





# FRAUDS IN NAVAL CONTRACTS.

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## SPEECH

OF

HON. JOHN SHERMAN, OF OHIO.

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Delivered in the U. S. House of Representatives, June 13, 1860.

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MR. SPEAKER: I have listened with a great deal of attention to the remarks made by the gentleman from Virginia, [Mr. BOCK.] and I shall endeavor to reply to them as best I can. I have had no time for preparation, and did not intend to say anything in regard to this matter; but the remarks of the gentleman demand a reply.

Let us, in the first place, dispose of the technical objections interposed. It seems to me a very singular proceeding for a high officer of the Government to come here and plead, first, to the jurisdiction of the court, and then interpose all sorts of technical objections. The first objection made by the gentleman from Virginia is, that the depositions on which we are about to act were taken at the last Congress. This is a very singular objection, when every bill which we pass, and every measure of legislation we act on, depend on testimony and documents taken long before. How would it be regarded in a court of justice, if the objection was made that the depositions which were to decide the case were taken before the judge had a right to sit on the bench? It would be regarded as frivolous. This testimony was taken in the legitimate, proper way, fairly and candidly. Every witness whom the Secretary of the Navy desired to examine, was examined. Notice was given him of the appointment of that committee. We requested that he might be present, either personally or by agent, to examine the witnesses; and we also asked him to name the witnesses whom he wished to have subpoenaed; and we did subpoena all whose names he gave us. In addition to all that, we furnished him with a copy of all the depositions that affected him, directly or indirectly, and invited his co-operation in the examination of witnesses. We confined the testimony strictly to the charges made, and did not let it go be-

yond. We conducted the examination with the utmost strictness, giving to the parties accused the fairest and amplest opportunity for defence. The Secretary of the Navy, after the testimony was completed, submitted his written defence. This was fully considered. The gentleman from Virginia will admit that no investigation of witnesses could have been more fairly conducted.

The report was made during the closing days of the last session. The record will show that I endeavored then to get a vote in the House; but the friends of the parties to be censured—for the last House was largely Democratic—prevented a vote. There was no vote on these resolutions in the last House. If there had been, I would not have called them up at the present session.

But the Secretary objects that I, who reported these resolutions in the last Congress, am a member of the present committee. He might have said the same of the gentleman from Virginia. Sir, what right has he to dictate who shall constitute our committees?

I will say frankly, Mr. Speaker, for I never disguise these matters, that I did ask you to place me at the foot of the Committee on Expenditures in the Navy Department. The Speaker did me the honor to ask me what position I desired, and I told him that I desired to have a vote on these resolutions, and asked to be placed at the foot of that committee. I take the responsibility of that. You did me the honor to assign me a position of great responsibility, and, at the same time, gratified my very modest wish. All I have done in this matter is to submit these resolutions, without even intending to debate them.

But, Mr. Speaker, I did not ask for the other position. It was assigned to me by the Speaker without my asking. I did say to the Speaker

that I thought that these Committees on the Expenditures of the Departments ought to be organized strongly; and if you will look over the list, you will find my colleague, [Mr. STANTON,] the chairman of the Military Committee, at the end of one, and the gentleman from Tennessee, [Mr. NELSON,] who is a member of the Judiciary Committee, at the end of another. All these committees are given a strong organization, in order to enable the House to exercise its power of investigation whenever it may be necessary to exercise it.

Now, Mr. Speaker, let us look at another preliminary matter. The gentleman from Virginia says that this House has no power to investigate. Was that point made at the last session of Congress, when he and I together pursued this investigation? Who ever dreamed then of questioning the power of the House, when the gentleman from Virginia himself reported resolutions—resolutions some of which implied censure, and some of them praise?

Mr. BOCK. I do not wish to interrupt the gentleman, but I did not say that the House had no right to investigate. I said it had no right to censure or punish.

Mr. SHERMAN. The gentleman says that the House has no right to censure, but that we have a right to praise. He himself reported that "it is manifest that the present head of the 'Navy Department has displayed a very laudable zeal," &c., and "that nothing has been proven in this investigation which impeaches in any way the personal or official integrity of the Secretary of the Navy."

