## ROTTONIA DOUTE

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Last Annual Message of ANDREW JOHNSON. Delivered December 9, 1868.

Fellow citizens of the Senate and House of Representatives: Upon the reassembling of Congress it, again becomes my duty to call your attenganized condition under the various laws which have been passed upon the subject of reconstruction. It may safely be assumed as an axiom in the government of the States. that the greatest wrongs inflicted upon a people are caused by unjust and arbitrary egislation, or by the unrelenting decrees of despotic rulers, and that injurious and oppressive measures are the greatest evils that can be inflicted upon a nation. The legislater or the ruler who has the wisdom and magnanimity to retrace his steps when convicted of error, will sooner or later be rewarded with the respect and gratitude of an intelligent and patriotic people. Our own history, although embracing a period of less than a century, affords abundant proof that most, if not all our domestic troubles are directly traceable to violations of the organe law, and excessive legislation. The most striking illustrations of this fact are furnished by the enactments of the past three years upon the question of reconstruction. Af-ter a fair trial they have substantially failed. and proved pernicious in their results, and there seems to be no good reason why they should remain upon the statute books. States to which the Constitution guaratees a Republican form of Government, have een reduced to military dependencies, in each of which the people have been made subjects to the arbitrary will of the commanding General. Although the Constitution requires that each State shall be represented in Congress, Virginia, Mississippi and Texas are yet excluded from the Hous-

es, and contrary to the express provisions of that instrument, were denied parterpation in the recent election for a President and ice President of the United States. The attempt to place the whole population unler the domination of persons of color in the South, has impaired, if not destroyed the kindly relations that had previously exsted between them, and mutual distrust has rendered a feeling of animosity which. leading in some instances to collision and odshed has prevented that co-operation tetween the two races so es ential to the occess of industrial enterprises in the Southern States. Nor have the inhabitants of those States alone suffered from the disturbed condition of affairs growing out of these Congressional enactments. The en-tire Union has been agitated by grave ap prehensions of trouble, which might again avolve the peace of the nation. Its interests have been injuriously affected by the erangement of business and labor, the consequent want of prosperity throughout that portion of the country. The Federal Con-stitution, the Magna Charta of American rights, under whose wise and salutary Proidence we have successfully conducted all our domestic and foreign affairs; sustained our-elves in peace and in war, and become a great nation among the powers of the arth, must assuredly now be adequate to the settlement of questions growing out of

the civil war waged alone for its vindication This mean fact is made most manifest by be condition of the country. When Concress assembled in the month of December. 65. civil strife had ceased. The spirit of rebellion had spent its entire force in the Southern States. The people had warmed into national life, and throughout the whole country a healthy reaction in public sentiment had taken place by the application of the simple, yet effective provisions of the Constitution. The Executive Department, with the voluntary aid of the States had brought the work of restoration as near completion as within the scope of its authority, and the nation was encouraged by the prospect of an early and satisfactory adjustment of all its difficulties. Congress. wever, intervened, and refused to perfect the work so nearly consummated, declined to admit members from the States, adopted a course of measures, frustrated all that hid been successfully accomplished, and afterthree years of agitation and strife, has left the country farther from the attainment of union and fraternal feeling, than at the exption of the Congressional plan of reconstruction. it needs no argument to show that the legislation which has produced such consequences should be abrogated, or else made to conform to the genuine principles of Republican Government. Under the influence of party passions and sectional prejudice other acts have been passed not warranted by the Constitution.

Congress has already been made familiar with my views respecting the Tenure of Offee Bill. Experience has proved that its repeal is demanded by the best interests of country, and that while it remains in face the President cannot enjoin that rigid 2000antability of public officers so essential to an honest and efficient execution of the laws, its revocation would enable the Execuive department to exercise the power of appointment and removal in accordance with the eriginal design of the Federal Constitu-tion. The act of March 2d, 1867, making appropriations for the support of the army the year ending June 30th, 1868, and far other purposes, contains provisions which interfere with the President's constitational functions as Commander-in-Chief of the army, and deny to States of the Union the right to protect themselves by means of

led, for while the first might, in times of great emergency, seriously embarrass the executive in efforts to employ and direct the common strength of the nation for its protection and preservation, the other is contart, to the express declaration of the astitution, that a well regulated militia being necessary to the security of a free state, the right of the people to keep and ear arms shall not be infringed. It is beleved that the repeal of such laws would accepted by the American people as at least a partial return to the fundamental principles of government, and an indication that hereafter the Constitution is to be made nation's safe and unerring guide, they can be productive of no permanent benefit to the country and should not be permitted to stand as so many monuments of deficient wisdom, which has characterized our recent rislation. The condition of our finances mands the early and earnest consideration Congress. Compared with the growth of our population public expenditures have mehed an amount unprecedented in our livery. The population of the United stes in 1790 was nearly four millions of ale, increasing each decade about thir-hee per cent, it reached in 1860 thirty millions, an increase of seven hundred cent, on the population in 1790. In it is estimated it will reach thirtythe millions, or an increase of eight hunand sixty-eight per cent, in seventy-

1820, eighteen millions two hundred thou- selves involved in a debt of sixty-four mil sand dollars. In 1850, forty-one millions. In 1860, sixty-three millions. In 1865 nearly thirteen hundred millions, and in 1869, it is estimated by the Secretary of the Treasury in his last annual report that they will be three hundred and seventy two millions.

