

formed in the U. S., to land and freely connect with and operate through its land lines.

Second—No line should be allowed to land on the shores of the U. S. which is not, by treaty stipulation with the government from whose shores it proceeds, or by prohibition in its charter, or otherwise, to the satisfaction of this government, prohibited from consolidating or amalgamating with any other cable telegraph line, or combining therewith for the purpose of regulating and maintaining the cost of telegraphic communication.

Third—All lines should be bound to give precedence in the transmission of the official messages of the government of the two countries between which it may be laid.

Fourth—A power should be reserved to the two governments, either conjointly or to each, as regards the messages despatched from its shores, to fix a limit to the charges to be maintained for the transmission of messages.

I present this subject to the earnest consideration of Congress, in the meantime, and unless Congress otherwise directs, I shall not oppose the landing of any cable which complies with and assents to the points above enumerated, but will feel it my duty to prevent the landing of any which does not conform to the first and second points as stated, and which will not stipulate to concede to this government the precedence in the transmission of official messages, and will not enter into satisfactory arrangements as regards the amount of its charges.

#### CITIZENSHIP.

Among the pressing and important subjects to which, in my opinion, the attention of Congress should be directed, are those relating to fraudulent naturalization and expatriation. The U. S., with great liberality, offers its citizenship to all who in good faith comply with the requirements of law. These requirements are as simple and upon as favorable terms to the emigrant as the high privilege to which he is admitted can or should permit, and I do not propose any additional requirements to those which the law now demands. But the very simplicity and want of the necessary formality in our law have made fraudulent naturalization not infrequent, to the discredit and injury of all honest citizens, whether native or naturalized. Cases of this character are continually being brought to the notice of the government by our representatives abroad, and also those of persons resident in the countries, most frequently those who, if they have remained in this country long enough to entitle them to become naturalized, have generally not much over passed that period, and have returned to the country of their origin, where they reside, avoiding all duties to the U. S. by their absence, and claiming to be exempt from all duties to the country of their nativity and of their residence by reason of their alleged naturalization. It is due this government itself, and the great mass of the naturalized citizens who entirely, both in name and in fact, become citizens of the U. S., that the high privilege of citizenship of the U. S. should not be held by fraud, or in derogation of the laws and of the good name of every honest citizen.

On many occasions it has been brought to the knowledge of the government that certificates of naturalization are had, and protection or interference claimed, by parties who admit they not only were not within the U. S. at the time of the pretended naturalization, but that they never resided in the U. S.; in others the certificates and record of the court show on their face that the person claiming to be naturalized had not resided the required time in the U. S. In others it is admitted upon examination that the requirements of the law have not been complied with, and in some cases even such certificates have been made matters of purchase. These are not isolated cases arising at rare intervals, but are of common occurrence, and which are reported from all quarters of the globe. Such occurrences cannot and do not fail to reflect upon the government, and injure all honest citizens. On such a fraud being discovered, however, there is no practicable means within the control of the government by which the record of naturalization can be vacated, and should the certificate be taken up, as it usually is, by the diplomatic and consular representa-

tives of the government, to whom it may have been presented, there is nothing to prevent the person claiming to have been naturalized, from obtaining a new certificate from the court, in place of that which has been taken from him. The evil has become great, and of such frequent occurrence that I cannot too strongly recommend that some effective measures be adopted to provide a proper remedy and means for the vacating of any record thus fraudulently made, and of punishing the guilty parties to the transaction.

