

June. The principles established by the ships, demands either a corresponding and emigrants. Sound policy and our conference as best adapted to facilitate change in some of our existing Navy Yards, and of the establishment of new ones for the construction and necessary repair of modern naval vessels. No inconsiderable embarrassment, delay and public injury have been experienced from the want of such governmental establishments.

In the course of the session I shall probably have occasion to request you to provide indemnification to claimants where decrees of retribution have been rendered and damages awarded by Admiralty Courts; and in other cases where this government may be acknowledged to be liable in principle, and where the amount of that liability has been ascertained by an international arbitration.

The proper officers of the Treasury have deemed it themselves required by the law of the United States upon the subject to demand a tax upon the incomes of foreign consuls in this country. While such a demand may not, in strictness, be in derogation of public law, or perhaps of any existing treaty between the United States and a foreign country, the expediency of so far modifying the acts as to exempt from taxation the income of such consuls as are not citizens of the United States, is submitted to your serious consideration. I make this suggestion upon the ground that a sum which ought to be reciprocated exempts our consuls, in all other countries, from taxation to the extent thus indicated. The United States, I think, ought not to be exceptionally illiberal to international trade and commerce.

The operations of the Treasury during the last year have been successfully conducted. The enactment by Congress of a National Banking Law, has proved a valuable support of the public credit, and the general legislation in relation to loans has fully answered the expectation of its favorers. Some amendments may be required to perfect existing laws. But no change in their principles or general scope is believed to be needed.

Since these measures have been in operation, all demands on the Treasury, including the pay of the army and navy, have been promptly met and fully satisfied. No considerable body of troops it is believed were ever more simply provided and more liberally and punctually paid, and it may be added that by no people were the burdens incident to a great war ever so cheerfully borne. The receipts during the year from all sources, including loans and the balance in the Treasury, at its commencement, were \$901,125,674 and the aggregate disbursements \$895,795,630 05, leaving a balance on the 1st of July, 1863, of \$5,329,044 21. The receipts there were from customs \$89,059,042 40; from internal revenue \$57,640,87 95; from direct tax, \$1,485,135 61; from lands, \$167,817 17; from miscellaneous sources, \$3,946,615 35; and from loans, \$776,682,361 57, making the aggregate \$901,125,674 86. Of the disbursements there were: For the civil service, \$23,253,622 08; for pensions and Indians, \$4,210,520 79; for interest on public debt, \$24,720,846 51; for the War Department, \$590,298,600 83; for the Navy Department, \$63,211,105 27; for payment of funded and temporary debt, \$181,086,635 07; making the aggregate \$895,795,630 65, and leaving the balance of \$5,329,044 21. But the payment of funded and temporary borrowed during the year must be regarded as merely nominal payments, and the money borrowed to make them as merely nominal receipts. Their amount \$181,086,635 07, should therefore be deducted both from the receipts and disbursements. This being done, there remains, as actual receipts, \$720,039,030 79, and the actual disbursements, \$714,709,996 58, leaving the balance as already stated.

The actual receipts and disbursements for the first quarter, and the estimated receipts and disbursements for the remaining three quarters of the current fiscal year 1864, will be shown in detail by the report of the Secretary of the Treasury, to which I invite your attention.

It is sufficient to say here that it is not believed that actual results will exhibit a state of the finances less favorable to the country than the estimates of that officer heretofore submitted, while it is confidently expected that at the close of the year both disbursements and debt will be found pretty considerably less than has been anticipated.

The report of the Secretary of War is a document of great interest. It consists of First. The military operations of the year detailed in the report of the General-in-Chief.

Second. The organization of the colored persons in war service.

Third. The exchange of prisoners, fully set forth in the letter of Gen. Hitchcock.

Fourth. The operations under the "Act for Enrolling and Calling out the National Forces," detailed in the report of the Provost Marshal General.

Fifth. The organization of the Invalid Corps; and

Sixth. The operation of the several Departments of the Quartermaster General, Paymaster General, Chief of Engineers, Chief of Ordnance and Surgeon General. It has appeared impossible to make a valuable summary of this report, except such as would be too extended for this place; and hence I content myself by asking your careful attention to the report itself.

