## EXTRA.

ANNUAL MESSAGE

PRESIDENT

WASHINGTON, Dec. 2, 1873. To the Senate and House of Representa

The year that has passed since the submission of my last message to Congress has, especially during the latter part of it, been an eventful one to the country. In the midst of great national prosperity a financial crisis has occurred that her hought low fortunes of giganprosperity a financial crisis has occurred that has brought low fortunes of gigantic proportions. Political partisanship has almost ceased to exist, especially in the agricultural regions, and, finally, the capture upon the high seas of a vessel bearing our flag, has for a time threatened the most serious consequences, and has agitated the public mind from one end of the country to the other. But this, happily, now is in the course of satisfactory adjustment, preferable to both nations concerned. The relations of the United States, however, relations of the United States, however, relations of the United States, however, with most of the other Powers, continue to be friendly and cordial. With France, Germany, Russia, Italy, and the minor European powers, with Brazil and most of the Bouth American republics, and with Japan, nothing has occurred during the year to demand special notice. The correspondence between the Department of State and the various dippartment of State and the various diplomatic representatives in or from those countries is transmitted herewith.

THE VIENNA EXHIBITION.

In executing the will of Congress, as expressed in its resolution of the 14th of February last, and in accordance with the provisions of the resolution, a number of practical artisans, of scientific men, and of honorary commissions, were authorized to attend the exposition at Vienna, as a commission, on the part of the United States. It is believed that we have obtained the object which Congress had in view when it passed the gress had in view when it passed the joint resolution to enable the people of the United States to participate in the advantages of the international exhibi-tion of the products of agriculture, mannfactures, and the fine arts, to be held at Vienna. I take pleasure in adding that the American exhibitors have received a gratifying number of diplomas and medais.

During the exposition a conference was held at Vienna, for the purpose of consultation on the system prevailing in different countries for the protection of inventions. I authorized a representative from the Patent Office to be present at Vienna at the time when this conference was to take place, in order to aid, as far as was right, in scenring any possible additional protection to Ameri-can inventors in Europe. The report of the sgent will be laid before Con-

OUR RELATIONS WITH CHINA.

It is my pleasant duty to announce to Congress that the Emperor of China, on attaining his majority, received the diplomatic representatives of the Western Powers in person. An account of these ceremonies and of the interesting discussions which preceded them, will be found in the documents transmitted

The accompanying paper shows that some advance, although slight, has been made during t suppression of the infamous Chinese coolie trade. I recommend Congress to be not needed on this subject.

THE GENEVA AWARD. The money awarded to the United States by the Tribunal of Arbitration at Geneva, was paid by Her Majesty's Government a few days in advance of the time when it would have become payable according to the terms of the treaty. In compliance with the provis-ions of the act of March 3, 1873, it was at once paid into the Treasury, used to redeem, so far as it might, the public debt of the United States, and the amount so redeemed was invested in a five per cent. registered bond of the United States for fifteen million five hundred thousand dollars, which is now neld by the Secretary of State, subject

to the future disposition of Congress. APPOINTMENT OF COMMISSIONERS.

I repeat my recommendation, made at the opening of the last session of Con-gress, that a commission be created for the purpose of auditing and determin-ing the amounts of the several direct tosses growing out of the destruction of vessels and their cargoes by the Alabama, the Florida, or the Shenandoah, after leaving Melbourne, for which the sufferers have received no equivalent or compensation, and of ascertaining the names of the persons entitled to receive compensation for the same, making the computations upon the basis indicated by the tribunal of arbitration at Geneva, and that payment of such losses be suthorized to an extent not to exceed the awards of the tribunal at Geneva. OUR BOUNDARY LINES.

By an act approved on the 14th day of February last, Congress made provisions for completing, jointly, with an officer or commission to be named by her Britannic Majesty, the determination of so much of the boundary line between the territory of the United States and the possessions of Great Britain as was left uncompleted by the commissioners appointed under the act of Congress of August 11, 1856. Under the provisions of this act the northwestern boundary of the United States has been determined and marked, in accordance with the award of the Emperor of Germany. A protocol and a copy of the map upon which the line was thus marked are contained in the papers submitted here-

I also transmit a copy of the report of the commissioners for marking the northern boundary between the United States and the British possessions, west of the Lake of the Woods, of the operations of the commission. During the past season surveys have been made to a point 497 miles west of the Lake of the Woods, leaving about 350 miles to be surveyed, the fieldwork of which can be completed during the next sea-

THE TREATY OF WASHINGTON.

The mixed commission organized un-der the provision of the Treaty of Washington, for settling and determining the claims of citizens of either pow er against the other, arising out of acts committed against their property, during the period between April 13th, 1861, and April 9th, 1865. ade its final award on the 25th day o September last. It was awarded that the Government of the United States should pay to the Government of Her Britannic Majesty, within twelve months from the date of the award, the sum of 1,929,819 dollars in gold. The commission disallowed or dismissed all other claims of British subjects against the United States. The amount of the claims presented by the British Govern-ment, but disallowed or dismissed, is anderstood to be about \$93,000,000. It als disallowed all the claims of citizens o the United States sgainst Great Britain. which were referred to it. I recom-mend the early passage of an act approoriating the money necessary to p

I have caused to be communicated the government of the King of Italy eminent services rendered by Count Sciople, as a commissioner on this commission, for the dignity, learning and mission, for the dignity, learning and impartiality with which he discharge! his duties—requiring great labor and constant patience—to the satisfaction, I believe, of both governments.

