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LETTER OF O. H. IRISH,

CHIEF OF THE BUREAU OF ENGRAVING AND PRINTING, TREASURY DEPARTMENT,

TO

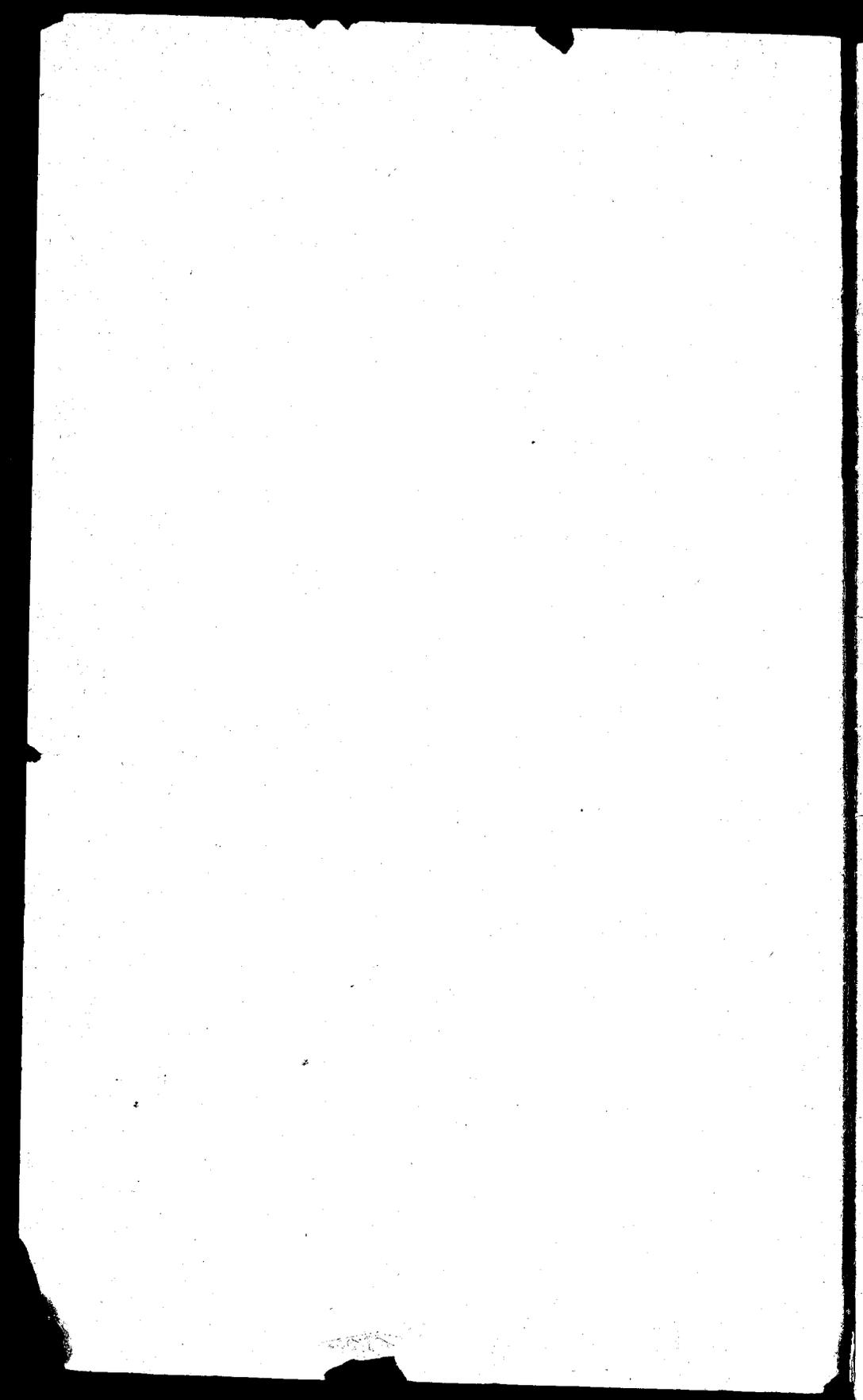
HON. JOHN D. C. ATKINS,

Chairman of the Committee on Appropriations of the House of Representatives,

RELATIVE TO

LETTERS OF HON. JOHN M. GLOVER, CHAIRMAN OF THE
HOUSE COMMITTEE ON EXPENDITURES IN
THE TREASURY DEPARTMENT.

JANUARY 10, 1879.



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LETTER.

BUREAU OF ENGRAVING AND PRINTING,

January 10, 1879.