So we may praise the Secretary of the Navy, but we cannot censure him. We may sing pæans, but we cannot pronounce condemnation. It reminds me of a speech made in the celebrated conclave of fallen angels, described by the immortal Milton. It is our duty, according to the gentleman, to

"Stand in his presence humble," \* \* \*  
 \* \* \* "to celebrate his throne  
 With warbled hymns, and to his Godhead sing  
 Forced hallelujahs; while he lordly sits  
 Our envied sovran, and his altar breathes  
 Ambrosial odors and ambrosial flowers,  
 Our servile offerings."

This is not the position of the House of Representatives. We have a right to praise him if he does his duty. We do pass resolutions of commendation. We did it in regard to the officers of the last war. And we have a right to pass resolutions to censure, to pass judgment as well as to extol and praise. Why, it is incident to all legislative bodies. The British House of Commons, on which this body is modelled, does it every year, and committees are constantly at work there, sometimes praising and sometimes blaming. The mode of overthrowing the Government there is simply by a resolution of censure. There never was a legislative body which had not this power as incident to legislation. It was but the other day that this House, by an overwhelming ma-

ajority, repudiated the exemption set up by the President that he was free from our power of investigation.

Now, I believe, I have disposed of the technical objections raised here, and I think I have shown their absurdity. It has been a matter of surprise to me, that the Secretary of the Navy and his friends did not court a vote upon these resolutions—that he should plead to the jurisdiction of this House. This House represents the people of the United States. He is but a subordinate of the President, who is himself the servant of the people. He is not the first Cabinet or Executive officer who has been arraigned in this House; but he and the President are the first to dispute its power.

There are cases in our history where Secretaries of the Treasury have, through friends, appealed to this House for an investigation. One of my colleagues, [Mr. CORWIN,] who labored under a groundless charge in regard to a Georgia bill, appealed to the House for a committee of investigation, while he was Secretary of the Treasury, and it was granted; and he was fully vindicated. It has been done many times.

I come now directly to the facts of this case, and I will endeavor to present them without the least feeling, and without exaggeration. I ask for the reading of the first resolution.

The Clerk read the resolution, as follows:

"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."

Mr. SHERMAN. Now, Mr. Speaker, what are the facts in regard to this coal agency? Under the law of September 25, 1850, the Secretary of the Navy was empowered to purchase coal, without publicly inviting contracts. He was given an unlimited power to purchase coal in the mode he deemed best for the Government. Under that law he appointed a coal agent. I have no objection to the recommendation on which he was appointed. But it seems that, at the very time the appointment was made, the three applicants combined together to have one of their number appointed, and then to divide the profits among themselves. The office, as it was conducted, was a sinecure worth \$15,000 a year. These three men, every one of whom was personally known to the President of the United States, combined together, and agreed that one of them—Dr. Hunter, of Reading—should be appointed, and the profits should be divided among the three. This agreement was made known to the President of the United States. The testimony upon that point is full and ample, and will be found on pages 62, 63, 64, 65, 66, and 67. One of the parties to the agreement says that he communicated the fact to the President, that the profits were to be divided. The witness said he did not know that he told the President in what proportion they were to

be divided; but the fact that the profits were to be divided out for party services was communicated.

Well, sir, Dr. Hunter was appointed. He was a practicing physician at Reading, Pennsylvania. He continued to live there, and never performed any of his duties. He never examined, inspected, or saw, a bushel of coal, or measured it. He never did one single thing in the discharge of his duties; but, on the contrary, he made an open contract for all the coal to be furnished to the Government with a man of the name of Beach, a remote relative of Secretary Toucey. He agreed to give Beach \$3.85 a ton for all the coal needed, and then he sat in his doctor's office in Reading, and never moved a peg. He drew his \$7,000 for two quarters, and, according to the agreement, divided it with men who, like himself, had never performed a particle of duty.

Now, here is a matter which must have been known to the Secretary of the Navy, because the beneficiary under the contract was his relative, and was here in constant communication with him; often a member of his own family, and living in his own house. I say, therefore, that it is impossible to come to any other conclusion but that the Secretary of the Navy knew that this man Beach did furnish the coal at prices which were agreed upon and fixed here in one of the subordinate bureaus under the Secretary of the Navy.

