

JOHNSON!

His Last, and Therefore His Best, Message.

The Marvellous Docum.ent in Full.

Recordstruction Pronounced F alture, and its Overchrow Recommended.

A sother Eulogy on "the Magna Charta of American Rights."

Curious and Entertaining Financial Vagaries.

How & o Get Rid of the National Tiebt in 16 Years and 8 Months.

Cur Foreign Relations Generally Satisfactory.

The Paraguayan Difficulty to be Inquired into and Justice Done.

Hopes of a Speedy Settlement of **Our Troubles with Great** Britain.

Etc., Etc., Etc., Etc., Etc.

WASHINGTON, Dec. 9.-At one o'clock this afternoon President Johnson will send his annual message to the two houses of Congress, according to the previous asnouncement of his intentions. The document reads as follows:-

Fillow citizens of the Senate and House of Reprelulives. -

sentatives.--Upon the reassembling of Congress, it again becomes my duty to call your attention to the state of the Union, and to its continued disor-ganized condition under the various laws which have been passed upon the surject of reconstruction.

It muy be safely assumed, as an axiom in the government of Biales, that the greatest wrongs inflicted upon a people are caused by nojast and arbitrary legislation, or by the unreleating decrees of despotic rulers, and that the timely revocation of injurious and oppressive mea-sures is the greatest good that can be conferred

the year ending June 80, 1868, and for other partoses, contains provisions which interfere with the President's constitutional functions as Commander-in Chief of the Army, and deny to Braces of the Union the right to protect them-seives by means of their own militia. These provisions should be at once annulled; for while the first might, in times of great emergency, s riously embarrass the Executive in efforts to employ and direct theorons on strength of the s riously embarrass the Executive in efforts to employ and direct the common strength of the pation for its piotection and preservation, the other is contrary to the express declaration of the Constitution that "a well-regulated militia being recessary to the security of a free State, the right of the people to keep and bear arms abali not be infribged." It is believed that the repeal of all such laws

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 indica-tion that heresfier the Constitution is to be made the nation's safe and unerring guide. They can be productive of no permacent b-me-fit to the country, and should not be permitted to stand as so many monuments of the deficient wiedom which has characterized our recent herestillor.

The condition of our finances demands the The condition of our finances demands the early and earnest consideration of Congress. Compred 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. Increasing each decade about thirly-three per cent., it reached in 1860 thirty-one millions—an increase of seven hundred per cent, on the population of 1790. In 1869 it is estimated that it whiteach thirty-clicht millions or an increase of eight

thirty-eight millions, or an increase of eight hundred and sixty-eight per cent. in seventy-

The annual expenditures of the Federal Government in 1791 were four million two hundred thousand dollars; in 1820 eignte-a million two hundred thousand dollars; in 1850 in fillon two bundred that it is of the second state of the second lions,

lions. Hy comparing the public disbursements of 1869, as estimated, with those of 1791, it will be seen that the increase of expenditure since the beginning of the Government has been eight beginning of the Government has been signt thousand six hundred and eighteen per cen-tum, while the inc case of the population for the same period was only eight sundred and sixty-eight per centum. Again: the expenses of the Government in 1880, 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 y-two millions—an increase of four hundred and eighty-nine per centum, while the increase of population was only twenty-one per centum for the same period. These statistics further show that in 1791 the

These statistics further show that in 1791 the annusi national expenses, compared with the population, were little more than one dollar per capita, and in 1860 on two dollars per capita; while in 1869 they will feach the extravagant sum of nine dollars and seventy-eight cents

per capita. It will be observed that all of these statements

It will be observed that all of these statements refer to and exhibit 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 Mexi-can war, and the war of the Rebeltion. In 1814 the annual expenses incluent to the part of 1812 reached their nighestamount—about thiry-one millions; while our population signify exceeded eight millions, showing an expenditure of only linee dollars and eighty cents per capita. In 1817 the expenditures growing out of the war with Mexico reached hity five 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 Rebellion reached the vast amount of tweive hundred and ninety millions, walch, compared with a population of thirty-for mil-inors, gives thirty-eight dollars and twenty cents per capita. cents per capita.