SIR: I have the honor to submit the following statement, relative to the management of this Bureau, for the consideration of the Committee on Appropriations in connection with certain letters, which, I learn from the newspapers, have been addressed to you by the Hon. J. M. Glover, Chairman of the Committee on Expenditures in the Treasury Department.

REORGANIZATION OF THE BUREAU.

On the 20th of March, 1877, the Secretary of the Treasury appointed a committee of three officers of the Department with instructions to make a thorough examination of the management of the Bureau of Engraving and Printing, and to report any means of promoting its economy and efficiency. After nearly three months of hard work this committee made a lengthy report, which was submitted to Congress by the Secretary with his annual report for the fiscal year ended June 30, 1877. Prior to the date of this report, however, the Secretary appointed the Hon. Edward McPherson Chief of the Bureau, and myself Assistant Chief, with instructions to reorganize it in every branch. We entered upon this duty May 1, 1877, and, as rapidly as possible, instituted the necessary reforms. The force was reduced to the number actually needed to execute the work. A considerable number was discharged by Mr. McPherson after the management passed into his hands, in addition to those discharged on the recommendation of the committee. Rules were established regulating the employment of additional persons when necessary, instituting grades and classes for all, and providing for the promotion of employees as they were found qualified.

Further, the system of payment by the piece was extended from the plate-printers to all the employees whose work rendered it practicable, so that each employee is paid for the work actually performed, and if there is any disposition to loiter the loss falls on the employee, and not on the Government. A system of transfer of employees from a division in which the work has temporarily decreased to one in which it has increased was established, and is working to the advantage of the service.

A new system of making purchases of materials and stores was inaugurated, by which all dealers are afforded an opportunity to compete, and an order is made on the lowest bidder—thus obtaining for the Government the advantage of the competition.

Supplementary to the above there was established a system of requisitions by which the superintendents and others can obtain materials and stores required in the quantities needed for current work only, and, when withdrawn, are held responsible therefor.

The expense of supervision, clerical work, and unskilled labor was greatly reduced by the consolidation of divisions, and a system of reports which thoroughly secures individual responsibility and gives individual credit for character, skill, and correctness of the work done. In a word, the Bureau was reorganized on a business basis, with rapid, correct, and economical methods of accomplishing its work, and with better facilities for properly carrying out the methods than any private establishments doing such work can have. And, as every system ultimately depends for its success upon the persistency with which it is adhered to, I beg to specifically state that every part of the system originally established has been strictly enforced, with only such slight changes and modifications in details as added experience seemed to suggest for better carrying the needed reforms into effect.

That this reorganization has been and is a success is demonstrated in the report of the Chief of the Bureau for the fiscal year ended June 30, 1878—the first entire fiscal year in which the system was in operation. It will be seen from that report that there had been appropriated for the work of the Bureau for the year, on the estimate made by the former Chief of the Bureau, the sum of \$800,000. Of that sum there remained in the Treasury at the close of the year, unexpended, the sum of \$652,836 17—a substantial and satisfactory evidence that the Bureau has been carefully and economically managed. Nor was this enormous saving due to any diminution in the amount of work executed, as there was an increase in all the processes through which the work passes, except one—that is, trimming, separating, and perforating. (See Annual Report of Chief of Bureau for 1878, pages 4 and 5.)

CHARGES AGAINST THE BUREAU.

In view of these facts it was not without astonishment that I read the paragraph which recently appeared in a city paper, and which was telegraphed to all the principal cities, to the effect that the Chairman of the Committee on Expenditures in the Treasury Department had written a letter to you as Chairman of the Committee on Appropria-

tions, on your general request for information which might be useful to you in framing appropriation bills, arraigning the management of this Bureau as extravagant. This sense of astonishment was not lessened on reflecting that the Chairman of that Committee or his experts had made no examination of the affairs of this Bureau as administered since May 1, 1877, except the examination of a number of laborers, &c., relative to some personal grievances and complaints. In the spring of 1878, he entered upon the examination of the accounts and records of the Bureau by his experts, and every facility was extended to him for that purpose; but all the accounts and records called for were of date prior to the day on which Mr. McPherson assumed charge, and all their efforts seemed to be directed to ascertaining facts connected with former administrations of the Bureau. These experts retired after the adjournment of the second session of the Forty-fifth Congress, and no examination has since been made. On the appearance of the paragraph above alluded to, I did not think it necessary to address you on the subject, for the reason that newspaper paragraphs rarely give an accurate expression of the contents of a paper—they being of necessity greatly condensed. The appearance, however, of a letter signed by Hon. J. M. Glover, Chairman of the Committee on Expenditures in the Treasury Department, in the *Washington Post* of Monday, December 30 last, which was addressed to you, and, it was stated, had been sent you, has caused me to determine, in justice to the interests committed to my charge, to correct the mistakes which the writer has made.

