

Statement showing the number and amount of money orders, &c.—Continued.

Name of place.	Number of orders issued.	Amount of orders issued.	Amount of fees received.	Number of orders paid.	Amount of orders paid.	Amount repaid to purchasers.	Commissions and clerk hire.	Miscellaneous expenses.	Total expenses.
Memphis, Tenn*	1,498	\$30,158 73	\$238 65	265	\$4,964 75	\$406 00	\$180 00	\$62 75	\$542 75
Milwaukee, Wis*	1,044	15,743 70	146 15	968	20,255 23	401 21	300 00	228 70	528 70
Montpelier, Vt.	43	689 19	6 15	114	2,353 16	40 00	4 97	62 62	67 59
Muscatine, Iowa	276	3,807 74	37 70	112	2,484 82	43 00	15 65	15 00	30 65
Nashua, N. H.	92	1,174 82	12 30	95	1,867 35	70 00	6 41	29 50	35 91
Nashville, Tenn.	4,087	104,225 13	772 40	841	12,637 18	313 00	.....	151 70	151 70
Newark, N. J.	537	11,012 57	96 15	638	13,046 71	499 60	48 40	101 85	150 25
New Bedford, Mass.	318	4,983 97	45 80	170	3,124 15	135 00	19 14	63 76	87 90
Newbern, N. C.	1,109	28,348 44	200 85	297	5,566 91	129 00	73 92	107 64	181 56
Newburgh, N. Y.	60	722 90	7 25	153	3,339 76	.....	6 55	21 00	27 55
New Castle, Pa.	79	1,309 05	11 40	33	690 10	33 00	4 64	17 07	21 71
New Haven, Conn.	344	5,438 45	49 40	522	10,440 27	88 00	29 50	61 70	91 20
New London, Conn.	45	700 09	6 35	109	2,498 52	.....	4 84	12 00	16 84
New Orleans, La*	1,237	29,016 44	213 45	455	9,419 70	107 50	48 39	26 00	74 39
Newport, R. I.	339	5,884 37	50 40	143	3,363 34	105 00	20 98	29 09	50 07
New York, N. Y.*	4,146	79,126 23	653 10	14,257	225,715 83	3,138 67	2,333 33	849 56	3,182 89
Norfolk, Va.	462	9,497 40	75 20	326	6,464 49	28 50	33 12	44 00	77 12
Norwich, N. Y.	53	599 94	6 55	50	1,156 49	.....	3 62	14 50	18 12
Ogdensburg, N. Y.	246	3,627 19	34 50	101	1,915 67	24 85	13 87	22 40	36 27
Old Point Comfort, Va.	532	12,138 53	92 50	424	8,295 05	13 75	41 17	34 25	75 42
Oswego, N. Y.	161	1,981 85	20 65	198	4,111 18	48 00	11 99	16 50	28 49
Ottawa, Ill.	348	4,155 60	44 80	76	1,678 53	91 50	17 01	26 50	43 51
Peoria, Ill.	473	6,781 14	64 65	271	5,672 76	71 00	28 61	30 25	58 86
Philadelphia, Pa.*	3,991	79,790 09	694 50	6,528	117,463 94	3,453 88	1,111 10	655 83	1,766 93
Pittsburg, Pa.	676	11,716 73	100 85	942	17,816 08	288 25	.....	48 65	48 65
Pittsfield, Mass.	140	1,923 88	19 00	117	2,552 74	5 00	9 37	22 00	31 37
Plattsburg, N. Y.	33	423 96	4 30	46	1,011 88	.....	2 67	3 35	6 02
Portland, Me.	243	4,698 06	38 40	319	7,313 10	30 00	21 93	34 50	56 43
Port Royal, S. C.	415	10,987 09	78 20	118	2,664 12	.....	29 36	92 87	122 23
Portsmouth, N. H.	112	1,984 19	16 85	103	2,300 95	50 00	8 46	26 25	34 71
Portsmouth, Ohio	32	314 50	3 75	29	573 12	.....	1 94	62 00	63 94
Pottsville, Pa.	377	6,300 61	57 30	221	5,245 85	400 00	25 64	12 12	37 76
Poughkeepsie, N. Y.	112	1,627 43	16 00	282	6,022 83	47 00	12 84	24 07	36 91
Providence, R. I.*	1,196	20,308 78	184 03	602	12,942 63	453 17	133 31	114 25	247 56
Quincy, Ill.	425	5,785 89	57 45	294	4,776 30	50 00	25 15	26 75	51 90
Racine, Wis.	344	4,636 94	46 60	235	4,681 92	40 22	21 37	26 25	47 62
Reading, Pa.	293	4,323 43	42 65	71	1,215 48	35 00	17 37	28 35	45 72
Red Wing, Minn.	177	1,935 64	22 35	122	2,534 08	35 00	8 92	48 85	57 77
Rochester, N. Y.	386	4,925 82	50 70	830	14,713 13	141 40	.....	92 25	92 25
Rockford, Ill.	235	3,185 59	31 40	168	3,429 41	104 45	14 72	24 50	39 22
Rock Island, Ill.	191	2,831 01	26 85	137	2,406 97	.....	11 93	14 00	25 93
Rutland, Vt.	67	927 40	9 25	72	1,484 71	.....	4 78	24 00	28 78
St. Joseph, Mo†	169	2,617 79	24 05	42	914 50	.....	9 14	55 25	64 39
St. Louis, Mo†	2,399	43,998 81	370 65	1,706	31,688 45	498 00	666 59	314 75	981 34
St. Paul, Minn.	252	3,516 21	33 50	432	9,533 44	146 78	23 03	52 50	75 53
Salem, Mass.	156	2,724 39	22 50	251	5,211 85	10 00	13 99	11 25	25 24
Sandusky, Ohio	470	7,067 41	67 25	271	4,877 32	28 00	28 47	42 00	70 47
Saratoga Springs, N. Y.	110	1,495 50	14 70	103	2,164 33	50 00	7 59	32 44	40 01
Scranton, Pa.	201	2,848 72	27 90	120	2,527 24	56 00	12 31	32 60	44 91
Sheboygan, Wis.	214	2,913 86	29 30	95	2,041 49	23 75	12 29	36 00	48 29
Springfield, Mass.	281	4,599 27	41 60	359	6,203 57	50 00	21 60	27 50	49 10
Springfield, Ill.	487	7,437 31	69 80	238	4,638 31	158 50	29 05	48 95	78 00
Syracuse, N. Y.	486	6,240 27	64 45	443	9,003 23	194 25	.....	36 92	36 92
Terre Haute, Ind.	262	3,303 77	34 60	104	1,989 61	66 84	14 00	28 75	42 75
Toledo, Ohio	471	6,476 40	63 95	301	6,271 50	94 67	29 14	41 50	70 64
Trenton, N. J.	221	4,063 53	33 90	214	4,348 43	36 00	16 71	15 00	31 71
Troy, N. Y.	715	10,360 91	99 10	346	6,369 29	124 78	40 97	24 00	64 97
Urbana, Ohio	137	1,446 60	17 15	28	515 55	.....	6 37	35 40	41 77
Utica, N. Y.	370	5,056 04	50 05	479	9,581 87	69 45	28 64	80 78	109 42
Vicksburg, Miss.	335	7,139 61	55 00	55	1,116 80	70 00	19 58	5 40	24 98
Vincennes, Ind.	437	6,004 17	60 20	36	662 21	49 00	20 87	25 90	46 77
Washington, D. C.*	3,872	78,891 22	623 95	2,871	50,269 31	305 15	933 31	62 92	996 23
Watertown, N. Y.	189	2,885 04	37 60	177	3,564 58	65 00	13 62	20 00	33 62
Wheeling, West Va.	430	6,468 66	62 80	153	2,949 02	195 81	24 59	48 00	72 59
Williamsport, Pa.	313	5,341 19	46 40	91	1,765 26	90 00	17 63	37 20	54 85
Wilmington, Del.	481	8,114 76	70 85	269	5,031 49	166 00	29 88	32 12	62 00
Winona, Minn.	162	2,430 79	23 25	99	2,026 91	12 50	10 26	44 87	55 13
Wooster, Ohio	154	2,360 83	22 25	52	1,066 60	20 00	8 71	39 00	47 71
Worcester, Mass.	414	7,288 30	62 35	365	7,946 06	181 00	29 69	24 19	53 88
Xenia, Ohio	169	2,354 47	22 90	151	3,283 53	68 00	11 72	38 50	50 22
Zanesville, Ohio	228	2,876 30	30 10	140	3,055 70	30 00	13 84	83 75	97 59