From the fourth day of March, 1759, to the thirtleth of Jane, 1811, the entire expenditores 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; Louistana was pur-chard from France at a cost of fifteen millions of dollars: Florida was ceded to us by Spain for hve millions; California was acquired from Mexico for fitteen millions; and the Territory of New Mexico was oblained 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 80th June, 1865, the July of that year to the soft June, 1865, the public expenditures reached the enormous segregate of thirty-three hundred millions. Three years of peace have intervened, and during that time the disbursements of the Gor-ernment have successively been five hundred and twenty millions, three hundred and forty-six millions, and three hundred and ninetysix millions, and three hundred and ninety-three millions. Adding to these amounts three hundred and seventy two millions, estimated as necessary for the fiscal year ending the 30th of June, 1869, we obtain a total expenditure of sixteen bundred millions of dollars during the four years immediately succeeding the war, or nearly as much as was expended during the seventy-two years that preceded the Rebeilion. seventy-two years that preceded the Rebeilton, and embraced the extraordinary expenditures airesdy named. These stariing facts clearly illustrate the necessity of retrenchment is all branches of the public service. Address which were tole-rated curing the war for the preservation of the nation will not be endured by the prople how that profound peace prevails. The receipts Birtsdy named. from internal revenues and customs nave, during the past three years, gradually dimin-ished, and the continuance of useless and exished, and the continuance of useless and ex-travagant expenditures will involve da in na-tional bankruptcy, or else make inevitable an increase of taxes, already too onerous, and in many respects obnoxious on account of their inquisitorial character. Oae hundred militons annually are expended, for the military force, a large portion of which is employed in the execution of laws both unnecessary and unconstitutions; one hundred and fity millions are required each year to pay the interest on the public debt; an army of tax gatherers impoverishes 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. Julicious legislation and pru-on the economy can alone remedy defects and avert evils which, if suff-red to exist, exnoot stort evils which, if soff red to exist, cannot fail to diminish confidence in the public conn-cits, and weaken the attachment and respect of the people towards their political institu-tions. Without proper care the sinail balance which it is estimated will remain in the frea-sony at the close of the present fixed year will not be realized, and additional militons be added to a debt which is now enumerated by billions. billions. It is shown, by the able and comprehensive report of the Secretary of the Treasury, that the recents for the B-cal year endlog Jugs 51, 1838. were \$405,633,053, and that the expenditures for the same period were \$377,840,284, leaving in the Trensury a surplus of \$28,207,398. It is estimated that the receipts during the present flocat year ending June 30, 1869, with be \$411 302,885 and the expectioners, \$500,162,470, showing a small balance of \$5,240 308 in favor of the Governmen. F. rile fixed year ending June 30, 1870, it is easily match that the receipts will arn out to \$337,000, 000, and the expenditures to \$303,000,000, heaving an estimated surplus of \$24,000,000. It becomes proper, in this connection, to make a brief reference to our public indebted-ness, which has secumulated with such alarm-ing rapidity and assumed such co.o.sal propor-In 1789, when the Government commenced operations under the Federal Constitution, it was burdened with an indebtedness of seventy-ave millions of dollars, c savel during the war of the Revolution. This amount had been duced to forty-uve millions of dollars when in Isl2 war was declared against Great Britalo. The three years' struggle that followed largely increased the national obligations and in 1816 they had attained the sum of one bundred and twenly-seven millions. Wise and economical legislation, however enabled the Government legislation, however enabled the Government to psy the collre amount within a period of twenty years, and the extinguishment of the national debt filled the land with rejoicing, and was one of the great events of Prestient Jack-son's edministration. After its redemption a large food remained in the Treasury, which was denovited for which the a word deposited for safe-k-eping with the s-veral states, on condition that it should be returned Nuch required by the public wants. In 1849-the year after the termination of an expensive war with Mexico-we found our-seives involved in a debt of sixty four millous; 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 d-bi; and when, in the spring of 1855 the nation success-fully emerged from the conflict, the obligations of the Government had reached the immense sum of \$2,873.692 999. The Secretary of the Treasury shows that on the lat day of Novem-ber, 1867, this amount had been reduced to \$2,491.694 450; but at the same time his report exhibits an increase during the past year of \$25,625,602; for the debt on the lat day of N vem-ber issi is stated to have been \$2,527,129,532. It is estimated by the Secretary that the returns for the past month will add to or liabilities the further sum of eleven millions-making a total increase on ing thirteen months of for;y-six acts a half millions. In my message to Congress of December 4.

total inc. case during thirteen months of forly-six and a half millions. In my message to Uongress of December 4, 1865, 11 was suggested that a policy should be devised which, without being oppressive to the prople, would at once begin to effect a reduc-tion of the debt, and, if persisted in, discharge it faily within a definite number of years. The Secretary of the Treasury forciby recommends is gislation of this charseter, and justly drgss that the longer it is deferred the more diffi-cult must become its accomplianment. We should follow the wise precedents established in 17.9 and 1816, and without further delay make provision for the payment of our obliga-tions at as early a period as may be practicable. The fruits of their is bor should be enjoyed oy our citizens, rather than used to baild up and sustain money ed monopolies in our own and other isnds.

