

which was passed more than two years since, has remained unexecuted in the absence of regulations for its enforcement. It was but a feeble step toward emancipation, but it was a recognition of right, and was hailed as such, and exhibited Spain in harmony with the sentiments of humanity and of justice and sympathy with the other powers of the Christian and civilized world. Within the past few weeks the regulations for carrying out the laws of emancipation have been announced, giving evidence of the sincerity of the intention of the present government to carry into effect the law of 1870. They have, however, failed to urge the consideration of the wisdom, the policy and the justice of a more effective system for the abolition of the great evil which oppresses a race, and continues a bloody and destructive conflict, close to our border, as well as the expediency and the justice of conceding reforms, of which the propriety is not questioned. Deeply impressed with the conviction that the continuance of slavery is one of the most active causes of the continuance of the unhappy condition in Cuba, I regret to believe that citizens of the United States, or those claiming to be such, are large holders in Cuba of what is there claimed as property, but which is forbidden and denounced by the laws of the United States. They are thus, in defiance of the spirit of our own laws, contributing to the continuance of this distressing and sickening contest. In my last annual message I referred to this subject, and I again recommend such legislation as may be proper to denounce, if not prevent and discourage, American citizens from holding or dealing in slaves.

#### Spain and the Pacific Republic.

It is gratifying to announce that the ratification of the convention concluded under the auspices of this government between Spain of the one part and the allied republics of the Pacific of the other, providing for an armistice, has been exchanged. A copy of the instrument is herewith submitted. It is hoped this may be followed by permanent peace between the same parties.

#### Brazil and the Argentine Republic.

The differences which at one time threatened the maintenance of peace between Brazil and the Argentine republic, it is hoped are in the way of being satisfactorily adjusted. With these states, as with the republics of Central and South America, we continue to maintain the most friendly relations. It is with regret, however, announced that the government of Venezuela has made no further payment on account of awards under the convention of the 25th of April, 1866. That republic is understood to be now almost, if not quite, tranquilized. It is hoped therefore that it will lose no time in providing for the unpaid balances of its debt to the U. S. which, having originated in injuries to its citizens by the Venezuela authorities, and having been acknowledged pursuant to a treaty in the most solemn form known among nations, it would seem to deserve a preference over debts of a different origin, and contracted in a different manner. This subject is again recommended to the attention of Congress, for such action as may be deemed proper.

#### Relations With Japan.

Our treaty relations with Japan remain unchanged. An imposing embassy from that interesting and progressive nation visited this country during the year that is passing, but being unprovided with powers for the signing of a convention in this country, no conclusion in that direction was reached. It is hoped, however, that the interchange of opinion which took place during their stay in this country has led to a universal appreciation of the interests which may be reached when the revision of the existing treaty shall be undertaken. In this connection I renew my recommendation of a year ago, that to give importance and add to the efficiency of our diplomatic relations with Japan and China; and to further aid in maintaining the good opinion of these people and to secure to us a share of the commerce destined to flow between these nations and the balance of the commercial world, an appropriation be made to support at least four American youths in each of these countries, to serve as part of the official family of our ministers. Our representatives would not even then be placed upon an equality with the representatives of Great Britain and some other powers. As now situated our representatives in Japan and China have to depend for interpretation and translators upon natives of those countries who

know our language imperfectly, or they have to procure for the occasion, the services of employees in foreign business houses, or the interpreters to other foreign ministers.

#### A Humane Recommendation.

I renew the recommendation made on a previous occasion, for the transfer to the Department of the Interior, to which they seem more appropriately to belong, all the powers and duties in relation to territory, with which the Department of State is now charged by law or by the customs of Congress. From the beginning of the government it has wisely made provision for the relief of distressed seamen in foreign countries. No similar provision, however, has hitherto been made for the relief of citizens in distress abroad other than seamen. It is understood to be customary with other governments to authorize their consuls to extend such relief to their citizens or subjects in certain cases. A similar authority and an appropriation to carry it into effect are recommended, in case of citizens of the United States destitute or sick under such circumstances. It is well known that such citizens report to foreign countries in great numbers, and though most of them are able to bear the expenses incident to their location, there are some who, through accident or otherwise, become penniless and have no friends at home able to succor them. Persons in this situation must either perish, cast themselves upon the charity of foreigners, or be relieved at the private charge of our own officers, who usually, even with the most benevolent dispositions, have nothing to spare for such purposes. Should the authority and appropriation asked for be granted, care will be taken to carry the beneficence of Congress into effect, that it shall not be unnecessarily or unworthily bestowed.