AS TO THE PRINTING OF NATIONAL CURRENCY.

As to the statements of the first letter above alluded to, an analysis of the paragraph based thereon will give the following charges: First, That the printing of national-bank notes by the Bureau is in violation of law. This will be readily seen to be incorrect by reference to act approved March 3, 1875, (Statutes at Large, vol. 18, p. 372,) which contains the following, under the head of "National Currency:"

"*Provided*, That the national-bank notes shall be printed under the direction of the Secretary of the Treasury and upon the distinctive or special paper which has been, or may hereafter be, adopted by him for printing United States notes."

In pursuance of this provision of law, the Secretary directed the work to be done in the Bureau of Engraving and Printing. In this connection I deem it not improper to give a short *resumé* of the changes made since 1863 in printing these notes. In 1863 the Comptroller of

the Currency awarded the printing of them to three distinct bank-note companies, located in New York City, distributing the several denominations so that each company might have an equal quantity of work thereon. The printing of the seals of the Department and the "Treasury series" of numbers was assigned to the Bureau as a check upon these companies. This was not a perfect system, for although the perfectly-printed notes were forwarded to the Comptroller of the Currency, the imperfectly-printed notes were not. This system continued until June 30, 1875, when, in accordance with the law above referred to, the then Secretary, Hon. B. H. Bristow, gave the printing of the faces of the notes to this Bureau, at the rate of \$20 per 1,000 impressions. The printing of the green impressions and the black impressions on the back was divided between the three bank-note companies in New York and one in Washington, at the rate of \$18 per 1,000 impressions for the green and \$19 50 for the black. Subsequently, on the 4th of January, 1877, the then Secretary, Hon. Lot M. Morrill, withdrew the printing of all the green impressions and the printing of that part of the black impressions executed in New York City from the companies located there and gave it to the Bureau. For some reason the printing of that part of the black impressions executed in Washington was not withdrawn from the company here. The rates allowed the Bureau for this work were \$14 per 1,000 impressions for the green and \$15 50 per 1,000 impressions for the black, a reduction of \$8 per 1,000 impressions on the two printings—that is to say, \$4 on the green, (from \$18 to \$14,) and \$4 on the black, (from \$19 50 to \$15 50.)

THE BUREAU'S ESTIMATE THE LOWEST.

On September 6, 1877, Secretary Sherman, in order to determine whether the work could be done as cheaply in the Bureau as by contract with private parties, advertised for proposals for printing the black impressions. On September 25, 1877, the bids were opened, and were as follow:

| | |
|---|---------|
| Columbian Bank-Note Company | \$11 49 |
| Philadelphia Bank-Note Company..... | 11 00 |
| National Bank-Note Company..... | 11 00 |
| Continental Bank-Note Company..... | 10 49 |
| American Bank-Note Company..... | 10 40 |
| Excelsior Bank-Note Company..... | 9 75 |
| Franklin Bank-Note Company..... | 8 94 |
| Bureau of Engraving and Printing (estimate).. | 8 92 |

The estimate submitted by the Bureau being the lowest, the work of printing the black backs was awarded it at the rate of \$8 92 per

thousand impressions, and the part of this printing still in the hands of the bank-note company located in Washington was withdrawn and given to the Bureau. It has been claimed that the rate for which the Bureau agreed to do this work was too small, but the parties who are most active in making this charge offered to do it for \$9 75 per thousand, and another company's offer was \$8 94, only two cents per thousand higher than the bid of the Bureau. If either could do it for the amount offered and make a profit, surely the Government can itself do the work at actual cost, and save the profit which would otherwise be paid to them.

NO GREATER PRICE CHARGED FOR PRINTING NATIONAL CURRENCY
THAN THE ESTABLISHED RATES.