other is not. Our foreign debt is already computed by the Stertlary of the Treasury at eight hundred and fifty millions; citizens of foreign countries receive interest upon a large portion of our securities, and American taxpayers are made to contribute large sums for their support. The securities, and American taxpayers are made to contribute large sums for their support. The idea that such a debt is to become permanent should be at all times discarded, as involving taxation too beavy to be borne, and payment once in every sixteen years, at the present rate of interest, of an smount 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 exert a dangerous and controlling power in the affeirs 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 millions of people, by their own toleration of usurpation and profligacy, have suffered themselves to become enslaved, and merely exchanged slave-owners for new taskmasters in the snape of bondbolders and tax gatherers. "Besides, permanent debts pertain to monar-chical governments, and, tending to monopo-lies, perpendities, and class legislation, are to

lies, perpendities, and class legislation, are to-tally irreconcliable with free institutions. In-trocuced into our republican system, they would gradually but surely sap its founda't ms. eventually subvert our governmental fabric, and erect upon its rulus a moneyed aristocracy. It is our sacred duty to transmit unimpaired to our posterity the blessings of liver, y which were bequeathed to us by the founders of the republic, and by our example teach those who which threaten a free and independent people. Various plans have been proposed for the payment of 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 justness of a reduction in the present rate of interest. The Secretary of the Treasury in his interest, The Secretary of the Treasury in his report recommends five per cent; Congress, in a bill passed prior to adjournment on the 27th of July last, agreed upon four and four and a haif per cent; while by many three per cent, has been held to be an amply sufficient return for the investment. The general impression as to the exorbitancy of the existing rate of interest has led to an inquiry in the public mind respecting the consideration which the Govern-ment has actually received for its bonds, and the conclusion is becoming prevalent that the amount which it obtained was in real money three or four hundred per cent, less than the obligations which it issued in return.

obligations which it issued in return. It cannot be denied that we are i aying an ex-iravagant percentage 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 bond-holders receive from the Treasury, upon each dedice they own in flower mast scoreting and dollar they own in Government scourities, six per cent. in gold, which is nearly or juite equal to nine per cent in currency; that the bouds are then converted into capital for the national banks, upon which those institutions issue their circulation, bearing six per cent. interest; and that they are exempt from taxation by the Government and the States, and thereby en-hanced two per cent. In the hands of the holders. We thus have an aggreg te of seventeen ber cent. which may be received upon each tollar by the owners of Government securities. A system that produces such results is justiv ers. A system that produces such results is justly regarded as favoring a few at the expense of the many, and has led to the farther inquiry whether our bondhoiders, in view of the large profits which they have enjoyed, would them-seives be average to a settlement of our indeot-edness upon a plan which would yield them a fair remuneration, and at the same time be just to the tax-payers of the nation. Our na-tional credit should be sacredly observed; but in making provision for our creditors we should not forget what is due to the masses of the hot lorget 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 smount than their original in-vestment, measured by a gold standard. Upon this statement of facts it would seem but just and equivable that the six per cent. interest now paid by the Government soould be applied reduction of the principal in semi instalments, which in sixteen years to the and eight months would liquidate the entire 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 bail time in a fraction less than sevenicen 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 of their capi-tal, and with this they should be satisfied. The lessons of the past admoniab the lender that it lessons of the past admonish the lender that it is not well to be over-anxions in exacting from the borrower rigid compliance with the etter of the bond. letter of the bond. If provision be made for the payment of the indebiedness of the Governmeat in the manner suggested, our nation will rapidly recover its wonted prosperity. Its interests require that some measure should be taken to release the large amount of capital invested in the scourities of the Government. It is not now merely phoroductive, but in taxation annually con-sumes one hundred and fitty millions of dollars, sumes one nondred and fifty millions of dollars, which would otherwise be used by our enter-prising people in adding to the wealth of the nation. Our commerce, which at one time suc-cessfully rivalied that of the great maritime powers, has rapidly diminished, and our indus-trial interests are in a depressed and languish-ing condition. The development of our iner-haustible resources is checked, and the fortile Sou h are becoming waste for want of means to till them. With the release of capital, new life would b intused into the paralyzed energies of our peo ple, and activity and vigor imparted to every branch of industry. Our people need encour-agement in their efforts to recover from the effec s of the Rebellion and of injudicions legis-lation; and it should be the aim of the Govern-ment to stimulate them by the prospect of an early release from the burdens which impeditheir presperity. If we cannot take the burdens from their shoulders, we should at less maui-

of our paper issues, when compared with a me-tailie or convertible currency. For this our-i case, let us inquire how much gold and silver could be purchassed by the seven hundred mil-lions of paper money now in circulation? Pro-bably 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.

value is compressed into three hundred and fifty milliors. This striking fact makes it the obvious duty of the Government, as carly as may be consist-ent with the principles of sound political copomy, to take such measures as will coable the holder of its poles and those of the nation at banks to convert them, without loss, into specie or its equivalent. A reduction of our paper cir-culating medium need not necessarily follow. This, however, would depend upon the law of demand such supply, though it should be borne in mind that by making legal-tender and bank boits convertible into coin or its equivalent, their present specie value in the hands of their holders would be enhanced one hundred per holders would be enhanced one hundred per

Legislation for the accomplishment of a result so desirable is demanded by the nighest public considerations. The Constitution contemplates that the circulating medium of the country stall be uniform in quality and value. At the time of the formation of that instrument, the time of the formation of that instrument, the country had just emerged from the War of the Revolution, and was suffering from the effects of a redundant and worthless paper curce ey. The sages of that period were anxious to pro-tect their posterity from the evils which they themselves had experienced. Hence, in pro-viding a circulating medium, they concerned upon Congress the power to coin money and regulate the value thereof at the same time probabiling the States from making anything but gold and silver a tenier in payment of debts. debts

