain men even in their places, and in some instances he complied.

A system of appointment so vicious could not but produce disastrous results. Master workmen neglected their duty. The master of laborers testified that some time after his appointment he continued his business as a tin-smith, two miles from the yard, and attended in the yard about two hours a day. Many of these master workmen transferred to clerks and quartermen duties they should have performed themselves. A general concurrence of many witnesses conclusively proves that the work done by a laborer in the yard did not exceed two-thirds of that done for private individuals.

How far, or whether employments were sold in the yard, your committee have not been able to ascertain. Master workmen testify that offers of money were frequently made to them for employment, but they refused, and direct bribery of that kind could hardly be practiced without exposure. The same offence, however, was repeatedly committed in another way. The master workmen received presents,

or "testimonials," as they were called, from the workmen. This practice was common. Watches, diamond breastpins, and the like, are the usual gratuities. They were paid for by contributions levied upon the men under them, nominally as voluntary gifts, but really under the fear of removal. The master painter, when appointed, was asked by Captain Rootes if he knew his duty.

"He said it was to set a good example to the men and keep them at their duty. 'Further,' said he, 'Captain Rootes, there are not three men in the yard who do the duty of one;' alluding, as I supposed, to the painters. I said to him, 'That is the opinion of more than yourself, and I am glad to hear you say what you do; I hope when you come in here, you will set them a good example.' Yet, within two or three weeks after that, my attention was drawn by some person saying that this same master workman was receiving a gold watch from the men in his employ."

This watch cost the laborers \$175, all of which was paid by the working men in the painters' department.

The foreman of the shop testifies as follows:

"Answer. A young man by the name of Leighton, in the office, first suggested it. He told me that Mr. Turner would be glad to have it carried through, and I then assisted in the carrying through of it.

"Question. You went round and collected the contributions?

"Answer. Yes, sir.

"Question. Did all the men contribute?

"Answer. I do not believe there was any who did not.

"Question. Was there any objection made by the men to making this contribution?

"Answer. Not at this time, when this contribution was collected; but afterwards, the following pay day, they had this other tax to pay for him to go to Washington, and they complained of being taxed again.

"Question. How was this regarded by the men; as a tax or as a compliment to Mr. Turner?

"Answer. I think if the men were left voluntarily to themselves, they would not have done it. They did it merely through fear that, as some few had started it, if the others did not encourage it, they would be discharged."

A short time afterwards a contribution of ninety-four dollars was collected from the men to pay Mr. Turner's expenses to Washington, under the pretext that he could get the pay of the men raised; still another collection, of fifty-eight or sixty dollars, was taken to defray election expenses. All these contributions were collected between April 1, 1858, and the November election, and from common workmen, whose wages were alleged to be inadequate. Master workmen testified before your committee with their "testimonials" on their persons. The only case of a refusal of such a donation, brought to the notice of your committee, was that of Alexander Ward, master of laborers. Shortly after he went into the yard about one hundred dollars were collected, to be used in the usual way, before he heard of it. He had the money returned to the men, who were then receiving but \$1 12½ a day. In another case about one hundred dollars were raised by men under Mr. Graham to aid in the election of Mr. Sickles, which Mr. Graham, when he learned of it, caused to be returned to the men.

These abuses increased in the yard as the election for members of Congress approached. Members, master workmen, all were interested in packing the yard. If the master workman was reluctant to increase his force, he was urged to do so by the members of Congress, and was compelled to yield to the demand. In this way the master blacksmith increased his force 25 men. He testified that the

same general increase, for the same reason, occurred throughout the yard in all the different departments, and that of the force of about 2,400 men thus employed, one-fourth were useless; that it was understood that particular master workmen were to administer this patronage for the benefit of particular members. In most cases this pressure was yielded to with alacrity, and a temporary pressure of work in September, 1858, to fit out the Niagara for Africa, and which lasted for four days only, was made the pretext for retaining men after they were no longer needed. Insubordination increased; in one case the master laborer and a number of men answered roll-call and went to the primary election in Mr. Sickles's district, and yet drew full pay. A short time before the election the men got to leaving off twenty to thirty minutes before bell-ring in the evening, and would collect near the gate ready to go out of the yard. Commander Rootes attempted to stop this; as soon as he got near them, between the ship-houses, some of them, in large gangs, sang out his name, and hooted and hissed him. The only reason given by Commander Rootes was, that the men thought that the members of Congress put them there, and could keep them there in defiance of the officers of the yard.

The same pressure to increase the force was brought to bear upon the naval officers of the yard; when Commander Rootes sought to remove some of the men after the Niagara had sailed, the master workmen always managed to find something to do. He had no power to remove the master workmen, but could complain of them, and suspend them until an order was received from the department. If this power was exercised, the result was that the delinquent was soon restored to duty. A short time before the election Mr. Searing applied to Commander Rootes to employ some two or three men. He replied that he could not do it, the orders were against it; the masters had that privilege. Mr. Turner, the master painter, was present, and he said that it was all important to have these men in the yard; that they could carry a great number of votes, and had a good deal of influence, and it was necessary for the nomination of Mr. Searing. A few days before the election Mr. Taylor urged Commodore Kearny to take in a number of men. At this period, on the 27th of October, 1858, when the public welfare demanded the vigilance of the officers of the yard, Commodore Kearny was relieved from duty, and Commander Rootes was summarily detached and ordered to Washington by the Secretary of the Navy. Commodore Kearny was left in the yard until his successors arrived. Their successors could not and did not assume their active duties until after the election. This order was unusual, without motive, and no reason has yet been assigned.