By comparing the public disbursements of 1869 as estimated with those of 1791, it will be seen that the increase since the beginning of our Government has been eight thousand six hundred and eighteen per cent., in which the increase of the population for the same period was only eight hundred and sixty-eight per cent. Again the expenses of the Government in 1860, the year of peace immediately preceeding the war. were only sixty-five millions, while in 1869 the year of peace, three years after the war, it is estimated they will be three hun-dred and seventy millions, an increase of four hundred and eighty nine per centum. while the increase of population was only twenty-one per centum of the same period These statistics further show, that in 1791 the annual national expenses compared with the population were but little more than one dollar per capita, and in 1860, two dollars per capita, while in 1869 they will reach the extravagant sum of nine dollars and seventy eight cents per capita. It will be observed that all of these statements referred to, exhibit the disbursements of peace periods. It may therefore be of interest to compare the expenditures of the three war periods, the war with Great Britain, the Mexican war and the war of the rebellion. In 1814 the annual expenses incident to the war of 1812 reached the highest amount about\$31, 000,000, while our population slightly exceeded 8.000,000, showing an expenditure of only three dollars and eighty cents per

In 1847 the expenditures growing out of

the war with Mexico, reached fifty five mil-

lions, and the population about twenty one

millions, giving only two dollars and sixty

cents per capita for the war expenses of that

year. In 1865 the expenditure called for by

the rebellion re-ched the vast amount of

twelve hundred and ninety millions, which

millions, gives thirty eight dollars and twen-

ty-eight cents per capita. From the 4th day

of March, 1789, to the 30th of June, 1861,

the entire expenditures, of the Government

were seventeen hundred millions of dollars. During that period we were engaged in wars with Great Britain and Mexico, and were engaged in hostilities with powerful Indian tribes. Louisiana was purchased from France at a cost of fifteen millions of dollars. June, 1865 the public expenditures reached the enormous aggregate of thirty three hundred millions. Three years of peace have bursements of the government have successively been five hundred and twenty millions three hundred and forty-six millions, and three hundred and ninety millions. Adding to these amounts three hundred and seven ty-two millions estimated as necessary for the fiscal year ending June 30th, 1869, we obtain a total expenditure of sixteen hundred millions of dollars during the four years immediately succeeding the war, or nearly as much as was expended the seventy-two years that preceded the rebellion, and embraced the extraordinary expenditures already named, these startling facts clearly illustrate the necessity of retrenchment in all branches of the public service. Abuses which were tolerated during the war for the preservation of the nation will not be tolerated by the people now, that profound peace prevails. The receipts from internal reve- per cent. Congress, in a bill passed prior to nues and customs have during the past three years gradually diminished, and the continuance of useless and extravagant expenditures will involve us in National Bankrupt y or else make inevitable an increase of taxes already too onerous, and, in many respects, obnoxious on account of their inquisitorial character. One hundred millions annually are expended for the military force, a large portion of which is employed in the execution of laws both unnecessary and unconstitule alent that the amount which it obtained was, tutional. One hundred and fifty millions in real money, three or four hundred per are required each year to pay the interest on cent. less than the obligations which it is the public debt. An army of tax gatherers sued in return. It cannot be denied that impoverish the nation, and public agents, placed by Congress beyond the control of the Executive, divert from their legitimate purposes large sums of money, which they collect from the people in the name of the Government. Judicious legislation and prudent sconomy can alone re-nedy defects, and dollar they own in Government securities, avert evils, which, if suffered to exist, can six per cent, in gold, which is n arly, or avert evils, which, if suffered to exist, cannot fail to diminish confidence in the public quite, equal to nine per cent, in currency, councils, and weaken the attachment and re councils, and weaken the attachment and respect of the people toward the r political in stitutions. Without proper care the small those institutions issue their circulation, balance which it is estimated will remain in bearing six per cent. in crest, and that the the Treasury at the close of the present fis are exempt from taxation by the Govern cal year will not be realized, and additional millions be added to a debt which is now e two per cent, in the hand, of the holders numerated by billions. It is shown by the able and comprehensive report of the Secre tary of the Treasury that the receipts of the fiscal year ending June 30th, 1868, were \$405,638,083, and that the expenditures for | ly regarded as favoring a few at the expense the same period were \$377,340,284; leav- of the many, and has led to the further inin the Treasury a surplus of \$28,297,798. It | quiry whether our bondholders, in view of in the Treasury a surplus of \$20,200 in the large profits which may have easily estimated that the receipts during the present fiscal year ending June 30th, 1869, would themselves be avere to a settlement of our indebtedness upon a plan which would of our indebtedness upon a plan which would be a set of the present fiscal year endings. \$336,152,470; showing a small balance of yield them a fair remuneration, and at the \$5,240,398 in favor of the Government for the fiscal year ending June 30th, 1870. It nation. Our national credit should be sais estimated that the receipts will amount credly observed, but in making provision for \$303,000,000; leaving an estimated surplus due to the masses of the people. It may be It becomes proper in this connection to