A SPECIAL COURT RECOMMENDED. A SPECIAL COURT RECOMMENDED.

I recommend legislation to create a special ccurt, to consist of three judges, who shall be empowered to hear and determine all claims of aliens upon the United States, arising out of acts committed against their persons or property during the insurrection.

The recent reference under the Treaty of Washington was confined to claims of British subjects arising during the period named in the treaty, but it is understood that there are other British claims of a similar nature arising

ish claims of a similar nature arising after the 9th of April, 1865, and it is known that other claims of a like nature are advanced by citizens of other powers. It is desirable to have these claims also examined and disposed of.

FOREIGN AFFAIRS. Official imformation being received from the Dutch Government of a state of war between the king of the Netherlands and the sultan of Atchene, the officers of the United States who were near the seat of war were instructed to observe an impartial neutrality. It is believed that they have done so.

AFFAIRS WITH MEXICO.

The joint commission, under the con-The joint commission, under the convention with Mexico in 1868, having again been legally prolonged, has resumed its business, which it is hoped will be brought to an early conclusion. The distinguished representative of Her Britannic Majesty at Washington has kindly consented, with the approval of his Government, to assume the arduous and responsible duties of umpire in this commission, and to lend the weight of his character and name to such weight of his character and name to such decisions as may not receive the acquiescence of both the arbitrators appointed by the respective governments.

The commission appointed pursuant to the authority of Congress to examine into the nature and extent of the forays

by trespassers from that country upon the herds of Texas have made a report, which will be submitted for your consideration.

· OUR FOREIGN RELATIONS. The Venezuelan Government has been apprised of the sense of Congress in regard to the awards of the joint commission under the convention of the 25th of April, 1860, as expressed in the act of the 25th of February last. It is apprehended that that Government does not realize the character of its oblidoes not realize the character of its obli-gations under that convention. As there is reason to believe, however, that its hesitancy in recognizing them springs in part at least from real difficulties in dis-charging them, in connection with its obligations to other Governments, the expediency of further forbearance on our part is believed to be worthy of your consideration. consideration.

The Ottoman Government, and that of Egypt, have lately showed a disposi-tion to relieve foreign consuls of the ju-dicial powers which heretofore they have exercised in the Turkish dominhave exercised in the Turkish dominions by organizing other tribunals. As Congress, however, has by law provided for the discharge of judicial functions by consuls of the United States in that quarter under the treaty of 1830, I have not felt at liberty formally to accept the proposed change without the assent of Congress, whose decision upon the subject at as early a period as may be con-

ject at as early a period as may be con-venient is earnestly requested.

I transmit, herewith, for the consid-eration and determination of Congress an application of the Republic of Santo Domingo to this Government to exer-

cise a protectorate over that Republic.
Since the adjournment of Congress
the following treaties with foreign
powers have been proclaimed: A naturalization convention with Denmark, a convention with Mexico for renewing the claims commission, a convention of friendship, commerce and extradition with the Orange free States, and a natu-ralization convention with Equador.

THE POSTMASTER GENERAL. I renew the recommendation made in my message of December, 1870, that Congress authorize the Postmaster General to issue all commissions to officials appointed through his department.

EXPATRIATION, &C. I invite the earnest attention of Conress to the existing laws of the United States respecting expatriation and the election of nationality by individuals. Many citizens of the United States reside permanently abroad with their families. Under the provisions of the act approved February 10, 1855, the children of such persons are to be deemed dren of such persons are to be deemed and taken to be citizens of the United States, but the rights of citizenship are not to descend to persons whose fathers never resided in the United States.

It thus happens that persons who have never resided in the United States have been enabled to put forward a preension to the protection of the United States against the claims to military services of the Government under whose protection they were born and have been reared. In some cases even naturreturned to the land of their birth with the intention to remain there, and their children, the issue of a marriage contracted in a foreign land, and who have never been in the United States, have laid claims to our protection when their residence of many years had im-posed upon them the duty of military ervice to the only Government which

had ever known them personally. Until the year 1868 it was left embar-rassed by conflicting opinions of courts and of jurists to determine how far the doctrines of perpetual allegiance deriv-ed from our former colonial relations with Great Britain were applicable to American citizens. Congress then wisely swept those doubts away by en-acting that any declaration of instruction or opinion, order or decision of any officer of this government, which re stricts, impairs or questions the right of expatriation, is inconsistent with the fundamental principles of this Govern-ment. But Congress did not indicate in that statute, nor has it since done so, what acts are to be deemed to work ex-

patriation. For my own guidance in determining such questions I have required under the provisions of the Constitution, the opinion in writing of the principal officer in each of the executive departments upon certain questions relating to the subject. The result satisfies me that further legislation has become necessary. I there-fore commend the subject to the careful consideration of Congress, and I transmit herewith copies of the several epinions of the principal officers of the Executive Department, together with other correspondence and pertinent information on the same subject.