The following statement of the number of workmen employed at the several navy yards in each half month of the year preceding the 1st day of December, 1858, is furnished us by the department :

	Portsmouth, N. H.	Boston.	New York.	Philadelphia.	Washington.	Norfolk.	Pensacola.	Mare Island.
1857.								
December 1 to 15...	564	1,256	1,479	646	863	1,558	450	} 297
December 16 to 31..	544	1,370	1,390	480	857	1,625	445	
1858.								
January 1 to 15....	538	1,251	1,426	574	785	1,540	410	} 358
January 16 to 31....	533	1,243	1,429	653	750	1,714	464	
February 1 to 15....	516	1,237	1,302	695	722	1,749	448	} 304
February 16 to 28..	438	1,288	1,288	709	683	1,756	424	
March 1 to 15.....	438	1,268	1,365	766	687	1,715	423	} 301
March 16 to 31.....	435	1,074	1,409	785	672	1,580	433	
April 1 to 15.....	526	1,079	1,403	800	670	1,553	422	} 279
April 16 to 30.....	556	991	1,416	914	672	1,503	384	
May 1 to 15.....	544	966	1,379	1,064	717	1,413	333	} 281
May 16 to 31.....	567	1,010	1,711	1,063	725	1,288	340	
June 1 to 15.....	498	1,119	1,850	1,120	725	1,291	341	} 296
June 16 to 30.....	525	1,204	1,912	1,156	715	1,223	365	
July 1 to 15.....	503	1,250	2,024	1,091	786	1,444	430	} 341
July 16 to 31.....	563	1,432	2,092	1,030	790	1,593	463	
August 1 to 15.....	595	1,538	2,137	1,216	861	1,699	515	} 330
August 16 to 31....	778	1,599	2,132	1,267	889	1,660	545	
September 1 to 15..	836	1,626	2,166	1,250	882	1,783	568	} 312
September 16 to 30..	855	1,656	2,286	1,534	899	1,887	587	
October 1 to 15....	900	1,633	2,365	1,685	860	1,931	598	} 346
October 16 to 31....	814	1,543	2,414	1,722	872	1,936	619	
November 1 to 15...	777	1,576	2,488	1,541	878	1,824	634	} 320
November 16 to 30..	642	1,546	2,319	1,537	872	1,713	620	

NOTE.—The rolls for the navy yard at Mare Island are rendered for the entire month.

It thus appears that the number of employes in the navy yards December 1, 1857, was 7,113 ; May 1, 1858, 6,697 ; November 1, 1858, 10,038. The chief increase was at Brooklyn and Philadelphia. In Brooklyn the number, December 1, 1857, was 1,479 ; May 1, 1858, 1,379 ; November 1, 1858, 2,488, or an increase of 1,109 men in five months. In Philadelphia the number, December 1, 1857, was 646 ; May 1, 1858, 1064 ; November 1, 1858, 1,541. During the month of October it ranged from 1,685 to 1,722—an increase of over six hundred in four months.

It will be perceived thus the highest number at New York was about the 1st of November, and at Philadelphia about the middle of October.

The undersigned find that abuses in the Brooklyn navy yard are not confined to master workmen and their men, but extend to all the civil departments of the yard.

THE NAVY AGENT.

George N. Sanders, the navy agent at New York, disburses about \$4,000,000 annually. By law he is appointed for four years, but removable from office at pleasure. His salary is not to exceed \$3,000 per annum. His duties are not prescribed by law, but are fixed by regulations of the department. He is therefore, as to term of office and duty, entirely subject to the discretion of the Executive. By the act of March 3, 1843, all materials, of whatever name or nature, for the use of the navy, *when time will permit*, shall be furnished by contract by the lowest bidder.

Fuel and a few other specified articles are exempted by subsequent laws. Contracts are annually made by the different bureaus for the articles supposed to be wanted; but articles are often needed not embraced in the contract. Under the implication arising from the words "when time will permit," if articles not covered by the contracts and not in the navy stores are needed, they are bought by "open purchase," under the direction of the Navy Department. The navy agent, among his other duties prescribed by the department, pays for all articles purchased at New York by contract, and makes all open purchases.

All the articles were purchased upon the assumption that time would not admit of their being purchased by contract. The evidence clearly shows that articles thus purchased were bought at a much higher rate than the contract price. Thus iron of prescribed sizes in 1853 was $3\frac{1}{2}$ cents per pound by contract. Yet a quantity of iron for hooping the spars of the frigate Congress was needed. There was a slight variation in the size of the iron from that furnished by contract of the 2,000 pounds required. 1,835 pounds were bought on open purchase at $5\frac{1}{4}$ cents per pound.

When articles are needed not embraced in a contract a requisition is made out by the master workman, certified to by the constructing engineer or naval constructor, as the case may be, and commandant of the yard, and sent to the navy agent. It then becomes his duty to enter the market and purchase the article needed at its fair market value. Instead of this being done in the city of New York, the requisitions are generally handed over to Charles A. Secor & Co., ship chandlers, of New York, and they furnish the article. One of the firm is the security for Mr. Sanders on his official bond, and is his intimate and confidential friend. The articles called for are furnished by them, whether within the line of their business or not, and sent directly to the yard. The navy agent has followed this course during his term, and never sees the articles, fixes their prices, or knows when, of whom, or at what prices Secor gets them, and yet claims that he is appointed to make the purchase, and is accountable for the prices.—(Commodore Smith.)

When the articles reach the yard a junior officer of the yard inspects them to see if they are good and to satisfy himself if they are charged at fair market prices. To do that he sometimes has sent to the city of New York to make inquiries, but usually he took the price pre-

sumed to have been agreed upon by the navy agent as the fair market price. Commander Rootes testifies that they had a great deal of trouble with Mr. Secor, and that everything furnished to the navy yard by Secor & Co. while he was there had been far above market prices, and so he wrote to the department. Lieutenant Barnet, for some time the inspecting officer, makes the same statement. Several instances are shown in the testimony and in Commander Rootes's correspondence with the department where the price was exorbitant. In such cases the article was rejected; but as the officer did not purchase the article and was not informed in regard to prices, it usually passed into the storehouse, and thereupon Secor got his pay of the navy agent.

When the attention of Commodore Smith, of the Bureau of Yards and Docks, was called to the matter, he issued a circular to each navy agent, requiring him to inquire of the contractor for articles in that line, his prices, and also that he ask the prices of two other parties dealing in the same line, and then take the lowest bid.