make a brief reference to our public indebt-edness, which has accumulated with such alarming rapidity and assumed such colos sal proportions. In 1789, when the Gov ernment commenced operations under the Federal Constitution, it was burdened with Federal Constitution, it was burdened with an indebtedness of seventy five millions of dollars, created during the war of the Revo-This amount had been reduced to forty-five millions of dollars, when, in 1812, war was de lared against Great Britain. The three years struggle that followed largely increased the national obligations, and in 1816 they had attained the sum of one hundred and twenty seven millions. Wise and economical legislation, however, enabled the Government to pay the entire amount within a period of twenty years, and the extinguishment of the national debt filled the land with rejpicing, and was one of the great | that it is not well to be over anxious in ex events of President Jackson's administra- acting from the borrower rigid compliance tion. After its redemption a large fund re- with the letter of the bond. If provision be

lions and this was the amount owed by the Government in 1860, just prior to the outbreak of the rebellion. In the spring of 1861 our civil war commenced; each year of its continuance made an enormous addition to the debt, and when in the spring of 1865, the nation successfully emerged from the conflict, the obligations of the Govern ment had reached the immense sum of \$2. 873,992,909. The Secretary of the Treas ury shows that on the 1st day of November. 1867, this amount had been reduced to \$2, 491,504,450, but at the same time his report exhibits an increase during the past year of \$35, 625,102, for the debt on the first day of November last is stated to have been \$2,527.129,552. It is estimated by the Secretary that the returns for the past month will add to our liabilities the further sum of eleven millions, making a total increase during thirteen months of forty six and a half millions.

In my message to Congress of December 4th, 1865, it was suggested that a policy should be devised, which without, being oppressive to the people, would at once begin to effect a reduction of the debt, and if persisted in. dis-harge it fully within a def-inite number of years. The Secretary of the Treasury forcibly recommen is legislation of this character, and justly urges that the longer it is deferred the more difficult must become its accomplishment. We should follow the wise precedent established in 1789 and 1816, and without further delay make provision for the payment of our obligations at as early a period as may be practicable. The fruits of their labors should be enjoyed by our citizens, rather than be used to build up and sustain moneyed monopolies in our own and other lands. Our foreign debt is already computed by Secretary of the Treasury at \$\$50,000,000. Citizens of foreign countries receive interest upon a large portion of our securities. and American tax payers are made to con tribute large sams for their support. The idea that such a debt i to become permanent, should be at all times discarded, as taxation is to heavy to be borne, and the compared with a population of thirty four payment once in every sixteen years at the present rate of interest, of an amount equal to the original sum. This va t debt, if per mitted to become permanent and increasing. must eventually be gathered into the handof a few, and enable them to exert a dangerous and controlling power in the affairof the Government. The borgowers would become servants to the lenders, the lenders masters of the people. We now pride our selves upon having given freedom to four Besides, permanent debts pertain to monarchical governments, and tending to monopoiles, perpetuities and class legislation are totally irreconcilable with free institutions. Introduced into our Republican system, they would gradually but surely san its foundations and eventually subvert our governmental fabric and erect upon its ruins a moneyed aristocracy. It is our sacred do ty to transmit unimpaired to our posterity the blessings of liberty which were bequeathed to us by the founders of the Republic and by our example teach who are to follow us carefully to avoid the dangers which threat

Various plans have been proposed for the payment of the public debt. However they may have varied as to the time and mode in which it should be redeemed, there seems to be a general concurrence as to the propriety and justness of a reduction in the present rate of interest. The Secretary of the Treasury, in his report, recommends five adjournment on the 27th of July last, a greed upon four and four and a half per cent., while by many three per cent. has been held to be an amply sufficient return for the investment. The general impression as to the exorbitancy of the existing rate of interest has led to an inquiry in the publie mind respecting the consideration which the Government has actually received for its bonds, and the conclusion is becoming prevwe are paying an extravagant per centage for the use of the money borrowed, which was paper currency, greatly depreciated be low the value of coin. This fact is made apparent when we consider that bondhold ers receive from the Treasury, upon each ital for the National banks, upon which ment and the States, and thereby enhanced We thus have an aggregate of sever teen pe cent, which may be received upon each dol-lar by the owners of Government securities. A system that produces such results is just assumed that the holders of our securities have already received upon their bonds a larger amount than their original investment, measured by a gold stan lard. Upon this statement of facts it would become just and equitable that six per cent, interest now annual instalments which in sixteen year and eight months would liquidate the entinational debt. Six per cent, in gold would at present rates be equal to nine per cent, in currency, and equivalent to the payment of the debt one and a half times in a frac tion less than seventeen years.