* Clerk hire allowed.

† Commenced operations February 11, 1865.

OFFICE OF THE AUDITOR OF THE TREASURY
FOR THE POST OFFICE DEPARTMENT, October 31, 1865.

I. N. ARNOLD, Auditor.

REPORT

OF

THE SECRETARY OF THE NAVY.

NAVY DEPARTMENT, December 4, 1865.

SIR: In my last annual report I presented to Congress and the country such description as the occasion seemed to require of the measures of administration by which our naval force had, during the preceding four years, been created and organized, with an account of the method and manner in which it had been applied in arduous and unexampled forms of action for the suppression of the rebellion. The review then given of the principal operations and the brilliant achievements of our navy closed with the memorable recovery of the harbor and the almost impregnable defences of Mobile.

In this report, besides the exposition of the ordinary business of this department, including the suggestions and recommendations deemed necessary for the proper regulation of the naval service in the present condition of the country, it will be my duty to complete the official record of the triumphs of the navy in the final operations and closing scenes of the war, to indicate the new arrangement and organization of the several squadrons consequent upon the termination of the blockade and the cessation of active hostilities, to exhibit the vigilance and energy of our blockading and cruising service, as testified by the number and value of the captures made in the unrelaxing and successful efforts to cut off illicit commercial intercourse with rebel ports; and especially to exhibit the policy and measures of the department in effecting at the earliest moment, in view of returning peace, a reduction of naval expenditures, while providing for the prompt re-establishment at any time of our great naval power in all its efficiency to meet the exigencies of any possible crisis in which its services may be invoked to maintain the rights or vindicate the honor of the country.

The demands upon the naval service, which for four years had been exacting, were relaxed upon the fall of Fort Fisher. That event, and the possession of Cape Fear river, closed all access to Wilmington, the port of rebel supplies, put an end to illicit traffic with the States in insurrection, and extinguished the last remnants of that broken commerce which foreign adventurers had, notwithstanding constant and severe losses, persisted in carrying on by breach of blockade. The capture of Wilmington was preliminary to the fall of Richmond and the surrender of the rebel armies, which were thenceforward deprived of supplies

from abroad. It released at once a large portion of our naval force, and led to immediate measures for the reduction of our squadrons, and the withdrawal of all vessels which could be dispensed with from the blockade. Such of them as were purchased and no longer required by the government, have from time to time been sold to meet the demands of reviving commerce, which has rapidly expanded as the country became quieted and industry was resumed at the south. Trade and peaceful employment have led to the reopening of the avenues of commercial and social intercourse, and the steamers bought from the merchant service for war purposes have been to a great extent returned to their former pursuits.

NORTH ATLANTIC SQUADRON—CAPTURE OF WILMINGTON AND ITS DEFENCES.