The duties devolving on the naval branch of the service during the year, and throughout the whole of this unhappy contest, have been discharged with fidelity and eminent success. The extensive blockade has been constantly increasing in efficiency as the navy has expanded. Yet on so long a line, it has so far been impossible to entirely suppress illicit trade. From returns received at the Navy Department, it appears that over 1,000 vessels have been captured since the blockade was instituted, and that the value of prizes already seized for adjudication amounts to over \$13,000,000.

The naval force of the United States consists, at this time, of 588 vessels, completed and in service, or which are under contract and approaching completion, and of these 75 are iron-clad or armored steamers. The events of the war give an increased interest and importance to the navy which will probably extend beyond the war itself.

The armored vessels in our Navy, completed and in service, or which are under contract and approaching completion, are believed to exceed in number those of any other power. But while these may be relied upon for harbor defence and coast service, others of greater strength and capacity will be necessary for cruising purposes and to maintain our rightful position on the ocean.

The change that has taken place in naval vessels and naval warfare since the introduction of steam as a motive power for

the Indians have been carried into effect. Sundry treaties have been negotiated which will, in due time, be submitted for the constitutional action of the Senate. They contain stipulations for extinguishing the possessory rights of the Indians to large and valuable tracts of land. It is hoped that the effect of these treaties will result in the establishment of permanent friendly relations with such of these tribes as have been brought into frequent and bloody collision with outlying settlements.

The necessity of such a yard, so furnished, at some suitable place upon the Atlantic seaboard, has, on repeated occasions, been brought to the attention of Congress by the Navy Department, and again presented in the report of the Secretary, which accompanies this communication. I think it my duty to invite your special attention to this subject, and also to that of establishing a yard and depot for naval purposes, upon one of the western rivers.

A naval force has been created on these interior waters, and under many disadvantages within little more than two years, exceeding in numbers the whole naval force of the country at the commencement of the present administration. Satisfactory and important as have been the performances of the heroic men of the navy at this interesting period, they are scarcely more wonderful than the success of our mechanics and artisans in the production of war vessels, which has created a comity which ought to be reciprocated among all the nations in our resources of iron and timber, with infinite quantities of fuel in the immediate vicinity of both, and all available and in close proximity to navigable waters. Without the advantage of public works, the resources of the nation have been developed, and its power displayed in the construction of a navy of such magnitude, which has at the very period of its creation, rendered signal service to the Union.

The increase of the number of seamen in the public service, from 7,500 men in spring of 1861 to about 34,000 at the present time, has been accomplished without special legislation, or extraordinary bounties to promote that increase. It has been found, however, that the operation of the draft, with the high bounties paid for army recruits, is beginning to affect injurious effects on both land and sea, with varying results. The rebellion had been pressed back into reduced limits; yet the tone of public feeling and opinion, at home and abroad, was not satisfactory. With other signs, the popular elections, then just past, indicated uneasiness among ourselves, while amid much that was cold and menacing the kindest words coming from Europe were uttered in accents of pity, that we were too blind to surrender a hopeless cause. Our commerce was suffering greatly by a few armed vessels built upon and furnished from foreign shores, and we were threatened with such additions from the same quarter as would sweep our trade from the sea and raise our blockade. We had failed to elicit from European governments anything hopeful upon this subject. The preliminary emancipation proclamation, issued in September, was running its assigned period to the beginning of the new year. A month later the final proclamation came, including the announcement that colored men of suitable condition would be received into the war service. The policy of emancipation, and of employing black soldiers, gave to the future a new aspect, about which hope, and fear and doubt continued to grow.

I commend to your consideration the suggestions of the Secretary of the Navy in regard to the policy of fostering and training seamen, and also the education of officers and engineers for the naval service. The Naval Academy is rendering signal service in preparing midshipmen for the highly responsible duties which, in after life, they will be required to perform. In order that the country should not be deprived of the proper quota of educated officers, for which legal provision has been made at the naval school, the vacancies caused by the neglect or omission to make nominations from the States in insurrection, have been filled by the Secretary of the Navy. The school is now more full and complete than at any former period, and in every respect entitled to

I refer you to the report of the Secretary of the Interior, which is herewith laid before you, for useful and varied information, in relation to the public land, Indian affairs, patents, pensions, and other matters of public concern pertaining to his department.