The testimony is clear and conclusive that \$3.85 per ton for this coal was entirely too high. Other parties in Philadelphia were perfectly willing to furnish it, and offered to do it, at \$3.35 per ton, making a loss to the Government, under this contract, of fifty cents per ton; in other words, as the annual purchases for coal are fifty-five thousand tons, a loss to the Government of \$27,000 a year. And this must have been known to the Secretary of the Navy. Nor is that the worst feature of this coal transaction. A contract was made with Beach to deliver the coal; he was to do it all; to be purchaser, vender, and inspector. He hired the vessels, made out the shipping bills, and sent them from Philadelphia to Reading, to be signed by Dr. Hunter.

The gentleman from Virginia says that no complaint was made as to the quality of the coal. Why, who could make a complaint? This man Beach bought the coal himself, he transported it, he sold it, he inspected it, he measured it, and there was no check, no restraint, nothing whatever to prevent him from passing off one thousand pounds of coal for three thousand pounds; nothing to prevent him from passing off an inferior quality of coal for a superior quality of coal. The whole matter was in his hands, while the gentleman whose duty it was to protect the Government was practicing medicine and selling pills at Reading, Pennsylvania.

Now, Mr. Speaker, I cannot spend more time

upon this branch of the investigation. I appeal to every candid man upon this side of the House, I appeal to every gentleman upon the other side of the House, to consider well whether or not all these admitted transactions—admitted by the report of the majority, as that report will show—I say I ask gentlemen to pass in judgment upon this resolution, and to say by their vote whether the Secretary of the Navy had not, with the sanction of the President, abused his high discretionary power in the selection of this coal agent. The President knew all the circumstances connected with the matter, and the Secretary of the Navy must have known all the transactions. This man was a friend of the President, and the Secretary of the Navy made the appointment for the purpose of enabling this friend of the President to divide a large profit at the expense of the Government of the United States. I ask the Clerk to read the second resolution.

The Clerk read, as follows:

“That the contract made by the Secretary of the Navy, under date of September 23, 1853, 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.”

Mr. SHERMAN. What are the facts in regard to this live-oak contract? The facts as agreed upon by all the members of the committee are sufficiently explicit. I am perfectly willing to take the statement of the honorable gentleman from Virginia, in his report, as the basis for this resolution, and upon that statement to submit to gentlemen of this House whether they can vote against this resolution. What are the facts? It appears that a man by the name of Swift, a whaler, at New Bedford, Massachusetts, entered into an agreement with a Mr. Plitt, a friend of Mr. Buchanan, by which Plitt was to do all he could to obtain for Swift the live-oak contracts under Mr. Buchanan's administration, and by which Plitt was to have ten per cent. of the gross receipts for his services and good will. These contracts usually amounted to about two hundred thousand dollars a year, and therefore Plitt was to have for this service, if he secured the contract for Swift, about twenty thousand dollars a year. After the contract was made, Plitt, who was chairman of the Democratic central committee of Pennsylvania, called upon Swift, who contributed, to aid in the election of Mr. Buchanan, some sixteen thousand dollars—Swift being at the time an old-line Whig. Now, I want to know what could have induced this man to put his hands in his pockets to pay out \$16,000 to aid in the election of Mr. Buchanan? Every man knows that the inference is irresistible, that it was in pursuance of this contract, previously made, by which Swift expected, through Plitt's influence, to obtain a contract under which the whole \$16,000, and a large amount in addition, would be received by him as prof-

its. Sir, I want to show you how this matter is brought home by the testimony. Here is the testimony of Plitt :

"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."

In other words, Mr. Plitt, a confidential friend of the President, asks, in consideration of Swift's influence—he being an old-line Whig, and a person who could control many other old-line Whigs, and who had contributed largely to the election of Mr. Buchanan—that therefore these contracts of live oak were to be given him. He must be patronized, of course. The first contract for live oak given out in 1857 was for one hundred and fifty thousand feet, to be delivered at three different navy yards. Outstanding contracts were afterwards cancelled, so that Swift's whole contracts for 1857 amounted to \$239,960.