This in connection with all the other ad vantages derived from their investment would afford to the public creditors a fair and liberal compensation for the use of their capital and with this they should be satisfied. The lessons of the past admonish the lender mained in the Treasury, which was deposited for the payment of the indebtedness of the Government in the manner suggested, on condition that it should be returned our nation will rapidly recover its wonted

nine years. The annual expenditures of the Federal Government in 1791 were four millions two hundred thousand dollars. In expensive war with Mexico, we found our selves involved in a debt of sixty four millions two hundred than. ernment It is not now merely unproductive, but in taxation acquailly consumes one hundred and fifty millions of dollars which would otherwise be used by our enterprising people in adding to the wealth of the nation. Our Commerce, which at one time successfully rivalled that of the great Maritime Powers has rapidly diminished, and our industrial interests are in a depressed and languishing condition. The development of our inexhaustible resources is checked and the forinexhaustible resources is checked, and the ferinexhaustible resources is cheeked, and the fer-tile fields of the South are becoming waste for want of me ns to uil them. With the release of capital, new life would be infused into the paral-yzed energies of our people, and activity and vigor imparted to every branch of industry. Our people need encouragement in their efforts to re-cover from the effects of the rebellion and of in-judicious legislation. And it should be the aim of the tovernment to stimulate them by the resource. judicious legislation. And it should be the aim of the Government to stimulate them by the prospect of an early release from the burdens which impede their prosperity. If we cannot take the burdens from their shoulders we should at least manifest a willingness to help bear them. In referring to the condition of the circulating medium. I shall merely reiterate substantially that portion of my last annual message which relates to that subject. The proportion which the current to that subject. The proportion which the curren-cy of any country should bear to the whole value of the annual produ e circulated by its means is a question upon which political economists have not agreed nor can it be controlled by legislation, but must be left to the irrevocable laws which everywhere regulate commerce and trade. The circulating medium will ever irresistably flow to those points where it is in greatest demand. The law of dem nd a d supply is as unerring as that which regulates the tides of the ocean; and, indeed, currency, like the tides, has its ebbs and flows throughout the world. At the beginning of the rebeliion the bank note circulation of the country amounted to not more than two hundred millions of dollars. Now the circulation of na-tional bank notes and those known as legal ten-ders is nearly seven hundred millions while it is urged by some that this amount should be in-creased, others contending that a decided reduction is absolutely essential to the best interests of the country. In view of these diverse opinions it may be well to ascertain the real value of our paper issues when compared with a metallic or convertible currency Forthis prupose let us in-quirt how much g. lt and silver could be pur-chased for the seven hundred millions of paper currency now in circulation Probably not more than half the amount of the latter, showing that when our paper currency is compared with gold and silver its commercia utility is compressed into three hundred and fifty millions. This striking fac makes it the obvious duty of the Government, as early as may be consistent with the principles of early as may be consistent with the principles of sound political economy, to take such measures as will enable the holder of its notes and those of the national banks to convert them without loss into specie or its equivalent. A reduction of our paper circulating medium may not necessarily follow. This, however, would depend upon the law of demand and supply, though it should be borne in mind that by making lega Itender and bank notes convertible into coin or its equivalent their present specie value, in the hands of their ho/ders, would be enhanced one hundred per cent legislation for the ac-complishment of a result so desirable is demand-ed by the highest public considerations. The Constitution contemplates that the circulating medium of the country shall be uniform in Fiorida was ceded to us by Spain for five millions. California was acquired from M xico for fifteen millions, and the territory of New Mexico was obtained from Texas for the sum of ten millions. Early in 1861 the war of the republicant the sum of the millions. Early in 1861 the same of the republicant to the sum of the country shall be uniform in millions of the colored rate. It will then be our shame that forty millions of people, by their own toleration of usurpation and profligacy, have suffered themselves to be come enslaved and merely exchanged from the war of the relation to the colored rate. It will then be our shame that forty millions of people, by their own toleration of usurpation and ing medium of the country shall be uniform in quality and value. At the time of the formation of the country shall be uniform in quality and value. At the time of the formation of the country shall be uniform in quality and value. At the time of the country had just emerging the people, by their own toleration of usurpation and profligacy, have suffered themselves to be come enslaved and merely exchanged from were anxious to profligacy. war of the rebellion commenced, and from slave owners to new taskmasters in the providing a circulating medium, they conferred the turni and industrial pursuits. This policy, the 1st of July of that year, to the 30th of shape of bondholders and taxgatherers. upon Congress the power to coin money and reg-late the value thereof; at the same time probib iling them from making anything but gold and silver a tender in payment of debts. The anom douseon dition of our currency is in striking con trast with that which was originally designed Our circulation now embraces first, notes of the National banks which are made receivable for all duce to the Government excepting imports, and all its creditors excepting in payment of interest second, legal tender notes issued by the United States, and which the law requires shall be received as well in payment of all debts between citizens as of all Government dues, excepting imports; and, third, gold and silver coin. By the operation of our present system of finance, however the metalic currency when collected is re-served only for one class of government creditors, who holding its bonds semi-annually receive their interest in coin from the National treasury. There is no resson which will be accepted as sattactory by the people why those who defend us on the land and protect son the sea; the pen-sioner upon the gratitude of the nation, bearing the scars and wounds received while in its ser-vice; the public servants in the various depart-ments of the Government; the farmer who supments of the tovernment; the farmer who sup-pies the soldiers of the army, and the sailors of the navy; the arrisan who toils in the work shot or the mechanics and laborers who build its edifices and construct its forts and vessels of war, and in payment of their just and hard earned dues receive depreciated paper while another ed dues receive depreciated paper while another class of their countrymen, no more deserving are paid in coin of gold and silver. Fqual and exact justice requires that all creditors of the Government should be paid in a currency possessing uniform value. This can entry be accomplished by the restoration of currency to the standard es-tablished by the Constitution, and by this means we would remove a discrimination which may if it has not already done so, create a prejudice that may become deep rooted and wide spread, and imperil the national credit. The feasibility of making our currency correspond with the consti-tutional standard may be seen by a reference to a few lacts derived from our commercial statistics. The aggregate products of precious metals in the