The quantity of land disposed of during the last and the first quarters of the present fiscal year was three million eight hundred and forty-nine thousand five hundred and sixty-one thousand nine hundred and eleven acres, of which one million four hundred and fifty-six thousand five hundred and fourteen acres were taken up under the homestead law, and the residue disposed of under laws, granting lands for military bounties, for railroad and other purposes. It also appears that the sale of the public lands is largely on the increase.

It has long been a cherished opinion of some of our wisest statesmen that the people of the United States had a higher and more enduring interest in the early settlement and substantial cultivation of the public lands than in the amount of revenue to be derived from the sale of them.

The opinion has had a controlling influence in shaping legislation upon the subject of our national domain. I may cite, as evidence of this, the liberal measures adopted in reference to actual settlers:

The grant to the States of the overflowed lands within their limits in order to their being reclaimed and rendered fit for cultivation; the grants to railway companies of alternate sections of land upon the contemplated lines of their roads which, when completed, will so largely multiply the facilities for reaching our distant possessions. This policy has received its most signal and beneficent illustration in the recent enactment granting homesteads to actual settlers. Since the first day of January last the aforementioned quantity of one million four hundred and fifty-six thousand five hundred and fourteen acres of land have been taken up under its provisions. This fact and the amount of sales furnish gratifying evidence of increasing settlement upon the public lands, notwithstanding the great struggle in which the energies of the nation have been engaged, and which has required so large a withdrawal of our citizens from their accustomed pursuits. I cordially concur in the recommendation of the Secretary of the Interior, suggesting a modification of the act in favor of those engaged in the military and naval service of the United States. I doubt not that Congress will cheerfully adopt such measure as will, without essentially changing the general features of the system, secure to the greatest practical extent, its benefits to those who have left their homes in the defense of the country in this arduous crisis.

I invite your attention to the views of the Secretary as to the propriety of raising, by appropriate legislation, revenue from the mineral lands of the United States.

The measures provided at your last session for the removal of certain Indian tribes have been carried into effect. Sundry treaties have been negotiated which will, in due time, be submitted for the constitutional action of the Senate. They contain stipulations for extinguishing the possessory rights of the Indians to large and valuable tracts of land. It is hoped that the effect of these treaties will result in the establishment of permanent friendly relations with such of these tribes as have been brought into frequent and bloody collision with outlying settlements.

Sound policy and our imperative duty to those wards of the government demand our anxious and constant attention to their material well-being, in their progress in the arts of civilization and above all, to that moral training which, under the blessing of Divine Providence, will confer upon them the elevated and sanctifying influences, the hopes and consolation of the Christian faith.

I suggested in my last annual message the propriety of remodelling our Indian system. Subsequent events have satisfied me of its necessity. The details set forth in the report of the Secretary evince the urgent need for immediate legislative action.

An attempt to guarantee and protect a received State government, constructed in whole, or in preponderating part, from the very element against whose hostility and violence it is to be protected, is simply absurd. There must be a test by which to separate the opposing elements, so as to build only from the sound; and that test is a sufficiently liberal one, which accepts as sound whoever will make a sworn recantation of his former unsoundness.

But if it be proper to require, as a test of admission to the political body, an oath of allegiance to the Constitution of the United States, and to the Union under it, why also to the laws and proclamations in regard to slavery? Those laws and proclamations were enacted and put forth for the purpose of aiding in the suppression of the rebellion. To give them their fullest effect, there had to be a pledge for their maintenance. In my judgment they have aided, and will further aid, the cause for which they were intended. To relinquish a lever of power, but would also be a cruel and an astounding breach of faith. I may add at this point, that while I remain in my present position I shall not attempt to retract or modify the emancipation proclamation; nor shall I return to slavery any person who is free by the terms of that proclamation, or by any of the acts of Congress. For these and other reasons it is thought best that support of these measures shall be included in the oath; and it is believed the Executive may lawfully claim it in return for pardon and restoration of forfeited rights, which he has clear constitutional power to withhold altogether, or grant upon the terms which he shall deem wisest for the public interest. It should be observed, also, that this part of the oath is subject to the modifying and abrogating power of legislation and supreme judicial decision.