As early as 1862 the necessity of closing the port of Wilmington became a primary object with this department, and was never relinquished; but without military aid and co-operation it could not be effected or even wisely attempted. In September, 1864, the department had such assurances of military assistance as to feel warranted in entering upon the necessary preparations for assembling an adequate naval force to undertake and perform its part in accomplishing the work. In order that there should be no failure, the department concentrated a sufficient force to insure success. To place that force under the command of the first officer in the navy was a duty. Vice-Admiral Farragut was therefore selected to conduct the enterprise, but impaired health, the result of exposure and unremitting exertions during two years of active labor and unceasing efforts in the Gulf, rendered it imprudent for that distinguished and energetic officer to enter upon this service. He had, moreover, important work yet to be finished on the Gulf coast, where he was then operating, and was therefore on his own request excused from this new command. Rear-Admiral Porter, who had shown great ability as the commander of the Mississippi squadron, and had identified himself with many of its most important achievements, was transferred to the command of the North Atlantic squadron, which embraced within its limits Cape Fear river and the port of Wilmington.

A fleet of naval vessels, surpassing in numbers and equipments any which had assembled during the war, was collected with despatch at Hampton Roads. Various causes intervened to delay the movement, and it was not until the early part of December that the expedition departed for Beaufort, N. C., the place of rendezvous. Some further necessary preparations were there made, which, together with unfavorable weather and other incidents, delayed the attack until the 24th of December. On that day Rear-Admiral Porter, with a bombarding force of thirty-seven vessels, five of which were iron-clads, and a reserved force of nineteen vessels, attacked the forts at the mouth of Cape Fear river, and silenced them in one hour and a quarter; but there being no troops to make an assault or attempt to possess them, nothing beyond the injury inflicted on the works and the garrison was accomplished by the bombardment. A renewed attack was made the succeeding day, but with scarcely better results. The fleet shelled the forts during the day and silenced them, but no assault was

made, or attempted, by the troops which had been disembarked for that purpose.

Major General Butler, who commanded the co-operating force, after a reconnaissance, came to the conclusion that the place could not be carried by an assault. He therefore ordered a re-embarkation, and informing Rear-Admiral Porter of his intention, returned with his command to Hampton Roads. Immediate information of the failure of the expedition was forwarded to the department by Rear-Admiral Porter, who remained in the vicinity with his entire fleet, awaiting the needful military aid. Aware of the necessity of reducing these works, and of the great importance which the department attached to closing the port of Wilmington, and confident that with adequate military co-operation the fort could be carried, he asked for such co-operation, and earnestly requested that the enterprise should not be abandoned. In this the department and the President fully concurred. On the suggestion of the President, Lieutenant General Grant was advised of the confidence felt by Rear-Admiral Porter that he could obtain complete success, provided he should be sufficiently sustained. Such military aid was therefore invited as would insure the fall of Fort Fisher.

A second military force was promptly detailed, composed of about eight thousand five hundred men, under the command of Major General A. H. Terry, and sent forward. This officer arrived off Fort Fisher on the 13th of January. Offensive operations were at once resumed by the naval force and the troops were landed and intrenched themselves, while a portion of the fleet bombarded the works. These operations were continued throughout the 14th with an increased number of vessels. The 15th was the day decided upon for an assault. During the forenoon of that day forty-four vessels poured an incessant fire into the rebel forts. There was, besides, a force of fourteen vessels in reserve. At 3 p. m. the signal for the assault was made. Desperate fighting ensued, traverse after traverse was taken, and by 10 p. m. the works were all carried, and the flag of the Union floated over them. Fourteen hundred sailors and marines were landed and participated in the direct assault.

Seventy-five guns, many of them superb rifle pieces, and nineteen hundred prisoners were the immediate fruits and trophies of the victory; but the chief value and ultimate benefit of this grand achievement consisted in closing the main gate through which the insurgents had received supplies from abroad and sent their own products to foreign markets in exchange.

Light-draught steamers were immediately pushed over the bar and into the river, the channel of which was speedily buoyed, and the removal of torpedoes forthwith commenced. The rebels witnessing the fall of Fort Fisher, at once evacuated and blew up Fort Caswell, destroyed Bald Head Fort and Fort Shaw, and abandoned Fort Campbell. Within twenty-four hours after the fall of Fort Fisher, the main defence of Cape Fear river, the entire chain of formidable works in the vicinity shared its fate, placing in our possession one hundred and sixty-eight guns of heavy calibre.

The heavier naval vessels being no longer needed in that quarter, were despatched in different directions—some to James river and northern ports, others

to the Gulf or the South Atlantic squadron. An ample force was retained, however, to support the small but brave army which had carried the traverses of Fort Fisher, and enable it, when re-enforcements should arrive, to continue the movement on Wilmington.

Great caution was necessary in removing the torpedoes, always formidable in harbors and internal waters, and which have been more destructive to our naval vessels than all other means combined.

About the middle of February offensive operations were resumed in the direction of Wilmington, the vessels and the troops moving up the river in concert. Fort Anderson, an important work, was evacuated during the night of the 18th of February, General Schofield advancing upon this fort with eight thousand men, while the gunboats attacked it by water.

On the 21st the rebels were driven from Fort Strong, which left the way to Wilmington unobstructed, and on the 22d of February that city was evacuated. Two hundred and twelve guns were taken in the works from the entrance of Old river, including those near the city, and thus this great and brilliant achievement was completed.

SOUTH ATLANTIC SQUADRON—FALL OF CHARLESTON.

In November, 1864, the department officially advised Rear-Admiral Dahlgren that Major General Sherman had commenced his march from Atlanta to the seaboard, and that he might be expected to reach the Atlantic coast, in the vicinity of Savannah, about the middle of December. Rear-Admiral Dahlgren was instructed to be prepared to co-operate with General Sherman, and furnish him any needed naval assistance which it might be in his power to render. Before these instructions reached him, Rear-Admiral Dahlgren, who was thus not unprepared to hear of the movement of the army from Atlanta to the coast, had conferred with Major General Foster, then commanding the department of the south, and concerted with him plans to assist, so far as their joint forces would allow, in establishing communication with the advancing general. A combined expedition was at once organized for cutting the railroad communication between Charleston and Savannah, and otherwise engaging the attention of the insurgents in that quarter. Force was displayed at the most important points along the Carolina coast, and every available means adopted to aid in the success of the grand and novel military movement which was in progress through the heart of a hostile country.