These instructions were disregarded by Sanders, and many of the open purchases were, and are still, made in the same manner of Secor & Co. Mr. Sanders denied, under oath, that he had received, or expected to receive, any benefit from this arrangement. But it is dangerous to allow a practice under which collusion between the agent and the "provider" is so difficult of detection.

A still more dangerous custom has been allowed by Mr. Sanders within the past year. Latterly, when requisitions were made by the master workmen, Mr. Sanders has allowed them to indicate from whom they wish the purchases made; and in many cases he has allowed master workmen to make the purchases themselves. In some cases where requisitions have come to his office, and he has had them filled by Secor & Co. in his usual way, it was found that men in the yard had made the purchases already, and expected the navy agent to sign the requisite certificate and pay the money. He testifies, himself, that he has too readily yielded to that manner of making purchases, and that most of the open purchases latterly have been made in this way. Why should the master workman seek to indicate the vendor? why desire to make the purchase himself? The danger of collusion between the seller and the master workman is increased as the number of master workmen increases. Each becomes interested in increasing the amount of open purchases in his department, either to favor a friend or to share the profit. He judges of the necessity of the article; makes the requisition; purchases the article; agrees upon the price; inspects it, receives it, and uses it; and yet the formal certificates are signed by others, and the navy agent pays the money.

THE NAVAL STOREKEEPER.

This office is not created by law, and the duties of the office are prescribed entirely by the regulations of the Navy Department. The salary does not seem to be fixed by law, but the amount paid is \$1,700 per annum. The duty of this officer is to receive and take charge of the naval stores in the yard and deliver them upon proper requisitions for the use of the service. The following statement

shows the amount of stores on hand at the different navy yards, July 1, 1858:

Navy yards.	On hand July 1, 1857.	Received.	Expended.	On hand July 1, 1858.
Portsmouth	\$751,685 50	\$161,962 43	\$182,681 32	\$730,966 61
Boston	1,530,800 39	862,247 22	764,882 62	1,628,164 99
New York	1,315,019 03	556,712 03	457,578 38	1,414,152 68
Philadelphia	526,426 93	295,800 90	293,002 44	529,225 39
Washington	528,115 43	475,634 58	545,267 91	458,482 10
Gosport	1,565,958 28	446,883 38	473,015 06	1,539,826 60
Warrington	341,346 80	61,819 26	70,320 22	332,845 84
Total	6,559,352 36	2,861,059 80	2,786,747 95	6,633,664 21

It appears that, by the books of the department, there should have been in the yard at Brooklyn stores of the value of \$1,414,152 68 on the 1st of July last, but whether that amount is on hand or not has not been ascertained. No inventory has been taken for years. Anson Herrick, the present storekeeper, was appointed in March, 1857, and during that year an attempt to make an inventory was commenced, but after some months' trial was abandoned.

From the manner in which the books were previously kept, as shown by Herrick, it is utterly impossible to ascertain the condition of the public stores, from the accounts of the department, until a detailed inventory is completed. Mr. Herrick testifies that previous to his time, when a vessel was fitted out for service, all her stores of every kind furnished were charged as expended. If the ship returned with part of the stores on board, they were passed over to the storekeeper, and not charged to him. Thus the books of the storekeeper showed that but two comparing watches, furnished the forward officers on going to sea, were charged to the storekeeper as on hand; yet there had been 15 or 16 in the drawer. Of these, about seven were stolen, and the storekeeper could deliver over to the government the two watches called for by the books, and have several left.

They also find that the present storekeeper neglects his official duties. He is an active editor in the city of New York; has no experience as a storekeeper except that, as a boy, he used to attend a grocery store. He is seldom in his office, and considered his duties well done when he signed his name to receipts and returns prepared by his clerks, and carried to his office in New York for signature. He testifies that his clerical force was too small, and that the returns are behind, and cannot be written up for several months; that he has two clerks—two writers—one foreman, who signs Mr. Herrick's name to receipts to contractors, and seventeen laboring men; and yet he testified that he did not know that he spent one-seventh of his time in the duties of storekeeper. To use his own language:

"I do not spend but very little time in the navy yard, for this reason: these papers and documents are brought to me by my chief clerk, who is my son, whom I see every day, or by the messenger—one of the laborers being employed as a messenger. I appointed my

own son first clerk because I could have confidence in him. All the papers that are necessary for me to sign, when I am not at the yard, are brought to me, and an account of all the business that is done in the yard is brought to my house and reported to me."

Commander Rootes testifies that the force in the storekeeper's department has always been too large, and that this fact and Mr. Herriek's neglect of duty have been reported to the department. Without further detail, and referring to the testimony, the undersigned report that the civil officers of the yard have not and do not, as a general rule, attend properly to their official duties; that their appointment has been controlled by political reasons, and not by their fitness or qualifications for their respective offices.

PHILADELPHIA NAVY YARD.

The attention of the committee was directed to one transaction at this yard. In August last a requisition was made upon the naval constructor for eighty oakum spinners. There were then employed ten to fifteen spinners, who were generally "old salts" disabled for active duty and yet competent to spin oakum; the work is nothing but rubbing oakum upon the knee. The naval constructor did not deem a greater force necessary, and refused to sign the requisition. The master calker brought it to Captain Carr, the commander in the yard, who also refused to sign the requisition. Thereupon Hon. Thomas B. Florence, a member of this House, came to Washington and asked the Secretary to direct the eighty oakum spinners to be employed. It was referred to the Bureau of Yards and Docks. Commodore Smith declined at first, but he received a slip of paper signed by Mr. Welsh, the chief clerk, on which was written in pencil as follows: "The master workmen having made a requisition for eighty additional pickers, you will see that it is complied with." This was enclosed in the written application of Mr. Florence. The order was then issued to the commander of the yard, and the "oakum spinners" were set to work. Commodore Carr testifies that when the men came in he went down and took a look at them; "they were the lame, the halt, and the blind; but they did the work. I made a place for them until they worked the oakum up." They were then discharged.