The United States, who led the way in the overthrow of the feudal doctrine of perpetual allegiance, are among the last to indicate how their own citizens may elect another nationality. The papers submitted herewith indicate what is necessary to place us on a par with other leading nations in liberality of legislation on this international question. We have already in our Territories received to the principles which ries resorted to the principles which would need to be embodied in laws intended to accomplish such results. We have agreed that citizens of the United States may cease to be citizens and may voluntarily render allegiance to other powers. We have agreed that residence in a foreign land without in-tent to return shall, of itself work expatriation. We have agreed in some in-stances upon the length of time neces-sary for such intent. I invite Congress now to mark out and define when and how expatriation can be accomplished to regulate by law the condition of American women marrying foreigners to fix the status of children born in a foreign country of American parents residing permanently abroad, and to make rules for determining such other

kindred points as may seem best to Congress.

In compliance with the request of Congress I transmitted to the American Minister at Madrid, with instructions to have it presented to the Spanish Gov-erument, the joint resolution approved on the 2d of March last, tendering to the people of Spain, in the name of the whole American people, the con-gratulations of Congress upon the ef-forts to censolidate in Spain the principles to consultant ples of universal liberty in a Republican form of Government. The existence of this new Republic was inaugurated by striking the fetters from the slaves in Porto Rico. This munificent measure

was followed by the release of several thousand persons illegally held as slaves in Cuba. Next the Captain General of that colony was deprived of the power to set aside the order of his superiors at Madrid, which had pertained to the office since 1825. The sequestered estates of American citizens, which had been the cause of long and fruitless correspondence, were ordered to be restored to their owners. All these liberal steps were ence, were ordered to be restored to their owners. All these liberal steps were taken in the face of a violent opposition, directed by the reactionary slaveholders of Havana, who are vainly striving to stay the march of ideas which have terminated slavery in christendom—Cuba only excepted. Unhappily, however, this baneful influence has thus far succeeded in defeating the efforts of all liberal minded men in efforts of all liberal minded men in Spain to abolish slavery in Cuba, and in preventing the promised reform in that

The struggle for political supremacy continues there. The pro-slavery and aristocratic party in Cuba is gradually arraigning itself in more and more open hostility and defiance of the home government, while it still maintains a political connection with the Benephile. litical connection with the Republic in the Peninsula; and although usurping and defying the authority of the home government whenever such usurpation or defiance tends in the direction of op-pression or of the maintenance of abuses, it is still a power in Madrid and is recognized by the Government. Thus an element more dangerous to continued solutions between Cuba and Spain than that which inspired the insurrection at Yara—an element opposed to granting any relief from misrule and abuse, with no aspirations after freedom, commanding no sympathles in generous commanding no sympathles in generous breasts, alming to rivet still stronger the shackles of slavery and oppression, has seized many of the emblems of power in Cuba, and under professions of loyalty to the mother country is exhausting the resources of the leland, and is doing acts which are at variance with those principles of justice, of liberality and of right which gives nobility of character to a Republic. In the interests of humanity, of civilization and of progress, it is to be hoped that this evil influence may soon be averted.

THE VIRGINIUS AFFAIR

The steamer Virginius was, on the 26th day of September, 1873, duly regis-tered at the port of New York, as a part of the commercial marine of the United States. On the 4th of October, 1873, having received the certificate of her register in the usual legal form, she sailed from the port of New York and has not since been seen within the territorial jurisdiction of the United States. On the 31st day of October last, while sailing under the flag of the United States on the high seas, she was foreibly seized by the Spanish gunboat Tornado, and carried into the port of Santiago de Cubs, where many of her passengers and crew were inhumanly, and so far at least as relates to those who were citizens of the United States, were without due process of law put to death.

JURISDICTION ON THE HIGH SEAS. It is a well established principle, asserted by the United States, from the beginning of their national independence, recognized by Great Britain and other maritime powers, and stated by the Senate in a resolution passed on the 16th of June, 1858, that American ves-sels on the high seas, in time of peace, tearing the American flag, remain un-der the jurisdiction of the country to which they belong, and therefore any visitation, molestation or detention of such vessel by force, or by the exhibition of force, on the part of a foreign power, is in derogation of the sovereignty of the

In accordance with this principle the restoration of the Virginius and the surrender of the survivors of her passen-gers and crew, and a due reparation to the flag, and the punishment of the au-thorities who had been guilty of the il-legal acts of violence, were demanded. The Spanish Government has recognized the justice of the demand, and has arranged for the immediate delivery of the vessel, and of the surrender of the survivors of the passengers and crew, and for a salute to the flag and for proceedings looking to the punishment of those who may be proved to have been guilty of illegal acts of violence towards citizens of the United States, and also towards indemnifying those who may have been shown to be entitled to in-

THE CONFERENCE. A copy of a protocol of a conference between the Secretary of State and the Spanish Minister, in which the terms of this arrangement were agreed to, is transmitted herewith. The correspondence on this subject with the legation of the United States in Madrid was con-

ducted in cypher and by cable, and needs the verification of the actual text of the correspondence. It has seemed to be due to the importance of the case not to submit this correspondence until the accurate text can be received by mail. It is expected shortly, and will be published when received.

In taking leave of this subject for the present I wish to renew the expression my conviction that the existence of African slavery in Cuba is the principal cause of the lamentable condition of the sland. I do not doubt that Congress shares with me the hope that it will soon be made to disappear, and that peace and prosperity may follow its abolition.

