The

BEDFORD, PA., FRIDAY MORNING, DECEMBER 25, 1868.

PRESIDENT'S MESSAGE.

FELLOW-CITIZENS OF THE SENATE AND HOUSE OF REPRESENTATIVES: Upon the re-assembling of Congress, it again becomes my duty to call your attention to the state of the Union, and to its continued disorganized condi-tion under the various laws which have been passed upon the subject of reconstruction. It may be safely assumed, as an axiom in the government of States, that the greatest wrongs ment of States, that the greatest wrongs inflicted upon a people are caused by unjust and arbitrary legislation, or by the unrelenting decrees of despotic rulers, and that the timely revocation of injurious and oppressive measures is the greatest good that can be conferred upon a nation. The legislator or ruler who has the wisdom and magnanimity to retrace his steps, when convinced of error, will sooner or later he reward. of error, will sooner or later be rewarded with the respect and gratitude of an

our own history—although embracing a period less than a century—affords abundant proof that most, if not all of our domestic troubles are directly traceable to violations of the organic law and excessive legislation. The most striking illustrations of this fact are furnished by the enactments of the past three years upon the question of reconstruction. After a fair trial, they have substantially failed and proved pernicious in their results, and there seems to be no good reason why they should longer remain upon the statutebook. States to which the Constitu-tion guarantees a republican form of government have been reduced to mili-tary dependencies, in each of which the people have been made subject to the arbitrary will of the commanding general. Although the Constitution requires that each State shall be represented in Congress, Virginia, Mississippi, and Texas are yet excluded from the two Houses, and contrary to the express provisions of that instrument, were denied participation in the recent election for a President and Vice-President of the United States. The attempt to place the white population under the dominion of persons of color in the South has impaired, if not destroyed, the kindly relations that had previ-ously existed between them and mu-tual distrust has engendered a feeling of animosity which, leading in some instances to collision and bloodshed, tween the two races, so essential to the success of industrial enterprizes in the Southern States. Nor have the inhabitants of those States alone suffered from the disturbed condition of affairs growing out of these Congressional en-actments. The entire Union has been agitated by grave apprehensions of troubles which might again involve the peace of the nation; its interests have been injuriously affected by the derangement of business and labor, and the consequent want of prosperity throughout that portion of the country. The Federal Constitution—the second charte of American rights, unmagna charta of American rights, under whose wise and salutary provisions we have successfully conducted all our domestic and foreign affairs, sustained ourselves in peace and in war, and become a great nation among the Powers of the earth—must essuredly trated all that had been so successfully accomplished, and, after three years of agitation and strife, has left the country farther from the attainment of u-nion and fraternal feeling than at the duced such baneful consequences should be abrogated, or else made to conform

to the genuine principles of republican and sectional prejudice, other acts have been passed not warranted by the Conbeen passed not warranted by the constitution. Congress has already been made familiar with my views respecting the "tenure of office bill." Experience has proved that its repeal is demanded by the best interests of the country, and that while it remains in force the Precident country with the country with the precident country with the precident country with the country with t so essential to an honest and efficient execution of the laws. Its revocation would enable the Executive Department to exercise the power of appointment and removal in accordance with the original design of the Federal Continuity

propriations for the support of the army for the year ending June 30, 1868, and for other purposes, contains provisions which interfere with the Presiprotect themselves by means of their own militia. These provisions should be at once annulled; for while the first might, in times of great emergency, seriously embarrass the Executive in efforts to employ and direct the com-mon strength of the nation for its protection and preservation, the other is contrary to the express declaration of stitution, that "a well-regula ted militia being necessary to the se-curity of a free State, the right of the people to keep and bear arms shall not be infringed." It is believed that the repeal of all such laws would be accepted by the American people as at least a partial return to the fundamental principles of the government; and an indication that hereafter the Constituunerring guide. They can be productive of no permanent benefit to the country, and should not be permitted to stand as so many monuments of the deficient wisdom which has characterized our recent legislation.