All the oakum spinning for a year was crowded into a few weeks. The undersigned refer to the testimony of Mr. Florence for the motive of this transaction.

REMEDY FOR ABUSES.

Your committee have directed their attention, as far as time would permit, to the best mode of correcting existing abuses in the management of the navy yards. They have considered whether, 1st, all or some of the navy yards could not be dispensed with with advantage to the public service, and the construction and repair of vessels be done by private enterprise.

2d. Whether work in all or some of the navy yards could not pro-

perly be suspended, and they be placed in ordinary until existing abuses are corrected or the state of the treasury will allow further improvements. Your committee have not fully considered these propositions and do not report upon them.

All work in the navy yards or upon vessels of the United States depends upon the annual appropriations of Congress, so that Congress by granting or withholding appropriations may determine these questions without changing existing laws.

In concluding their report upon this branch of the investigation, the undersigned call the attention of Congress to the necessity of a general law prescribing the manner of making government contracts. The existing laws consist of detached sections of various laws, in most cases attached to appropriation bills, and often unconnected with each other. It is difficult to ascertain from the law the powers and duties of officers authorized to make contracts. Abuses, therefore, naturally occur. The undersigned at this late period of the session have not time to mature a bill, but deem it their duty to call the attention of Congress to the subject.

CONTRACTS FOR MACHINERY.

The inquiry of your committee into the contracts for machinery for the vessels of the United States has been mainly confined to the contracts made for the machinery of the vessels now building under the act of June, A. D. 1858.

On the 26th of July sealed proposals were invited by the Secretary of the Navy for the steam machinery, &c., for the seven sloops-of-war authorized by that act. The specifications did not prescribe the form, plan, or details of the machinery, but promised a drawing of the section of the vessel to any one making application therefor. It required the bidder to guarantee certain results, such as power, speed, economy of fuel, and the like, but left the design and the arrangement of the machinery with the party whose proposition should be accepted. Under these specifications proposals were made by most of the leading marine engine builders in the United States, accompanied in each case by plans and drawings. The following is a statement of these bids:

Large sloop at Portsmouth, New Hampshire, 1,000-horse power.

Morgan Iron Works, New York..	\$143,000	Allaire Works	\$110,000
West Point Foundry	136,000	Novelty Iron Works†	98,500
James Murphy & Co.	135,000	Woodruff & Beach, Hartford ^o ...	125,000

Small sloop, Boston, 750-horse power.

Morgan Iron Works, New York..	\$110,000	Locomotive Works, Boston ^o	\$104,000
James Murphy & Co., New York.	107,000	Atlantic Works, Boston	100,000
Allaire Works, New York†	97,000	Woodruff & Beach, Hartford	118,000

Large sloop, New York, 1,000-horse power.

Morgan Iron Works, New York.	\$137,500	Allaire Works, New York	\$105,000
James Murphy & Co., New York.	130,000	Novelty Iron Works, New York†	97,000
West Point Foundry, New York.	130,000	Woodruff & Beach, Hartford	125,000

* Accepted bid.

† Lowest bid.

Large sloop, Philadelphia, 1,000-horse power.

Reanie, Neafie & Co., Philadelphia	\$145,000	Novelty Iron Works, New York†	\$98,000
Merrick & Sons, Philadelphia	102,000	Murray & Hazelhurst, Baltimore	110,000
Morgan Iron Works, New York	141,000	Woodruff & Beach, Hartford	125,000
Allaire Iron Works, New York	110,000		

Large sloop, Norfolk, 1,000-horse power.

Reaney, Neafie & Co., Philadelphia	\$152,000	Woodruff & Beach, Hartford	\$125,000
Morgan Iron Works, New York	142,000	Murray & Hazelhurst, Baltimore	115,000
Novelty Iron Works, New York	100,000	C. Reeder, Baltimore†	94,000

Small sloop, Pensacola, (direct-action engines,) 750-horse power.

Reaney, Neafie & Co., Philadelphia	\$153,000	Woodruff & Beach, Hartford	\$118,000
James Murphy & Co., New York	127,000	Locomotive Works, Boston	115,000
Morgan Iron Works, New York	120,000	Murray & Hazelhurst, Baltimore†	100,000
West Point Foundry, New York	118,000		

At this stage of the proceedings, before the Secretary had passed upon any of the bids, the following letter was sent by Colonel W. C. Patterson, of Philadelphia to the President :

PHILADELPHIA, September 13, 1858.

DEAR SIR : I venture to suggest to you the importance of awarding the contracts for the machinery of the sloop now building at the navy yard at this time, and if it can be done without prejudice to the public service, to Merrick & Sons. Theirs is the only establishment in the first district which employs a large number of mechanics ; at this time, 390 ; when in full work, 450.

The managing partners (Mr. M., sr., being absent, in bad health) are full of energy, straining every nerve to keep their force during this depression, and, in so far as I know, the only old whigs of any influence in that district who are in favor of the re-election of Colonel Florence.

I know, from former experience, the value of that influence, and feel persuaded that it is the interest of the democratic party to increase it

The first district will, I hope, be carried in any event, but with that shop at work, full handed, two weeks prior to the election, the result would, I think, be placed beyond all doubt

With much respect,

W. C. PATTERSON.

THE PRESIDENT.

This letter was sent to the Secretary of the Navy by the President with this indorsement:

“ SEPTEMBER 15, 1858.

“ The enclosed letter from Colonel Patterson, of Philadelphia, is submitted to the attention of the Secretary of the Navy. J. B.”

The undersigned regard this as a serious offence. It is the duty of the Secretary to determine which of the bidders was the “ lowest responsible bidder,” and to award to him the contract. It is a judicial act. The rights of parties under the law, and the rights of the government, were involved in the award. Any suggestions of fact or motive, except those which would enable the Secretary to adjudge which of the competing bidders was the lowest responsible one, was improper. The Secretary was the subordinate of the President, hold-

* Accepted bid.