The second charge in regular order is, that only one-sixth of this work has been charged at the rate of \$8 92 per 1,000 impressions, the greater number being secretly charged at a much higher rate; that is to say, \$14 per 1,000 impressions. The Hon. Mr. Glover or his experts have made a very unaccountable error in this matter, confusing the rates charged for two separate and distinct impressions made on the back of the national-bank notes, one of which is printed in black ink, and is the work which the Bureau agreed to execute for \$8 92. It is what is known as an unregistered printing. The other is printed in green ink, and is known as a registered printing, and is more costly. The accounts for this work are rendered separately, and are submitted to the Chief Clerk of the Department, upon whose *visé* the Assistant Secretary refers them to the First Auditor for examination and settlement; the Auditor certifies the accounts to the Comptroller, who approves and refers them to the Register, and they are finally settled by warrant and counter-warrant. It is almost superfluous, but I desire to specifically state that no greater price has been charged, secretly or otherwise, for work assigned to this Bureau on its bid of September 25, 1877, or any part of it, or for any other work assigned this Bureau, than the rates established therefor.

CHARGE OF NEEDLESS EXPENDITURE AND EXTRAVAGANCE GROUND-
LESS.

The next charge to which I desire to refer is, that the bank-note printing indicates a needless expenditure and extravagance within the last fiscal year to the extent of over \$130,000. I feel a hesitancy in replying to this charge, as it is difficult to believe that the Honorable Chairman of the Committee on Expenditures in the Treasury Department would risk his reputation for good judgment on such a

statement. It is published, however, as coming from him, and may possibly influence some who are not acquainted with the facts. The entire appropriation for bank-note printing for that fiscal year was but \$150,000, including the purchase of paper on which the notes were printed, the cost of engraving the plates, the printing of the notes, all express-charges, and other expenses. The Bureau finished and delivered to the Comptroller of the Currency during that fiscal year 2,390,750 sheets of perfect notes which had passed through the processes of three plate-printings, one surface-printing and two sets of numbers, besides trimming; this work cost \$130,827 33. Practical men will find it difficult to understand how \$130,000 of this amount could have been needlessly or extravagantly expended.

And so I am forced to the conclusion that all the charges the Hon. J. M. Glover made in his letter to you of the 14th December last, so far as they relate to this Bureau since May, 1877, are the result of a misapprehension of facts consequent on a want of a thorough investigation of the subject.

With reference to the charges made in his letter, published in full in the *Washington Post*, they can be divided into three classes, the first consisting of certain items the expenditure on which has ceased for years. The most prominent item of this class is "dry-printing," which has been dead so long that very few persons, even in the Bureau, know what is meant by the term.

The second class embraces items referred to the year 1877.

The third class embraces items which are referred to the year 1878.

PRESENT ADMINISTRATION NOT RESPONSIBLE FOR THE RATES PAID
FOR DISTINCTIVE PAPER.

These are, first, "rent, \$200,000;" and, second, "excessive prices of paper, \$200,000." Of the first, it is only necessary to say that not one dollar has been expended for rent since May 1, 1877. As to the second, assuming that the paper he refers to is the distinctive paper adopted by the Government in 1869, I beg to state that one of the first matters which received the attention of Mr. McPherson, on his assuming charge of the Bureau, was the question of the supply of this distinctive paper. Having satisfied himself that there was a sufficient quantity on hand to last for several years, and there being still large orders unfinished, he, on the 9th of May, 1877, ordered the manufacturers to discontinue the making of paper, after they had run out the stock then prepared. This concession was made to prevent any claim for damages on the part of the manufacturers, and to save the Government from litigation. When it became necessary to provide paper for the new four per cent.

bonds which the Secretary of the Treasury then contemplated issuing, the manufacturers were ordered to totally discontinue the making of United States note and national-currency paper and work up the stock alluded to into new four per cent. coupon-bond paper. This they did, and after a supply to meet the demands for the four per cent. coupon bonds was manufactured, all the work on the distinctive-fibre paper was stopped at the mills in August, 1877, and they remained closed until it became necessary to make a further supply of the coupon-bond paper consequent on the large demand for these bonds. At this time, July 8, 1878, the firm owning the patent and the right to manufacture under it were requested to furnish the very lowest price for which they would consent to make the amount of paper which was estimated would be required for the entire issue of these bonds, and after some correspondence a price was agreed upon for the 700,000 sheets needed. While the Secretary was satisfied that the price demanded for this paper was a larger one than he could properly pay for the supply usually needed by the Department year by year, yet as a small quantity comparatively was needed, and as it would not be wise to change the character of the paper upon these bonds, he gave the price asked for this lot—considering it a special matter and not in any way to govern the price which would be paid for the regular supply. Subsequently, on October 7, 1878, he appointed a committee of gentlemen connected with the Department to ascertain the cost of the distinctive paper, and to recommend a proper price for it. This committee, after waiting upon the manufacturers, could gain no information from them as to the cost of manufacture, nor any data sufficiently reliable upon which to form a judgment as to a fair price for the paper. The result of the efforts of this committee being unsatisfactory, the Secretary determined to advertise for proposals for a distinctive paper, which he did on October 29, 1878. On December 3, 1878, he appointed a committee of gentlemen connected with the Department, to whom were referred all the bids received under this advertisement, with instructions to examine the same. This committee are now engaged in the examination of the question of a distinctive paper for the use of the Government, and will shortly submit their report. It will be seen from this statement of facts that the Secretary or the officers of this Bureau, since May 1, 1877, have had but little power to fix or to alter the price paid for this distinctive paper, the manufacture of which is a monopoly protected by the patent laws of this country. They have, however, made and are making every effort to relieve themselves from the effect of this monopoly, with a view to a reduction of the cost of paper for United