PREPARATIONS FOR WAR. The embargoing of American estates in Cuba, cruelty to American citizens detected in no act of hostility to the Spanish government, the murdering of risoners taken with arms in their ands, and finally the capture, upon the high seas, of a vessel sailing under the United States flag, and bearing a United States registry, has culminated in an outburst of indignation that has seemed for a time to threaten war. Pending negotiations between the United States and the government of Spain on the subject of this capture, I have authorized the Secretary of the Navy to put our navy on a war footing to the extent at least of the entire annual appropria tion for that branch of the service trust ing to Congress and the public opinion of the American people to justify my

action. AMENDMENTS TO THE CONSTITUTION. Assuming, from the action of the last congress in directing the Committee on Privileges and Elections to prepare and report to this Congress a Constitutional amendment to provide a better method of electing President and Vice Presi-dent of the United States, and also from the necessity of such an amendment that there will be submitted to the State Legislatures for ratification such an improvement in our Constitution, I suggest two others for your consideration: First, to authorize the Executive to approve of so much of any measure passing the two houses of Congress as his judgment may dictate without approving the whole, the disapproved portion or portions to be subjected to the same rules as now, to wit: Be referred back to the house in which the measure or measures originated, and if passed by a two-thirds yote of the two houses, then Legislatures for ratification such an imtwo-thirds vote of the two houses, then to become a law without the approval of

the President.

I would add to the law a provision that there should be no legislation by Congress during the last twenty-four hours of its sitting, except upon vetoes or in order to give the executive an opportunity to examine and approve or disapprove bills understandingly. Sec-ond, to provide by amendment that when an extra session of Congress is convened by executive proclamation, legislation, during the continuance of such extra sessions, shall be confined to such subjects as the executive may bring before it from time to time in writing. The advantages to be gained by these two amendments are obvious. One session in each year is provided for by the Constitution, in which there are no restrictions as to the subjects of

legislation by Congress.

If more are required it is always in the power of Congress during their term of office to provide for sessions at any time. The first of these amend-ments would protect the public in the many abuses and waste of public mon-eys which creep into appropriation bills and other important measures passing during the expiring hours of Congress, to which otherwise due consideration

The receipts of the Government, from all sources, for the last fiscal year, were \$333,738,201, and the expenditures, on all accounts, \$290,345,245, thus showing an excess of receipts over expenditures of \$43,392,956. But it is not probable that as creditable an exhibit will be shown for the present fiscal year. Indeed it is very doubtful whether, except with the greatest economy on the part of Congress in making appropriations, and the same economy in administering the various departments of the Government, the revenues will not fall short of meeting the actual expenses, including the interest on the public debt.

PUBLIC BUILDINGS. The receipts of the Government, from

PUBLIC BUILDINGS.

I commend to Congress such economy, and I point out two sources where it seems to me it might commence, to wit: In the appropriations for public buildings in the many cities where work has not yet been commenced, in the appropriation for river and harbor improvement, in those localities where the improvements are of but little benefit to the general commerce and of fortifications.

tions.

There is a still more fruitful source of expense which I will point out later in this message. I refer to the easy method of manufacturing claims for losses incurred in suppressing the late rebellion. I would not be understood here

lion. I would not be understood here as opposing the erection of good, substantial and ornamental buildings by the government wherever such buildings are needed.

In fact I approve of the Government owning its own buildings in all sections of the country, and hope the day is not far distant when it will not only possess but erect in the capital suitable residences for all persons who now receive commutation for quarters or rent at Government expense and for the Cabinet, thus setting an example to the States, which may induce them to erect buildwhich may induce them to erect build-ings for their Senators. But I would have this work conducted at a time when the revenues of the country would abundantly justify it.

THE REVENUE-SPECIE PAYMENTS.

The revenues have materially fallen off for the first five months of the present fiscal year from what they were expected to produce, owing to the gen-eral panic now prevailing, which com-menced about the middle of September last. The full effect of this disaster, if it should not prove a blessing in dis-guise, is yet to be demonstrated. In either event it is your duty to heed the lesson and to provide, by wise and well considered legislation, as far as it lies in considered legislation, as far as it lies in your power, against its recurrence, and to take advantage of the benefits that may have accrued. My own judgment is, that however much individuals may have suffered, one long step has been taken towards specie payments; that we can never have permanent prosperity until a specie basis is reached, and that a specie basis cannot be reached and maintained until our exports, exclusive of gold, pay for our imports, interest due abroad, and other specie obligations, or so nearly so as to leave an appreciable accumulation of the precious metals in the country from the clous metals in the country from the products of our mines. MINING RESOURCES-CIRCULATING ME-

The development of the mines of precious metal during the past year and the prospective development of them for years to come are gratifying in their results. Could but one-half of the gold extracted from the mines be retained at home, our advance towards specie payments would be rapid to increase our exports. Sufficient currency is required to keep all the industries of the country employed without this. National as well as industrial bankruptcy must en-sue from undue inflation. On the other hand, while it might give temporary re-lief, it would only lead to inflation of prices, the impossibility of competing in our markets for the products of home

skill and labor, and repeated renewals of present experiences. Elasticity to our circulating medium, therefore, and just enough of it to transact the legitimate business of the country and to keep all industries employed, is what is most to be desired. The ex act medium is specie, the recognized medium of exchange the world over. That obtained, we shall have a currency of an exact degree of elasticity. If there be too much of it for the legitimate purposes of trade and commerce it will flow out of the country; if too little, the re-

To hold what we have and to appre ciate our currency to that standard is the problem deserving of the most serious consideration of Congress. The experience of the present panic has proven that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised. Usually in times of such trials, currency has be come worthless, or so much depreciated in value as to inflate the value of all the necessities of life as compared with the currency. Every one holding it has been anxious to dispose of it on any

Now we witness the reverse. Holders of currency hoard it as they did gold in former experiences of a like nature. It is patent to the most casual observer that much more currency or money is required to transact the legiti-mate trade of the country during the fall and winter months, when the vast crops are being moved, than during the balance of the year.