† Lowest bid.

ing office at his pleasure, naturally controlled by his will; and by law he is frequently required to award and adjudge without regard to the President.—(*Decatur vs. Paulding*, 14 Pet., 515; 6 How., 101-2.) Under these circumstances the President suggested to the Secretary, and in writing called his attention to the importance of awarding one of the contracts for machinery to Merrick & Sons, in order to secure the potent political influence of that firm in favor of the reelection of Colonel Florence, and thus place the result of the election in his district beyond doubt, and generally to increase the influence of that firm, that it might be exercised in favor of the democratic party.

If the President had suggested to a judge of the United States courts that he render a judgment in favor of one of the parties litigant in a cause pending before him, because that judgment would aid in the election of a party favorite, or would contribute to the success of the democratic party, the general voice of the people would demand his impeachment. Is it a less serious offence when this suggestion is made by the President to the Secretary of the Navy? The judge is beyond the power of the President; the Secretary is within his power. Each is required to perform judicial functions. The suggestion by the President of corrupt motives to either is equally dangerous, and is more likely to succeed with an officer whose tenure of office is the will of the President.

The terms of the note of the President could not be misunderstood by a subordinate. No one can read the letter and note without a conviction that the inducement in the letter was regarded by the President as a proper one to be submitted and to require the attention of the Secretary. Thus indorsed, the corrupt motive suggested would decide the award without regard to cost, unless the Secretary evinced a higher sense of public duty than his superior.

Should it be said that the letter did not influence the award, the reply is, that the offence is in submitting a corrupt motive to the consideration of the Secretary. But the award was made to Merrick & Sons. How far it influenced the award can only be inferred from the proceedings in the case.

On the 20th of September, 1858, the Secretary appointed an advisory board of engineers to examine the proposals, and each member of the board was required to report which proposal in his opinion should be accepted. The board was composed of Samuel Archbold, engineer-in-chief of the United States navy; W. W. Wood, Henry Hunt, and Daniel B. Martin, chief engineers. Martin was the patentee of Martin's vertical tubular boiler, and previous to the proposals had made arrangement with some of the bidders that he was to receive a specific sum, varying in amount from \$750 to \$1,000, for the privilege of using his boiler. There was nothing in the specifications advising bidders that the adoption of Martin's boilers was a requisite to success. It was not generally adopted, except in government vessels. The horizontal tubular boiler was generally used in marine engines. The drawings exhibited the details of the machinery, and the board of engineers would necessarily know whether

Martin's boiler was included in the bid. Merrick & Sons specified Martin's patent in their proposals, although they did not use it in other marine vessels. One of the firm testified that one motive for including that boiler was they had supposed that they would, perhaps, be more likely to succeed in their proposals if they adopted that form of boiler. They therefore previously agreed upon a stipulated price with Martin for the use of his boiler and embodied it in their plans. The specifications required that—

“The offers must be for a specific sum for putting the whole in successful operation; must include all patent fees; and the department will require a release from the proprietors of any patented article or arrangements used in or about the machinery,” &c.

This would necessarily involve a previous agreement of Martin with those parties who included his boilers in their plans, and would make him directly interested to the extent of his patent right, in accepting the bids of those who would pay him for its use, and rejecting those who preferred another boiler.

It is clear this was known to the Secretary. It had been the subject of complaint previously. Martin had placed on the record a release to the government for the right to use his boiler on government vessels while he remained engineer-in-chief of the United States, but he was removed in 1857 because of his interest in patents. Martin testifies that he told the Secretary of his interest, and on that ground asked to be relieved from the service on advisory boards. The interest of Martin was also discussed between the Secretary and Dickerson.

In deciding upon the proposals, no award was made except to those whose drawings showed the Martin boiler. The lowest bid for the Norfolk sloop was by C. Reeder, of Baltimore, and was for \$94,000. Two of the board, Messrs. Archbold and Hunt, were in favor of accepting this bid. All agreed that the engines were good; but Messrs. Martin and Wood did not like the boilers. In his answer, Martin thus states his objection:

“Mr. Reeder's plan of engines is good, and his price satisfactory, but his plan of boiler I cannot recommend; if they were made satisfactory I would recommend him for the Norfolk ship.”

If the boiler had been “satisfactory” to Mr. Martin, it would have secured a majority of the board in favor of this bid. As, however, the board was divided, a new advertisement was issued, new bids were received, and the contract for the Norfolk ship was finally awarded to Messrs. Murray & Hazelhurst, of Baltimore, for \$131,000, or \$37,000 more than Reeder's first bid. It appears from the testimony of Martin that he prepares plans for bidders; that he receives pay for such plans—in one case as high as \$500; and that his fees now, as consulting engineer for private parties, amount to more than his salary as chief engineer in the navy. In addition, his patent fees for the boilers and valves used in the machinery of the five sloops, awarded partly upon his opinion, is over \$4,000. He has now a

claim pending before Congress for \$13,000 for the use of his patent boiler in the vessels of the United States.

It is impossible for your committee or the House to ascertain whether the action of the other members of the board was proper or not. The rejected plans and drawings have been returned to the bidders. The specifications were so drawn as to leave the whole matter to the Secretary of the Navy. If in the specifications the details had been prescribed, the only questions to determine would have been the price and security. It is said that the mode adopted secured the best engineering skill in the country; that engineers having the speed, &c., desired, might seek to secure a contract by improvements on existing plans. What weight ought to be given to these considerations we are not prepared to say. Upon the plan adopted there is no check upon executive officers in awarding contracts. Some real or fancied defect in the machinery, or any part of it, such a suggestion as that of the President, political influence, favoritism for certain bidders, or, as in Martin's case, a known or concealed interest, might induce an award to a party whose bid is many thousands higher than another responsible bidder. The easy answer to all complaints is, that the plans of the successful bidder are better. Bidders of high character and ability, whose engines have been successful in commercial vessels, finding their bids repeatedly rejected, and the higher bids of inexperienced parties, without facilities or experience in constructing marine engines, accepted, naturally attribute it to political or other improper influences, and refuse again to incur the expense of preparing plans and drawings, and the loss of reputation incurred by their rejection. Thus the government work becomes monopolized by a few whose political relations are right, and the government gets the poorest work at the highest price; a competition for work for the government becomes a mere scramble of partisans, decided, not by the highest skill and lowest prices, but by political influence.