States notes and securities. It must be remembered that a distinctive paper for these securities is an absolute necessity, and as a distinctive feature in paper must be the result of years of experience in manufacture or of inventive genius, it is only reasonable to expect that the person or firm possessing the necessary experience and facilities for manufacture, or who has made a thoroughly practical invention relative to a distinctive feature in paper, will charge something more than the ordinary market rate for the product.

NOT RESPONSIBLE FOR MANAGEMENT PRIOR TO MAY 1, 1877.

With reference to the items to which the year 1877 has been attached, I beg to state they all need qualifying to this extent: that it is only the three first months of this year to which they refer; for, in March, of that year, the Secretary took the necessary steps to permanently remedy these very abuses. The Chairman of the Committee on Expenditures in the Treasury Department makes no such qualification, but leaves it to be inferred that waste and extravagance had been continued throughout the year 1877. Will it be safe to base legislation involving such important public interests on such information as this? With the expenditures of the Bureau, prior to May 1, 1877, the present administration of the Treasury Department, or of the Bureau, has no concern. The facts relative to every item enumerated by Mr. Glover were developed by the present Secretary of the Treasury through the committee of officers appointed by him, although they did not indulge in conjecture as to the amount. The Hon. Mr. Glover has not elicited a single fact indicating a mismanagement of the affairs of the Bureau which had not already been discovered, reported upon, and reformed. These reforms have already resulted in a very large reduction in the annual expenditures in every branch of the service. Yet, the Hon. Mr. Glover suggests that upon the strength of his discoveries the appropriations shall now be still further reduced, notwithstanding the relation of the work of the Bureau to the financial system of the Government respecting the collection of the revenue, the refunding of the public debt, and the issuing of the money obligations of the Government, and, notwithstanding the further fact that the boldest reformer has never ventured to suggest such a large reduction in the appropriations for this Bureau as has been made in its actual expenditures since its reorganization.

RESULT OF THE INVESTIGATION BY THE COMMITTEE ON BANKING
AND CURRENCY.

Early in the last session another committee of the House, namely, the Committee on Banking and Currency, were instructed to examine and report upon a bill to abolish the Bureau. The following extract from their report, unanimously concurred in, shows their estimate of a reorganization of the Bureau, which the chairman of the Committee on the Expenditures in the Treasury Department has entirely ignored:

"The committee deem it only proper to report to the House that, from personal and careful investigation, and from other information, salutary reforms and improvements have been inaugurated by the present Chief of the Bureau, Hon. Edward McPherson, and that under his careful and efficient management the public may rest in the belief that no extravagance will be permitted; that no erroneous or fraudulent issue need be feared, and that economy and safety are assured."

The committee, after stating in detail the reasons for their conclusion, closed their report, which is appended hereto, as follows:

"On every ground, therefore, your committee are driven to the conclusion that the Bureau ought to be maintained as now organized, and should continue to do the work of the Government. In consideration of all of which your committee respectfully report the bill back with the recommendation that it do not pass."

RESULT OF THE INVESTIGATION BY THE SENATE AND HOUSE COM-
MITTEES ON BUILDINGS AND GROUNDS.

The Senate Committee on Buildings and Grounds, during the same session, had before them the question of the value of this Bureau to the Government, involved in the question of the erection of a new building specially adapted to its uses, and, after making a thorough examination as to its management and the work which it should execute, unanimously reported a bill appropriating the sum of \$327,000 for a proper building. The House Committee on Public Buildings and Grounds had the same subject under consideration, and by a sub-committee also thoroughly examined into the work of the Bureau, and unanimously concurred in the action of the Senate, their report of concurrence not being made simply on account of the great pressure of other business before the House in the later weeks of the session. Congress made the appropriation, and the building is now in process of erection.