> coin. Increase in the freezery \$103,407,953 in coin. In circulation, in the States on the Pacific coast. \$40,000,000, and a few millions in the national and other backs, in all less than one hundred and sixty millions. Taking into consideration the specie in the country prior to 1849, and that produced since 1867, and we have more than bree hundred millions not accounted for by exportation or by the returns of the Treasury and herefore, most probably remaining in the coun-ry. These are important facts, and show how completely the inferior extremely will supercede the better forcing it from circulation among the masses causing it to be experted as a mere article lands. They show the necessity of retiring our paper money that the return of gold and silver to the avenues of trade may be invited and a de mand created which will cause the retention at nome of at least so much of the productions of our rich and inexhaustible gold bearing fields that may be sufficient for purposes of circulation It is unreasonable to expect a return to a sound currency as ong as the Government and banks continue to issue irredeemable notes, and fill the channels of circulation with depreciated paper. Notwithstanding a comage by our mints since 1849 of eight hundred and seventy four militions 1849 of eight hundred and seventy four millions of dollars. The people are now strangers to the currency which was designed for their uses and benefit and specimens of precious metals, bearing the national device are seldom seen except when produced to gratify the interest excited by their novelty. If depreciated paper is to be continued as permanent currency of the country, and all our coin is to become a mere article of traffic and speculation to the ethancement of the price of all that a indispensable to the comfort of the people, it will be wise economy to abolish our mints thus saving the Nation the care and expense maident to such establishments and let all pearse indicate to uch establishments and let all our precious metals be exported in bullion The time has come however, when the Government and National Banks should be required to take the most efficient steps and make all necessary arrangements for the resumption of specie pay-monts. Let specie payments once be earnestly inaugurated by the Government and banks and inaugurated by the Government and banks, and the value of the paper circulation would directly approximate a specie standard. Specie payments having been resumed by the Government and banks, all notes or bills of paper issued by either, of less denomination than twenty dollars should, by law, be excluded from circulation, so that the people may have the benefit and convenience of a gold and silver currency, which, in all their business transactions will be uniform in value at home and abroad. Every man of property and industry, every man who desires to preserve what industry, every man who desires to preserve what he honestly possesses, or to obtain what he can hone-tly earn has a direct interest in maintaining

States fr m 1849 to 1867 amounted

5: 174 000,000, while for the same period the net

an excess of product over not exports of \$433,000.
000. There are in the Treasury \$103,407,985 in

xports of specie were \$741 000,000.

undermines the virtues necessary for the support of the social system and encourages propensities destructive of its happiness. It wars against industry frugality and economy, and it fosters the evil spirits of extravagance and speculation. It has been asserted by one of our profound and most gifted statesmen that of all the contrivances for charity the labority that the states of the states most gifted statesmen that of all the contrivances for cheating the laboring classes of mankind, none has been more effectual than that which defudes them with paper money. This is the most effectual of inventions to fertilize the rich man's fields by the sweat of the poor man's brow. Ordinary tyranny, oppression, excessive taxation—these bear lightly on the happiness of the mass of the community, compared with a faudulent currency and the robberies committed by depreciated paper. Our own history has recorded for our instruction enough, and more than enough of the demoralizing tendency, the injustice, and the indemoralizing tendency, the injustice, and the into/erab/e oppression on the virtuous and we//disposed, of a degraded paper currency, authorized by law, or any way countenanced by the
Government It is one of the most successful
devices in times of peace or war, of expansions
or revaligious to accomplish the transfer of all or revulsions to accomplish the transfer of all the precious metals from the great mass of the people into the hands of the few, where they are hoarded in secret places or deposited under belts and bars, while the people are left to endure all the inconveniences, sacrifices and demoralization resulting from the use of depreciated and worth-