The anomalous condition of our currency is in siriking contrast with that which was of si in striking contrast with that which was of sin-nally designed. Our circulation now embraces, first, notes of the national banks, which are made receivable for all dues to the Govern-ment, excluding imposts, and by all its credi-tors, excepting in payment of interest upon its bonds and the securities themselves; second, legal-tender noice, issued by the United States, and which the law requires shall be received as well in payment of all debts between citizens as of all Government dues, excepting imposts; and, third, gold and silver coin. By the opera-tion of our present system of finance, however, the metallic currency, when collected, is re-served only for one class of Government credi-tors, who, holding its bonds, semi-annually receive their interest in coin from the national receive their interest in coin from the national

tressury. There is no reason which will be accepted as satisfactory by the people why those who de-fend us on the land and protect us on the seathe persioners upon the gratitude of the nation, hearing the scars and wounds received while in its service; the publicservants in the various departments of the Governmen, the farmer, who supplies the soldlers of the army and the sallors of the navy; the artisan who tolls in the nation's workshops, or the medianics and laborers who build its edifices and construct is forts and vessels of war-should, in payment

is forts and vessels of war—should, in payment of their just and hard eatned 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 poss ssing a uniform value. This can only be accomplished by the restoration of the currency to the atandard established by the Constitution; and by this means we would re-move a discrimination which may, if it has not airrady done so, create a prejudice that may become deep rooted and wide-spread, and im-peril the national credit.

peril the national credit. The feasibility of making our currency cor-respond with the constitutional standard may

respond with the constitutional standard may be seen by reference to a few facts derived from our commercial statistics. The aggregate product of precious metals in the United States from 1849 to 1867 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 \$433,000,000. There are in the Treasury \$103,407,-985 in coin' in circulation in the States on the Pacific coast about \$40,000,000, and a few mil-lions in the national and other banks—in all less than \$160,000,000. Taking into consideration the specie in the country prior to 1849, and that product d since 1867, and we have more than \$300,000,000 not accounted for by exportation or by the returns of the Treasury, and therefore most probably remaining in the country.

Office for the same period were \$1,631,745, being g:-ater by \$234 883 than the amount realized from the same sources during the previous year. The entries under the Homestead law wover 2 325,923 acres, nearly one fourth of which applies only to the States of Alabama, Missis-sippl, Longetana, Arkansas and Florida. On the Sould of Jone, 1885, one hundred and sixty-mine thousand six bundred and forty-three names were borne on the pension rolls, and during the year ending on that day the total smount psid for pensions, including the expenses during the preceding year.

purposes unring the preceding year. During the year ending the 30th of September last, the expenses of the Patent Office exceeded the receipts by one hundred and seventy one dolars; and, including reissues and designs, fourteen thousand one hundred and difty-three patents were issued

Treaties with various Indian tribes have been concluded, and will be submitted to the Senate for its constitutional action. I cordially Senate for its constitutional action. I cordially stabilities the atipulations which provide for reserving lands for the various tribes, where they may be encouraged to abaudon their non-actic babits, and engage to agricultural and industrial pursuits. This policy, inangurated many years since, has met with signal success whenever it as been pursued in gool faith and with becoming liberality by the United states. The necessity for extending it as far as providential on sy greater how than at any presedopulation is greater now than at any preced-

top reriod. Whilest we furnish subsistence and instruc-tion to the Indians, and guarantee the undis-turbed enjoyment of their treaty rights, we should habitually losist upon the faitsful ob-servance of their agreement to remain within their agreement to remain within their respective reservations. This is the only mode by which collisions with other tribes and with the whiles can be avoided, and the safety

with the whites can be avoided, and the safety of our ironiter settle ments secured. The compacies constructing the rallway from Omaks to Storamento have been most ener-getically 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 orm-paries smounded, on the 5th instant, to \$44, 357 000, and southonal work had been performed to the extent of \$3 200 000

357 000, and additional work had been performed to the extent of \$3 200 000 The Secretary of the interior in August last invited my attention to the report of a Govera-ment director of the Union Pacific R direct Company, who had been specially instructed to examine the location, construction, and equip-ment of their read. I submitted for the option ment of their road. I submitted for the option of the Attorney General certain questions in regard to the authority of the Executive which arcse upon this report, and those which had from time to time been presented by the com-missioners appointed to inspect each successive section of the work. After carefridy consider-ing the law of the case, he affirmed the right of the Executive to order, if necessary, a tho-rough revision of the eother road. Commis-sioners were therefupon appointed to examine sioners were thereupon appointed to examine this and other lines, and have recently sup-mitted a statement of their investigations, of

