

Creation of Army 6,525,390.39
Fees, Pacific Railway Company 1,797,861.87
Fees, Postage stamps 1,136,012.31
From Fees, Consular Patent, Land &c 2,631,095.92
Miscellaneous services 4,162,241.71
Post office remittances 261,000.29
From Premium on sales of Col. 9,112,671.65
Total net receipts 41,016,866.96
Bills, including \$18,235.16 received from Government 109,935,705.50

Total available cash \$48,036,674.11
The net expenditures by warrants during the same period were 104,187,000.29
For post expenses 1,881,500.11
For foreign intercourse 7,000,728.82
For pensions 25,331,492.70
For supplies, including food, clothing, fortifications, river and harbor improvements and arsenals 35,372,157.29
For the Establishment, including vessels and machinery and improvements in Navy Yards 21,240,807.95
For subsistence, clothing, public buildings, lighthouses, collecting the revenue 42,658,820.00
For interest on the Public Debt 17,557,877.72

Total exclusive of principal premium on the Public Debt 270,530,695.91

For premiums on bonds purchased 6,658,200.23

For redemption of the Public Debt 90,000,251.51

Total \$106,808,620.39

Total net disbursements \$37,473,207.71

Total \$81,012,653.15

From the foregoing statement it appears that the net reduction of the principal of the debt during the fiscal year ended June 30, 1872, was \$99,990,-253.54. The source of this reduction is as follows: Net ordinary receipts during the year, \$364,634,229.91; net ordinary expenditures, including interest on the public debt, \$270,530,695.91. Leaving surplus revenue, \$94,134,534.50. Add amount received from premium of sales of gold, in excess of the premium paid on bonds purchased, \$2,454,370.90; add the amount of the reduction of the cash balance at the close of the year accompanied with the same at the commencement of the year, \$3,371,-349.65; total, \$99,990,253.54.

This statement treats solely of the principal of the public debt. By the monthly statements of the public debt, which add together the principal, interest due and unpaid, and interest accrued to date, not due, and deducts the cash in the Treasury as ascertained on the day of publication, the reduction was \$100,544,491.28.

The source of this reduction is as follows: Reduction in principal account, \$99,990,035.54; reduction in unpaid interest account, \$330,052.96; reduction in cash on hand, \$27,46,465.22.

On the basis of the last table the statements show a reduction of the public debt from the first of March, 1869 to the present time, as follows:

From March 1, 1869, to March 1, 1870, \$7,334,782.84.

From March 1, 1870, to March 1, 1871, \$17,619,630.25.

From March 1, 1871, to March 1, 1872 \$4,895,348.94.

From March 1, 1872, to November 1, 1872, (eight months) \$84,047,257.84.

Total \$365,696,999.87.

With the great reduction of taxation, by the acts of Congress at the last session, the expenditure of the Government in collecting the revenue will be much reduced for the next fiscal year. It is very doubtful, however, whether any further reduction of so vexatious a burden upon the people will be practicable for the present. At all events, as we measure justice to the holders of the nation's certificates of indebtedness, I would recommend that no more legislation be had on this subject, unless it be to correct errors of omission or commission in the present laws, until sufficient time has elapsed to show that it can be done and still leave sufficient revenue to meet the current expenses of the Government, pay the interest on the public debt, and provide for the sinking fund established by law.

To the preservation of our national credit is of the highest importance. Next in importance to this comes a solvent duty to provide a national currency of fixed, unvarying value, as compared with gold, and as soon as practicable, having due regard for the interests of the debtor class and the vicissitudes of trade and commerce, convertible into gold at par.

War Department.

The report of the Secretary of War shows the expenditures of the War Department for the fiscal year ending June 30, 1871, to be \$35,790,391.82, and for the fiscal year ending June 30, 1872, \$42,572,157.29, showing a reduction in the last fiscal year of \$6,781.42. The estimated for the next year ending June 30, 1874, are \$33,801,378.78.

The estimates of the Chief of Engineers are submitted separately for fortifications, river and harbor improvements, and for public buildings and grounds, and the Washington aqueducts, and the railroad.

The affairs of the Freedmen's Bureau have all been transferred to the War Department, and regulations have been put into execution for the speedy payment of bounty, pay, &c., due colored soldiers properly coming under that Bureau.

All the war accounts for money and property prior to 1871 have been examined and transmitted to the Treasury for final settlement.

During the fiscal year there has been paid for transportation on railroads \$1,-300,000, of which \$800,857 was over the Pacific Railroad; the transportation by water, \$620,373.52, and by stage, \$48,975.84, and for the purchase of transportation, animals, wagons, hire of teamsters, &c., &c., \$92,650.63. About \$70,000 have been collected from Southern railroads during the year, leaving about \$4,000,000 still due.

The Quartermaster has examined and transmitted to the accounting officers for settlement, \$167,172.72 of claims by loyal citizens for Quartermaster's stores during the war; subsistence supplies to the amount of \$89,048.12 have been issued to the Indians.

The annual average men strength of the army was 24,101 white and 249 colored soldiers. The total death of the year reported was 26 white and 54 colored. The distribution of the medical and surgical history of the war is to be ordered by Congress. There exists an absolute necessity for a medical corps of the full number established by the act of Congress of July 23, 1866, their being now 53 vacancies, and a number of successful candidates nearly equals eight or ten in the one year.

Navy Department.

The report of the Secretary of the Navy, herewith accompanying, explains fully the condition of that branch of the public service, its wants and deficiencies, expenses incurred during the past year and appropriations for the same. It also gives a complete history of the service of the Navy for the past year, in addition to its regular service.

