

business, the raw material that he uses being derived entirely from the South, and his manufactured goods finding an exclusive market there, thus completely shutting him out on both sides, and rendering it impossible to carry on his business until peace should be restored.

Before the Committee proceeded to take evidence in this case, an arrangement and settlement was happily made between the Directors and Mr. Murdock, by which the latter pays in full to the Directors the amount in dispute, and retains the labor of 50 men at 50 cents per day until January 1, 1865. This, with the rent of the shops, will give the Institution a revenue from that source of about \$8,300.

The 100 men whose time with Mr. Murdock expired on the 1st of July, the Directors propose to employ in the weaving department.

The Manufacturing Department.

This department is devoted to the manufacture of plaid cottons, with a few linseys and coarse carpets, and the Committee regret to report it in a very depressed condition. At no time has it been a source of much revenue to the Institution, arising from the inability of hand loom labor to compete successfully with power looms; still, the superior quality of its manufactured goods and its wide-spread reputation has heretofore insured their immediate sale, but the embarrassment growing out of the blockade of the Southern States has produced the same results as in the case of Mr. Murdock; nearly all the yarns used are the product of Southern mills, while the manufactured goods find a market exclusively in the Slave States. The consequence is, that no sales have been made by the Directors for the past three months, and none of any consequence can be made until the Southern markets shall be re-opened. No revenue, therefore, can be expected from this department as long as the present unfortunate state of affairs continues to exist. The stock of manufactured goods now on hand amounts to \$10,500, and of materials to \$2,300, which, when manufactured, will increase the stock of goods to \$15,000, all of which, in ordinary times, could be made available to pay the debts and expenses of the Institution.

The Committee, after a patient and thorough investigation of this branch of the subject, are satisfied that the entire system of labor at the Institution is wrong, and demands a radical change, as at present conducted, it must always be, as it has been, a heavy burden on the State. It has not been furnished by the State with the cash capital necessary to carry on successfully a manufac-