Now, I ask any gentleman who is accustomed to sift testimony, whether there is not a connection established directly between this agreement of Plitt and Swift; Swift's contributions in 1856, and these large contracts given to him in 1857? But I am coming to the worst feature of this transaction. In getting out these large contracts in 1857, Swift had accumulated a large amount of refuse timber, which did not come up to the standard required for the navy, in respect to size, quality, or otherwise. Then I assert—and the assertion is borne out by the testimony—a regular combination was made between parties whom I shall name hereafter, by which the Government, under the pretence of a contract, was to take all this timber at a large price. The advertisements and all the formulas for making a legal contract were made exactly to suit this timber. Under the plan and management of these confederates, which was carried through, one hundred and fifty thousand feet of refuse timber was taken from Swift, paid for by the United States, and is now in the navy yards of the United States. It was at first pretended that the timber was wanted immediately, and the mode of purchase was attempted to be accounted for in that way; but we called the naval constructors of the different navy yards before us, and they testified that it was not needed for immediate use; that only a few thousand feet of it had been used at all, which was done at Norfolk and Philadelphia; and that there they had a sufficient supply on hand.

Now, Mr. Speaker, I wish to call your attention to the fact on which this whole controversy turns. Mr. Lenthall, who is at the head of the

bureau of Construction and Repairs, drew up the advertisements in the ordinary form which has been followed for many years. The Government usually allows two years for the delivery of live-oak timber, from the fact that it can only be cut in the winter on or near the Gulf coast, and that only a small portion of the year can be occupied in getting it out. Under instructions from the Secretary, these advertisements were again drawn, allowing six months, which, upon conference, Mr. Lenthall found was the shortest time in which it could possibly be gotten out. Lenthall says it might have been gotten out in six months by the use of extraordinary exertion. Not satisfied with that, however, the Secretary of the Navy directed the advertisements to be changed, so as to require one-half to be delivered by the 1st of September, or within thirty days of the time when the contract was given out. There was not then in the private yards in the United States one-tenth the supply which the Secretary of the Navy required to be furnished within three months. In this way all competition was cut off, and nobody could bid for this timber except Swift & Bigler. Now, sir, this fact was known to the Secretary of the Navy. Bigler testifies that the design of this advertisement was to exclude competition, and to secure the contract for Swift, Bigler himself being a partner of Swift, and interested in the contract. I ask my friend from Indiana to read from Bigler's testimony.

Mr. DUNN read, as follows :

"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."

Mr. SHERMAN. When this advertisement was issued, the dealers in live oak wanted to make contracts, but they saw, by the peculiar terms of the advertisement, that there was some mistake about it. Other parties did send in bids, and much lower than Swift's bid. The contracts were hung up a long time upon these bids. Finally, as the law was plain, the contracts were awarded to those bidders. Swift remained, however, in Washington, expressing his perfect confidence of getting the contracts of the Secretary. He claimed that it was due to him for services rendered, and that he could, through certain influences, bring about the annulling of these contracts. When the time for delivering the live oak expired—the time of delivery being fixed at a time when it was impossible to deliver it—the contract was cancelled, and the whole contracts, for one hundred

and fifty thousand feet, were handed over to Mr. Swift, at \$1.30 per cubic foot.

Now, that Mr. Swift knew all about this, and that the whole was a prearranged plan to evade the law, under pretence of complying with it, is shown by the testimony of Samuel P. Brown, an intelligent lumber man, now a member of the Legislature of Maine, which I will ask to be read.

The testimony was read, as follows :

" 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.' "

Mr. SHERMAN. So it appears that this advertisement was framed for the purpose of excluding competition. It was carefully made so as to cover the very best timber of Swift. It was designed to allow nobody but Swift to bid ; and Swift knew it. He had a conversation with the Secretary of the Navy ; and in pursuance of it the contracts already made with practical lumbermen were rejected, and awarded to Swift.

There were only two men who could furnish any live oak, and they were Swift & Bigler. Bigler had thirty or forty thousand feet of live oak, and Swift & Bigler entered into an arrangement by which Swift was to make a bid, and Bigler another at a higher rate. When the contract was awarded to Swift, he was to take Bigler's live oak. Bigler says he told the Secretary of the Navy about it ; that he told him it would make no difference with him how he made the contract, because Swift had agreed to take his timber. Here was an advertisement so framed as to exclude competition ; and then a set of men, with the knowledge of the Secretary, combining together to furnish the Government with this timber at their own prices.