It will thus be seen that three committees of the House, namely, the Committee on Expenditures in the Treasury Department, the Committee on Buildings and Grounds, and the Committee on Banking and Currency, and one of the Senate, the Committee on Buildings and Grounds, have had special occasion during the last session of Congress to examine into the administration of the Bureau since its

reorganization, and all except the chairman of the first named have declared substantially their confidence in the management of the Bureau since that time.

SPECIFIC DENIAL OF THE CHARGES.

The Hon. Mr. Glover makes the general charge of needless and extravagant expenditure, with the following specifications:

| | |
|---|-------------|
| 1863-'78. Rent, (needless)..... | \$200, 000 |
| 1873-'77. Needless employés and excessive wages..... | 1, 700, 000 |
| 1869-'77. Excessive prices for seal red ink..... | 120, 000 |
| 1869-'77. Re-examination of paper..... | 600, 000 |
| 1869-'78. Excessive price of paper..... | 200, 000 |
| 1871-'77. Useless purchases of paper..... | 60, 000 |
| 1871-'77. Needless engraving..... | 19, 500 |
| 1876-'77. Unfinished fractional currency destroyed..... | 350, 000 |

It will be observed that he gives dates covering the two years which have elapsed since its reorganization, and would make it appear, if his statements are to be credited, that the present administration of the Bureau is responsible for a portion of the extravagant and needless expenditure of money which he places at the enormous sum of \$5,370,000, and states that he will furnish the proof upon which he made the charges. This is no personal matter. He makes this serious charge upon his official responsibility as the chairman of one of the most important committees of the House of Representatives, with the declared object of influencing its legislation. I answer upon my responsibility as the present Chief of the Bureau, and as having been intimately associated with its late Chief, Hon. Edward McPherson, as his assistant, that he is in error. I challenge him to produce the proof!

BUREAU HAS SAVED TO GOVERNMENT IN ONE YEAR \$742,008 84.

On the contrary, the Bureau, since its reorganization, has saved the Government large sums of money by executing nearly all the work of engraving and printing for less than it formerly cost to execute the legal-tender notes and miscellaneous bonds. To demonstrate this I have but to again call the attention of your committee to the fact that there was estimated and appropriated for labor and expenses of engraving and printing for the fiscal year 1878 the sum of \$800,000; there was expended of this appropriation the sum of \$147,163 83. For expenses of national currency during the same year there was estimated and appropriated the sum of \$150,000; there was expended the sum of \$130,827 33. To the sums thus saved must be added the

sum of \$70,000, the amount of the reduction made in the cost of printing a year's supply of internal-revenue stamps. This will make an aggregate saving of \$742,008 84. With this amount of money in the Treasury unexpended, I beg to ask: If there is any loss incurred in connection with this Bureau, where is it?

NO NEEDLESS EMPLOYEES OR PURCHASES.

It has been charged that under previous administration of the Bureau it was the practice to use its patronage in such a way as to strengthen its demands upon Congress for appropriations, in order to secure as large an amount of money each year as possible, and that it resulted in securing larger sums than the service really required, the employment of useless and unqualified persons, and the purchase of larger amounts of material than were needed for the regular operations of the Bureau. The large amount of money which remains unexpended on account of its appropriations for 1877-78 is a guarantee that the present management of the Bureau has not been actuated by any such desire, and must satisfy any candid mind of the fact that in the Bureau, as reorganized, only those persons are employed who are necessary, and are known to be qualified, to execute its work. I believe that my duty is discharged when I have submitted, in the usual manner, my estimates as to the cost of the work which the Bureau will be required to execute during the fiscal year, and I have abundant evidence from intercourse with members of Congress that this is the basis upon which they desire this business to be conducted.

In this connection I desire to say I shall be happy, at any time it may be the pleasure of the Committee to consider the matter, to show that the amounts estimated for the fiscal year 1880 will be required, and that, owing to the gradually improving conditions of our service, these estimates were made with a view to further reduce the cost of each one thousand impressions.

EXAMINATION BY COMMITTEES OF CONGRESS INTO AFFAIRS OF BUREAU INVITED.

In conclusion I invite examination by the committees of Congress into all the affairs of the Bureau since the day on which it was reorganized, and shall welcome criticism from members of Congress or any agent of the public, having a right to make it, upon the methods pursued. I shall be pleased to have the benefit of their advice and suggestions, and promise to correct anything found to be faulty. But I have always declined, and will continue to decline, to notice the com-

plaints and grievances of irresponsible or interested parties, such as have been active in furnishing the Hon. Mr. Glover with information, or of the complaints of parties who have a pecuniary interest in withdrawing the Government work from the Bureau. I believe that there is not a single detail connected with its administration which will not bear the closest scrutiny of the enemies as well as the friends of the Bureau; and not an item of business has been transacted which will not redound to the credit of those connected with its administration.