#### EXPATRIATION.

In this connection I refer again to the question of expatriation and election of nationality. The U. S. was foremost in upholding the right of expatriation, and was principally instrumental in overthrowing the doctrine of perpetual allegiance. Congress has declared the right of expatriation to be national, in point of right, of all people, and while most other nations have laws providing what formalities shall be necessary to work a change of allegiance, the United States enacts the provision of no law, and has in no respect marked out how and when expatriation may be accomplished by its citizens. Instances are brought to the attention of the government where citizens of the United States, naturalized or native born, have formally become citizens or subjects of foreign powers, but who, nevertheless, in the absence of any provision of legislation on this question, when involved in difficulties, or when it seems to be their interest, claim to be citizens of the U. S., and demand the intervention of a government which they have long since abandoned, and to which, for years, they have rendered no service or placed themselves in any way amenable. In other cases, naturalized citizens at once, after naturalization, have returned to their native country, have become engaged in business, have accepted offices or pursuits inconsistent with American citizenship, and evinced no intent to return to the U. S. until called upon to discharge some duty to the country where they are residing, when, at once, they assert their citizenship and call upon the representatives of the government to aid their unjust pretensions. It is but justice, on all such occasions, that no doubt should exist on such questions, and that Congress should determine by the enactment of law, how expatriation will be accomplished and change of citizenship be established.

#### STATUS OF AMERICAN WOMEN MARRYING FOREIGNERS.

I also invite your attention to the necessity of regulating by law the status of American women who marry foreigners, and of defining more fully that of children born in a foreign country of American parents who may reside abroad, and also of some further provision regulating or giving legal effect to marriages of American citizens contracted in foreign countries. The correspondence submitted herewith shows a few of the constantly occurring questions on the points submitted to the consideration of the government. There are few subjects to engage the attention of Congress on which more delicate relations are depending.

#### DEPARTMENT OF STATE.

In the month of July last the building erected for the Department of State was taken possession of and occupied by that department. I am happy to say that the archives and valuable property of the government in the custody of that department are now safely deposited.

#### TREASURY REPORT.

The report of the Secretary of the Treasury shows receipts from customs for the fiscal year ending June 30, 1874, to have been \$163,103,833.69; and for the fiscal year ending June 30, 1875, to have been \$157,167,722.35, a decrease for the last fiscal year of \$5,936,111.34. The receipts from internal revenue for the year ending the 30th of June, 1874, were \$102,409,784.90, and for the year ending the 30th of June, 1875, were \$110,007,493.58, an increase of \$7,597,708.68. The report also shows, complete, the working of the department for the last year, and contains recommendations for reforms and legislation which I concur in, but cannot comment on so fully as I should like to do if space would permit. But I will confine myself to a few suggestions which I look upon as vital to the best interests of the whole people.

#### SPECIE RESUMPTION.

In coming within the purview of the Treasury, I mean specie resumption, too much stress cannot be laid on this question, and I hope that Congress may be induced, at the earliest day practicable, to insure the consummation of the act of the last Congress, at its last session, to bring about specie resumption, on and after the first day of January 1879 at the farthest. It would be a great blessing if this could be consummated even at an earlier day. Nothing seems to me to be more certain than that a full and permanent reaction cannot take place in favor of the industries and financial welfare of the country until we return to a measure of values recognized throughout the civilized world. While we have a currency not equivalent to this standard, the world's recognized standard, specie becomes a commodity like the products of the soil, the surplus seeking a market wherever there is a demand for it. Under our present system we should want none, nor would we have any, were it not that the customs dues must be paid in coin, and because of the pledge to pay the interest of the public debt in coin. The yield of the precious metals would flow out for the purchase of foreign products, and leave the U. S. hewers of wood and drawers of water, because of wiser legislation on the subject of finance by the nations with whom we have dealings. I am not prepared to say that I can suggest the best legislation to secure this end, but it would be a source of great gratification to me to be able to approve any measure of Congress looking effectively towards early resumption. Unlimited inflation would probably bring about specie payments more speedily than any legislation looking to the resumption of the securities in coin, but it would be at the expense of honor. Legal tenders would have no value beyond settling present liabilities, or, properly speaking, the repudiation of them. They would pay nothing after debts were all settled. There are a few measures which seem to me important in this connection, and which I commend to your earnest consideration.