There is another thing to be noticed. Swift had no live oak at Pensacola, Florida, where he was required to deliver twenty-five thousand feet. A firm of practical lumbermen had taken the contract to deliver that amount at Pensacola. They failed to deliver it within the time, and the contract was set aside ; and after it was set aside, Swift was allowed the same time to deliver it that had been refused to the contractor. The contract was annulled after the contractor had gone to Pensacola, and had, at great trouble and cost there, supplied all the timber needed for immediate use. Yet the contract was taken from these men, in their absence, and awarded to Swift, although he did not deliver a single foot of the timber within the time prescribed ; and it was known to the Secretary that he would not and could not do so.

Now, I ask whether the House should pass this thing over in silence ? I ask whether there is any impropriety in my now insisting that this House should vote upon these resolutions ? If the House rejects them, well and good. If they adopt them, it may be a good example, and prevent transactions of this kind hereafter, by whomsoever done. Gentlemen will see that, in the resolutions I have offered, there are no words of vituperation. They are clothed in the mildest possible language that could properly characterize the transactions. And now I ask gentlemen upon the other side, whether they can say, upon their oaths, that this contract with Swift was made in accordance with law, when it was made in express violation of law ? I ask them if they can say this contract was just and fair, when it is marked throughout with every element of cunning and fraud ?

I ask for the reading of the third resolution reported by the gentleman from Virginia, [Mr. Boccock.] And allow me to say here, before it is read, that were I the Secretary of the Navy, I would rather far that the resolution reported by the gentleman from Tennessee should be adopted, than the resolution reported by the gentleman from Virginia. The Clerk will read the resolution.

The resolution was read, as follows :

" 3. *Resolved*, That while we could never sanction or approve any arrangement on the part of an officer of the Government which, under pretence of making contracts for supplies, was designed to confer especial and exclusive favor on individuals, yet, in the contract entered into in September, 1858, between the Navy Department and W. C. N. Swift, for the supply of live oak to said Department, it is clearly proved by the testimony, that, if the Secretary of the Navy did contemplate any favor to said Swift, he did not design to bestow it to the detriment of the Government, but that in all he did in this matter he kept always in view the good of the public and the interests of the service."

Mr. SHERMAN. Now, I ask whether that

is the way in which the House of Representatives should deal with a subordinate officer of the Government? The purport of the resolution is, that while we would not allow an officer to violate the law, and would not encourage him in giving out contracts for party services, yet we must say that Secretary Toucey, *while he did it*, always looked out for the interests of the Government; that *while he did it*, he did not allow them to put their hands too deep into the Treasury; that *while he did it*, he saw to it that the contractor did not get too large a grab of the public money. Such is the plain meaning of the resolution. It shows that the effect of the investigation upon the mind of the gentleman from Virginia was, as I think it would be upon every just mind, to shock his moral sense. His resolution is a negative pregnant, meaning nothing by omitting three or four words, or meaning everything by inserting them. The law is plainly written upon the statute book, and it required the Secretary to give the contract to the lowest bidder. It required him to invite competition, and not to suppress it. I never would vote for such a resolution as that, because it shows upon its face that it is an endeavor, by ingenious language, to cover up this matter, and to avoid a direct vote upon the facts.

Now, I ask for the reading of the third resolution.

The resolution was read, as follows:

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

Mr. SHERMAN. I will not waste the time of the House upon the consideration of this resolution. Two or three members of Congress—Messrs. JOHN COCHRANE, SICKLES, and HORACE F. CLARK—testify almost *verbatim* to the truth of this resolution. They testify to the arrangement made with the Secretary of the Navy, that the patronage of the navy yard in Brooklyn should be divided between five or six members of Congress. Each of them had a master workman to look after his interests. If you will read the testimony of those gentlemen, no man can avoid a direct affirmative vote upon this resolution. The natural result of this system was to break up all discipline and efficiency in the yard. Master workmen with gold watches and expensive presents, as they were called, upon their persons, wrung from the poorly-paid labor of common workmen, testified before us to petty thefts and abuses. These gratuities did not affect their selection by these master workmen! Oh, no! The navy yard became the receptacle of men unfit for other labor, governed by master workmen who acted as the agents of members of Congress; and then, in their turn, were overrun by constant demands for employment in the navy yard, as

a reward of party services. The letters of these members, published in the report and testimony, show that even the Secretary of the Navy and a commodore of the navy were called upon to settle disputes as to whether this member or that member controlled the largest number of petty appointments.