General Sherman reached the vicinity of Savannah on the 12th of December, and communication between him and Rear-Admiral Dahlgren was immediately established. The latter made the best possible disposition of the vessels then under his command, to assist the army in obtaining possession of Savannah. By the 18th of December the investment of that city, by the navy on one side and the army on the other, was accomplished. The garrison, however, succeeded in escaping across the river and effecting a retreat towards Charleston, leaving General Sherman to occupy Savannah on the 21st of that month.

Early in January Rear-Admiral Dahlgren was engaged in assisting in the

transfer of the right wing of the army to Beaufort, S. C., and in the course of General Sherman's march northward that officer and his army were aided by all needful naval demonstrations.

On the 12th and 13th of February a joint movement was made along the approaches from Bull's Bay to Mount Pleasant, with a view of embarrassing the military commandant at Charleston, and blinding him as to the actual military design. No real or serious attack on Charleston was meditated. Only a diversion was contemplated at that moment. Other less extensive movements than that at Bull's Bay were made about that period, full details of which will be found in the despatches forming a part of the appendix to this report. They were intended simply to attract the attention of the rebels and aid General Sherman in accomplishing his great purpose of moving towards Richmond. Charleston was in the mean time vigilantly watched to detect the first indications of its abandonment by the rebels, which it was known must take place at an early day. The troops stationed thereabout were advanced, and the iron-clads were moved nearer to the rebel works. During the night of the 17th of February the batteries were ceaselessly employed, and the vessels in the harbor gave them watchful attention. The morning of the 18th revealed the fact that Charleston was evacuated. Thus, without a final struggle, the original seat of the rebellion, the most invulnerable and best protected city on the coast, whose defences had cost immense treasure and labor, was abandoned, and the emblem of unity and freedom was again reinstated upon the walls of Sumter.

The evacuation of Charleston was followed by that of Georgetown on the 23d of February, and on the 26th of that month the place itself was occupied by Rear-Admiral Dahlgren.

WEST GULF SQUADRON—SURRENDER OF MOBILE AND THE REBEL FLEET.

When Vice-Admiral Farragut left the West Gulf squadron in the later autumn of 1864, the command devolved on Commodore James S. Palmer, senior officer on the station. This officer continued operations until the arrival of Admiral Farragut's successor, Acting Rear-Admiral Thatcher, who bears testimony to his subsequent efficiency and untiring services throughout the attack on the defences of Mobile, and acknowledges also his indebtedness to Commodore Palmer for the admirable manner in which the vessels had been prepared for arduous service under that officer's supervision. The resumption of offensive operations against the city of Mobile, under the direction of Major General Canby, was not determined upon until early in January, when Acting Rear-Admiral Thatcher, then recently appointed to the command of the West Gulf squadron, was ordered to proceed immediately to New Orleans, in order to co-operate with the military commander.

The force placed under Acting Rear-Admiral Thatcher was increased by light-draught iron-clads detached from the Mississippi squadron for service in Mobile bay. A joint movement by land and water was arranged and carried into execution. Indications that the rebels were about to evacuate the city led to a naval reconnoissance in force to ascertain the facts, on the 11th of March, with five monitors, in as close proximity as the shallow water and obstructions

would permit. This movement drew from the insurgents such a fire as to place beyond doubt that those defences were still intact.

The troops were landed on the 21st of March on the left bank of Fisher's river, about seventeen miles from its junction with the bay, and advanced as rapidly as the condition of the road would permit, while the naval vessels shelled the woods and kept open communication by signals with General Canby for co-operation. The rebels doubtless believed that the naval vessels were not able to cross the bar of Blakely river; and even if successful in crossing, that it was in their power to destroy the boats by their marsh batteries and the innumerable torpedoes with which the river was filled. They did succeed in sinking two of the monitors and four wooden gunboats at the entrance of Blakely river, by these sub-marine implements of destruction, although the river had been thoroughly dragged, and many torpedoes were removed before the vessels went over the bar. Beyond the sinking of these vessels and the loss of a few lives, no serious consequences attended the approach to and capture of Mobile.

The principal works of defence between the city and the fortresses which guarded the entrance to the bay, captured in August, 1864, by the fleet while commanded by Vice-Admiral Farragut, were Fort Alexis and Spanish Fort. By the 3d of April these had been completely invested by the troops, and during the night of the 8th and morning of the 9th they were, after a short but severe bombardment, captured, and with them from 1,600 to 2,000 men, with sixteen heavy guns. With the key to Mobile thus secured, the outer works of importance batteries Tracy and Huger, were within easy reach, and on the evening of the 11th they were evacuated.

On the 12th the troops were conveyed to the west side of the city for the purpose of an attack, and the fleet gained a suitable position for performing its share of this work, but it was soon ascertained that the city was at the mercy of our arms, all the remaining defences having been abandoned. A formal surrender was therefore demanded by General Granger and Acting Rear-Admiral Thatcher, which was complied with and possession was taken of the city. The works which environed Mobile were of immense strength and extent. Nearly 400 guns were captured, some of them new and of the heaviest calibre.

The rebel army, on evacuating the city, retreated up the Tombigbee. Preparations to follow and capture them were far advanced, when, on the 4th of May, propositions were received from Commander Farrand, commanding the rebel naval forces in the waters of Alabama, to surrender all the vessels, officers, men, and property yet afloat and under blockade on the Tombigbee. The basis of the terms of surrender being the same as those of General Lee, were accepted. On the 10th of May the formal surrender took place, and the insurgent navy ceased to be an organization. Four vessels were surrendered, and 112 officers, 285 men, and 24 marines, were paroled and permitted to return to their homes.