With our present system the amount in the country remains the same throughout the entire year, resulting in an accumulation of all the surplus capi-tal of the country in a few centres when not employed in the moving of crops, tempted there by the offer of interest on call loans. Interest being paid, this surplus capital must earn the interest paid, with a profit. Being subject to call it cannot be loaned only in part at best to the merchant or manufacturer for a fixed term, hence no matter how much there might be in the country, it would be abused, prices keeping pace with the volume and panics, stringency and disasters would be recurring with the autumn.

Elasticity in our monetary system, therefore, is the object to be attained first, and next to that, as far as possible, a prevention of the use of people's money in stocks and other species of speculation. To prevent the latter it seems to me that one great step would be taken by prohibiting the na-tional banks from paying interest on deposits, by requiring them to hold their reserves in their own vaults and by forcing them into resumption, though it would be only in legal tender notes. For this purpose I would suggest the establishment of clearing houses, for your consideration, to secure the former. Many plans have been suggested, most, if not all of which look to me more like inflation on the one hand, or compelling the government, on the other, to pay interest, without corresponding benefits, upon the surplus funds of the country, during the seasons when otherwise try, during the seasons when otherwise

nemployed.

I submit for your consideration whether this difficulty might not be overcome by authorizing the Becretary of the Treasury to issue at any time to national banks of issue any amount of their notes below fifty per cent. of their issue—say forty per centage of their issue—upon the banks depositing with the Treasurer of the United States an amount of gov-ernment bonds equal to the amount of notes demanded, the banks to forfeit to the Government say four per cent. of the Interest accruing on the bonds so pledged during the time they remain with the Treasurer, as security for the increased circulation, the bonds so pledged to be redeemable by the banks at their pleasure, either in whole or in part, by returning their own bills for cancellation to an amount equal to the I would further suggest for your con-

I would further suggest for your consideration the propriety of suthorizing national banks to diminish their standing issue at pleasure by returning for cancellation their own bills and withdrawling so many United States bonds as are pleaged for the bills returned. In view of the great actual contraction that has taken place in the contraction that has taken place in the currency, and the comparative contraction continually going on, due to the increase of population, increase of manufactories, and all the industries, I do not believe that there is too much currency now for the dullest period of

should be established and their forcing a redemption, it is a question for your consideration whether banking should not be made free without releasing all the safeguards now required to secure all holders in any modification of the present laws regulating national banks. As a further step toward preparing for resumption of specie payments, I invite your attention to a consideration of the propriety of exacting from them the retention, as a part of their reserve, either the whole or a part of the gold interest accruing upon the bonds pledged as security for their issue. I have not reflected enough on the bearing this might have in producing a scarcity of coin with which to pay duties on imports to give it my positive recommendation, but your attention is invited to the subject. During the last four years the currency has been contracted directly by the withdrawal of three per cent. certificates, compound interest notes and seven-thirty bonds outstanding on the 4th of March, 1869, all of which took the place of legal tenders in the bank reserves to the extent of \$63,000,000.

During the same period there has been a much larger comparative contraction of the currency, the population has largely increased, more than twenty-five thousand miles of railroad have been built, requiring the active use of capital to operate them. Millions of a redemption, it is a question for your consideration whether banking should

been built, requiring the active use of capital to operate them. Millions of acres of land have been opened to culti-vation, requiring capital to move pro-ducts. Manufactories have multiplied beyond all precedent in the same period of time, requiring increased capital weekly for the payment of wages and for the purchase of material, and probably the largest of all comparative contraction arising from the organizing of free labor in the South. Now every laborer of these receives his wages, and for want of savings banks the greater part of such wages is carried in the pocket or hoarded until required for use. These suggestions are thrown out for your consideration, without any recommendation that they should be adopted literally, but hoping that the best method may be arrived at to secure such an elasticity of the currency as will keep employed all the industries of the country and prevent such an inflation as will beyond all precedent in the same period

try and prevent such an inflation as will put off indefinitely the resumption of specie payments—an object so devoutly to be wished for by all, and by none more carnestly than the classes of people most directly interested, those who earn their bread by the sweat of their brow. The decisions of Congress on this sub-ject will have the hearty support of the

executive. OUR COMMERCE-SHIP BUILDING. In previous messages I have called attention to the decline in American ship building, and recommended such legislation as would secure to us our proportion of the carrying trade. Stimulated by high rates and abundance of freight, the progress for the last year in shipbuilding has been very satisfactory. There has been an increase of about three per cent, in the amount transportthree per cent. in the amount transported in American vessels over the amount of last year. With the reduced cost of material which has taken place, it may reasonably be hoped that this progress will be maintained, and even increased. However, as we pay about eighty mil-lion dollars per annum to foreign vessels for the transportation of our surplus products to a market, thus increasing the balance of trade against us to this amount, the subject is one worthy of your serious consideration.