There were a number of these letters, showing that members of Congress, in order to get their fair share of patronage, were compelled by their constituents to go begging and threatening these master workmen; and every one of these gentlemen who came before the committee stated, with a frankness for which I give them credit, that the system was destructive of all discipline in the navy yards; and some of them said that it would be far better to dispense with navy yards altogether, rather than that system should be continued. The report furnishes an ample detail of the grossest abuses; and, in the face of them, I ask if any member of the House can vote against this third resolution?

I ask the Clerk to read the fourth resolution.

It was read, as follows:

“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.”

Mr. SHERMAN. Sir, I would not make the charge contained in this resolution without conclusive proof; but the disclosures made in this investigation, and especially the letters produced, leave no room for doubt. The most open appeals were made to the President and the Secretary to award large contracts to control pending elections for party services; and this by high officers of the Government, as well as the contractors themselves. The brief time allowed me will only allow me to cite one or two out of numerous letters and personal appeals.

William Norris made a bid to construct the machinery of a vessel for \$126,000, and fortified his application by this letter to the Secretary. I will thank my friend from Indiana [Mr. DUNN] to read it.

It was read, as follows:

“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 seven hundred and sixty-four votes for them. Notwithstanding the present monetary depression, we gave three hundred and twelve 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."

Mr. FLORENCE. Did he get the contract?

Mr. SHERMAN. No, sir; he did not. Now, I will read the letter of the man who did get the contract. Norris's competitors were Ready, Neafie, & Co. Among the letters sent on behalf of Norris was one from the collector of the port of Philadelphia, Mr. Baker. To counteract these letters, Ready & Co. relied on the active exertions of Mr. Witte, a Democratic member of Congress, who was to receive five per cent. on the contract, and who came here and managed the thing personally. The testimony in his case shows very clearly the functions of "a lobby agent." Among the letters sent on behalf of Ready & Neafie was this one:

"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. Ready, Neafie, & Co., were not of the same political creed, whom I knew by reputation, and it is proper to say, is of the highest character."

Now, Mr. Speaker, this letter of the collector, certifying to the political qualities of Ready, Neafie, & Co., and the active agency of Witte, were on one side, and a whole series of political letters on the other. How far they influenced the awarding of the contract, we have not pretended to say. I only say that the fact of these letters being received and considered and filed in the Department, as proper recommendations, is a grave offence. We cannot say how far they influenced the conduct of the Secretary of the Navy, because we cannot judge the heart of any man; but we do say that the very consideration of such letters as these is highly injurious to the public service and offensive to the moral sense of the country; and we know, further, that while the bid of Norris was \$126,000, that of Ready, Neafie, & Co. was \$139,000, and that the latter was successful.

Now, the gentleman from Virginia [Mr. BOGGS] has referred to a letter endorsed by the President. It is true the President of the United States cannot prevent his friends from writing party letters. If this letter had simply been received by the President, and nothing said about it, we never would have brought it here in judgment against him. But after he received that letter—one of the most corrupting letters ever sent, suggesting the most corrupting ideas ever submitted to a high officer of the Government—he endorsed the letter. Let me read it:

"PHILADELPHIA, Sept. 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, three hundred and ninety; when in full force, four hundred and fifty.

"The managing partners (Mr. M., sen., 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 Col. 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."

Now, Mr. Speaker, here is the proposition submitted to the President of the United States in regard to a doubtful district—

Mr. FLORENCE. Not at all doubtful. It was never doubtful.

Mr. SHERMAN. A doubtful district, in which the gentleman [Mr. FLORENCE] came very nearly being beaten.

Mr. FLORENCE. But not from any influence of this kind.