Sabine Pass and Galveston, the only remaining rebel fortified points on the Gulf coast, soon capitulated. The forts at the first-named place were evacuated on the 25th of May, and the commandant of the defences of Galveston gave assurances that there would be no opposition to the occupancy of that place by

the navy. On the 2d of June, Galveston was surrendered, and the supremacy of the government was once more established on the entire coast, from Maine to and including Texas.

REDUCTION OF THE NAVAL FORCE—THE SQUADRONS.

Immediately after the fall of Fort Fisher and the capture of Wilmington, measures were taken for the gradual reduction of the naval forces employed on the duties of blockade. The recovery of Charleston, Mobile, and Galveston justified a still further diminution, and as these events successively occurred, measures were promptly taken to reduce the squadrons and economize expenses. On the 24th of February letters were addressed to Admirals Porter, Dahlgren, Stribling, and Thatcher, informing them that the department was of opinion that the fall of Fort Fisher and the possession of Charleston would enable the department to reduce naval expenses. They were therefore directed to send north such purchased vessels as needed extensive repairs, and also any naval stores that were not required. A careful scrutiny of requisitions was enjoined before approval, and commanders of squadrons were informed that they would be expected to use every possible exertion and care to diminish the expenses of their respective commands.

About the 1st of May orders were issued to further reduce the squadrons in our domestic waters one-half. Near the close of that month a further diminution was directed, so that the entire force retained in commission should not exceed one hundred vessels. In the early part of July another and still further reduction was made, leaving but thirty steamers, which, with receiving store-ships, composed the entire blockading squadrons on the Atlantic and the Gulf.

On the 31st of July the Potomac flotilla, which, under Commander F. A. Parker, had rendered active service, was disbanded.

The Mississippi squadron, comprising at one time about one hundred steamers, was gradually reduced, and on the 14th of August wholly discontinued. Acting Rear-Admiral Lee was relieved, and Commodore Livingston, who had acquitted himself with energy at the Norfolk station, and subsequently at Cairo, was intrusted with the duty of disposing of the vessels and closing up the affairs of that squadron.

The reduction of the blockading force involved also a curtailment of the number of squadrons. In June, therefore, the North and South Atlantic squadrons were consolidated into one, known thereafter as the Atlantic squadron, commanded by Acting Rear-Admiral Radford, who, on the 28th of April, had succeeded Rear-Admiral Porter in command of the North Atlantic squadron. Rear-Admiral Dahlgren was detached from the command of the South Atlantic squadron, and hauled down his flag at Washington on the 12th of July.

Acting Rear-Admiral Radford, having been appointed commandant of the Washington navy yard, was succeeded by Commodore Joseph Lanman in the command of the Atlantic squadron on the 10th of October.

The consolidation of the East Gulf squadron, commanded by Acting Rear-Admiral Stribling, and the West Gulf squadron, under Acting Rear-Admiral

Thatcher, was also consummated, and thereafter this force was known as the Gulf squadron. Acting Rear-Admiral Thatcher remained in command, and Acting Rear-Admiral Stribling returned to Boston in July.

Besides the vessels composing the several squadrons, others are in commission in various capacities. The James Adger is stationed at Aspinwall; the Michigan is assigned to the northern lakes; the Sabine is employed as an apprentice ship; the De Soto is in the West Indies; the Massachusetts and South Carolina are still continued as supply-ships for the squadrons on the coast; the Constitution, Macedonian, and several others are connected with the Naval Academy; and twenty vessels are used at the navy yards as receiving-ships and tenders; so that there are actually in commission at this time, at home and abroad, one hundred and seventeen vessels of all descriptions, which number, should the exigencies of the service permit, will be still further reduced.

In January, while Rear-Admiral Porter was engaged before Wilmington, affairs on James river assumed such an attitude, involving the welfare and security of the army by a demonstration on the part of the rebels with their armored rams from Richmond, that it was deemed important to send thither immediately an officer of ability and experience. Vice-Admiral Farragut, then in Washington, was selected for this special duty, and on the 24th of that month proceeded to James river for that purpose. The threatening demonstration below Richmond was not long maintained, and the occasion having passed, Vice-Admiral Farragut was relieved from this special service on the 2d of February.

A special squadron of vessels, consisting of the Vanderbilt, Tuscarora, Powhatan, and the turreted iron-clad Monadnock, left Hampton roads on the 2d of November, under the command of Commodore John Rodgers, destined to re-enforce the squadron in the Pacific.

In withdrawing a large naval force from active service, in disposing of the vessels, in discharging or detailing to other duties their officers and crews, in making provision for a large surplus of ordnance ammunition and stores, great labor has of course devolved upon the department and its bureaus. Some idea may be formed of the extent of that labor, from the fact that there were in the several blockading squadrons in January last, exclusive of other duty, four hundred and seventy-one vessels and two thousand four hundred and fifty-five guns. There are now but twenty-nine vessels remaining on the coast, carrying two hundred and ten guns, exclusive of howitzers. Disposition has been made of all the others. Some of the vessels are laid up in ordinary, some with their crews are on foreign service, but many have been sold, and, with most of the men that were actively engaged in hostile operations, are now employed in peaceful occupation.

As soon as our domestic troubles were overcome, the duty of attending to our interests abroad prompted the re-establishing of the foreign squadrons which had been suspended. The European, the Brazil, and the East India squadrons have been organized anew upon as economical a scale as is consistent with their efficiency, the interests of commerce, and a proper regard for our position as a nation.

These squadrons, with another which is soon to be put in operation in the

West Indies, and the Pacific squadron which has never been discontinued, are considered sufficient for the encouragement and protection of our countrymen engaged in legitimate commercial pursuits, and for upholding our flag abroad.