The board of engineers unanimously reported in favor of Merrick & Sons for the Philadelphia ship, at \$102,000. This was the house described in the letter of Colonel Patterson. The lowest bid was by the Novelty Works, New York, perhaps the most extensive work of the kind in the United States, at \$98,500.

For the Pensacola sloop the board was divided; Archbold and Hunt were in favor of the Boston Locomotive Works, at \$115,000; Martin and Wood were for the Morgan Iron Works, at \$120,000. Martin had previously engaged with the proprietors of the Morgan Works for the use of his patent, at \$1,000. The Secretary, without further proposals or reference, awarded the contract to the Morgan Works. The lowest bidder for the Pensacola sloop was Murray & Hazlehurst, at \$100,000. They are marine engine builders of high character and ample facilities.

For the Boston sloop Martin and Wood were in favor of the Boston Locomotive Works, at \$104,000; Archbold and Hunt were for other bidders. The Secretary awarded the contract, without further pro-

posals or reference, to the Boston Locomotive Works. The lowest bidder was the Allaire Works, New York, at \$97,000.

For the Portsmouth or Kittery sloop the board was unanimously in favor of Woodruff & Beach, of Hartford, at \$125,000. The lowest bid was that of the Novelty Iron Works, at \$98,500. It is proper to say that Mr. Beach is remotely connected by marriage with the Secretary. But the committee see nothing in the evidence to show that he was favored on that account.

For the New York sloop Archbold, Martin, and Wood reported in favor of James Murphy & Co., at \$130,000. The lowest bid was that of the Allaire Works, of New York, one of the most extensive works in the United States, at \$105,000. D. B. Allen, one of the proprietors of these works, made one of the written complaints which led to this investigation. Their bid was low because of the general depression of the commercial marine, and their machinery such as has been sanctioned by private enterprise. They have constructed more marine engines than any other establishment in the country.

From the statement of the reports of the members of the board it appears that the vote of Martin prevailed in every instance. Upon an equal division of the board, his opinions were adopted by the Secretary in the case of the Pensacola and Boston sloops; and that upon his objection to the boiler proposed for the Norfolk sloop a contract was refused to Reeder, and was finally awarded to meet Martin's views.

The aggregate difference between the lowest bids and the accepted bids for the sloops is \$82,000.

THE GRIFFITH SHIP.

The struggle for the contract of the machinery of the smaller sloop-of-war building in Philadelphia, known as the "Griffith ship," presents some features requiring notice. Before the law of June 12, 1858, was passed, Mr. Norris, an engineer, who for some years had retired from active business, desired, in connexion with John W. Griffith, to build a vessel of light draught and great speed for the navy of the United States. Upon the recommendation of Mr. Norris, in June last, and in pursuance of a previous promise by the President to Mr. Norris, Mr. Griffith was appointed temporary naval constructor at Philadelphia. Mr. Griffith at once prepared his plans for the ship, and sent them to the department. They were somewhat peculiar, and designed to secure light draught and great speed, but to have a heavy armament. Mr. Norris prepared his plans for the machinery, and made a bid in September, 1858, to construct that machinery for the government at \$126,000. The two plans were designed, and the machinery and the vessel were intended for each other. When the bids were opened it was found that the machinery of Mr. Norris was the only kind proposed that was adapted to the peculiar model of the ship, and that he alone of the bidders had been furnished with the midship sections, plans, and views of the vessel,

and knew that it was to have two propellers. Under these circumstances, new proposals were very properly invited. Norris adhered to his bid, and proposals were submitted by Reaney, Neafie & Co., of Philadelphia, and the Allaire Works, of New York. The contest, however, was soon narrowed down to Norris and Reaney, Neafie & Co. The bid of the latter was \$139,000. A board of four engineers of the navy was called to consider these bids, with the plans and specifications of each. The board was equally divided in its report.

Each party, without complaint from the department, sought to succeed by political influence. The singular spectacle was presented of an ex-member, without knowledge of an engine, managing for one party, while the other pressed his party services.

On the 2d of November, 1858, Norris urged the acceptance of his proposals, in a letter to the Secretary thus:

"On the score of politics, which I have never mentioned before, I have greater claims upon the government than my competitors. Our shop, at Bush Hill, Philadelphia, was the first institution in this country that raised the banner of Buchanan and Breckinridge. The day after the nomination we raised the standard, with full length portraits of the President and Vice-President, and at the election our shop furnished 764 votes for them. Notwithstanding the present monetary depression, we gave 312 votes for the administration at the last election. We have supported the party with material aid by thousands of dollars, and worked hard, as any of the party in Philadelphia will testify."

On the 9th of November last Hon. James Landy, a member of this House from Philadelphia, appeared before the Secretary of the Navy to urge that the award be made to Reaney, Neafie & Co. The same firm employed William H. Witte, an ex-member of Congress, as their agent, who at once established intimate social relations with some of the officers in the Navy Department.

This agent was to receive *for his services* one-fourth of the profits of the contract, in case it was awarded to Reaney, Neafie & Co. It is to be remarked that he was employed by that firm only to secure government contracts, and had been successful, in 1857, in securing the contract for the Lancaster, for which he has received, as part of his share of the profits, \$5,000. He knew nothing of machinery, and was only employed, as he testifies, on account of his "character and standing."

On the 16th of November last Norris sent to the Secretary a letter from J. B. Baker, collector of Philadelphia, of which the following is an extract:

"I have been intimately acquainted with the Messrs. Norris Brothers for many years, and have had large business transactions with them, and it may not be amiss to state that they have always heartily advocated and sustained the democratic party. In the campaign of 1856 their establishment not only contributed many hundred votes to elect our present Chief Magistrate, but, to my knowledge, contributed largely in other ways to bring about the result."