#### The Treasury.

The money received and carried into the Treasury during the fiscal year ending June 30th, 1872, was, from the customs \$216,370,286.77; from the sales of public lands \$2,575,714.19; from internal revenue \$130,642,177.72; from the tax and national bank circulation, etc., \$6,523,396.39; from the Pacific railroad companies \$749,861.87; from customs' fines, etc., \$1,136,442.34; from consular fees and land patents \$2,284,095.92; from miscellaneous sources \$4,412,254.71; total of ordinary receipts \$364,694,229.91; from premiums on the sales of coin \$9,412,637.65; total net receipts \$374,016,837.56; the balance in the Treasury June 30, 1871, \$109,935,705.59. Total in available cash \$484,042,573.15. The net expenditures by warrants during the same period were for civil expenses \$16,189,079.70; for foreign interests \$18,409,369.14; Indians \$7,065,728.82; pensions \$28,533,402.76; for military establishments, including fortifications, rivers and harbor improvements, and arsenals \$31,537,215.72; for naval establishments, including vessels, machinery and improvements at the navy yards \$21,249,809.99; for miscellaneous, including public buildings, lighthouses and collecting the revenue \$42,958,329.08; interest on the public debt \$117,357,839.72; total, exclusive of principal and premium on the public debt \$270,559,695.91; for premium on bonds purchased \$4,958,766.74; for the redemption of the public debt \$9,996,025.34; total \$106,918,520.30; total net disbursements, \$377,478,216.21; balance in treasury June 30, 1872, \$18,564,356.95; total \$484,042,573.15. From the foregoing statement it appears that the net reduction of the principal of the debt during the fiscal year ending June 30, 1872, was \$99,960,253.54. The source of reduction is as follows—Net ordinary receipts during the year \$364,694,229.91; net ordinary expenditures, including interest on the public debt, \$270,559,695.91; total, \$94,134,534.00; add amount of receipts from premium on sales of gold in excess of premium paid on bonds purchased, \$2,454,473.89; add amount of the reduction of the cash balance at the close of the year, accompanied with the sale at the commencement of the year, \$337,348.65; total \$99,960,253.54. This statement treats solely on the principal of the public debt by the monthly statement of the public debt, which adds together the principal and interest due and unpaid, and the interest accrued to date due, and deduct cash in treasury. As according on the day of publication the reduction was \$100,544,491.28. The source of this reduction is as follows—reduction in principal account, \$99,860,003.54; reduction in unpaid interest account, \$330,957.56; total, \$103,290,953.50; reduction in cash on hand, \$2,746,465.22; total, \$100,544,491.28. On the basis of

the last total the statements show a reduction of the public debt from the 1st of March 1869 to the present time as follows—from March 1st, 1869, to March 1st, 1870, \$87,134,782.84; from March 1st, 1870, to March 1st, 1871, \$117,819,630.25; from March 1st, 1871, to March 1st, 1872, \$94,845,348.94; from March 1st, 1872, to Nov. 1, 1872, eight months, \$84,047,237.84; total, \$363,696,999.87.

#### Reduction of Taxation.

With the great reduction of taxation by the acts of congress at its last session the expenditure of the government in collecting the revenue will be much reduced for the next fiscal year. It is very doubtful, however, whether any further reduction of so heavy a burthen upon any people will be practicable for the present. At all events, as a measure of justice to holders of the nation's certificates of indebtedness, I would recommend that no more legislation be had upon this subject unless it be to correct errors, omission, or commission in the present laws until sufficient time shall have elapsed to prove that it can be done and still leave sufficient revenue to meet the current expenses of the government, pay the interest on the public debt, and provide for the sinking fund established by law. The preservation of our national credit is of the highest importance. Next in importance to this comes the solemn duty to provide a national currency of fixed, unvarying value as compared with gold, and as soon as practicable, having due regard for the interests of the debtor class and the vicissitudes of trade and commerce, convertible into gold at par.

#### War Department.

The report of the Secretary of War shows the expenditures of the War Department for the fiscal year ending June 30, 1871, to be \$25,799,991.82; and for the fiscal year ending June 30, 1872, to be \$25,372,157.20; showing a reduction in favor of the last fiscal year of \$427,834.62. The estimates for military appropriations for the next fiscal year ending June 30, 1873 are \$33,801,378.78. The estimates of the Chief of Engineers are submitted separately for fortifications, river and harbor improvements, and for public buildings and grounds, and the Washington aqueduct. The affairs of the Freedmen's Bureau have all been transferred to the War Department and regulations been put into execution for the speedy payment of the bounty and pay due the colored soldiers, properly coming under that bureau. All warrants for money and property prior to 1871 have been examined and transmitted to the Treasury for final settlement.