milted a statement of their investigations, of which the report of the Secretary of the Interior furnishes specific information. The report of the Secretary of the War con-tains information of interest and importance respecting the several bureaus of the War De-partment and the operations of the army. The strength of our military force, on the 30th of Sector the rest for the several bureau the sector to be the several bureau strength of our military force, on the 30th of September last, was forty eight thousand men, and it is computed that, by the lst of January next, this number will be decreased to forty-three thousand. It is the opinion of the Secre-isry of war that within the next year a con-siderable diminution of the infaulty force may be wade without derivant to the infaulty force may siderable diminution of the infautry 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 absciute necessity of retrenoument wherever it can be applied, it is hoped that Congress will sanction the reduction which his report recommends. While in 1860 sixteen thousand three hundred men cost the nation \$16,472000, the sum of \$65,622,060 is estimated as necessary for the support of the army during the fiscal year ending June 30, 1870. The estimates of the War Denartment for the last two fiscal years were, for 1867, \$33,814,461, and for 1863, \$25,205,609. The actual expendi-tures during the same periods were, respec-tively, \$95,224,415 and \$123,246,648. The estimate submitted in D-cember last for the fiscal year ending June 30, 1869, was \$77,124,507; the expendi-tures for the first quarter, ending the 35th of September last, were \$27,219,117, and the Secre-tary of the Treasury gives \$65,000,000 as the be made without detriment to the interests of

rspublics, and also to Brazil and Paraguay, for bringing to an end the calamious war writen has so long been raging in the valiey of La Finit, has been assitutually complied with, and kinoty acknowledged by all the belligeronts. That important negotiation, however, has thus far been without result. Charles A. Washburs, late United States Minister to Paraguay, having resigned, and being desirons to return to the United States, the Rear Admiral commanding the States, Atlantic squadron was early directed to send a schp-of war to Asuccior, the capital of Para-guay, foreceive Mr. Washburn and his family, and remove them from a situ tion which was gusy, to receive Mr. Washourn and his family, and remove them from a situation while's was represented to be endar gered by faction and foreign war. The Brazitian commander of the allied invading forces rerused permission to the "Wasp" to pass through the brockading forces, and that vessel returned to its accustomed spainst this reusal, it was promptly overruled, such the "Wasp" therefore resumed her errand, received Mr Wasoburn and his family, and convey ed them to a safe and convenient sea-port.

In the meantime an excited controversy had In the meantime an excited controversy had arisen between the President of Paraguay and the late United States Minister, which is is un-derstood grew out of his proceedings in giving isylum in the United States regation 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 cluter to concede or exer-cise that right, except as to persons actually belonging to the opplomatic service. On the other hand, all such powers insist upon exer-cising the right or asylum in States where the barras in a other is in a state in a spectral barras in a state where the other hand, all such powers insist upon exer-

The President of Paraguay is understood to bave opposed to Mr. Washourn's proceedings the in junious and very improbable charge of personal complicity in losure cion and trea-

Jerronai complicity in losure cilon and trea-son. The correspondence, however, has not yet reached the United States. Mr. Washburn, in connection with this con-troversy, represents that the United States citi-zens attached to the legation were aroitrarily weized at his sloe, when leaving the capital of Farsgusy, committed to prison, and there sub-fected to toriture for the purpose of projeting contessions of their own crimicality, and testi-mony to support the President's allegations signist the United States Minister, Mr. Mo-Manon, the hewly appointed Minister to Para-guay; having reached the La Plata, has been instructed to proceed without delay to Asuninstructed to proceed without delay to Asun-cion, there to investigate the whole subject. The Rear-Admiral common ting the United

States South Atlantic Squadron has been directed to attend the new Minister with a proper naval force to sustain such just demands as the occasion may require, and to vindicate the rightwof the United States citizens referred to, and of any others who may be exposed to danger in the theatre of war. With these exceptions, irisholy relations have been main-tained between the United States and Brazil and Faraguey. Our relations during the past year with

Bonvis, Ecusdor, Peru, and Chill, have become, especially intendly and cordial. Spain and the republics of Peru, Bolivia, and Ecuador, have expressed their withogness to accept the medi-ation of the United S a es for terminating the war upon the South Pacific coast. Calil has not finally declared upon the question. In the meantime the conflict bas practically exhausted itself, since no beingerent or ho-tile movement has been made by either party during the last two years, and there are no indications of a present purpose to resume hostilities on either

Great Britain and France have cordially seconded our proposition of mediation, and I do not forego the bope that it may soon oe accepted by all the belligerents, and read to a secure pied by all the belligerents, and read to a secure es-tablishment of prace and friendly relations between the Spanish-American republics of the Pacific and Span—a result which would be attended with sconnon benefits to the bellige-rents and much advantage to all commercial rations. I communicate, for the consideration of Congress, a correspondence which shows that the Bonvian Kepublic has established the ex-tremely liberal principle of receiving into its chizebship any chizen of the United States, or of any other of the American Republics, upon