The condition of our finances de-

mands the early and earnest consideration of Congress. Compared with the growth of our population, the public expenditures have reached an amount unprecedented in our history. The population of the United States in 1790 was nearly four millions of people. In-creasing each decade about thirty-three per cent., it reached in 1860 thirty-one per cent, on the population of 1790. In 1859 it is estimated that it will reach 1869 it is estimated to the original the great events of President Jackson's all work had been performed to the exacting from the solution of \$3,200,000. The secretary of the Interior, in August last, invited and sixty-eight per cent. That important negotiation, effect throughout the Island of St. illions, an increase of seven hundred

in seventy-nine years. The annual expenditures of the Federal Government in 1791 were four million two hundred thousand dollars, in 1820, eighteen million two hundred thousand dollars; million two hundred thousand dollars; in 1850, forty-one millions; in 1865, nearly thirteen hundred millions; and in 1869 it is estimated by the Secretary of the Treasury, in his last annual report, that they will be three hundred and constitution of the secretary of the secret seventy-two millions. By comparing the public disbursements of 1869, as estimated, with those 1791, it will be seen that the increase of expenditure since the beginning of the government has been eight thousand six hundred and eighteen per centum, while the in-crease of the population for the same period was only eight hundred and sixty-eight per centum. Again: The expenses of the government in 1860, the year of peace immediately preceding the war, were only sixty-three millions; while in 1869, the year of peace three years after the war, it is estimated they will be three hundred and seven-two millions—an increase of four hundred and eighty-nine per centum, while the increase of population months of forty-six and a half millions. Was only twenty-one per centum for the same period. These statistics further show that in 1791 the annual nather than the same period. tional expenses, compared with the population, were little more than one dollar per capita, and in 1860 but two dollars per capita; while in 1869 they will reach the extravagant sum of nine lollars and seventy-eight cents per apita. It will be observed that all of these statements refer to and exhibit that the longer it is deferred the more the disbursements of peace periods. It the disbursements of peace periods. It may, therefore, be of interest to compare the expenditures of the three war periods—the war with Great Britain, the Mexican war, and the war of the rebellion. In 1814 the annual expenses incident to the war of 1812 reached their highest amount—about thirty-one millions; while our population slight—millions; while our population slight—annual expensions at as early a period as may be practicable. The fruits of their labors should be enjoyed by our citizens, rather than used to build up and sustain moneyed monopolies in our own that is millions; while our population slightly exceeded eight millions, showing an expenditure of only three dollars and eighty cents per capita. In 1847 the expenditures growing out of the war with Mexico reached fifty-five nillions, and the population about twenty-one millions, giving only two dollars and sixty cents per capita for the war expenses of that year. In 1865 the expenditures called for by the rebeliion reached the vast amount of manent should be at all times discarded twelve hundred and ninety millions, as involving taxation too heavy to be which, compared with a population of thirty-four millions, gives thirty-eight dollars and twenty cents per capita. From the fourth day of March, 1789, to the thirtieth of June, 1861, the entire expenditures of the government were seventeen hundred millions of dollars. During that period we were engaged in wars with Great Britain and Mexico, and were involved in hostilities with powerful Indian tribes; Louisiana was purchased from France at a cost of fifteen millions of dollars; Florida was ceded to us by Spain for five millions; California was acquired from Mexico for fifteen millions; and tained from Texas for the sum of ten millions. Early in 1861 the war of the rebellion commenced; and from the first of July of that year to the 30th of June, 1865, the public expenditures reached the enormous aggregate of thirty-three hundred millions. Three Powers of the earth—must assured be now adequate to the settlement of questions growing out of the civil war waged alone for its vindication. This great fact is made most manifest by the condition of the country when the countr thirty-three hundred millions. Three thirty-three hundred millions. Three years of peace have intervened, and during that time the disbursements of during that time the disbursements of publican system; they would gradually made an its foundations, eventuthe condition of the country when Congress assembled in the month of December, 1865. Civil strife had ceased; the spirit of rebellion had spent its entire force; in the Southern States entire forc entire force; in the Southern States the people had warmed into national life, and throughout the whole country a healthy reaction in public sentiment had taken place. By the application of the Simple yet effective provisions of the Constitution, the Executive Department, with the voluntary ring the four years immediately succeeding the war, or nearly as much as was expended during the seventy-two years that preceded the rebellion, and embraced the extraordinary expenditures already named. These startling facts clearly illustrate the necessity of retrenchment in all branches of the public services. Abuses which were tolerated during the war for the secretary of the public services. The Secretary of the ceeding the war, or nearly as much as and independent people.