The proposed acquiescence of the national Executive in any reasonable temporary State arrangement for the freed people is made with the view of possibly modifying the confusion and desolation which must, at best, attend all classes by a revolution of labor throughout whole States. It is hoped that the already deeply afflicted people in those States may be somewhat more ready to give up the cause of their affliction, if, to this extent, this vital matter be left to themselves; while no power of the national Executive to prevent an abuse is abridged by the proposition.

The suggestion in the proclamation as to maintaining the political framework of the States on what is called reconstruction, is made in the hope that it may do good without danger of harm. It will

But why any proclamation now upon this subject? This question is beset with conflicting views that the step might be delayed too long or taken too soon.—In some states the elements for resumption seem ready for action, but remain inactive, apparently for want of a rallying point—a plan of action. Why shall A adopt the plan of B, rather than that of C? And if A and B should agree, how can they know but that the general government will reject their plan? By the proclamation a plan is presented which may be accepted by them as a rallying point, and which they are assured in advance will not be rejected here.—This may bring them to act sooner than they otherwise would.

The objections to a premature presentation of a plan by the national Executive consists in the danger of committing on points which could be more safely left to further developments. Care has been taken to so shape the document as to avoid embarrassments from this source. Saying that, on certain terms, certain classes will be pardoned, with rights restored, it is not said that other classes, or other terms, will never be included. Saying that reconstruction will be accepted if presented in a specific way, it is not said it will never be accepted in any other way.

The movements, by State action, for emancipation in several of the States, not included in the emancipation proclamation, are matters of profound gravitation. And while I do not repeat in detail what I have heretofore so earnestly urged upon this subject, my general views and feelings remain unchanged; and I trust that Congress will omit no fair opportunity of aiding these important steps to a great consummation.

In the midst of other cares, however important, we must not lose sight of the fact that the war power is still our main reliance. To that power alone can we look, yet for a time, to give confidence to the people in the contested regions, that the insurgent power will not again overrun them. Until that confidence shall be established, little can be done anywhere for what is called reconstruction. Hence our chief care must still be directed to the army and navy, who have thus far borne their harder part so nobly and well.

And it may be esteemed fortunate that in giving the greatest efficiency to these indispensable arms, we do also honorably recognize the gallant men, from commander to sentinel, who compose them, and to whom, more than to others, the world must stand indebted for the home of freedom disengaged, regenerated, enlarged, and subdivided, a mode in and by which the national authority and loyal State governments may be re-established within said States, or in any of them; and, while the mode presented is the best the Executive can suggest, with his present impressions, it must not be understood that no other possible mode would be acceptable.

Given under my hand at the city of Washington, the 8th day of December, A. D. one thousand eight hundred and sixty-three, and of the independence of the United States, the eighteenth.

ABRAHAM LINCOLN.  
DECEMBER 8, 1863.

PROCLAMATION.

Whereas, it is by the Constitution of the United States, it is provided that the President "shall have power to grant reprieves and pardons for offences against the United States, except in cases of impeachment;" and

It is also proffered that if, in any of the States named, a State government shall be in the mode prescribed, set up, such government shall be recognized and guaranteed by the United States, and that under it the State shall, on the constitutional conditions, be protected against invasion and domestic violence. The con-

stitutional obligation of the United States to guarantee in every State in the Union a republican form of government, and to protect the State, in the case stated, is explicit and full. But why tender the benefits of this provision only to a State government set up in this particular way? This section of the Constitution contemplates a case wherein the element within a State, favorable to republican government, in the Union, may be too feeble for an opposite and hostile element external to, or even within the State; and such are precisely the cases with which we are now dealing.

