

power, and that the time was coming when the superstitious mass might expel all foreigners and restore Mandarin influence. Anticipating trouble from this cause, I invited France and North Germany to make an authorized suspension of hostilities in the East, when they were temporarily suspended by act of the commanders, to act together for the future promotion in China of the lives and property of Americans and Europeans.

Slave Trade.

Since the adjournment of Congress the ratifications of the treaty with Great Britain, for abolishing the mixed courts for the suppression of the slave trade, have been exchanged. It is believed that the slave trade is now confined to the eastern coast of Africa, whence the slaves are taken to Arabian markets.

Naturalization.

Ratifications of the naturalization convention between Great Britain and the United States have also been exchanged during the recess, and thus a long-standing dispute between the two Governments has been settled in accordance with the principles always contended for by the United States.

British Boundary Line.

In April last, while engaged in locating a military reservation near Pembina, a corps of engineers discovered that the commonly received boundary line between the United States and British possessions at that place is about fifty-seven hundred feet south of the true position of the zenith parallel, and that the line, when run on what is now supposed to be the true position of that parallel, would leave the fort of the Hudson's Bay company, at Pembina, within the territory of the United States. This information being communicated to the British government, I was requested to consent, and I did consent, that the British occupation of the fort of the Hudson Bay Company, should continue for the present. I deem it important, however, that this part of our boundary lines should be definitely fixed by a joint commission of the governments, and submit herewith estimates of the expense of such a commission on the part of the United States, and recommend that an appropriation be made for that purpose. The land boundary is already fixed and marked from the Summit of the Rocky Mountains to the Georgian Bay. It should now be, in like manner, marked from the Lake of the Woods to the summit of the Rocky Mountains.

The "Alabama" Question.

I regret to say that no conclusion has been reached for the adjustment of the claims against Great Britain, growing out of the course adopted by that government during the rebellion. The cabinet of London, so far as its views have been expressed, does not appear to be willing to concede that her Majesty's government was guilty of negligence, or did or permitted any act during the war by which the United States has just cause of complaint. Our firm and unalterable convictions are directly the reverse. I therefore recommend to Congress to authorize the appointment of a commission to take proof of the amounts and the ownership, and of their claims, on notice to the representative of her Majesty at Washington; and that authority be given for the settlement of these claims by the United States, so that government shall have the ownership of private claims as well as the responsible contract of all demands against Great Britain. Whenever her Majesty's government shall entertain a desire for a full and friendly adjustment of these claims, the United States will enter upon their consideration with an earnest desire for a conclusion consistent with the honor and dignity of both nations.

The Fishery Question.

The course pursued by the Canadian authorities toward the fishermen of the United States during the past season, has not been marked by a friendly feeling. By the first article of the convention of 1818, between Great Britain and the United States, it was agreed that the inhabitants of the United States should have forever in common with British subjects, the right of taking fish in certain waters, not included in the limits named in the Convention, within three miles of ports on the British coast. It has been the custom for many years to give intruding fishermen from the United States, a reasonable warning of the technical rights of Great Britain.

The Imperial Government is understood to have delegated the whole or a share of its jurisdiction or control of these in-shore grounds, to the Colonial authority known as the Dominion of

Canada, and this same independent, but irresponsible agent, has exercised its delegated powers in an unfriendly way. Vessels have been seized without notice or warning, in violation of the customs previously prevailing, and have been taken into the Colonial ports, their voyages broken up and the vessels condemned. There is reason to believe that this unfriendly treatment was designed to bear harshly on the United States, with a view to a political effect upon this Government.

The statutes of the Dominion of Canada become still broader and more untenable in their jurisdiction over vessels of the United States; they authorize officers or persons to bring vessels hovering within three marine miles of any of the coasts, bays, creeks, or harbors of Canada, into port, to search the cargo, to examine the master on oath touching the cargo and voyage, and to inflict upon him the levy of a pecuniary penalty. If answers are not given, and if such a vessel is found prepared to fish within three marine leagues of any such coasts, bays, creeks or harbors, with a license, or after the expiration of period named in the last license granted, they provide that the vessel, with her tackle, etc., shall be forfeited. It is not known that any condemnations have been made under these statutes. Should the authorities of Canada attempt to enforce them, it will become my duty to take such steps as may be necessary to protect the rights of the United States.