Various plans have been proposed for the public debt. However they may have varied as to the time and mode in which it should be redeemed, there seems to be a general concurrence as to the propriety and just-ness of a reduction in the present rate of interest. The Secretary of the secretary of the country shall be uniform in qualified by the highest public considerations. The Constitution contemplates that the circulating medium of the country shall be uniform in qualifier of all the precious metals from the ty and value. At the time of the formation of that instrument, the country had just emerged from the war of Revolution, and was suffering from the effects of a redundant and worthless part of the public considerations. The Constitution contemplates that the circulating medium of the country shall be uniform in qualifier of all the precious metals from the ty and value. At the time of the formation of that instrument, the country had just emerged from the war of Revolution, and was suffering from the proposed for the payment of the pa visions of the Constitution, the Executive Department, with the voluntary and of the States, had brought the work was expended during the seventy-two years that preceded the rebellion, the payment of the public debt. However, the payment of the public debt. aid of the States, had brought the work of restoration as near completion as was within the scope of its authority, and the nation was encouraged by the prospect of an early and satisfactory adjustment of all its difficulties. Congress, however, intervened, and, refusing to perfect the work so nearly consummated, declined to admit members, however, intervened and responsible to the property and just-ness of the public services. Abuses which were tolerated during the war for the proservation of the nation will not be endured by the people now that profive per cent.; Congress, in a bill of the public services. Abuses which were tolerated during the war for the preservation of the nation will not be endured by the people now that profound peace prevails. The receipts from internal revenues and customs the five per cent.; Congress, in a bill passed prior to adjournment on the 27th of July last, agreed upon four and a balf per cent, while he may be a balf per cent, and in the property and justices. have, during the three past years, a half per cent; while by magradually diminished, and the continuance of useless and extravagant ex-penditures will involve us in national bankruptcy, or else make inevitable an increase of taxes, already too onerous, of interest has led to an inquiry in the and in many respects obnoxious on account of their inquisitorial character. One hundred millions annually are exportion of which is employed in the execution of laws both unnecessary and unconstitutional: one hundred and Under the influence of party passion fifty millions are required each year to pay the interest on the public debt; an the nation; and public agents, placed by Congress beyond the control of the Executive, divert from their legitimate purposes large sums of money which they collect from the people in the name of the government. Judicious legislation and prudent economy can alone remedy defects and avert evils which, if suffered to exist, cannot c councils, and weaken the attachent and respect of the people towards heir political institutions. Without s estimated will remain in the Treasar will not be realized, and additionmillions be added to a debt which s now enumerated by billions. It is shown, by the able and comprehensive report of the Secretary of the Treasury, hat the receipts for the fiscal year ending June 30, 1863, were \$405,638,083, and that the expenditures for the same eriod were \$377,340,284, leaving in the reasury a surplus of \$28,297,798. It sestimated that the receipts during 869, will be \$341,392,868, and the ex-cenditures \$336,152,470, showing a small alance of \$5,240,398 in favor of the government. For the fiscal year end-ng June 30, 1870, it is estimated that receipts will amount to \$327,000,000, and the expenditures to \$303,000,000, leaving an estimated surplus of \$24,-000,000. It becomes proper, in this connection to make a brief reference to our public indebtedness, which has accumulated with such alarming rapidi-

ty and assumed such colossal proportions. In 1789, when the government

commenced operations under the Federal Constitution, it was burdened with

an in lebtedness of seventy-five mil-

of the revolution. This amount had

dollars when in 1812 war was declared against Great Britain. The three years' struggle that followed largely

in 1816 they had attained the sum of one hundred and twenty-seven mil-

lions. Wise and economical legisla-

to pay the entire amount within a pe-

riod of twenty years, and the extinguishment of the national debt filled

e land with rejoicing, and was one of

tion, however, enabled the government

ns of dollars, created during the war

with the several States, on condition that it should be returned when required by the public wants. In 1849—the year after the termination of an expensive war with Mexico - we found ourselves involved in a debt of sixtyfour millions; and this was the amount owed by the government in 1860, just prior to the outbreak of the rebellion. In the spring of 1861 our civil war commenced. Each year of its continuance made an enormous addition to the debt; and when, in the spring of 1865, the nation successfully emerged from the conflict, the obligations of the government had reached the immens of \$2,873,992,909. The Secretary of the Treasury shows that on the 1st day of November, 1867, this amount had been reduced to \$2,491,504,450; but at the same time his report exhibits an increase during the past year of \$35,625,-102; for the debt on the first day of November last is stated to have been \$2,527,129,552. It is estimated by the Secretary that the returns for the past month will add to our liabilities the further sum of eleven millions-making a total increase during thirteen out being oppressive to the people, would at once begin to effect a reduction of the debt, and, if persisted in, discharge it fully within a definite number of years. The Secretary of the Treasury forcibly recommends legislation of this character, and justly urges tain moneyed monopolies in our own and other lands. Our foreign debt is already computed by the Secretary of the Treasury at eight hundred and fifty millions; citizens of foreign countries receive interest upon a large portion of our securities, and American tax-payers are made to contribute large sums for their support. The idea that such a debt is to become perborne, and payment once in every sixteen years, at the present rate of interest, of an amount equal to the original sum. This vast debt, if permitted to become permanent and increasing, must eventually be gathered into the hands of a few, and enable them to exhands of a few, and enable them to exert a dangerous and controlling power in the affairs of the government. The borrowers would become servants to the lenders—the lenders the masters of the people. We now pride curselves upon having given freedom to four millions of the colored race; it will then be our shame that forty millins of people, by their own telestion. has of people, by their own toleration of usurpation and profligacy, have suffered themselves to become enslaved, and merely exchanged slave-owners for new task-masters in the shape bondholders and tax-gatherers. sides, permanent debts pertain to mon-archical governments, and, tending to