Also, a letter from Hon. Henry M. Phillips, of this House, of which the following is an extract:

"Messrs. Norris are good democrats, willing and faithful members of the party, who, 'through weal and through woe,' have labored zealously for its success.

"Their fame as mechanics is world-wide, and they are men of high character, and it will be to the fourth district a matter of essential service for them to succeed in their present application.

"Personally, mechanically, and politically meritorious, if their proposal is not extravagant, I earnestly hope that it will be accepted."

Also, a letter from John Hamilton, jr., of which the following is an extract:

"I know no men better entitled to receive the attention of a democratic administration than those composing this firm. With a world-wide celebrity as mechanics of the first class, they have also been known as democrats who have never faltered in their active and earnest devotion to the cause; men who, amidst the very howling of the tempest raised by the opposition, are more energetic and determined in their support. I trust that the claims of these gentlemen, who are so well qualified to perform whatever they may undertake, and who are so deserving as democrats, will not be overlooked."

To counteract these letters, Reaney, Neafe & Co., relied upon the active, interested agency of Mr. Witte, who pressed their claims as a democratic firm. He also procured from Mr. Baker, the collector, a letter, of which the following is an extract:

"A few weeks since I was requested by Mr. William Norris to state in a letter to you my knowledge of the political character of the locomotive establishment of Messrs. R. Norris & Son, of Philadelphia, which I did; but I did not intend to convey the impression (as I learn has been the case) that the marine engine works of Messrs. Reaney, Neafe & Co. were not of the same political creed, whom I know by reputation, and it is proper to say, is of the highest character."

Somewhat similar letters were also written to the President and referred to the Secretary. Thus, in a letter under date of November 15, 1858, Mr. Phillips writes of Norris Brothers:

"They have been and are my very good friends—active, zealous, and disinterested democrats. Their establishment is within my district, where they employ many hundreds of operatives, who, under their exerted influence, were valuable members of our party during our last disastrous campaign."

Colonel Florence, a member of the House, in an interview with the Secretary, recommended Mr. Norris.

These efforts to enlist political influence in awarding contracts were received without objection or reproof, and were placed on the files of the department, and with the awards and other papers, were sent to your committee. A highly intelligent contractor testifies that within two or three years it has been a common thing for bidders to satisfy the department as to their political opinions. If jobs and contracts become the recognized rewards for partisan services, and are disbursed and distributed without regard to the written law, as a mode of refunding money contributed and spent in elections, and these abuses are tolerated by the people, then may the money of the people be taken directly from the public treasury to corrupt or overthrow the elective franchise. Yet these motives are strongly and confidently urged by high officers of the government to the high officers charged with a judicial duty, and also to the Chief Magistrate, whose duty it is to execute the law.

On the 29th of November, 1858, the Secretary desired a board of civil engineers, not of the navy, to examine the propositions of Mr. Norris, and of Reaney, Neafe & Co., and to express in writing which of the two was preferable. A majority of the board reported in favor of Mr. Norris's plan. Thus the matter stood until December 21, 1858, Mr. Norris supposing that the question was settled in his favor. At that date the Secretary submitted to Mr. Norris a written proposition of guarantee of speed, which, at the request of the Secretary, Mr. Norris copied and signed. Norris was not informed that it would be considered as a new offer, or as varying his former bid, but he signed it for the sat-

isfaction of the Secretary, and in the words written by him. The next day, if the date is correct, December 22, 1858, Witte, as the agent of Reaney, Neafie & Co., submitted a written "explanation" of their proposal, in which they stipulated for a somewhat higher speed. Their guaranties were treated as new proposals, and were, on the same day, referred to Archbold, the engineer-in-chief, who had steadily opposed Norris's plans. Archbold on the same day reported in favor of Reaney, Neafie & Co., and the contract was awarded to them.

The undersigned do not deem it necessary to pursue this controversy further. Charges of fraud, favoritism, and improper disclosure of the plans of competing bidders were made. The facts and the claims of each party are fully shown in the testimony and documents herewith submitted.

THE READING FORGE AND HON. J. GLANCY JONES.

As an incident to this branch of their inquiry, it became necessary for your committee to examine a charge that Hon. J. Glancy Jones, now a civil officer of the government, had, while he was a member of this House, received money from the Reading Forge for his services in obtaining for it contracts with the government.

Our attention was first called to this charge by the testimony of Dr. Cockroft, giving a statement of James Murphy, a contractor for the construction of the steam machinery for the United States steamship Brooklyn. The purport of the statement was, that he was obliged to let the forging for the vessel to the Reading Forge Company, understood to belong to Mr. Jones. An intimation was also made to Mr. Quintard, of the Morgan Works, New York, the successful bidder for the Pensacola sloop, that if he got the forging work done by the Reading Forge it would be acceptable or satisfactory to certain parties.

Hon. W. H. Keim, a member of this House, testified that he, as secretary and treasurer of the company, made an agreement with Mr. Jones to the effect that, if he would get work for the forge to do, the company would allow him five per cent. on the amount he obtained; that the kind of work contemplated was forging shafts, &c., for vessels of the United States navy. The inducement to the company to make the contract with Mr. Jones was the fact that he was a member of Congress, and it was supposed that he would have facilities for getting work that others would not.

Prior to this agreement Mr. Jones wrote the following letter to General Keim:

HOUSE OF REPRESENTATIVES, May 18, 1854.

DEAR GENERAL: I received your letter this morning, and have just had an interview with the Secretary of the Navy. He informs me that all the machinery will be given out *on contract*, except, perhaps, what is made in Washington. The Secretary will advertise for bids, but will not give it to the *lowest bidder*; he will contract with the offer which he thinks is best for the government. Now, I think I can serve my town and constituents by securing

a fair portion from those who want these contracts; with this the Secretary has nothing to do; but we can do a great deal ourselves by being ready to meet these contractors. I will write you again soon, and send you the notice when the Secretary advertises.