CHEAP TRANSPORTATION.

Cheap transportation is a subject that has attracted the attention of both producers and consumers for the past few years, and has contributed to, if it has not been the direct cause of, the recent panic and stringency. As Congress at its last session appointed a special committee to investigate this whole subject during the vacation and report at this session, I have nothing to recommend until their report is read. There is one work, however, of a national character, in which the greater portion of the east and west, the north and the south, are equally interested, to which I invite your attention.
The State of New York has a canal

on the Hudson river. The State of Illi-nois has a similar work, connecting Lake Michigan with navigable water on the Illinois river, thus making water connection inland between the east and west and south. These great artificial water courses are the property of the States through which they pass and pay toll to those States. Would it not be wise statesmanship to pledge the States that if they will open these canals for the passage of large vessels the general Government will look after and keep in navigable condition the great public highways with which they connect, to wit: The overslaugh on the Hudson, the Saint Claire flats and the Illinois

and Mississippi rivers.

This would be a national work, one of great value to the producers of the west and south in giving them cheap trans-portation for their produce to the seaboard, and a market to consumers in the east in giving them cheaper food, par-ticularly of those articles of food which do not find a foreign market and the prices of which therefore are not regulated by foreign demands. The advantages of such a work are too obvious for argument; I submit the subject to you, therefore, without further comment.
In attempting to regain our lost com-

merce and carrying trade, I have here-tofore called attention to the States south of us offering a field where much might be accomplished to further this object. I suggest that a small appropriation be made, accompanied with authority for the Secretary of the Navy to fit out a naval vessel to ascend the Amazon river to the mouth of the Maderia, thence to explore that river and its tributaries into Bolivia, and to report to Congress at its next session, or as soon as practicable, the accessibility of the country by water, its resources and the population so reached. Such an exploration will cost but little and can do no harm, and may result in establishing a trade of value to both na-

REVISION OF THE TARIFF. In further connection with the Treasury Department I would recommend a revision and a codification of the tariff laws, and the opening of more mints for coining money, with authority to coin for such nations as may apply.

WAR REPORT. The attention of Congress is invited to the recommendation contained in the report of the Secretary of War, herewith accompanying. The apparent great cost of supporting the army is fully explained by this report, and I

hope will receive your attention. While inviting your general attention to all the recommendations made by the Secretary of War, there are two which I would especially invite you to First. The Importance of preparing

for war in time of peace by providing proper armament for our seacoast defenses. Proper armament is of vastly more importance than fortifications. The latter can be supplied very speed ly for temporary purposes when needed, the former cannot.

Becond. The necessity of reopening promotion in the staff corps of the army. Particularly is this necessity felt in the medical, pay and ordnance departments.

PAYMASTERS.

At this time it is necessary to employ contract surgeons to supply the necessary medical attendance required by the army. With the present force of the pay department it is now difficult to make the payments to troops provided for by law. Long delays in payments are productive of desertions and other demoralization, and the law prohibits the payment of troops by other than regular army paymenters. There are regular army paymasters. There are now sixteen vacancies in the ordnance There are department, thus leaving that branch of the service without sufficient officers to conduct the business of the different arsenals on a large scale, if ever required.

OUR NAVY. During the past year our navy has been depleted by the sale of some ves-sels, no longer fit for naval service, and by the condemnation of others not yet disposed of. This, however, has been more than compensated for by the re-pair of six of the old wooden ships, and by the building of eight new sloops of

The building of these latter has occurred at a doubly fortunate time. They are about being completed at a time when they may probably be much needed, and the work upon them has not only given direct employment to thousands of men, but has no doubt been the means of keeping open establishments for other work at a time of great financial distress.

Since the commencement of the last month, however, the distressing occurrences which have taken place in the waters of the Carribean sea, and almost on every seabbard, while they illustrate most forcibly the necessity always existing that a nation situated like ours should maintain in a state of possible efficiency a navy adequate to its responsibilities, has at the same time demanded that all the effective force we really have should be put in immediate readiness for warlike service. This has been and is being done promptly and effectively, and I am assured that all the available ships and every authorized man of the American navy will be ready for whatever action is required for the safety of our citizans or the maintenance of our honor.

This, of course, will require the ex-

safety of our citizens or the maintenance of our honor.

This, of course, will require the expenditure in a short time of some of the appropriations which were calculated to extend through the fiscal year, but Congress will, I doubt not, understand and appreciate the emergency and will provide adequately, not only for the precent preparation, but for the future maintenance of our naval force. The fietretary of the Navy has during the Secretary of the Navy has, during the past year, been quietly putting some of our most effective monitors in condition for service, and thus the exigency finds us in a much better condition for work than we could possibly have been without his action. out his action.

CLAIMS AGAINST THE GOVERNMENT. Your careful attention is invited to the subject of claims against the government and the facilities afforded by existing laws for their prosecution. Each of the Departments of State, Treasury and War have demands of many millions of dollars upon their files, and they are rapidly accumulating. To these may be added those which were pending before Congress, the Court of Claims and the Southern Claims Commission, making in the aggregate an immense sum. Most of these grew out of the re-bellion, and are intended to indemnify persons on both sides for their losses during the war, and not a few of them are fabricated and supported by false testimony.