an amply sufficient return for the investment. The general impression as public mind respecting the consideration which the government has actually received for its bonds, and the conclusion is becoming prevalent that the amount which it obtained was in real less than the obligations which it is that we are paying an extravagant per-centage for the use of the money borrowed, which was paper currency, greatly depreciated below the value of coin. This fact is made apparent when we consider that bondholders receive from the Treasury upon each dollar they own in government securities, six per cent. in gold, which is nearly or rency; that the bonds are then converupon which those institutions issue interest; and that they are exempt from taxation by the government and and the States and thereby enhanced two per cent. in the hands of the hol-We thus have an aggregate of seventeen per cent. which may be received upon each dollar by the owners of government securities. A system that produces such results is justly reof the many and has led to the further inquiry whether our bondholders in view of the large profits which they have enjoyed, would themselves be a verse to a settlement of our indebted ness upon a plan which would yield them fair remuneration, and at the the nation. Our national credit should be sacredly observed; but in making provision for our creditors we should not forget what is due to the masses of the people. It may be assumed that the holders of our securities have already received upon their bonds a larger amount than their original investment, measured by a gold standard. Upon this statement of facts it would seem but just and equitable that the six per cent, interest now paid by the government should be applied to the reduction of the principal annual installments, which in sixteen year and eight months would liquidate the entire national debt. Six per cent. in gold would at present rates be equal to nine per cent. in currency, and equivalent to the payment of the debt one and a half time in a fraction less than seventeen years. This, in connection with all the other advantages derived from their investment, would afford to the public creditors a fair and liberal compensation for the use their capital, and with this they should be satisfied. The lessons of the past admonish the lender that it is not well to be over anxious in exacting from the

suggested, our nation will rapidly re-cover its wonted prosperity. Its inter-ests require that some measure should be taken to release the large amount of capital invested in the securities of the government. It is not now mere-ly unproductive, but in taxation annu-ally consumes one hundred and fifty millions of dollars, which would oth-erwise be used by our enterprising peo-ple in adding to the wealth of the nation. Our commerce, which at one time suc-cessfully rivalled that of the great mar-itime powers, has rapidly diminished, and our industrial interests are in a depressed and languishing condition.
The development of our inexhaustible resources is checked, and the fertile fields of the South are becoming waste for want of means to till them. With the release of capital, new life would the release of capital, new life would be infused into the paralyzed energies of our people, and activity and vigor imparted to every branch of industry. Our people need encouragement in their efforts to recover from the effects of the rebellion and of injudicious legislation; and it should be the aim of the government to stimulate them by the prespect of an early release from the prospect of an early release from burdens which impede their prosperi-ty. If it cannot take the burdens from their shoulders, we should at least man-

ifest a willingness to help to bear In referring to the condition of the circulating medium, I shall merely re-iterate, substantially, that portion of my last annual message which relates to that subject. The proportion which the currency of any country should bear to the whole value of the annual produce circulated by its means is a question upon which political economists have not agreed. Nor can it be controlled by legislation, but must be left to the irrevocable laws which everywhere regulate commerce and trade. circulating medium will ever irresistibly flow to those points where it is in its greatest demand. The law of demand and supply is as unerring as that which regulates the tides of the o-cean; and indeed currency like the tides, has its ebbs and flows throughout the commercial world. At the beginning of the rebellion the bank note cir-culation of the country amounted to not much more than two hundsed mil-lions of dollars; now the circulation of national bank notes and those known as "legal tenders" is nearly seven hundred millions. While it is urged by some that this amount should be increased, others contend that adecided reduction is absolutely essential to the best interests of the country. In view of these diverse opinions, it may be well to ascertain the real value of our paper issues when compared with a metalic or convertible currency. For this purpose, let us inquire how much gold and silver could be purchased by the seven hundred millions of paper money now in circulation? Probably not more than half the amount of the latter —showing that when our paper currency is compared with gold and silver, its commercial value is compressed into three hundred and fifty millions. This striking fact makes it the obvious duty of the government, as early as may be consistent with the principles of sound political economy, to take such measures as will enable the holder of its notes and those of the national banks to convert them, withnational banks to convert them, without loss, into specie or its equivalent.
A reduction of our paper circulating
medium need not necessarily follow.
This however, would depend upon the
taw of demand and supply, though it
should be borne in mind that by making legal-tender and notes convertible
into a lite acquivalent, their preterity from the evils which they themproviding a circulating medium, they onferred upon Congress the power coin money and regulate the value there-