First—the repeal of so much of the legal tender acts as make these notes receivable for debts contracted after a date to be fixed in the act itself, say not later than the first of January 1877. We should then have a quotation at real value and not fictitious. Then gold would not only beat at a premium, but currency at a discount. A healthy reaction would set in at once, and with it a desire to make the currency what it purports to be. The merchants, manufacturers and tradesmen, and every calling, could do business on a fair margin of profit, the money to be received having an unvarying value. Laborers and all classes who work for stipulated pay or salary, would receive more for their income, because extra profits would no longer be charged by the merchant to compensate him for the risk of a downward fluctuation in the value of the currency.

Second.—That the Secretary of the Treasury be instructed to redeem, say not exceeding two million dollars monthly of legal tender notes, by issuing instead a long bond, bearing interest at the rate of three hundred and sixty-five one hundredths percent. per annum, of a denomination ranging from \$50 to \$1,000 each. These would reduce the legal tender notes to a volume that could be kept afloat, without demanding redemption in large sums suddenly.

Third—that additional power be given to the Secretary of the Treasury to accumulate gold for final redemption, either by increasing the revenue or by curtailing expenses, or both. It is preferable to do both, and I recommend that a reduction of expenditure be made wherever it can be done without impairing the government's obligations, or crippling the due execution thereof.

One measure for increasing the revenue, and the only one I think of, is the restoration of the duty on tea and coffee; these duties would add probably eighteen million dollars to the present amount received for imports, and would in no way increase the prices paid for these articles by the consumers. These articles are the products of countries collecting revenue from exports, and as we, the last consumers, reduce the duties, we proportionally increase them with this addition to

the revenue. Many duties now collected, and which give but an insignificant return for collecting, might be remitted to the direct advantage of the consumers at home. I would mention those articles which enter into manufactures of all sorts; all duty paid upon such articles goes directly to the cost of the article when manufactured here, and must be paid by the consumers. The duties not only come from the consumers at home, but act as a protection to foreign manufacturers of the same completed articles in our own and distant markets.

I suggest, or mention, another subject bearing upon the question of how to enable the Secretary of the Treasury to accumulate balances. It is to devise some better method of verifying claims against the government than at present exists, through the the court of claims, growing out of the late war. Nothing is more certain than that a large percentage of the amounts passed and paid are part or wholly fraudulent, or are far in excess of the real losses sustained. The large amount of losses proven, on good testimony according to existing laws, by affidavits of fictitious or unscrupulous persons, to have been sustained on small farms and plantations, are not only far beyond the possible yield of those places for any one year, but, as every one knows who has experience in tilling the soil, and who has visited the scenes of these spoliations, they are in many cases more than the persons were ever worth, including their personal and real estate.

The report of the Attorney General, which will be submitted to Congress at an early day, will contain a detailed history of the awards made of claims pending of the class here referred to.

#### WAR REPORT.

The report of the Secretary of War, accompanying this message, gives a detailed account of the army operations for the year just passed, the expenses for maintenance, etc., with the recommendations for legislation, to some of which I respectfully invite your attention, specially, first, to the necessity of making \$300,000 of an appropriation for the subsistence department, available before the beginning of the next fiscal year. Without this provision the troops at points distant from supply production, must either go without food, or the existing laws must be violated. It is not attended with cost to the Treasury.

Second—His recommendation for the enactment of a system of annuities for the families of deceased officers, by voluntary deductions from the monthly pay of officers. This again is not attended with a burden upon the treasury, and would, for the future, relieve much distress, which every old army officer has witnessed in the past. Officers dying suddenly, or being killed, leaving families without even the means of reaching their friends, if fortunate enough to have friends to aid them.

Third—The repeal of the law abolishing mileage, and a return to the old system.