Truly yours,

J. GLANCY JONES.

General W. H. KEIM.

Under this agreement Mr. Jones did get work for the forge in 1854, for the steamer Wabash, amounting to \$10,000 or \$11,000, upon which he was entitled to five per cent. The contract for the work was made with Merrick & Sons.

General Keim ceased to be secretary and treasurer of the company in the spring of 1855, and was succeeded by M. A. Bertolet. Mr. Bertolet testifies that the contract with Mr. Jones was frequently spoken of in the meetings of the board, when the justness of paying him what was agreed upon was spoken of. On two or three occasions the witness met Mr. Jones and told him that he was very sorry that the concern was in such a condition pecuniarily; that he did not see how he could pay him any money then. He testifies he always understood that Mr. Jones was the agent of the company, and that the company had either agreed with him or proposed within themselves to give him a certain per centage for such work as should be procured through his agency. He testifies that Mr. Jones did get work for them from the government in 1855, in the repair of the Minnesota, the amount of which was \$3,109 48, and that this sum was paid to the Forge Company by the government. It also appears from the books of the company that the Forge Company did work for the government in 1856, in the items amounting to \$6,481 16, and for contracts under the government for a large amount. Mr. Bertolet continued in office but one year, and was succeeded by Charles McClenigan, who is now in Rio Janeiro.

Peter McLaughlin became secretary on the 20th of September, 1858. The company failed about three months afterwards. During all this time the forge did a large amount of work for the government and its contractors. Mr. McClenigan writes to the creditors of the company, under the date of November 25, 1857, "our prospects for the future are very flattering, as we have at this time *positively secured* the forging for three of the United States sloops, and a very fair chance for the forging of the remaining two; also the government work, which we at present are looking after."

The agency of Mr. Jones was known generally. At New York it was supposed to be an ownership of the forge. Mr. Bartol, a partner or agent of the firm of Merrick & Sons, Philadelphia, writes, under date of July 24, 1858, to the superintendent of the forge, "Colonel Florence, who is just from Washington, says it is a settled fact that two of the new sloops are to be built here." After suggesting that the forge bid for the machinery of one of them, he inquires, "will Mr. Jones support your proposition so as to get the job?" The reply of the treasurer in due time declines the offer and says, "Mr. Jones is also of opinion that it might seriously affect the interest of the Forge Company."

No account was opened with Mr. Jones in the ledger of the Reading Forge. The check book of the company was not before your committee. How much he received for his services, how much is due to him still on his contract, it is impossible to tell. In the expense account items of money paid to Mr. Jones at various periods were found as follows:

"October 2, 1854. Office expenses debtor to the Farmers' Bank for check No. 523, drawn to pay J. Glancy Jones's expenses to Washington City, \$30.

"November 26, 1856. Office expenses debtor to Farmers' Bank for this amount, check No. 858, sent to J. Glancy Jones for expenses in procuring work for the Reading steam forge, \$250.

"September 28, 1857. Office expenses for this amount borrowed money of A. J. Nichols, to pay J. Glancy Jones, esq., expenses to Washington on business for the company, and returned the same in check No. 1038, \$100."

The undersigned therefore report that Hon. J. Glancy Jones did, while a member of this House, enter into a contract with the Reading Forge Company, by which he agreed to procure work for it from the government, in consideration of which he was to receive five per cent. commission; that he did procure contracts to be made between the government and said Reading Forge, in which he was interested to the amount of said commission; and that he did receive money from said company for said service.

The evil tendencies of such transactions are manifest. If members of Congress and other officers of the government may be employed with money to solicit at the executive departments and bureaus for contracts and jobs, it cannot be expected that their influence will be resisted. The law will soon be disregarded, and offices, employments, and contracts will be bartered and sold without regard to the public service.

By the first section of the act of April 26, 1808, it is provided thus:

"No member of Congress shall, directly or indirectly, himself or by any other person whatsoever, in trust for him, or for his use or benefit, or on his account, undertake, execute, hold, or enjoy, in the whole or in part, any contract or agreement hereafter to be made or entered into with any officer of the United States, or with any person authorized to make contracts on the part of the United States; and if any member of Congress shall, directly or indirectly, himself or by any person whatsoever in trust for him, or for his use or benefit, or on his account, enter into, accept of, agree for, undertake, or execute any such contract or agreement, in the whole or in part, every person so offending shall for every such offence, upon conviction, &c., be adjudged guilty of a high misdemeanor, and shall be fined three thousand dollars, and every such contract or agreement as aforesaid shall be absolutely null and void."

By the third section of the same act it is provided:

"In every such contract or agreement to be made, or entered into, or accepted, as aforesaid, there shall be inserted an express condition

that no member of Congress shall be admitted to any part of such contract or agreement, or to any benefit to arise therefrom."

The interest of Mr. Jones in the contracts between the government and the Reading Forge Company was certain, direct, and purely of a pecuniary nature.

By the third section of the act of February 26, 1853, it is provided that if any member of Congress shall, for compensation paid or to be paid, either certain or contingent, act as agent or attorney for prosecuting any claim against the United States, or shall receive any share or gratuity or interest in any claim, &c., he shall be liable to indictment as for a misdemeanor; the penalty is a fine of \$5,000 or imprisonment, or both.

The clear design of these laws was to prevent a member of Congress from having any pecuniary interest in a contract with any officer of the government, or in any other claim against the government. Whether a contract of agency to procure contracts from the government where the compensation is a per centage on the amount of the contract is embraced in the language of the law might be a matter of doubt; but it is clearly within the spirit of the law, and is most pernicious and corrupting in its effects. In the one case an interest in the contract would be disclosed by the contract itself; while in the other case it may be more readily concealed or covered under the pretext of local interest for constituents.

The undersigned recommend, in order to remove all doubt as to the meaning of the act of April 20, 1808, the passage of a provision of law to punish as a misdemeanor any member of Congress who, for money, acts as an agent in pecuniary contracts with the government.

R. HATTON.

SAMUEL STEEL BLAIR.

JOHN SHERMAN.