Mr. SHERMAN. While an election was pending for a Representative to this House, a gentleman in high position in Philadelphia writes a letter to the President of the United States, suggesting that, to secure the election of a political friend of the President, it would go a good way to give a contract for over one hundred thousand dollars to certain old-line Whigs, so that this work might be in full operation on the day of election. And how is this suggestion received? Suppose, sir, that you, exercising the high position of Speaker of this House, should be told that if you were to pass one of the numerous unjust demands upon your table, it would enable a certain man to be re-elected to Congress. Suppose a corrupt proposition of that kind should be made to you, sir. Suppose you should say to a judge upon the bench—"Decide this way, and your party and my party will be benefited by that decision." That is precisely the proposition, because these contracts were required by law to be given to the lowest bidder. Here, then, was a suggestion made to the President of the United States, and what did he do with it? Did he reject it? I ask you what old Andrew Jackson would have done? what George Washington would

have done? Who would connect the names of those men with such transactions as this? And yet the President of the United States, in his own handwriting, deliberately endorsed that letter two days after its date, as follows:

“September 15, 1858.—The enclosed letter from Colonel Patterson, of Philadelphia, is submitted to the attention of the Secretary of the Navy.  
J. B.”

That is the only case in which a letter was thus carefully endorsed. Letters were sent to the President, and found their way into the Navy Department; but this was the only letter that received the personal endorsement and sanction of the President. Now, do you pretend to say that the President had not read the letter? When I first saw that endorsement, I thought it must have been done by some clerk, or some one connected with the office; but we sent for the original document, and it proved to be in the handwriting of the President. Now, what is the effect of that?

Here was a corrupt proposition made to the President of the United States. He submits it to a high officer of the Government, who has the duty of awarding contracts in pursuance of law. The law required these contracts to be awarded to the lowest bidder, without regard to political influence or any other considerations. I do not know whether this contract was given under political influences or not; but mark you, the contract was given to a higher bidder than the Novelty Iron Works, of New York, admitted to be among the best, if not the best, marine engine builders in the world. Now, I ask whether this thing ought not to be condemned by this House? I will not go over the various letters which have been produced in testimony to show that this thing was common, and extended down to the lowest patronage in the navy yards. I will now ask my fellow-members to read the fourth resolution again; and I appeal to every candid and fair-minded man, if he can vote against that resolution with this record before him.

I now ask for the reading of the fifth resolution.

The Clerk read the resolution, as follows:

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

Mr. SHERMAN. The gentleman from Virginia said that the letter of the President, and these various political letters, could not possibly have influenced this award, because it was made by engineers in the employment of the United States—men who were independent of

the President, although they held their offices substantially at his pleasure. Bear it in mind, that one of these engineers was himself interested in every award that was made; he had a patent for a boiler; and whenever a proposal for a contract was made, and the specifications did not include his patent boiler, worth to him \$1,000, it was invariably rejected; and yet no notice was given to the public that this would be required, or all these men might have included it.

Mr. BOCKOCK. The gentleman is mistaken on a point of fact. Mr. Martin himself recommended one of these contracts that did not include his patent. The first of the Norfolk cases did not include it, and he recommended that.

Mr. SHERMAN. I may be wrong in that. In regard to one of the sloops, the contract was not awarded until some weeks afterwards; and in the second bids, which were not submitted to Martin, Martin's boiler was not included. But, at any rate, even according to the admission of the gentleman from Virginia, seven out of eight of the awards contained substantially a bid, a bribe, or an inducement—I do not care what you call it; I do not want to use offensive terms—to the amount of \$1,000 to Martin to give the contracts to men who had included his patent as part of their specifications. And yet, he was continued in employment. Whether he is now in the service of the United States, I do not know; but I ask you whether this does not need a rebuke—whether our hands are to be tied, while the money appropriated by us is thus perverted from its true purpose, by constitutional scruples, or constitutional quibbles, or technical points? Nor can the Secretary evade the impropriety of this matter, as he was directly informed of the interest of Martin. Martin himself distinctly testifies that, before he was appointed a member of the board, he informed the Secretary of his interest in a patent boiler, but was still appointed.

I have now called your attention to some of the leading facts in this case. I suppose that this book of testimony has never yet been fairly examined by members of this House. It contains many other things on which I will not comment, because I have confined my remarks to the resolutions pending. I now ask the judgment of the House whether these resolutions are well founded or not; and whether I was not justified—nay, whether it was not my bounden duty—to bring this subject before this House for its vote. I would have considered myself derelict in the duty which I owe to my constituents, who have no favors to ask here, if I had not brought this subject before the House. It is for you to say whether the public morals and the truth of history do not demand the adoption of these resolutions. I now call the previous question.