of, at the same time prohibiting the states from making anything but gold and silver a tender in payment of debts. The anomalous condition of our currency is in striking contrast with that which was oirginally designed. Our circulation now embraces, first, notes of the national banks, which are made receivable for all dues to the government, excluding imposts, and by all its creditors, excepting in payment of interest upon its bonds and the se-curities themselves; second, legal-ten-der notes, issued by the United States, and which the law requires shall be received as well in payment of all debts dues, excepting imposts; and third, of our present system of finance, how-ever the metalic currency, when col-lected, is reserved only for one class of government creditors, who holding its bonds, semi-annually receive their interest in coin from the national treas ry. There is no reason which will be accepted as satisfactory by the people, why those who defend us on the land and protect us on the sea; the pension-er upon the gratitude of the nation, bearing the scars and wounds received while in its service; the public servants in the various departments of the government, the farmer who supplies the soldiers of the army and the ors of the navy; the artisan who toils in the nation's workshops, or the mechanics and laborers who build its edifices and construct its forts and vessels of war—should, in payment of their just and hard-earned dues, receive depreciated paper, while another class of their countrymen, no more deserving, are paid in coin of gold and silver. Equal and exact justice requires that all the creditors of the government should be paid in a currency to the stan-dard established by the Constitution; and by this means we would remove a discrimination which may, if it has not already done so, create a prejudice that may become deep-rooted and widespread, and imperil the national credit. The feastibility of making our currency correspond with the constitu-tional standard may be seen by refer-ence to a few facts derived from our commercial statistics. The aggregate product of precious metals in the United States from 1849 to 1837 amounted to \$1,174,000,000, while, for the same period, the net exports of specie were \$741,000,000. This shows an excess of product over net exports of \$133,000,000. There are in the Treasury \$103,407,985 in coin; in circulation in the States and on the Pacific coast about \$40,000,000, and a few millions in the national and other banks—in all less than \$160,000,-000. Taking into consideration the 000. specie in the country prior to 1849, and that produced since 1867, we have more than \$300,000,000 not accounted

completely the inferior currency will supersede the better, forcing it from circulation among the masses, and causing it to be exported as a mere article of trade, to add to the money capital of foreign lands. They show the necessity of retiring our paper money, that the return of gold and silver to the avenues of trade may be invited, and a de-mand created which will cause the retention at home of at least so much of the productions of our rich and inexhaustible gold-bearing fields as may be sufficient for purposes of circulation. It is unreasonable to expect a return to a sound currency so long as the government and banks, by continuing to issue irredeemable notes, fill the channels of girgulation with decreases as a successive section of the work. After carefully considering the law of the case, he affirmed the right of the Executive to order, if necessary, a thorough revision of the entire road. Commissioners were thereupon appointed to examine this and other lines, and have nels of circulation with depreciated paper. Notwithstanding a coinage by our mints since 1849, of eight hundred and seventy-four millions of dollars, currency which was designed for their use and benefit, and specimens of the precious metals bearing the national device are seldom seen except when produced to gratify the interest excited by their novelty. If depreciated paper is to be continued as the permanent currency of the country, and all our coin is to become a mere article of traffic and speculation, to the enhancement in price of all that is indispensable to the comfort of the people, it would be wise economy to abolish our mints, thus saving the nation the care and exthus saving the nation the care and expense incident to such establishments, and let all our precious metals be exported in bullion. The time has come, however, when the government and national banks should be required to take the most efficient steps to make all necessary arrangments for a resumption of specie payments. Let specie payments once becarnestly inaugurated by the government and banks, and the value of the paper circulation would by the government and banks, and the value of the paper circulation would directly approximate a specie standard. Specie payments having been resumed by the government and banks, all notes or bills of paper issued by either of a less denomination than twenty dollars should by law be excluded from circulation, so that the people may have the benefit and convenience of a gold and silver currency which in all gold and silver currency which in al