Projects are on foot, it is believed, to Projects are on foot, it is believed, to induce Congress to provide for new classes of claims and to revive old ones, through the repeal or modification of the statute of limitations by which they are now barred. I presume these schemes, if proposed, will be received with little favor by Congress, and I recommend that persons having claims against the United States cognizable by any tribunal or department thereof against the United States cognizable by any tribunal or department thereof, be required to present them at an early day, and that legislation be directed, as far as practicable, to the defeat of unfounded and unjust demands upon the treasury. And I would suggest, as a means of preventing fraud, that witnesses be called upon to appear in person to testify before the tribunal having said claims before them before adjudication. Probably the largest saving dication. Probably the largest saving to the national treasury can be secured by timely legislation on these subjects of any of the economical features that will be proposed.

REPORT OF THE ATTORNEY GENERAL. You will be advised of the operations of the department of justice by the re-port of the Attorney General, and I in-vite your attention to the amendments of existing laws suggested by him with the view of reducing the expenses of that department.

INDIAN AFFAIRS.

The policy towards the Indians at the beginning of the last administration has been steadily pushed and I believe with beneficial results. It will be continued with only such modifications as time and experience may demonstrate as necessary with the encroachment of civilization upon the Indian reservaances have taken place between the Indians and whites during the past years, and probably will continue to do so until each race appreciates that the other has rights which must be respected. The policy has been to collect the Indians as rapidly as possible on re-servations, and as far as practicable within what is known as the Indian erritory, and to teach them the arts of civilization and self-support. found off their reservations and endangering the peace and safety of the whites they have been punished, and

will continue to be for like offenses. The Indian territory south of Kan-sas and west of Arkansas is sufficient in area and agricultural resources to support all the Indians east of the Rocky Mountains. In time, no doubt, all of them, except a few who may select to make their homes among white people, will be called there. As a preparatory step for this consummation I am now satisfied that a territorial form of government should be given them, which will secure the treaty rights of the original settlers and pro tect their homesteads from alienation for a period of twenty years.

THE PATENT OFFICE. The operations of the patent office are growing to such magnitude and the acgreat that the necessity for more room is becoming more obvious day by day. THE PUBLIC LANDS.

I respectfully invite your attention to the reports of the Secretary of the Inte-rior and Commissioner of Patents on this subject. The business of the gener al land office exhibits a material in crease in all its branches during the last fiscal year. During that time there was disposed of out of the public lands 13,-030,606 acres, being an amount greater by 1,165,631 acres than was disposed of during the preceding year. Of the during the preceding year. Of the amount disposed of 1,626,266 acres were sold for each; 214,940 acres were located with military land warrants; 3,793,612 acres were taken for homesteads; 653,-446 acres were located with agricultural college scrip; 6,083,536 acres were certified by railroads; 76,596 acres were granted to wagon roads; 2,218,548 acres were apportioned to States as swamp lands; 138,681 acres were certified for agricultural colleges, common schools, universities and seminaries; 190,775 acres were apportioned to States for internal improvements, and 14,222 acres were located with Indian scrip. The cash receipts during the same time were \$3,408,510 50, being \$190,415,-

time were \$3,408,510 50, being \$190,415,50 in excess of the previous year. During the year 30,588,132 acres of public
lands were surveyed, an increase over
the amount surveyed the previous year
of 10,037,193 acres, and added to the
area previously surveyed aggregates
616,554,895 acres which have been surveyed, leaving 10,218,433,505 acres of the
public lands ettli menuveyed. The public lands still unsurveyed. The increased and steadily increasing thing our unoccupied public lands and for the transportation of surplus pro-ducts, enlarges the available field for desirable homestead locations, thus stimu-lating settlement and extending year by year in a gradually increasing ratio the area of occupation and cultivation.

PROPOSED RUSSIAN COLONY. The expressed desire of the repre

sentatives of a large colony of citizens of Russia to emigrate to this country, as it is understood with the consent of their government, if certain concessions can be made to enable them to settle in can be made to enable them to settle in a compact colony, is of great interest as going to show the light in which our institutions are regarded by an indus-trious, intelligent and wealthy pesple desirous of enjoying civil and religious liberty, and the acquisition of so large an immigration of citizens of a superior class would without doubt has of subclass would without doubt be of sub stantial benefit to the country, I invite attention to the suggestion of the Secretary of the Interior in this behalf.

PENSIONS. There was paid during the last fiscal year for pensions, including the expenses of disbursement, \$29,185,289 62, being an amount less by \$984,950 98 than was expended for the same purpose the preceding year. Although this statement of expenditures would indicate a material reduction in amount compared with

the changes in the pension law at the last session of Congress will absorb that

amount the current year. OUR PENSIONERS.

At the close of the fiscal year there were on the pension rolls 99,804 invalid military pensioners and 112,088 widows orphans and dependent relatives of deceased soldiers, making a total of that class of 211,892; 18,206 survivors of the war of 1812 and 50,053 widows of soldiers of that war pensioned under the act of Congress of February 14, 1871, making a total of that class of 221,914; 1,430 invalid navy pensioners and 1,770 widows and orphans and dependent relatives of deceased officers, saliors and marines of the navy, making a total of mavy pensioners of 3,200, and a grand total of pensioners of all classes of 238, 411, showing a net increase during the last fiscal year of 6,181. During the last year the names of 16,405 pensioners were added to the rolls and 10,223 names were dropped therefrom for various courses.

dropped therefrom for various causes.