It has been claimed by Her Majesty's officers, that the fishing vessels of the United States have no right to enter the open ports of the British Possessions in North America, except for the purpose of shelter and repairing damages, of purchasing food and obtaining later news; that they have no right to enter at the British Custom House, or to trade except in the purchase of wood and water; and that they must depart within twenty-four hours after notice to leave. It is not known that any seizure of fishing vessels carrying the flag of the United States has been made under this claim. So far as the claim is founded on the alleged construction of the convention of 1818, it cannot be acquiesced in by the United States. It is hoped that it will not be insisted on by Her Majesty's government.

During the Conference which preceded the negotiation of the Convention of 1818, the British commissioners proposed to expressly exclude the fishermen of the United States from the privilege of carrying on trade with any of His Britannic Majesty's subjects residing within the limits assigned for their use, and also that it should not be lawful for the vessels of the United States engaged in such fishery, to have on board any goods, wares or merchandize, whatever, except such as may be necessary for the prosecution of their voyages to and from said fishing grounds, and any vessel of the United States, which shall contravene this regulation, may be seized, condemned and confiscated, with her cargo.

This proposition, which is identical with the construction put on the language of the Convention, was emphatically rejected by the American Commissioners, and thereupon was abandoned by the British Plenipotentiaries, and Article I, as it stands in the Convention, was adopted. If, however, it be said that the claim is founded on provincial or colonial statutes, and not upon the Convention, this Government cannot but regard them as unfriendly and as a contravention of the spirit, if not the letter, of the treaty, for the faithful execution of which the Imperial Government is alone responsible.

Free navigation of the St. Lawrence.

Anticipating that an attempt may possibly be made by the Canadian authorities in the coming season to repeat their unneighborly act toward our fishermen, I recommend you to confer upon the Executive the power to suspend, by proclamation, the operation of the laws authorizing the transit of goods, wares and merchandise, in bond, across the territory of the United States to Canada; and further, should such an extreme measure be necessary, to suspend the operation of any laws whereby the vessels of the Dominion of Canada are permitted to enter the waters of the United States.

A like unfriendly disposition has been manifested on the part of Canada in the maintenance of a claim of the right to exclude the citizens of the United States from the navigation of the St. Lawrence. This river constitutes a natural outlet to the ocean for eight States, with an aggregate population of 17,600,000 inhabitants, and with an aggregate tonnage of 661,367 tons upon the

waters which discharge into it. The foreign commerce of their ports on these waters is open to British competition, and the major part of it is done in British bottoms.

If American seamen be excluded from the natural avenue to the ocean, the monopoly of the direct commerce of the Lake ports with the Atlantic would be in foreign hands, their vessels on transatlantic voyages having no access to our Lake ports, which would be denied to American vessels on similar voyages. To state such a proposition is to refute its justice. During the administration of John Quincy Adams, Mr. Clay unquestionably demonstrated the natural right of the citizens of the United States to the navigation of this river, claiming the Act of Congress of Vienna upon the Rhine and other rivers, and all nations to have the judgment of European jurists and statesmen, that the inhabitants of a country through which a navigable river passes, have a natural right to enjoy the navigation of that to and into the sea, even though passing through the territory of another power. Since Mr. Clay advanced his argument in behalf of our right, the principle for which he contended has been frequently and by various nations recognized by law, and by treaty has been extended to several other great rivers. By the treaty concluded at Mayence, in 1831, the Rhine was declared free from the point where it is navigable into the sea. By the convention between Spain and Portugal, concluded in 1835, the navigation of the Douro throughout its whole extent, was made free for the subjects of both crowns. In 1853 the Argentine Confederation, by treaty, threw open the free navigation of the Parana to Uruguay and to the merchant vessels of both nations. In 1856 the Crimean war was closed by a treaty which provided for the free navigation of the Danube. In 1856, Bolivia, by treaty, declared it regarded the rivers Amazon and La Plata, in accordance with fixed principles of international law, as highways or channels opened by nature for the commerce of all nations. In 1859, the Paraguay was made free by treaty; and in December, 1866, the Emperor of Brazil, by imperial decree, declared the Amazon to be open to the frontier of Brazil for the merchant ships of all nations. The greatest living British authorities on this subject, while asserting the abstract rights of the British claim, say it seems difficult to deny that Great Britain may ground her refusal upon strict law, but it is equally difficult to deny, first, that in so doing she exercises harshly an extreme and hard law; secondly, that her conduct with respect to the navigation of the St. Lawrence is in glaring and discreditable inconsistency with her conduct with respect to the navigation of the Mississippi. On the ground that she possessed a small domain in which the Mississippi took its rise, she insisted on this right to navigate into the body of its waters. On the ground that she possesses both banks of the St. Lawrence, where it disembogues itself into the sea, she denies to the United States the right of navigation, though about one-half of the waters of Lakes Ontario, Huron and Superior, and the whole of Lake Michigan, through which the river flows, are the property of the United States. The whole nation is interested in securing cheap transportation from the States of the West to the Atlantic. To the cities of those States it secures a greater return for labor; to the inhabitants of the seaboard it offers cheaper food; to the nation an increase in the annual surplus of exports. It is hoped that Great Britain will see the justice of abandoning the narrow and inconsistent claim to which her Canadian provinces have urged her adherence.