their business transactions will be uniform in value at home and abroad. "Every man of property and indus-try, every man who desires to preserve interest in maintaining a safe circula-ting medium—such a medium as shall be real and substantial, not liable to vibrate with opinions, not subject to be blown up or blown down by the breath of speculation, but to be made stable and secure. A disordered cur-rency is one of the greatest political evils. It undermines the virtues necessary for the support of the social sys-tem, and encourages propensities de-structive of its happiness; it wars against industry, frugality, and econo-my, and it fosters the evil spirits of extravagance and speculation." It has been asserted by one of our profund been asserted by one of our profound and most gifted statesmen, that "of al the contrivances for cheating the labor more effectual than that which deludes them with paper money. This is the most effectual of inventions to fertalize the poor man's brow. Ordinary tyrand demoralization resulting from the use of depreciated and worthless paper. The Secretary of the Interior, in his report, gives valuable information in

reference to the interests confided to the sepervision of his Department, and reviews the operations of the Land Office, Pension Office, Patent Office, and the Indian Bureau. During the fiscal year ending June 30, 1868, six million six hundred and fifty-fiv lic land were disposed of. The entire cash receipts of the General Land Office for the same period where \$4,632,745, being greater by \$284,883 than itin amount realized from the same sources during the previous year. The entries under the homestead law cover two million three hundred and twenty eight thousand nine hundred and twenty-three acres, nearly one-fourth of which was taken under the to the State of Alabama, Mississipp Louisiana, Arkansas, and Florida. On the 30th of June, 1868, one hundred and forty-three names were borne on ending on that day the total amount paid for pensions, including the expenses of disbursement, was \$24,010,982 being \$5,391,025 greater than that expended for like purposes during the preceding year. During the year end-the 30th of September last, the expenses of the Patent Office exceeded the receipts by one hundred and seventyone dollars; and including reissues and designs, fourteen thousand one hundred and fifty-three patents were issued. Treaties with various Indian tribes have been concluded, and will be submitted to the Sennate for ist constitutional action, I cordially sanction the stipulations which provide for reserving lands for the various tribes. where they may be encouraged to abandon their nomadic habits and engage in agricultural and industrial pursuits. This policy, inaugurated many years since, has met with signal success whenever it has been pursued in good faith and with becoming liberality by the United States. The liberality by the United States. The necessity for extending it as far practicable in our relations with the aboriginal population is greater than at any preceding period. Whilst we furnish subsistence and instruction to the Indians, and guarantee the undis turbed enjoyment of their treaty-rights, we should habitually insist upon the faithful observance of their a greement to remain within their respective reservations. This is the only mode by which collisions with other and with the whites can be avoided, and the safety of our frontier

The companies constructing the railway from Omaha to Sacramento have been most energetically engaged in prosecuting the work, and it is believed that the line will be completed before the expiration of the next fiscal year. The six per cent. bonds issued to these companies amounted, on the 5th instant, to \$44,337,000, and adition-

ment director of the Union Pacific however, has thus far been without Railroad Company, who had been specially instructed to examine the location, construction, and equipment of their road. I submitted for the opinion of the Attorney-General certain questions in regard to the authority of the Executive which arose upon this report, and those which had from time report, and those which had from time to time been presented by the commissioners appointed to inspect each successive section of the work. After carefully considering the law of the case, he affirmed the right of the Executive to order if received. examine this and other lines, and have recently submitted a statement of their investigations, of which the report of the Secretary of the Interior furnishes

Charette,

specific information The report of the Secretary of War contains information of interest and importance respecting the several bureaus of the War Department and the operations of the army. The strength of our military force, on the 30th of September last, was forty-eight thousand men, and it was computed thousand men, and it was computed that by the first of January next, this number will be decreased to forty-three thousand. It is the opinion of the Secretary of War that within the next year a considerable diminution of the infantry force may be made without detriment to the interests of the country; and in view of the great expense attending the military peace establishment, and the absolute necessity of retrenchment wherever it can be applied, it is to be hoped that Congress will sanction the reduction which his report recommends. While in 1860 sixteen thousand three hundred men cost the nation \$16,472,000, the sum of \$65,682,000 is estimated as necessary for the support of the army during the fiscal year ending June 30, 1870. The estimates of the War Department for the last two fiscal years were, for 1867, \$33, 814,461, and for 1863, \$25,295,669. The actual expenditures during the same periods were, respectively, \$96,-224,415 and \$123,246,648. The estimate submmitted in December last for the fiscal year ending June 20, 1869, was \$77,124,707; the expenditures for the first quarter, ending the 30th of September last, were \$27,219,117, and the Secretary of the Treasury gives \$66,000,000 as the amount which will probably be required during the remaining three quarters, if there should be no reduction of the army—making its aggregate cost for the year considerably gregate cost for the year considerably in excess of ninety-three millions.— The difference between the estimates and expenditures for the three fiscal years which have been named is thus