The system adopted for the detection of frauds against the Government in the matter of pensions has been productive of satisfactory results, but legislation is needed to provide if possible against the perpetration of such frauds in the future.

EDUCATION.

The evidently increasing interest in the cause of education is a most encouraging feature in the general progress and prosperity of the country, and the Bureau of Education is earnest in its efforts to give proper direction to the new appliances and the increased facilities which are being offered to aid the educators of the country in their great work.

THE CENSUS BUREAU.

The ninth census has been completed and the report thereof published and distributed, and the working force of the bureau disbanded. The Secretary of the Interior renews his recommendation for a census to be taken in 1875, to which subject the attention of Congress is invited. The original suggestion in that behalf has met with the general approval of the country, and even if it be deemed not advisable at present to provide for a regular quin tennial census, a census taken in 1975 the report of which could be complete and published before the one hundred! anniversary of our independence, would be especially interesting and valuable, as showing the progress of the country during the first century of our national

existence.
It is believed, however, that a regular census every five years would be of substantial benefit to the country, inasmuch as our growth hitherto has been so rapid that the results of the decennial census are necessarily unreliable as a basis of estimates for the latter years of a decennial period.

THE NATIONAL CAPITAL Under the very efficient management of the Government and the Board of Public Works of this district, the city of Washington is rapidly assuming the appearance of a capital of which the nation may well be proud. From being a most unsightly place, three years ago. disagreeable to pass through in summer in consequence of the dust arising from unpayed streets, and almost impassable from the mud, it is now one of the most sightly cities in the country, and can boast of being the best payed.

The work has been systematical, the plans, grades, location of sewers, water and green many free many location of sewers, water

and gas mains being determined upon before the work was commenced, thus securing permanency when completed I question whether so much has ever been accomplished before in any other city for the same expenditures. The Government has a large reservation in the city, and the nation at large having an interest in their capital, I recommend a large policy towards the District of Columbia, and that the Government should bear its just share of the expense

of these improvements.

Every citizen visiting the capital feels a pride in its growth, and also that he, too, is part owner in the improvements made. Here I would suggest outside great the propriety of promoting the establishment, in this district, of an institution of learning or university the highest class by the donation of the lands. There is no place better suited for such an institution than the No tional Capital. There is no place in which every citizen is so directly later-

POSTOFFICE DEPARTMENT A complete exhibit is presented in the accompanying report of the Postmaster General of the operations of the Post-office Department during the year. The ordinary postal revenues for the field year ending June 30, 1873, amounted to \$22,996,741 57, and the expenditures of all kinds to \$29,084,945 67. The increase of revenues over 1872 was \$1,031,315 30. and the increase of expenditures \$2,425.753 86. Independent of the payments made from special appropriations for mail steamship lines, the amount drawn from the general treasury to meet defi-

The constant and varied extension of our postal service, particularly apon railways, and the improved facilities for the collection, transmission, distribution and delivery of the mail which are constantly being provided, account for the increased expenditures of this popular branch of the publiservice. The total number of posto fices in operation on the 13th of June 1873, was 33,244, a net increase of 1,35 over the number reported the preceding year. The number of Presidential offices was 1,363, an increase of leduring the year. The total length of rallroad mail routes at the close of was 63,457 miles, an increase of 5,46 miles over the year 1872. Fifty-nine railway postofiles lines were in operation on the 13th of June, 1873, extending over 1,666 miles of railroad routes, and

performing an aggregate service of 51;-925 miles daily. The number of letters exchanged with foreign countries was 27,459,185-an in-crease of 8,096,685 over the previous year; and the postage thereon amounted to \$2,021,310 86. The total weight of correspondence exchanged in the mails with European countries exceeded the tons-an increase of 92 tons ever previous year. The total cost of the United States ocean mail steamship service, including \$725,000 paid from a ial appropriations to subsidized | mail steamers, was \$1,047,271 35

New or additional postal conventions have been concluded with Sweden, Nor-way, Belgium, Germany, Canada, New Foundland and Japan, reducing postal rates on correspondence exchanged with those countries, and further efforts have been made to conclude a salisfactory postal convention with France, but without success.

I invite the favorable consideration of Congress to the suggestions and recom-mendations of the Postmaster General for an extension of the free delivery system in all cities having a populati of not less than 10,000, for the pre-pay-ment of postage on newspapers and other printed matter of the second class, for a uniform postage and limit of weight on miscellaneous matter, for adjusting the compensation of all postmasters not appointed by the President, by the old method of commissions on actual receipts of the office, instead of the present mode of raying hypersections. ent mode of paying by salary in advance upon special returns, and espe cially do I urge favorable action by Con-gress on the important recommenda-tions of the Postmaster General for the establishment of the United States postal savings depositories. Your attention is also again called to

consideration of the question of postal a consideration of the question of postal telegraphs and the arguments in support thereof, in the hope that you may take such action in connection therewith as in your judgment will most contribute to the best interests of the country.

AFFAIRS IN UTAIL.

AFFAIRS IN UTAII.

The affairs in Utah require yourcarly and special attention. The Supreme Court of the United States in the case of Stanton vs. Englebrecht, decided that the United States marshal of that Territory could not lawfully summon lurors for the district courts, and these courts hold that the territorial marshal cannot lawfully perform that duty because he is elected by the legislative assembly and not appointed, as provided for in the act organizing the Territory.