ess paper The Secretary of the Interior in his re port, gives valuable information in reference to the interest confided to the supervision of his Department, and reviews the operations of the Land Office, Pension Office, Patent Office and the Indian Bureau. ing the fiscal year ending June 30th, 1868, six millions six hundred and fifty-five thougand seven hundred acres of public lands were disposed of. The entire cash receipts of the General Land office for the same period were \$1.632,745; being greater \$284,883 than the amount realized from the same sources during the previous year. The entries under the Homestead law cover two million three hundred and twenty-eight thousand nine hundred and twenty three acres, nearly one fourth of which was taken under the act of Junde 21st, 1866, which applies only to the States of Alabama. Mississippi, Louisiana, Arkansas and Florida. On the 30th of June, 1868, one hundred and sixty-nine thousand, six hundred and forty three names were torne on the pen-ion rolls, and during the year ending on that day, the total amount paid for pensions, including the expenses for disbursements, was \$24,010,882, being \$5,391,025 greater than that expended for like paposes during the preceding year. During the year ending the 30th of September last, the expenses of the Patent Office exceeded the receipts by one hundred and seventy one dollars, and including re-issues and decizns, fourteen thousand one hundred and fifty three putions, fourteen ents, were issued. Treaties with various Indian tribes have been concluded, and will be submitted to the Senate for its constitutional action.

1 sanction the stipulations which provide

for reserving lands for the various tribes. where they may be encouraged to abandon their nomadic habits, and engage in agriculsignal success whenever it has been pursued in good faith and with becoming liberality by the United States. The necessity for extendind it as far as practicable in our re lations with the abariginal population greater now than at any preceding period. Whilst we furnish subsistance and instructions to the Indians and guarantee the undisturbed enjoyment of their treaty rights, we should habitually insist upon the faithful observance of their agreement to remain within their respective reservations. This is the only nade by which these collissions with other tribes and with the whites can be avoided, and the safety of our frontier settlements secured. The companies constructing the railway from Omaha to Sacramento have been most energetically engaged in prosecuting the work, and it is believsix per cent, bonds issued these companies amounted on the fifth instant to \$44.337, 000, and additional work had been perform ed to the extent of \$3,200,000. The Sec retary of the Interior in August last invited my attention to the report of a Director of the Union Pacific Railroad Company, who had been specially instructed to examine the location, construction and equipmint of their road, and submitted for the opinion of the Attorney General certain questions in regard to the authority of the Executive. which arose upon this report, and those which had from time to time been presented by the Commissioners appointed to examine this and other lines, and have recently submitted a statement of their investigations, of which the report of Secretary of the Interior furnish special information.

The report of the Secretary of War contains information of interest respecting the several Bureaus of the War Department, and the operations of the army. The September last, was 48,000 men, and it is computed that this number will be decreased to 43,000. It is the opinion of the Secretary of War, that within the next year a considerable diminition of the Infantry force may be made without detriment to the interest of the country, and in view of the great expense attending the military estab. lishments and the absolute necessity of retrenchment, wherever it can be applied, it is hoped that Congress will sanction the reduction which his report recommends. While in 1860, sixt on thousand three hun dred men cost the nation \$16,472,000. The sum of \$65,682,000 is estimated as necessary for the support of Army during the fiscal year, ending June the 30th.1870. The estimates of War debt, for the last two years, were for 1867, \$33,814,461, and for \$25,205,669. The actual expenditures during the same periods were respectively, \$95,224,415 and \$123,246,648. The estimate submitted in December last, for the fiscal year ending June 30th, 1869, was \$77,124,707. The expenditures for the first quarter, ending the 30th, of Septem ber last, were \$27.219.117, and the Secretary of the Treasury gives \$66,000,000 as the amount which will probably be required during the remaining three quarters, if there should be no reduction of the Army, making its aggregate cost for the year considerably in excess of ninety three millions. The difference between the estimates and expenditures, for the three fiscal years which have been named, is thus shown to be \$175, 545,343 for this single branch of public

service. The report of the Secretary of the Navy exhibits the operations of that department and of the Navy during the year. A con siderable reduction of the force has been effeeted. There are forty-two vessels carrying four hundred and eleven guns in the six squadrons which are established in different parts of the world. Three of these vessels are returning to the United States and four are used as store ships, leaving the actual cruising force thirty-five vessels, carrying three hundred and fifty six guns. The to-tal number of vessels in the Navy is two upon the south Pacific coast. Chili has not

currency is one of the greatest political evi/s It | dred and forty-three guns. Eighty-one ves- | meantime the conflict has practically exhaussels of every description are in use, armed ted itself, since no belligerant and hostile with six hundred and ninety-six guns. The number of enlisted men in the service, including apprentices, has been reduced to eight thousand five hundred. An increase of navy yard facilities is recommended as a measure which will, in the event of war, be promotive of economy and security. A hope that it may soon be accepted by all the more thorough and systematic survey of the | beiligerants, and lead to a secure establish-North Pacific Ocean is advised, in view of ment of peace and friendly relations between our recent acquisitions, our expanding com- the Spanish American Republics of the Pamerce, and the increasing intercourse be-the Pacific States and Asia. The Naval attended with common benefits to the bel-Pension Fund, which consists of moiety of the avails of prizes captured during the war amounts to \$14,000,000.