years which have been named is thus shown to be \$175,515,343 for this single branch of the public service.

The report of the Secretary of the Navy exhibits the operations of that Department and of the navy during the year. A considerable reduction of the force has been effected. There are forty-two vessels carrying four hundred and eleven guns, in the six squadrons which are established in different parts of the world. Three of these vesand four are used as storeships, leaving the actual cruising force thirty five vessels, carrying three hundred and fifty-six guns. The total number of vessels in the vavy is two hundred and six, mounting seventeen hundred and forty-three guns. Eighty-one vessels of every description are in use, armed with six hundred and ninety-six guns. our expanding commerce, and the increasing intercourse between the Pa cific States and Asia. The naval pen sion fund, which consists of a moiety of the avails of prizes captured during the war, amounts to \$14,000,000. Exception is taken to the act of 23d July last, which reduces the interest on the fund loaned to the government by the Secretary, as trustee, to three per cent. instead of six per cent., which was the pension laws is suggested to remedy omissions and defects in existing enactments. The expenditures of the department during the last fiscal year were \$20,120,394, and the estimates

The Postmaster-General's report furnishes a full and clear exhibit of the operations and condition of the postal service. The ordinary postal revenue for the fiscal year ending June 30, 1868. tures, embracing all the service for which special appropriations have been made by Congress, amounted to \$22,730,592, showing an excess of ex-penditures of \$6,437,991. Deduction om the expenditures the sum of \$1, 896,525, the amount of appropriation for ocean steamship and other special service, the excess of expenditures was service, the excess of expenditures was \$4,541,466. By using an unexpected balance in the Treasury of \$3,860,003, the actual sum for which a special appropriation is required to meet the deficency is \$741,466. The causes which produced this large excess of expenditure over revenue, were the restoration ture over revenue were the restoration and the putting into operation of new service established by acts of Congress, which amounted, within the last two years and a half, to about 48,700 miles equal to more than one-third of the whole amount of the service at the close of the war. New postal conventions with Great Britain, North Germany, Belgium, the Netherlands, Switzerland, and Italy, respectively. have been carried into effect. Under ments have resulted in reduced rates of international postage, and enlarged mail facilities with European countries. The cost of the United States trans Atlantic ocean mail service since January 1, 1866 has been largely lessened underthe operation of these new conventions, a reduction of over one-half hav-ing been effected under the new arrangements for ocean mail steamship service which went into effect on that date. The attention of Congress is invited to the practical suggestions and recommendations made in his report by the Postmaster-General.

No important question has occurred during the last year in our accustomed cordial and friendly intercourse with Costa Rica, Guatemala, Honduras, San Salvador, France, Austria, Belgium, Switzerland, Portugal, the Netherlands, Denmark, Sweden and Norway, Rome, Greece, Turkey, Persia, Egypt, Liberia, Morocco, Tripoli, Tunis, Mus-cat, Siam, Borneo, and Malagascar.— Cordial relations have also been maintained with the Argentine and the Oriental Republic. The expressed wish of Congress that our national good offices might be tendered to these Republics, and also to Brazil and Paraguay, for bringing to an end the calamitous war which has so long been rag-ing in the valley of the La Plata, has

result.