Whereas, the congressional declaration for limited and conditional pardon secures with well-established judicial exposition of the pardoning power; and

Whereas, with reference to said rebellion, the President of the United States has issued several proclamations, with provisions in regard to the liberation of slaves; and

Whereas, it is now desired by some persons heretofore engagéd in said rebellion, to resume their allegiance to the United States, and to reinaugurate loyal State governments within and for the respective States; therefore,

I, Abraham Lincoln, President of the United States, do proclaim, declare, and make known to all persons who have, directly or by implication, participated in the existing rebellion, except as hereinbefore excepted, that a full pardon is hereby granted to them and each of them, with restoration of all rights of property, except as to slaves, and in property cases where rights of third parties shall have intervened, and upon the condition that every such person shall take and subscribe an oath, and shall thenceforward keep and maintain said oath inviolate; and which oath shall be registered for permanent preservation, and shall be of the tenor and effect following, to wit:

"I, ——————, do solemnly swear, in presence of Almighty God, that I will henceforth faithfully support and defend the Constitution of the United States and the Union of the States thereunder; and that I will, in like manner, abide and faithfully support all acts of Congress passed during the existing rebellion with reference to slaves, so long and so far as not modified or declared void by decision of the Supreme Court. So help me God."

The persons excepted from the benefits of the foregoing provisions are all who are, or shall have been, civil or diplomatic officers or agents of the so-called Confederate Government; all who have left judicial stations under the United States to aid the rebellion; all who are, or shall have been, military or naval officers of said so-called Confederate Government above the rank of colonel in the army, or of lieutenant in the navy; all who left seats in the United States Congress to aid the rebellion; all who resigned commissions in the army or navy of the United States, and afterwards aided the rebellion; and all who have engaged in any other way in treating colored persons or white persons in charge of such, otherwise than lawfully as prisoners of war, and which persons may have been found in the United States service as soldiers, seamen, or in any other capacity.

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But why any proclamation now upon this subject? This question is beset with conflicting views that the step might be delayed too long or taken too soon.—In some states the elements for resumption seem ready for action, but remain inactive, apparently for want of a rallying point—a plan of action. Why shall A adopt the plan of B, rather than that of C? And if A and B should agree, how can they know but that the general government will reject their plan? By the proclamation a plan is presented which shall be recognized as the true government of the State, and the State shall receive thereunder the benefits of the constitutional provision which declares that "The United States shall guarantee to every State in this Union a republican form of government, and shall protect each of them against invasion; and on application of the Legislature, or the Executive, when the Legislature cannot be convened" against domestic violence."

And I do further proclaim, declare, and make known that any provision which may be adopted by such State government in relation to the freed people of such State, which shall recognize and declare their permanent freedom, provide for their education and which may yet be consistent, as a temporary arrangement, with their present condition as a laboring, landless, and homeless class, will not be objected to by the national Executive.

And it is suggested as not improper, that, in constructing a loyal State government in any State, the name of the State, the boundary, the sub-divisions, the constitution, and the general code of laws, as before the rebellion, be maintained, subject only to the modifications made necessary by the conditions hereinbefore stated, and such others, if any, not contravening said conditions, and which may be deemed expedient by those framing the new State government.

To avoid misunderstanding, it may be proper to say that this proclamation, so far as it relates to State governments, has no reference to States wherein loyal State governments have all the while been maintained. And for the same reason, it may be proper to further say, that whether members sent to Congress from any State shall be admitted to seats constitutionally, rests exclusively with the respective Houses, and not to any extent with the Executive. And still further, that this proclamation is intended to present the people of the States wherein the national authority has been suspended, and loyal State governments have been subverted, a mode in and by which the national authority and loyal State governments may be re-established within said States, or in any of them; and, while the mode presented is the best the Executive can suggest, with his present impressions, it must not be understood that no other possible mode would be acceptable.

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Given under my hand at the city of Washington, the 8th day of December, A. D. one thousand eight hundred and sixty-three, and of the independence of the United States, the eighteenth.

ABRAHAM LINCOLN.  
By the President:  
W. H. SEWARD, Secretary of State.

FOR SALE.