Some modifications of the limits of the respective squadrons, and the substitution of steamers for sailing vessels, will infuse more vigor into the service, and it is designed that there shall hereafter be greater activity and vigilance in their operations. The number of vessels and crews on foreign service will not be greatly increased over those of former years, while the number of guns will be less; yet the superiority of steam over sails for naval war vessels, and the improvement and new patterns of ordnance, will hereafter give our force abroad greatly augmented efficiency and power.

The European squadron is commanded by Rear-Admiral L. M. Goldsborough, and consists of the following vessels: the Colorado, Kearsarge, Ticonderoga, Frolic, Ino, and Guard, to which the Canandaigua will shortly be added. The field of operation of this squadron, besides the coast of Europe and the Mediterranean, will comprise Madeira, the Canaries, and the African coast as far as St. Paul de Loando.

The Brazil squadron is commanded by Acting Rear-Admiral S. W. Godon, who has ten vessels on that station, viz: the Susquehanna, Brooklyn, Juniata, Shamokin, Nipsic, Shawmut, Kansas, Wasp, Supply, and Onward. Besides the eastern coast of South America, this squadron will cruise on the coast of Africa from Cape Town to St. Paul de Loando.

The East India squadron consists at present of four vessels—the Hartford, Wyoming, Wachusett, and Relief. The Shenandoah will be shortly added to this number. This squadron is commanded by Acting Rear-Admiral H. H. Bell, who sailed from New York in his flag-ship, the Hartford, in August, and has probably already reached his station.

The Pacific squadron remains in command of Acting Rear-Admiral George F. Pearson, and comprises eleven vessels, viz: the Lancaster, Powhatan, Saranac, Suwanee, Mohongo, Wateree, Saginaw, St. Mary's, Cyane, Nyack, and Tuscarora, and two store-ships, the Fredonia and Farallones. Some vessels sent to the Pacific (including two of the iron-clads) will be laid up in the harbor of San Francisco, ready for any emergency that may arise.

The extensive limits of this squadron, embracing the whole western coast of North and South America, with the islands of the Pacific; the rapidly increasing population of the States; and the growing and expanding commerce, and vast interests involved, render it advisable that the naval force of the Union should be largely re-enforced in that quarter. Considerable addition to the number of vessels will therefore be made, and it is proposed at an early day to make a division of the squadron.

But few vessels, and they on merely temporary duty, have as yet been employed in the West Indies. The Connecticut, the Kansas, the De Soto, and nearly all the vessels which have been sent to the coast of Brazil, have visited some of the more important points, particularly in the island of St. Domingo, and given attention to American interests there. It is proposed to revive the

West India squadron to cruise in those waters, where we have so large a trade, and where, owing to the proximity of the islands to our shores, it is essential that we should cultivate friendly relations. Commodore James S. Palmer has been designated to command the squadron, having for his flag-ship the Rhode Island. In addition to the De Soto, now on that station, it is proposed to send the Swatara, Monongahela, Florida, Augusta, Shamrock, Ashuelot, and Monocacy, making a squadron of nine vessels.

THE NAVAL FORCE.

When hostilities against the government were commenced in the spring of 1861, and the ports on our southern coast were ordered to be closed under the form of international blockade, instead of the municipal form of an embargo, the labor, embarrassments, and responsibilities suddenly and unexpectedly imposed upon this department were immensely increased.

To create and organize a navy such as the order for the blockade required would have been at any time an immense undertaking, but the task was vastly more onerous when the country, after a long interval of peace, was beginning to be rent by civil convulsions.

In this condition of affairs, with the navy reduced during fifty years of peace to a low standard of efficiency, without experience or precedent to guide the application of modern inventions to war purposes, with restricted and wholly insufficient navy yards for the construction and repair of vessels, and without any adequate establishment for the stupendous work before it, the department was compelled to feel its way and press on its work at the very time when a duty was imposed upon it which a nation fully prepared and furnished with abundant ships and men and material would have found difficulty in performing. But the resources of the country were equal to the emergency. With only limited means at the command of the department to begin with, the navy became suddenly an immense power. An unrelaxing blockade was maintained for four years from the capes of the Chesapeake to the Rio Grande, while a flotilla of gunboats, protecting and aiding the army in its movements, penetrated and patrolled our rivers, through an internal navigation almost continental, from the Potomac to the Mississippi.

After the capture of Forts Hatteras and Clark, in August, 1861, port after port was wrested from the insurgents, until the flag of the Union was again restored in every harbor and along our entire coast, and the rebellion eventually wholly suppressed.

Coincident with these operations afloat, the department had its attention also actively engaged in developing the ingenuity, skill, and resources of the country, in the construction of new classes of vessels, in the introduction of new descriptions of ordnance, torpedoes, and projectiles, in experiments in steam, and in the improvement of steam machinery. Although compelled to encounter opposition in all its forms, the department has been unremitting in its efforts, and in almost every instance has met with a generous response from Congress and the country.

Three hundred and twenty-two (322) officers traitorously abandoned the service to which they had dedicated their lives, proved false to the flag which they had sworn to support, and to the government which had confided in their honor and relied on their fidelity to sustain it in conflict and peril. The embarrassment caused by these desertions in the moment of trial was temporary. Better men from the merchant marine, educated and vastly more efficient, promptly volunteered their services, in many instances at great pecuniary sacrifice, to fight the battles of the Union. About seven thousand five hundred of these gallant and generous spirits have, after examination, received appointments and been employed in the navy. Schools were established to instruct and perfect them in the rudiments of gunnery and nautical routine, and it is due to them to say that they have acquitted themselves with credit and served with zeal and fidelity. The intercourse between these volunteer officers and the officers of the regular navy has been productive of mutual good will and respect. It will, I trust, lead to lasting personal friendships and insure enduring intimacy between the commercial and naval service. Most of the volunteer officers have received an honorable discharge and returned to their peaceful professional pursuits. I take this occasion to renew my annual suggestion, that some of the most distinguished of these heroic and loyal men, of admitted capability and merit, who have served the country so faithfully and so well, be added to the navy after an examination by a board of officers appointed for that purpose. Such an addition to the navy, of brave and intelligent representatives from the commercial marine, will be a fitting and honorable recognition of the services of a body of men who came gallantly forward in a period of national peril to sustain the cause of their country.