With great respect, I am your obedient servant,

O. H. IRISH,
Chief of Bureau.

Hon. JOHN D. C. ATKINS,
*Chairman of Committee on Appropriations,
House of Representatives.*

APPENDIX.

REPORT OF THE COMMITTEE ON BANKING AND CURRENCY, TO THE
HOUSE OF REPRESENTATIVES, JUNE 3, 1878.

(FORTY-FIFTH CONGRESS, SECOND SESSION—REPORT NO. 906.)

MR. FORT, from the Committee on Banking and Currency, submitted the following report, (to accompany bill H. R. 1808):

The Committee on Banking and Currency, to whom was referred the bill (H. R. 1808) in relation to engraving and printing the Government issues, have given the same thorough consideration, and have heard several arguments by officers of the various bank-note companies and their counsel upon the subject, and have also heard the present Chief of the Bureau, and have personally, by a sub-committee, carefully examined into the practical operations of the Bureau.

The bill proposes an entire change in the present mode of engraving and printing the securities of the Government. For several years all the important parts of this work have been executed by the Bureau of Engraving and Printing, in the Treasury Department, and since October last all of it has been done there.

The bill also provides that hereafter the work of both engraving and printing currency, United States notes and bonds, and internal-revenue stamps shall be let by the proper officers, under direction of the Secretary of the Treasury, after public advertisement for proposals, to commercial parties having the requisite facilities; and it provides for a division of the work between three different printing companies, and that thereafter only the seal and final authentication and record of the issues shall be done in the Treasury.

The bill also proposes to reorganize the Bureau of Engraving and Printing, so as to make it conform to the new arrangement. It also directs the Secretary to sell all the surplus machinery, supplies, and stock of the Bureau.

It will be observed that the measure proposes the practical destruction of the Bureau, and limits its functions to the final sealing of notes and other securities.

This Bureau is a growth of about fifteen years of experiment, careful study, and effort. It has gathered, by the agency of skilled workmen, a large and most valuable stock, consisting of vignettes of eminent Americans, of the costliest alphabets and numerals, of great varieties of lathework, and all the delicate machinery necessary to the production of what is believed to be the finest bank-note engraving in the world. There have been gathered into it skilled men of special talent and fitness in their various lines of business, artisans worthy of the confidence and patronage of the Government, some of whom have patiently toiled for nearly half a century to make themselves proficient.

Under every administration and through every form of discouragement, this Bureau has been carefully watched and tested and investigated, and, after full consideration, has been maintained by Congress, chiefly for the obvious reason that, in a matter of so much moment as the preparation of the Government securities, the Government ought to be equipped with an organization not only adequate for ordinary purposes, but sufficient for any public exigency.

The committee see no reason for a reversal of this policy; but, upon the other hand, find in an admitted improvement in the organization of the Bureau, and an existing management to which no exception is taken, an additional reason for maintaining it as it is now organized, and, if possible, improving it. The committee deem it only proper to report to the House that, from personal and careful investigation, and from other information, salutary reforms and improvements have been inaugurated by the present Chief of the Bureau, Hon. Edward McPherson, and that under his able, careful, and efficient management the public may rest in the belief that no extravagance will be permitted, that no erroneous or fraudulent issue need be feared, and that economy and safety is assured.

It is unnecessary for the committee to enter into any extended history of the Bureau, or into the details which have attended its organization and growth, or the controversies which have at times existed between it and outside companies seeking to do this work. The committee have found that at times an unduly large number of persons was upon the rolls of this Bureau; that purchases of paper and other supplies have not always been made with sufficient care, and that the rates of compensation paid to some of the employes were at times in excess of those paid for like services by private companies. But such experiences are inevitable in all large enterprises, private as well as public, and only disappear as, upon trial, imperfections are developed and corrected. Especially is this true when the enterprise is mechanical and artistic. In this particular case it is apparent that the period of experiment has passed, and that the Bureau has become an efficiently organized establishment, in which rates of pay and methods of operation have become as fixed and stable as in private establishments. As a result, the number of employes is regulated by the amount of work to be done, and the cost of production is as easily ascertained as any other business fact. The committee believe that it was the habit of the Treasury Department in the past to yield to the importunities of needy and suffering persons of Washington, and their friends, for temporary employment for their relief, and, having no duties which they were competent to do, would often place them in the temporary service of the Bureau. The Bureau was thus often used as a means through which the Government dispensed charity to the poor and starving people of the District. This was indeed no fault of the Bureau, and may not have been entirely the fault of officers of the Treasury, who proved unable to resist the importunities of Senators and Representatives for employment for these suffering people. Thus too many were often employed. Under the present management, employes are, where practicable, paid by the piece or according to what they actually do; and there is no longer any room for drones or idlers. It should be remembered also that thousands of the people when they visit Washington desire to visit and examine this interesting Bureau, and it requires the services of some trusty and intelligent person to attend them in their rounds. This service costs