Exception is taken to the act of 23d July ast, which reduces the interest on the fund oaned to the Government by the Secretary as trustee, to three per cent., instead of six per cent., which was originally stipulated when the investment was made. An amendment of the Pension laws is suggested to remedy omissions and defects in existing en actments. The expenditures of the department during the last fiscal year were \$20.-120.394, and the estimates for the coming year amount to \$20,993.414. The postmaster general's report furnishes a full and ditures, embracing all the servic : for whichspecial appropriations have been made by Congress, amounting to \$22,730.592, show ing an excess of expenditures of \$6,437.991, tions for ocean, steamship and other spe-\$4.541,466. By using an unexpended balrequired to meet the deficiency, is \$741 ... 466. The causes which produced this large excess of expenditure over revenue, were the restoration of service in the late insurerland, and Italy, respectively, have been important improvements have resulted in the reduced rates, of international postage, and the enlarged mail facilities with Euro pean countries. The cost of the United States trans Atlantic Ocean mail service, since January 1st, 1868, has been largely ment for Ocean mail steamship service, which went into effect on that date. The attention of Congress is invited to the practical suggestions and recommendations made

in his report, by the Postmaster General.

No important question has occurred du-

ing the last year in our accustomed cordial

and friendly intercourse with Costa Rica, Guatamala, Honduras, Sansalvador, France, Austria, Belgium, Switzerland, Portugal, the Netherlands, Donmark, Sweden, and Norway, Rome, Greece, Turkey, Persia Egypt, Liberia, Morocco, Topuli, Tanis, Muscat, Siam, Borneo, and Madagascar. Cordial relations have also been maintained with the Argentine and the Oriental Republies. The expressed wish of Congress that our national good offices might be tendered to those Republics, and also to Brazil and Paraguay, for bringing to an end the contin ous war which has so long been raging in the Valley of the La Plata, has been assided that the line will be completed before uously complied with, and fully acknowledge edge by all the bellicerents. That important negotiation, however, has thus far been without result. Charles A. Washburn, late U. S. Minister to Paraguay having resigned. and being desirous to return to the United States, the Rear Admiral commanding the South Atlantic Squadron was early directed to send a ship of war to Asuncion, the capital of Paraguay, to receive Mr. Washburn, and his tamily, and remove them from a situation which was represented to be endangered by faction and foreign war. The Bruzilian commander of the allied invading forces refused permission to the Wasp to pass through the blockading forces, and that vessel returned to its accustomed anchorage. remonstrance having been made against the refusal. It was promptly overruled, and the Wasp therefore resumed her errand, received Mr. Washburn and family, and conveyed them to a safe and convenient seaport. In the meantime an excited controversy had arisen between the President of Paraguay and the late United States Minister, which strength of our military force on the 30th of it is understood grew out of his proceedings in giving asylum in the United States legation to alleged enemies of that Republic, The question of the right to give asylum is one always difficult and often productive of great embarrassment in States well organized and established. Foreign powers refuse either to concede or exercise that right except as to persons actually belonging to the Diplomatic service. On the other hand all such powers insist upon exercising the right of asylum in States where the law of nations is not fully acknowledge, respected and obeyed. The President of Paraguay is understood to have been opposed to Mr. Washburne's proceedings, owing to the injurious and very improbable charge of personal complicity in insurrection and treason. The correspondence, however, has not reached the United States. Mr. Washburne, in connection with this controversy, represents that two United States citizens attached to the legation were arbitrarily seized at his side when leaving the capital of Paraguay, committee to prison, and there subjected to torture for the purpose of procuring confessions of their own criminality, and testimony to support the President's allegations against the United States Minister.

Mr. M'Mahon, the newly appointed Minister to Paraguay, saying that he had reached the La Plata, has been instructed to proceed without delay to Asuncion, there to Admiral, commanding the U. States South Atlantic Squadron, has been directed to attend the new Minister with a proper naval force, and to sustain such just demands as the occasion may require, and to vindicate the rights of the United States citizens referred to, and of any others who may be exposed to danger in the theatre of war. With these exceptions, triendly relations have been maintained between the United States and Brazil and Paraguay. Our relations during the past year with Bolivia, Eucador, Peru and Chili have become especially friendly and cordial. Spain and the Republics of Peru, Bolivia and Eucador have expressed their willingness to accept the mediations of