National Currency.

At the last Session of Congress, I respectfully recommended that an appropriation be made and authority given to issue new bills on such paper and such form as may be designated by the Secretary of the Treasury. The Comptroller of Currency, in his report of 1869, recommended the establishment of an agency in the city of New York, under the control of the national banks, for the redemption of their issue. The substance of this recommendation seems to be that it is not only proper, but necessary that the expense should be born by the banks. Coupled with this recommendation, I take this occasion to say that the banking system of the country appears to be well managed and to answer reasonably the purpose for which it was established. It is no doubt true that treasury notes, in presenting an equal amount of the public debt without interest, are the most economical

circulation of the Government; but it should be considered that the banking institutions of the country are agencies, by which business is established and fostered upon the whole system. Banking should be extended only for the purpose of meeting the demands of business, but when the demands are urgent, a concession should be made upon the ground that the prosperity of business is more important than the mere saving of interest arising from the circulation of treasury notes. Excluding redeposits, the amount of gold and silver deposited at the mint and its several branches, during the last fiscal year, was \$3,040,878,810; the coinage for the year was \$24,636,011; and the value of gold and silver bars stamped was \$874,885,291. I respectfully ask your attention to a bill prepared in this department, submitted at the last Session, and to the accompanying report relative to the mint and coinage system of the country.

Commerce.

Our depressed commerce is a subject to which I called your special attention at last Session, and suggested that it will in future have to look more to the countries south of the United States and to China and to Japan for its support. Our representatives to all these governments have exerted their influence to encourage trade between the United States and the countries to which they are accredited; but the fact exists that carrying is done almost, entirely in foreign bottoms; and while this state of affairs exists, we cannot control our due share of the commerce of the world. That between the Pacific States and China and Japan, is about all the carrying trade now conducted in American vessels. I would recommend a liberal policy towards that line of American steamers; one that will insure its success and increased usefulness. The cost of building iron vessels, the only ones that can compete with foreign ships in the carrying trade, is so much greater in the United States than in foreign countries, that without some assistance from the Government they cannot be successfully built here. There will be several propositions laid before Congress in the course of the present Session, looking to a remedy for this evil, even if it should be at some cost to the National Treasury. I hope such encouragement will be given as will secure American shipping on the high seas, and promote American ship-building at home.

Without undertaking to specify the means by which it is to be accomplished, I cannot over-state the importance of such legislation as will secure the revival of American commerce.

Light Houses.

The report of the Light House Board sets forth in detail the difficulties which have arisen in that branch of public service from the operation of the 5th section of the act of July 12th, 1870, making appropriations for legislative and executive expenses of the Government for the year ending June 30th, 1871. Legislation is asked for by the Board, and it seems to me to be necessary. The report of the Superintendent of Coast Survey given is brief but satisfactory.

The State Archives.

The condition of the archives at the department of State calls for the early action of Congress. The building now rented by that department is a frail structure, at an inconvenient distance from the Executive Mansion and from the other departments. It is ill adapted to the purpose for which it is used, has not capacity to accommodate the archives, and is not fire proof. Its remote situation, its slender construction, and the absence of a supply of water in the neighborhood, leave but little hope of safety for either the building or its contents in case of the accident of a fire. Its destruction would involve the loss of the rolls containing the original acts and resolutions of Congress, of the history and records of the revolution and Confederation; of the whole series of diplomatic and consular archives since the adoption of the Constitution; and of the many other valuable records and papers left with that department, when it was the principal depository of the Government archives. I recommend an appropriation for the construction of a building.

Changes Suggestive.

I recommend to your consideration the propriety of transferring to the department of the interior, to which they seem more appropriately to belong, all powers and duties in relation to the Territories, with which the Department of State is now charged by law or usage; and from the interior department to the