money. Your committee would not, however, recommend that this Bureau be closed to visitors. The Government belongs to the people and they have a right to examine and inspect it in all its work and operations.

It is also stated, in partial explanation of the large purchases of material made in the past, that it was partly due to sudden changes of work ordered by Congress, and to preparation for the continuance of work which was suddenly closed by Congress, and work reasonably anticipated, for which it was necessary and was the duty of the Bureau to prepare and be ready to execute, and which was, in consequence of such change, never actually ordered. Such purchases of material have not involved a considerable loss, as it has been used subsequently for other purposes. This is especially true of the special paper adopted in 1869 by the Government. While the quantity on hand in the spring of 1877 appeared to be very large, yet the operations of the Bureau since that time have consumed about one-half of it. Very little more is on hand than will be required by the Bureau for the coming year, and, as to some qualities of paper, not sufficient to carry them through the year. By the act of Congress discontinuing the issue of fractional currency, which could not have been foreseen by the Bureau, a large quantity of special paper, which had been provided, was not needed. Yet much of this paper, so provided, has been already used, without any considerable waste, for other purposes; and it can all be so used. Your committee are advised that all paper should be at least a year old before use, so that it may be seasoned. It was, therefore, economy and necessary to provide a large quantity of paper in advance of its use.

Your committee cannot see that any public benefit will be derived from the abolition of the Bureau, and the execution of this work by private companies. Such an arrangement strikes your committee as involving the great objections of creating greater risks, of establishing an unnatural relation between the Government, in a function peculiarly its own, and commercial parties having no other tie connecting them with it, and of subjecting the Government to the dangers which would threaten it from combinations between these various interests. Should they cease to be competing, as they naturally would when the motive for combining would be sufficient, the Government would be, as it has already been, powerless in the hands of a monopoly. It was chiefly to extricate the Government from this perilous position that the first steps toward the creation of the Bureau were taken; and in the light of that experience it would be highly unwise to afford the opportunity for its repetition. Should the Government dispose of its valuable machinery and material now in the Bureau, as provided by the bill, it would be at a great sacrifice, and the Government would place itself at the mercy of parties and corporations engaged in such work. The committee believe it wisdom to retain and keep in working order an establishment equal to any emergency which may be reasonably expected, and enable the Government to be independent of outside combinations.

The question of safety is, of course, all important, and overshadows all other considerations, and has received the careful consideration of the committee. They are satisfied, from actual examination, that the organization of the Bureau at present is so permeated with checks as to establish the greatest possible security against loss. It was admitted in argument by officers and counsel of the bank-note companies, that nowhere in the world "is there a system of checks so ample, so minute,

and so perfect," as now exists in this Bureau. It was also admitted that a system of checks, of equal minuteness and perfection, could not be expected, and does not exist in private establishments. The present Secretary of the Treasury, in his annual report at the beginning of this session of Congress, uses the following language:

Upon the question of safety the Secretary cannot see how it is possible for the Government to be better protected from fraud or mistake than it now is.

There is no reason in the nature of the work why absolute safety cannot be obtained. This Government, and nearly every other Government in the world, have been able, with absolute safety, by their own agents, to make and issue their gold and silver coin, and there is certainly no reason based on analogy, and no teaching of experience, raising a doubt as to the power to reach the same result in the making and issuing of paper circulation. Should, however, further examination indicate any point in which better guards could be erected than now exist, it will be easy, as a matter of administration, to apply them.

It is worthy of remark in this connection that the system adopted in this country has been tried for many years in all the great countries of Europe, and there is no reason why the United States Government, which excels them all in the artistic finish of its work, should not be as successful as they in protecting this manufacture from the enemies which constantly threaten it. Your committee are informed that nearly every civilized nation in the world makes its own issues of paper as well as of coin.

On every ground, therefore, your committee are driven to the conclusion that the Bureau ought to be maintained as now organized, and should continue to do the work of the Government. In consideration of all of which your committee respectfully report the bill back with the recommendation that it do not pass.