Charles A. Washburn, late United States Minister to Paraguay, having resigned, and being desirous to return to the United States, the Rear Admiral commanding the South Atlantic Squadron was early directed to send a ship-of-war to Associate the graited of ship-of-war to Asuncion, the capital of Paraguay, to receive Mr. Washburn and his family, and remove them from a situation which was represented to be endangered by faction and foreign war. The Brazilian commander of the allied invading forces refused, promise war. The Brazilian commander of the allied invading forces refused permission to the "Wasp" to pass through the blockading forces, and that vessel returned to its accustomed anchorage. Remonstrance having been made against this refusal, it was promptly overruled, and the "Wasp" therefore resumed her errand, received Mr. Warshburn and his family, and conveyed them to a safe and convenient seaport. In the meantime an excited controversy had arisen between the seaport. In the meantime an excited controversy had arisen between the President of Paraguay and the late United States Minister, which it is understood grew out of his proceedings in giving asylum in the United States legation to alleged enemies of that Republic. The question of the right to give asylum is one always difficult, and often productive of great embarrassment. In States well organized and established, foreign powers refuse either to concede or exercise that right. either to concede or exercise that right, except as to persons actually belonging to the diplomatic service. On the other hand, all such powers insist upon exercising the right of asylum in States where the law of nations is not fully seknowledged, respected. fully acknowledged, respected and obeyed. The President of Paraguay is washburn's proceedings on the injuri-ous and improbable charge of personal complicity in insurrection and treason. The correspondence, however, has not yet reached the United States. Mr. Washburn, in connection with this controversy, represents that two Unit-ed States citizens attached to the legation were arbitrarily seized at his side, when leaving the capital of Parrguay, committed to prison, and there subjected to torture for the purpose of procuring confessions of their own crimirality, and testimony to support the President's allegations against the United States Minister. Mr. McMahon, the newly appointed Minister to Paraguay, having reached the La Plata, has been instructed to proceed without has been instructed to proceed without delay to Asuncion, there to investi-gate the whole subject. The Rear Ad-miral commanding the United States South Atlantic squadron has been di-rected to attend the new minister with a proper naval force to sustain such just demands as the occasion may rejust demands as the occasion may require, and to vindicate the rights of the United States citizens referred to, and of any others who may be exposed to danger in the theatre of war. With these exceptions, friendly relations have been maintained between the U-

nited States and Brazil and Paraguay.
Our relations during the past year
with Bolivia, Ecuador, Peru, and
Chili, have became especially friendly
and cordial. Spain and the Republics
of Peru, Bolivia, and Ecuador have expressed their willingness to accept the mediation of the United States for terminating the war upon the South Pacific coast. Chili has not finally declared upon the subject. In the meantime the conflict has practically exhausted itself, since no belligerent or hostile movement has been made ly relations between the Spanish American Republics of the Pacific and Spain-a result which would be attended with benefits to the belligerents and much advantage to all commercial nations. I communicate, for the consideration of Congress, a correspondence which shows that the Bolivian Republic has established the extremely liberal principle of receiving into its citizenship any citizen of the United States, or of any other of the American Republics, upon the simple condition of voluntary registry. The conespondence herewith submitted will be found painfully replete with accounts of the ruin and wretchedness produced by recent earthquakes, of unparalleled severity, in the republics of Peru, Ectador, and Bolivia. The diplomatic agents and naval officers of the United States who were present in those countries at the time of those disasters furnshed all the relief in their power to the sufferers, and were promptly erwarded with grateful and touching acknowledgments by the Congress of Peru. An appeal to the charity of our fellow-citizen; has been answered by much liberality. In this connection I submit an appeal which has been made by the Swiss Republic, whose government and institutions are kindred to our own, in behalf of its inhabitants, who duced by recent devastating inunda-

Our relations with Mexico during the year have been marked by an increasing growth of mutual confidence. The Mexican Government has not yet act-ed upon the three treaties celebrated here last snmmer for establishing the rights of naturalized citizens upon a liberal and just basis, for regulating consular powers, and for the adjust-

ment of mutual claims.

All commercial nations, as well as all friends of republican institutions, have occasion to regret the frequent local disturbances which occur in some of the constituent States of Columbia. Nothing has occurred, however, to affeet the harmony and cordial friend-ship which have for several years ex-isted between that youthful and vigorous republic and our own. Negotiations are pending with a view to the survey and construction of a sflip-canal across the Isthmus of Darien, under the auspices of the United States. I hope to be able to submit the results of that negotiation to the Senate durits present session. The very liberal treaty which was entered into last year by the United States and Nicaragua has been ratified by the latter repubite. Costa Rica, with an earnestness of a sincerely friendly neighbor, solicits a reciprocity of trade, which I commend to the consideration of Congress The convention created by treaty be-tween the United States and Venezuela in July, 1865, for the mutual adjustment of claims, has been held, and its decisions have been received at the Department of State. The heretofore recognized Government of the United States of Venezuela has been subverted. A provisional government having been instituted under circumstances which promise durability, it has been

formally recognized. I have been reluctantly obliged to ask explanation and satisfaction for national injuries committed by the President of Hayti. The political and so-cial condition of the Republics of Hay-