During the fiscal year there has been paid for transportation on railroads \$1,300,000 of which \$80,857 was over the Pacific railroad. For transportation by water \$626,373.52 and by stage \$48,975.84; and for purchase of transportation animals, wagons, hire of teams &c., \$924,650.64. About \$370,000 have been collected from southern railroads during the year, leaving about four millions still due. The quarter-master has examined and transmitted to the accounting officers for settlement \$367,172.72 of claims by loyal citizens for quarter-master's stores during the war. Subsistence supplies to the amount of \$809,412 have been issued to Indians. The annual average mean strength of the army was 24,210, of which 2,494 were colored soldiers. The total deaths for the year are reported at 367, of which 54 were colored. The distribution of medical and surgical stores was yet to be ordered by Congress. There exists an absolute necessity for a medical corps of the full number established by act of Congress of July 28, 1866, there being now 59 vacancies, and the number of successful candidates rarely exceeds eight or ten in any one year. River and harbor improvements have been carried on with energy and economy, and though many are only partially completed the results have saved to commerce many times the amount expended. The increase of commerce, with a greater depth of channels and greater security in navigation and the saving of time, adds much to the wealth of the country, and increases the resources of the government. The bridge across the Mississippi River at Rock Island has been completed, and a proper site has been determined upon for the bridge at La Crosse. The able and exhaustive report made by the commission appointed to investigate the Sutr tunnel has been transmitted to Congress. The observations and reports of the signal office have been continued, and relations have been maintained at each of the principal lake, seaport and bay cities. Ten additional stations have been established in the United States, and arrangements have been

made for the exchange of reports with Canada, and a similar exchange of observations is contemplated with the West India Islands.

#### Recommendations of War Department.

The favorable attention of Congress is invited to the following recommendations of the Secretary of War—a discontinuance of the appointment of extra lieutenants, to serve as adjutants and quarter masters; the adoption of a code providing a specific penalty for well defined offenses; that inequality of sentences adjudged by courtmartial may be adjusted; the consolidation of accounts under which expenditures are made, as a measure of economy; a re-appropriation of the money for the construction of a depot at San Antonio, as the title to the site is now being perfected; a special act placing a cemetery at the City of Mexico on the same basis as other national cemeteries; authority to purchase sites for military posts in Texas, the appointment of commissary sergeants from non-commissioned officers, as a measure for securing better care and protection of supplies; an appropriation for catalogues and a table for the anatomical section of the army as a medical museum; a re-appropriation of an amount for the manufacture of breech-loading arms, should the selection be so formed by the board of officers to leave the former the appropriations expended at the close of the fiscal year; the sale of such arsenals east of the Mississippi as can be spared, and the proceeds to be applied to the establishment of one large arsenal of construction and repair upon the Atlantic coast; the purchase of a suitable site for proving and experimental ground for heavy ordnance; the abrogation of laws which deprive inventors in the United States service from deriving any benefit from their inventions; the repeal of the law prohibiting promotions in the staff corps; a continuance of the work upon the coast defenses; the propriety of the repeal of the seventh section of the act of July 13th, 1866, taking from engineer soldiers the per diem granted to other troops; limitation of time for the preservation of subsistence supplies under the act of July 4th, 1864; and a modification in the mode of the selection of cadets for the military academy; in order to enhance the usefulness of the academy, which is impaired by reason of the large amount of time necessarily expended in giving new cadets a thorough knowledge of the more elementary branches of learning which they should acquire before entering the academy; also an appropriation for philosophical apparatus; and an increase in the numbers of the military academy.

#### Canals and Railroads.

The attention of Congress will be called, during its present session, to the various enterprises for the more certain and cheaper transportation of the constantly increasing surplus of western and southern products to the Atlantic sea border. This subject is one that will force itself upon the legislative branch of the government sooner or later, and I suggest, therefore, that immediate steps be taken to gain all available information to secure an equitable and just legislation on the line to connect the Mississippi Valley with the Atlantic at Charleston (S. C.) and Savannah (Ga.), by water, by way of the Ohio and Tennessee Rivers; and canals and a new water navigation on Savannah and Ocmulgee Rivers, which has been surveyed and a report made by an accomplished engineer officer of the army. The second and third new routes will be proposed for the consideration of Congress, namely, by an extension of the Kanawha and James River canal to the Ohio, and by an extension of the Chesapeake and Ohio canal. I am not prepared to recommend government aid to these or other enterprises until it is clearly shown that they are not only of national interest but that, when completed, they will be of a value commensurate with their cost, and that the production increases more rapidly than the means of transportation. In our country, it has been demonstrated by past experience, that the unprecedented growth in the population and products of the whole country will require additional facilities and cheaper means for the more bulky articles of commerce to reach the tide water, and that a market will be demanded in the near future is equally demonstrated. I would therefore suggest either a committee or a commission to be organized to consider this whole question, and to report to Congress, at some future day, for its better guidance in legislating on the important subject. The railroads of the country have been rapidly extended during the last few years to meet the growing demand of the producers, and they reflect much credit upon the capitalists and managers engaged in this construction. In addition to these a project to facilitate commerce by the building of a ship canal around the Niagara Falls on the United States side, which has been agitated for many years, will no doubt be called to your attention this session. Looking to the great future of our country and the increasing demands of commerce, it might be well, while on this subject, not only to have examined and reported upon the various practicable routes for connecting the Mississippi with tide water on the Atlantic, but the feasibility of an almost continuous land-locked navigation from Maine to the Gulf of Mexico. Such a route along our coast would be of great value at all times, and of inestimable value

[CONTINUED ON PAGE 672.]