the simple condition of vocuntary registry. The correspondence herewith submitted will be found painfully replete with accounts of the fuln and wreschedness produced by recent earthquakes, of unparalicled severity, in the Republics of Peru, Ecuador, and Holivia. The diplomatic sgebts and havai offloers of the United States who were present in those coun-tries at the time of those disasters faralished all the relief in their power to the sufferers, and were promptly rewarded with grateful and touching acknowledgments by the Congress of Peru. An appear to the coarity of our fellow-cuizens has been answered by much itberality. fuin and wreichedness produced by In this connection I sugnit an appeal which has been made by the Swiss Republic, whose Government and institutions are kindred to our own, in behalf of its innabitants, who are suffering extreme destitution produced by recent devastating hundations. Our relations with M-xico during the year have been marked by an increasing growth of mutual confidence. The Mexican Government has not yet acted upon the three treatles calebasis hot yet acted upon the three treaties cale-brated here last summer for establishing the rights of naturalized ditizens upon a liberal and just basis, for regulating consular powers, and for the adjustment of mutual claims. for the adjustment of mutual claims. Ail commercial nations, as well as friends of republican institutions, have cecasion to regret the frequent local disturbances which occar in some of the constituent States of Colombia. Nothing has occurred, however, to affect the harmony and cordial friendsnip which have for several years existed between that youthful and viccous tepablic and one own. for several years existed between that youthful and vigorous republic and our own. Negoliations are pending with a view to the survey and constitution of a surp canal across the 1-thmus of Darlen, under the suspices of the United States. I nope to be able to submit the results of that negotiation to the Benate during its present session. The very liberal treaty which was entered into last year by the United States and Nica-regue has been ratified by the latter republic. Costa Rica, with the carnestness of a sincerely friendly neighbor, solicits a reciprocity of trade, which I commend to the consideration of Con-gress. The convention created by treaty between The United States and Venezuela in July, 1865, for the mutual adjustment of cipims, has been held, and its decisions have been received at the Department of state. The neretofore recor-nized Government of the United States of Venezuela h. s been subverted. A Provisional Government baying been instituted under circumstances which promise durability, it has been formally recognized. A have been rejuctantly obliged to ask explanation and satisfaction for national injuries committed by the President of Hayti. The po-litical and social condition of the Republics of Hayil and St. Domingo is very unsatisfactory and painful. The abolition of siavery, which has been carried into flext throughout the island of St. Domingo and the entire West Indies, except the Spanish islands of Cubs and Porto Rico, has been followed by a profound popular conviction of the rightfulness of republican in-The attempt, however, to establish republications, and an incense desire to secure them. The attempt, however, to establish republications in the attempt in the secure of the secure the s havits of colorial supposed to result from long-induiged habits of colorial supposes and dependences upon European monscolical powers. While the United States have, ou all occasions, pro-fessed a declared unwill by ossible that any part of this continent or its adjacent bisands shall be made a theatre for a new establishment of mo-narchical power, too little has been done by us, on the other hard, to attach the constantialis by which we are surreunded to our own coun-try, or to lend even a moral support to the Ly, or to lend even a moral support to the efforts they are so resolutely and constantly making to secure republican institutions for themselves. It is, indeed, a question of grave consideration whether our recent and present example is not calculated to check the growth and expanbot calculated of check the growth and strand sich of free principles, and make these commu-biles distinct. If not dread, a government which at will consigns to military domination States that are integral parts of our Federal Union; and, while ready to resist any altempts by other nations to extend to this nemisphere the monarchical institutions of Europe, assume the monarchical mating parts of for parts assume the monarchical institutions of Europe, assume to stabilsh over a large portion of its people a rule more absolute harsh, and tyrannical than any known to (17102, d powers. The acquisition of Alaska was made with the view of extending rational jurisdiction and republican principles to the American hemi-sphere. Believing that a further step could be taken in the same direction. I last year entered into a treaty with the King of Denmark for the purchase of the blances of St. Thomas and St. John, on the best terms then attainable, and if continued on the Eighth Pose 1

BIOD & Bation. The legislator or ruler who has the wisdom and magnanimity to retrace his steps, when convinced of error, will somer or later be rewarded with the respect and gratiinde of an intelligent and patriotic peopl

Our own history -- although embracing a period less than a century--affords abundant proof that most, if not all, of our domestic troubles The those, if how all, of our domestic troubles are directly traceable to viola lons of the orga-mic daw and excessive legislation. The most striking illustrations of this lact are furnished by the ensourcents of the past three years upon the question of reconstruction. After a fair trial, they have substantially failed and proved their reconstruction there are not the substantially failed and proved perpicious in their results, and there see be no good reason why they should longer re-main upon the statute book. States to which the Constitution guarantees a republican form of government have been reduced to military depend, notes, in each of which the people nave been made subject to the arbitrary will of the commanding general. Although the Constitu-tion requires that each State shall be repre-sented in Congress. Virginia, Mississippi, and Texas are yet excluded from the two husses. and, contrary to the express provisions of that instrument, were denied participation in the recent election for a President and Vice-Presi-

dent of the United States. The attempt to piace the while population proce the domination of persons of co or is the South has impaired, if not destroyed, the kindig relations that had previously existed on ween them; and mutual distrust has engendered a feeling of animosity which, leading in some issuances to collision and bloodsued, has pre-vented that cooperation between the two races so essential to the success of industrial enter-vises in the Southers, States, Nor have the prises in the Southern States. Nor nave the inhabitants of those States alone suff-red from the disturbed condi ion of affairs growing out of these Congressional enactments. The entire Union has been agitated by grave apprehen sions of troubles which might again involve the p ace of the nation; its interests have been injuriously affected by the derangement of busizess and ishor, such the consequent want of prosperity throughout that portion of the