movement has been made by either party during the last two years, and there are no indications of a present purpose to resume hostilities on either side. Great Britain and France have cordially seconded our propositions of mediation, and I do not forego the ligerents, and much advantage to all commercial nations. I communicate for the consideration of Congress a correspondence which shows that the Bolivian Republic has established the extremely liberal principle of receiving into its citizenship any citizen of the United States, or of any other of the American Republics, upon a simple condi-tion of voluntary registry. The correspondence berewith submitted will be found painfully replete with accounts of the ruin and wretchedness produced by recent earthquakes of unparalleled severity in the Republics of Pc u, Eucador and Bolivia. The liplomatic agency and naval officers of the U. States who were present in these counclear exhibit of the operations and condition of the postal service. The ordinary postal revenue for the fiscal year ending June 30th, 1868, was \$16.292,660, and the total expen gress of Peru. An appeal to the charity of our fellow citizens has been answered by much liberality. In this connection I sub-mit an appeal which has been made by the deducting from the expenditures the sum of \$1.896.525. The amount of appropria-stitutions are kindred to our own, in hehalf of its inhabitants, who are suffering extreme ial services, the excess of expenditures was destitution, produced by recent inundations. Our relations with Mexico during the year ance in the Treasury of \$3.800,000, the actual nave been marked by an increasing growth al sum for which a special appropriation is of mutual confidence. The Mexican government has not yet acted upon the treaties celebrated here last summer, for establish ing the rights of naturalized citizens upon a liberal and just basis, for regulating Consular gent States, and the putting into operation of the new service established by acts of claims. All commercial nations, as well as Congress, which amounted within the last of Republican institutions, have two years and a half to about forty eight occasion to regret the frequent local disturbthousand seven hundred miles, equal to ances which occur in some of the constitu-more than one third of the whole amount of ent States of Columbia. Nothing his octhe service at the close of the war. New curred, however, to affect the harmony and postal conventions with Great Britain, North cordial friendship which have for several Germany, Belgium, the Netherlands, Switz | years existed between that youthful and vigoruous Republic, and our own. Negoticarried into effect under their provisions; ations are pending with a view to a survey and construction of a ship canal across the Isthmus of Darien, under the auspices of the United States. I hope to be able to submit the result of that negotiation to the Senate during its present session. The very liberal treaty wi ich was entered into last lessened under the operation of these new year by the United States and Nicarauga, conventions; a reduction of over one half has been ratified by the latter Republic. having been effected under the new arrangement for Ocean mail steamship service, which went into effect on that date. The of trade, which I commend to the consideration of Congress. 1 by treaty between the United States and Venezuela, in July, 1865, for the mutual adjustment of claims, has been held, and its decisions have been received at the Department of State. The heretofore recognized Government of the United States of zuela has been subverted, a Provisional Government having been instituted, under circumstances which promise durability. It has been formally recognized. I have been reluctantly obliged to ask explanation and satisfaction for national injuries committed by the President of Hayti. The political and social condition of the Republics of Hayti and St. Domingo are very unsatisfactory and painful. The abolition of slavery which has been carried into effect through out the Island of St. Domingo and the entire West Indies, except the Spanish islands of Cuba and Porto Rico, has been followed by a profound popular conviction of the rightfulness of R publican institutions, and an intense desire to secure them. The attempt, however, to establish Republics there encounters many obstacles, most of which may be supposed to result from long indulg-

> dence upon European powers. While the United States have on all occa-sions professed a decided unwillingness that any part of this continent or of the adjacent islands shall be made a theatre for a new establishment of monarchial power, too little has b en done by us on the other hand to attach the communities by which we are surrounded to our own country, or to lend even a moral support to the efforts they are so resolutely and so constantly making to secure republican institutions for themselves. It is indeed a question of grave consideration whether our recent and present example is not calculated to check the growth and expansion of free principles, and make these communities distrust if not dread a Goveroment which at will consigns to military domination States that are integral parts of our Federal Union, and while ready to resist any attempt by other nations to extend to this hemisphere the monarchial institutions of Europe, assumes to establish over a large portion of its people a rule more abharsh and tyranical than any known

ed habits of colonial supineness and depen-

to civilized powers.

The acquisition of Alaska was made with the view of extending the national jurisdiction and republican principles in the Amer-ican Hemisphere. Believing that a further step could be trken in the same direction, I last year entered into a treaty with the King of Denmark for the purchase of the Islands of St. Thomas and St. John, on the best terms then attainable, and with the express consent of the people of those Islands. This treaty still remains under consideration in the Senate. A new convention has been entered into with Denmark, enlarging the time fixed for the final ratification of the original treaty. Comprehensive National policy would seem to sanction the acquisition and incorporation into our Federal Union. of the several adjacent continental and insular communities, as speedily as it can be done peacefully, lawfully and without any violation of national justice, faith or honor. Foreign possession or control of those com-munities has hitherto rendered the growth and impaired the influence of the United States. Chronic revolution and anarchy there would be equally injurious. Each one of them when firmly established as an independent Republic, or when incorporated into the United States would be a new source of strength and power. Conforming my administration to these principles, I have on no occasion lent support or toleration to unlawful expeditions set on foot upon the plea of republican propagandism or of national extension or agrandizement. The necessity, however, of repressing such unlawful movements clearly indicates the duty which rests upon us of adapting our legislative action to the new circumstances of the decline of European monarchical power and influence and the increase of American republican ideas, interest and sympathies. It cannot be long before it will

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