From seven thousand six hundred (7,600) men in service at the commencement of the rebellion, the number was increased to fifty-one thousand five hundred (51,500) at its close. In addition to these the aggregate of artisans and laborers employed in the navy yards was sixteen thousand eight hundred and eighty, (16,880) instead of three thousand eight hundred and forty-four (3,844) previously in the pay of the government. This is exclusive of those employed in the private ship yards and establishments, under contracts, constituting an almost equal aggregate number. Two hundred and eight (208) vessels have been commenced and most of them fitted for service during this period. A few of the larger ones will require still further time for completion. Only steamers, the propellers also having sailing power, have been built by the government during my administration of the department.

Since the 4th of March, 1861, four hundred and eighteen (418) vessels have been purchased, of which three hundred and thirteen were steamers, at a cost of \$18,366,681 83, and of these there have been sold three hundred and forty (340) vessels, for which the government has received \$5,621,800 27

THE CONDUCT OF THE BLOCKADE.

In order to guard the coast and enforce the blockade the department was under the necessity of breaking up and ordering home our foreign squadrons.

This recall, rendered imperative by the necessities of the case, left our extensive commerce on distant seas unprotected. The great maritime powers of Europe, as soon as they were aware of our domestic difficulty, hastened to recognize the rebels as belligerents, and proclaimed themselves neutral between the contending parties. The operations of this assumed neutrality were to deprive our national ships of the privileges which they had by national courtesy enjoyed, and while thus restricting and inflicting injury on our government, the professed and proclaimed neutrality gave encouragement and strength to the rebels who were in insurrection and waging war upon the Union. Each of these European neutrals had treaties of amity, and was in friendly official and commercial intercourse with the government of the United States, while with the rebels, who were without a recognized flag or nationality, they had neither treaties nor official relations. The United States had a navy which commanded respect, and a commerce that covered every sea, whilst the rebels had neither navy nor commerce to be affected by neutral exclusions and restrictions. Consequently this action of the neutral league operated, on the one hand, to injure and embarrass a friendly government that was cultivating and practicing peaceful and friendly relations with every nation; and, on the other hand, to give countenance and encouragement to rebels engaged in a causeless insurrection to subvert the most beneficent government on earth.

Virtually excluded from the ports of the great maritime powers by this assumed neutrality, the difficulty of maintaining even a limited naval force abroad was greatly increased. The withdrawal of our squadrons left our unprotected commerce exposed to the depredations of semi-piratical cruisers, which were built, armed, manned, and sent out to plunder and destroy our merchantmen from the shores of neutral Europe. To these aggravated wrongs we were compelled, in the great emergency which existed, to submit, for under no circumstances would the department relax the blockade, or permit its efficiency to be impaired.

The suppression of the rebellion enables us to re-establish squadrons abroad, and to display again the flag of the Union in foreign ports. Our men-of-war, released from the blockade, will soon be found in every sea, prepared to assert American rights and protect American interests.

European neutrality, now that the insurrection is suppressed, no longer denies to our national vessels those supplies and courtesies which were refused in the days of our misfortune. No rebel rover, built in neutral ports, remains to take alarm or feel apprehension on the appearance of the armed vessels of the republic; and now that we have suppressed the insurrection, we may be permitted to receive hospitality and international comity from those neutral nations which during four years excluded our public ships, while they persistently insisted on elevating the rebels to be a distinct belligerent power.

We had, in 1860, five squadrons on foreign stations, numbering thirty-one vessels, carrying four hundred and forty-five guns. At the present time we have on the several stations abroad thirty-six vessels, mounting three hundred and forty-seven guns, and carrying fifty-six howitzers.

In time of peace our naval force should be actively employed in visiting

every commercial port where American capital is employed, and there are few available points on the globe which American enterprise has not penetrated and reached. But commerce needs protection, and our squadrons and public vessels in commission must not be inactive. One or more of our naval vessels ought annually to display the flag of the Union in every port where our ships may trade. The commerce and the navy of a people have a common identity and are inseparable companions. Each is necessary for the other, and both are essential to national prosperity and strength. Wherever our merchant ships may be employed, there should be within convenient proximity a naval force to protect them and make known our national power. Such are the energy and enterprise of our countrymen, that they will, now that the war has closed, compete for the trade and commerce of the world, provided the government performs its duty in fostering and protecting their interests. Besides guarding the channels hitherto occupied and explored, it would be well that examinations be made for new avenues of trade. In connexion with this subject, I would suggest the importance of a more thorough survey and exploration of the principal islands in the Pacific ocean, and that the department have authority to carry this suggestion into effect.

Following the tracks of commerce, and visiting every navigable portion of the globe, the intelligent officers of the navy are capable, from their position and opportunities, of acquiring and communicating a vast amount of useful information, thereby benefiting commerce, and, by continual additions to the stores of knowledge, promoting the welfare of the country and of mankind.

There are circumstances which render it necessary that a commercial and naval people should have coaling stations and ports for supplies at one or more important points on those seas and oceans where there are important interests to be protected, or naval power is to be maintained. Steamers cannot carry the same amount of supplies as the sailing vessels of former days, and the coal which is indispensable to their efficiency must, particularly in time of war, be furnished or obtainable at brief intervals, and in the immediate vicinity of their cruising grounds. A prudent regard for our future interests and welfare would seem to dictate the expediency of securing some eligible locations for the purpose indicated.

REBEL CRUISERS.