The Federal Constitution-the migna charta of American rights, noder whose wise and sur-tary provisions we have successfully conducted tary provisions we have successfully conducted all our dimentic and foreign affairs, sustained ourselves in peace and is war, and become a great factor among the powers of the earth-ment of questions growing out of the civil war waged alone for its vindication. Entry rest fact is made most manifest by the condition of the couplry when Congress assembled in the month of becember, 1865. Civil strife had caused; the spirit of rebellion had spent its entite force; in the Southern States the people had warmed into national life, and throughout the whote country a healthy reaction in public sentiment had taken place. By the application of the simple yet effective provisions of the Constitu-tion, the Executive Department, with the voluntary and of the States, bad brought the work of restoration as near completion as was within the scope of its authority, and tue na tion was encouraged by the prospect of an early and satisfactory acjustment of all its diffiou

Congress, however, infervened, and, relusing to perfect the work so nearly constantated declined to admit the more from the harepre decined to admit hermoers from the interpre-sented Bistes, adopted a series of measures which arrested the progress of restoration, frus-trated all that had been so success up a com-plished, and, after three years of agitation and strife, has left the country far her from the altainment of union and fraternal feeling than at the inception of the Congressional plan of reconstruction. It needs no argument to snow that icelabilities which has achieved abob noise that legislation which has produced such caue-ful consequences should be abrogated, or els-made to conform to the genuiue principles of republican government.

republican government. Under the influence of party ra sion and sec-tional prejudice, other acts have been passed not warran ed by the Constitution. Congress-has already been made familiar with my views-respecting the 'Tenure of office bill'' Expe-rience has proved that its repeal is demanded by the best interests of the constry, and that while it remains in force the President o and end in that rigid acconstant and efficient accou-ters in that rigid acconstant and efficient accouetre so essential to an housest and efficient av bie the Executive Department to exercise the power of appointment and removal in second-ables with the original design of the Federal

The act of Mach 2, 1567, making appropria-Lions for the apport of the army and navy for fest a willingness to help to bear them. In referring to the condition of the circu-lating medium. I shall merely reiterate, sub-stantially, that portion of my last annual mes-

sage which relates to that subject. The proportion which the currency of any conners should bear to the whole value of the annual produce circulated by its means is a question upon which political economiaus have not agreed. Nor can it be controlled by legis-lation, but must be left to the irrevocable laws everywhere regulate commerce and The circulating medium will ever irrewhich sistibly flow to those points where it is in greatest demand. The law of demand and

greatest demand. The law of demand and supply is as upering as that which regulates the tides of the ocean; and indeed corrency, like the tides, has its ebus and flows through-cut the commercial world. At the beginning of the Rebeliton the bank note circulation of the country amounted to oot much more than two hundred millions of dol-isis; now the circulation of mational back notes and those known as "legal tenders" is nearly seven hundred millions. While it is urged by some that this amount should be in-creased, others contend that a decided reduc-tion is absorbed yessential to the best interests tion is abscintely essential to the best interests of the country. In view of these diverse opin-ions, it may be well to ascertain the real value

most probably remaining in the country. These are important facts, and show how completely the inferior currency will super-sede the better, forcing it from circulation smoog the masses, and causing it to be ex-ported 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 aveaues of trade may be invited, and a demand created which will cause the retention at home of at least so will cause the retention at home of at least so much of the productions of our rich and inex-banstible gold-bearing fields as may be suffi-ciebt for purposes of circulation. It is unrea-sonable to expect a return to a sound currency so long as the Government and banks, by con-libuting to issue irredeemable notes, fill the characteristic of source with demonstrated course channels of circulation with depresiated paper. Notwithstanding a coinage by our mints, since 1849, of eight hundred and seventy-four millions of dollars, the people are now strangers to the 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 constry, and all our coin is to become a mere article of traffic and coin is to become a mere article of train's and speculation, to the enhancement in price of all that is indispensable to the comfort of the peo-ple, it would be wise economy to abolish our min's, thus saving the nation the care and ex-pense is cident to such establishments, and let all our precious metals be exported in buillon. The time has come however when the the very The time has come, however, when the Govern-ment and national banks should be required to take the most efficient steps and make all necessary arrangements for a resumption of specie payments. Let specie payments once be earnesily inaugurated by the Government and backs 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 raper issued by either of a less conomination than twenty dollars should by law be excuded from circulation, so that the people may have the benefit and convenience of a gold and sliver corrency which in all their business transactions will be uniform in value at home and abroad.