Fourth—The trial with torpedoes, under the corps of Engineers and an appropriation for the same. Should war ever occur between the U. S. and any maritime power, torpedoes will be among if not the most effective and cheapest auxiliaries for the defense of harbors, and also in aggressive operations, that we can have hence. Hence it is advisable to learn by experiment their best construction and application, well as effect.

Fifth—A permanent organization for signal service corps. This service has now become a necessity of peace as well as war, under the advancement made by the present able management.

Sixth—A renewal of the appropriation for compiling the official records of the war, etc.

#### THE NAVY.

The condition of our navy at this time is a subject of satisfaction. It does not contain, it is true, any of the powerful cruising iron-clads which make so much of the maritime strength of some other nations, but neither our continental situation nor our foreign policy requires that we should have a large number of ships of this character, while this situation and the nature of our ports continues to make those of other nations little dangerous to the U. S. under such circumstances.

Our navy does contain, however, a considerable number of iron-clads of the monitor class, which, though tot properly cruisers, are powerful and effective for harbor defense and for operations near our own shores. Of these all the single turreted ones, fifteen in number, have been substantially rebuilt, their rotten wooden beams replaced with iron, their hulls strengthened and their engines and machinery thoroughly repaired, so that they are now in a most efficient condition, and ready for sea as soon as they can be manned and put in commission. The five double turreted ironclads belonging to our navy, by far the most powerful of our ships for fighting purposes, are also in hand, undergoing complete repairs, and could be ready for sea in periods varying from four to six months. With these completed, according to the present design, and our two iron torpedo boats now ready, our ironclad fleet will be, for the purposes of defence at home, equal to any force that can be readily brought against it. Of our wooden navy, also, cruisers of various sizes, to the number of about forty, including those now in commission, are in the Atlantic, and could be ready for duty as fast as men could be enlisted. Of those not already in commission, one-third are in effect new ships, and although some of the remainder need considerable repairs to their boilers and machinery, they are, or can readily be, made effective. This constitutes a fleet of more than fifty war ships, of which fifteen are ironclads, now on hand on the Atlantic coast. The navy has been brought to this condition by a judicious and practical application of what could be spared from the current appropriations of the last few years, and from that made to me, through a possible emergency, two years ago. It has been done quietly, without proclamation or display, and though it has necessarily straitened the department in its ordinary expenditure, and as far as the iron clads are concerned, has added nothing to the cruising force of the navy, yet the result is not less satisfactory, because it is to be found in a great increase of real rather than apparent force. The expenses incurred in the maintenance of an effective naval force in all its branches are necessarily large, but such a force is essential to our positions, relations and character, and affects seriously the weight of our principles and policy throughout the whole sphere of naval responsibilities. The estimates for the regular support of this branch of the service for the next year amount to a little less in the aggregate than those made for the current year, but some additional appropriations are asked for objects not included in the ordinary maintenance of the navy, but believed to be of pressing importance at this time. It would, in my opinion, be well, at once, to afford sufficient means for the immediate completion of the double turreted monitors now undergoing repairs, which must otherwise advance slowly, and only as money can be spared from current expenses. Supplemented by these, our navy, armed with the destructive weapons of modern warfare, manned by our seamen, and in charge of our instructed officers, will present a force powerful for the home purposes of a responsible though peaceful national policy.

#### POSTMASTER-GENERAL'S REPORT.

The report of the Postmaster General, herewith transmitted, gives a full history of the workings of the department for the year just passed. It will be observed that the deficiency to be supplied from the general treasury is increased over the amount refunded for the preceding year. In a country so vast in area as the United States, with large portions sparsely settled, it must be expected that this important service will be more or less a burden upon the treasury for many years to come; but there is no branch of the public service which interests the whole people more than that of the cheap and rapid transmission of the mails to every inhabited part of our territory. Next to the free schools the post office is the great educator of the people, and it may well receive the support of the general government. The subsidy of \$150,000 per annum, given to vessels of the U. S. for carrying mails between New York and Rio de Janeiro, having ceased on the 30th of September last, we are without direct