Information reached the department in May that the iron-clad ram Stonewall, a formidable vessel built in France, had arrived in Havana. This vessel had been conditionally sold to Denmark, but not proving satisfactory to that government, she was purchased by the rebels. Some difficulty in procuring armament and a crew caused a temporary slight embarrassment in her movements, but she was soon met by the English steamer City of Richmond off the coast of France, and her armament, which was made in England, with supplies for a cruise and an English crew, were transferred to the Stonewall. She remained for a short time at Ferroll, where she was watched by the Niagara and Sacramento and leaving that place, she did not reach Havana until after the down-

fall of the rebel organization. Like other rebel cruisers which had plundered our commerce, the Stonewall was without a port.

Acting Rear-Admiral Godon, who had received orders to command on the Brazil station, and was on the point of sailing, was directed to proceed immediately, with a force hastily collected and placed under his command, in search of the Stonewall, which, it was understood, designed to appear on our coast. He sailed from Hampton roads on the 16th of May, and arrived off Havana on the 28th, having in his command the *Susquehanna*, *Chippewa*, *Monticello*, *Fahkee*, and two turreted vessels, the *Monadnock* and *Canonicus*. Shortly after his arrival, the Stonewall was delivered over to the Spanish authorities by her commander, and our government was advised that Spain would place her at the disposal of the United States. It being unnecessary for Acting Rear-Admiral Godon to remain longer on this special duty, he left Havana June 6th, returned to Hampton Roads on the 12th, and on the 21st proceeded, in pursuance to previous orders, to Brazil.

The English screw steamer *Sea King*, built in Glasgow in 1863, early attracted the attention of our officials in England as one of the class of rovers which, like the *Alabama*, *Florida*, and *Georgia*, was destined to prey on American commerce. But the English authorities professed to be incapable of detecting anything wrong in this vessel, and she finally sailed from London on the 8th of October, 1864, with clearance for Bombay. On the following day the steamer *Laurel* sailed from Liverpool with officers, men, and guns, and went to Madeira. The *Sea King* soon appeared off Madeira and signalled to the *Laurel*, when the two vessels went to a barren island in the vicinity, and on the 17th of October a transfer of officers, men, and guns took place; the name of the pirate was changed, and thenceforward became known as the *Shenandoah*. J. I. Waddell, a renegade American naval officer, assumed the command and proceeded at once on a piratical cruise.

An official communication of the 18th of October informed the department that the crew of the *Sea King*, as well as that of the *Laurel*, were all British subjects, that many of them belonged to the Royal Naval Reserve, and that some forty or fifty of the *Alabama's* men were among them.

Throughout the whole period of the rebellion these exhibitions of the manner in which the English authorities exercised neutrality were witnessed. On one occasion two persons secreted themselves on the U.S. steamer *Tuscarora* at Queens-town, with a view, it was suspected, of entering our service, and the British government was on that occasion greatly exercised lest some violation of neutrality or breach of the foreign enlistment act had taken place which would work harm to the rebels. A less anxious solicitude appears to have been entertained of breach of neutrality when whole crews were enlisted for the *Shenandoah* and other rebel piratical cruisers which sallied forth to plunder American commerce. Before leaving the Atlantic the *Shenandoah* succeeded in destroying several vessels, and was next heard of in Melbourne, Australia, where she was received and entertained with great hospitality and furnished with ample supplies and repairs for the long cruise upon which she was about to enter. On the 8th of February she is reported to have left Melbourne, and was next heard of in the

North Pacific ocean and the sea of Otrecht, where she attacked and captured twenty-nine unarmed whale-ships, of which twenty-five were destroyed and four were bonded. Although notified by some of his victims that the rebel armies had surrendered and that the rebellion was suppressed, Waddell gave no heed to the intelligence, but continued his work of destruction until four months after the fall of Richmond, when he was advised by an English vessel that Lee was on parole and Davis a prisoner.

The English government, in the exercise of all that neutral tenderness and care which it had manifested for the rebels from the beginning of the insurrection, when finally compelled to admit the extinguishment of the rebellion, made special reservation to protect the rebel piratical cruisers, and particularly the *Shenandoah*, which was an outlaw, without country or home other than England, after the prostration of the rebel organization. Warned by neutral England, whose subjects constituted almost her entire crew, that the organized insurrection was annihilated, the *Shenandoah* had no alternative but to seek again the shelter and protection of that neutral power where she was built, and from which she was armed and manned. Under the name of *Sea King* she had cleared and sailed as an English vessel, with an English flag and an English crew, and as late as February she stood on the books at the Register's office of British shipping in her original name, and in the name of her original owners. Such may have been the case when the pirate was warned that he had not the pretext of a rebel organization to soften his crime, and that he was an outlaw. Of all her captures not one was ever sent in for adjudication, and I am not aware that she ever entered the port of any country but England. It was fitting, therefore, that she should return for refuge to the country of her origin.

The *Sea King*, alias the *Shenandoah*, entered the Mersey on the 6th of November, and her pirate captain, in a formal letter to the English minister, surrendered the vessel to the English government.

ENLARGEMENT OF THE NAVY YARDS.

Our navy yards are, all of them, of limited area, and wholly insufficient for our present navy. Not one of them presents the full requisite conveniences and facilities for promptly fitting out in a rapid and efficient manner more than a single vessel at a time. Vessels which ought to be repaired in three months are often detained for a year, and officers ordered to their ships which should be ready for sea have been kept waiting for months, at great expense to themselves and to the country and to the injury of the service. There is not a public yard where an iron vessel can be constructed, an iron plate made, or where shafting can be forged, or steam machinery manufactured, except on a moderate scale; nor, with the exception of Mare Island, in California, and Norfolk, have we a navy yard with sufficient room to erect the necessary works for even present wants. England, besides her great public navy yards, with which ours can bear no comparison, possesses even several private establishments, in each of which there are more mechanical appliances than are possessed by our whole