'Every man of property or industry, every man who desires to preserve what he nonestly possesses, or to obtain what he can houestl carn, has a direct interest in maintaining a saf circulating 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 madestable and secure. A disordered curto be madestable and secure. A disordered cur-rency is one of the greatest political evils. It undermines the virtues necessary for the sup port of the social system, and encourages pro-pendities desirative of its happines; it wars sgainst industry, frugality, and economy, and it fosters the evil spirits of extravagance and speculation." It has been asserted by one of our profound and most gifted statesmen, that "of all the contrivances for cheating the labor-ing classes of mankind, none has been more effectual than that which deindes them with paper money. Tuis is the most effectual of in-ventions to fertilize the rich man's fleids by the sweat of the poor man's brow.

sweat of the poor man's brow. 'Ordinary tyranny, oppression, excessive taxa-tion—these bear lightly on the happiness of the mass of the community compared with a franmass of the community compared with a frau-dulent currency, and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough, of the demoralizing tendency, the lightice, and the intolerable oppression on the virtuous and well disposed of a degraded paper currency authorized by law or in any way connichanced by Government." It is one of the most successful devices, in times of page or war, of expansions of revuls ons, to accom-plish the tracifer of all the precious metals of war, of expansions of levins day, to account plish the transfer of all the precious metals from the great mass of the people into the han is of the few, where they are hoarded in secret places or deposited under bolts and bars, while the people are left to endure all the inconve-nience, sacrifice, and demoralization resulting from the use of depreciated and worthless paper The secretary of the Interty in the record The Secretary of the Interior, in his report, gives valuable information in reference to the interests confided to the supervision of his transment, and reviews the operations of the Land Office. Pension Office, Patent Office, and

lary of the Treasury gives \$65,000.000 as the amount which will probably be required dur-ing the remaining three quarters, if there should be no reduction of the army-making its aggregate cost for the year considerably in excess of ninety-three millions. The difference between the estimates and excenditors for between the estimates and expenditures for the three fiscal years which have been named is thus shown to be \$175.545.313 for this single

The report of the public service. The report of the Secretary of the Navy exhi-bits the operations of that department and of the navy during the year. A considerable re-duction of the lorce 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 vessels are returning to the United States, and four are used as store ships, teaving the actual cruising force thirty-five vessels, carrying three hundred and fifty-siz game. The total number of vessels in the navy is two hundred and six, mounting seventeen hundred and forty-three guns. Eighty-one hundred and forly three guns. Eighty one vessels of every description are in use, armed with six hundred and ninety-six guns. The number of enlisted men in the service, includ-

In a parentices, has been reduced to eight thousand five hundred. An increase of navy yard facilities is recom-mended as a measure which will, in the event of war, be promotive of economy and security. A more thorough and systematic survey of the North Pacific Ocean is advised in view of our North Pacific Ocean is advised in view of our recent acquisitions, our expanding commerce, and the increasing intercourse between the Pacific States and Asia. The naval pension fund, which consists of a molety of the avails of prizes captured during the war, amounts to \$14,000,000. Exception is taken to the act of 23d \$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 Secre-tary, as trastee, to three per cent, instead of six per cent, which was originally stipulated when the investment was made. An amendment of the pension laws is suggested to remedy omissions and defects in existing enactments, The expenditors of the department during the last fiscal year were \$20,120,394, and the estimates for the coming year amount to for 963 414. \$20,903,414.

The Postmaster General's report fornishes full and clear exhibit of the operations and con action of the postal service. The ordinary posta invenue for the fiscal year ending June 30, 1868 was \$16,292,600, and the total expenditures, em-INVENT bracing all the service for which special appro-priations have been made by Congress, amounted to \$22.750.592, showing an excess of expenditures of \$6.437.994. Deducting from the expenditures the sum of \$1,506.525, the amount of appropriations for oueau steamship and otherspecial service, the excess of expenditures was \$4.541,466 By using an unexy ended balance in the Treasn y of \$3,800,000, the actual turn for which a special appropriation is required to meet the deficiency 14,3741,466.

The causes which produced this large excess of expenditure over revenue were the restora tion of service in the late insurgent States, and the putting into operation of new service esta blished by acts of Congress, which amounted within the last two years and a half, to about within the last two years and a main, 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 G eat Britain, North Germany, Belgium, the Nother-lands, Switzerland, and Itale, respectively, have been carried into effect. Under inese pro-visions important improvements have resulted a residue of international markets and in reduced rates of international postage, and enlarged mail facilities with European coun-tries. The cost of the United States transat-iantic ocean mail service since January 1, 1863, has been largely lessened under the operation of these new conventions. a reduction of over one-balf having been effected under the new arrangements for cross mail steamship service which went into effect on that date. The atten-tion 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 lote course with Costa Rica, Gutte-mala, Honduras, San Salvador, France, Aus-tria, Belgium, Switzeriand, Portugal, the Na.h-eriabda, Denmark, Sweren and Norway, Rome, Gracec, Turkey, Persia, E. ypt, Liberia, Moroc-co, Tripoli, Tunis, Musca', Siam, Borneo, and Madazara Cordisl relations have also been maintained

The indice seal receipts of the General Land

[Continued on the Eighth Page.]