It is evident that unless early steps are taken to preserve our navy, in a very few years the United States will be the weakest nation upon the ocean of all the great powers. With an energetic, progressive business people like ours, penetrating and forming business relations with every part of the known world, a navy strong enough to command the respect of our flag abroad is necessary for the full protection of their rights. I recommend careful consideration by Congress of the recommendations made by the Secretary of the Navy.

Post Office Department.

The accompanying report of the Postmaster-General furnishes a full and satisfactory exhibit of the operations of the Post Office Department during the year. The ordinary revenue of the department for the fiscal year ended June 30th, 1872, amounted to \$21,915,-4,635, and the expenditure to \$26,651,-4,922. Compared with the previous year the increase of revenue was \$1,875,350.95, or 9.37 per cent, and the increase of expenditures \$2,685,088.25, or 9.29 per cent. Adding to the ordinary revenue the amount of appropriation of \$50,000.00 for mail matter, and the amount paid to the subsidized mail steamship lines from special appropriations, the deficiency paid out of the general Treasury was \$2,317,765.94—an excess of \$1,357,725.25 over the deficiency for the year 1871. Other interesting statistical information relating to our rapidly extending postal service is furnished in this report. The total length of railroad mail routes, on the 30th of June, 1872, was 75,911 miles—807 additional miles of such service having been put into operation during the year. Eight new lines of railway post-offices have been established, with an aggregate length of 2,930 miles.

The number of letters exchanged in the mails with foreign countries was 24,362,500; an increase of 4,035,502, or twenty per cent, over the number in 1871, and the postage thereon amounted to \$1,071,257.25. The total weight of the mails exchanged with other countries exceeds 320 tons, and the cost of the United States Transatlantic Mail Steamship service was \$220,302.70.

The total cost of the United States Ocean Steamship service, including the amount for the manufacture of breech-loading arms, should the selection be so delayed by the board of officers as to leave the former appropriation unexpended at the close of the fiscal year; the sale of such arsenals east of the Mississippi is to be spared, and the proceeds applied to the establishment of one large arsenal of construction and repair upon the Atlantic coast; the purchase of a suitable site for a proving and experimental ground for heavy ordnance; the abrogation of laws which deprive inventors in the United States service from deriving any benefit from their inventions; the repeal of the law prohibiting promotions in the Staff Corps; a continuance of the Pacific Mail Steamship Company receive \$150,-000 per annum for conveying a monthly mail between San Francisco, Japan and China, which will be increased to \$1,000,000 per annum for a semi-monthly mail, on and after Oct. 1, 1873. The United States and Brazil Mail Steamship Company receive \$150,-000 per annum for conveying a monthly mail between New York and Rio de Janeiro, Brazil and the California, Oregon and Mexico Steamship Company receive \$75,000 per annum for conveying a monthly mail between San Francisco, Honolulu and the Hawaiian Islands, making the total amount of mail steamship subsidies at present \$25,000 per annum.

Our postal communications with all parts of the civilized world have been placed upon a most advantageous footing by the improved postal conventions and arrangements recently concluded with the leading commercial countries of Europe and America, and the gratifying statement is made that with the conclusion of a satisfactory convention with France, the details of which have been definitely agreed to by the head of the French postal department, subject to the approval of the Minister of Finance, little remains to be accomplished by treaty for some time to come with respect either to a reduction of rates or improved facilities of postal intercourse.

Your favorable consideration is respectfully invited to the recommendations made by the Postmaster-General for the introduction of a new mail route from New York to Philadelphia, Boston, and Portland, connecting with the Atlantic mail steamer route to Brazil; and I suggest, therefore, that immediate steps be taken to gain all available information to insure equal and just legislation.

The subject of converting the so-called Indian Territory, south of Kansas, into a home for Indians, and erecting therein a territorial form of government is one of great importance as a complement to the existing Indian policy. The question of removal to that Territory, however, has, within the past year, been presented to many of the tribes resident upon other and less desirable portions of the public domain, and has generally been regarded too much as the reward of political services. Under authority of Congress rules have been established to regulate the tenure of office and the mode of appointments. They are all in excellent condition.

The work, which, in some of them, has

been carried on for many years, is to be continued by the Interior Department.

I do not doubt that a great majority

of the people in all parts of the country favor the full enjoyment by all classes

of persons of those rights to which they

are entitled under the Constitution and laws, and I invoke the aid and influence

of all good citizens to prevent organizations whose objects are by unlawful means to interfere with those rights.

I look with confidence to a time, not far distant, when the obvious advantages of good order and peace will induce an abandonment of all combinations prohibited by the acts referred to, and when it will be unnecessary to carry on prosecutions or inflict punishments to protect citizens from the lawless doings of such combinations.

Applications have been made to me

to pardon persons convicted of a violation

of said acts, upon the ground that

elementary in such cases would tend to

to tranquillize the public mind, and to test

the virtue of that policy. I am disposed,

as far as my sense of justice will permit,

to give to these applications a favorable consideration; but my action

thereon is not to be construed as indicating

any change in my determination to

enforce with vigor, such acts, so long

as the conspiracies and combinations

therin named disturb the peace of the

country. It is much to be regretted,

and is regretted by no one more than myself, that a necessity has ever existed

to execute the "enforcement act."

No one can desire more than I that the

necessity of applying it may never again

be demanded.

Department of Interior.

The Secretary of the Interior reports

satisfactory improvement and progress

in each of the several bureaus under

the control of the Interior Department.

They are all in excellent condition.

The work, which, in some of them, has

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