

was paid upon the twenty-first day of September, 1874. In this connection I renew my recommendation at the opening of the last session of Congress, that a special court be created to hear and determine all claims of aliens against the U. S. arising from acts committed against their persons or property during the insurrection. It appears equitable that an opportunity should be afforded to the citizens of other states to prove their claim as well as to those British subjects whose claims were not admissible under the late commission to the early decision of some competent tribunal. To this end I recommend the necessary legislation to organize a court to dispose of those claims of aliens of the class referred to in an equitable and satisfactory manner, and to relieve Congress and the departments from the consideration of these questions.

#### Newfoundland and the Treaty of Washington.

The legislation necessary to extend to the colony of Newfoundland certain articles of the Treaty of Washington, of the eighth day of May, 1871, having been had, a protocol to that effect was signed in behalf of the United States and Great Britain, on the 28th day of May last, and was duly proclaimed on the following day. A copy of the proclamation is submitted herewith.

#### Surveying Boundaries.

A copy of the report of the commission appointed under the act of March 19th, 1872, for surveying and marking the boundaries between the U. S. and the British possessions, from the Lake of the Woods to the Rocky Mountains, is herewith transmitted. I am happy to announce that the field work of the commission has been completed, and the entire line, from the north west corner of the Lake of the Woods to the summit of the Rocky Mountains has been run and marked upon the surface. It is believed that the amount remaining unexpended, of the appropriations made at the last session of Congress, will be sufficient to complete the office work. I recommend that the authority of Congress be given to use the unexpended balance of the appropriation in the completion of the work of the commission in making the report and printing the necessary maps.

#### Alabama Claims Commission.

The court known as the Court of Commissioners of the Alabama claims, created by an act of Congress at the last session, has organized and commenced its work, and it is to be hoped that the claims admissible under the provisions of the act may be speedily ascertained and paid.

#### Turkey and the U. S.

It has been deemed advisable to exercise the discretion conferred upon the executive at the last session, by accepting the conditions required by the government of Turkey for the privilege of allowing citizens of the U. S. to hold real estate in the former country, and by assenting to a certain change in the jurisdiction of the courts in the latter. A copy of the proclamation upon these subjects is herewith communicated.

#### Spanish American Republic.

There has been no material change in our relations with the independent states of this hemisphere which were formerly under the dominion of Spain. Marauding on the borders between Mexico and Texas until recently took place, despite the vigilance of the civil and military authorities in that quarter. The difficulty of checking such trespass along the course of a river of such length as the Rio Grande, and so often fordable, is obvious, but it is hoped that the efforts of this government will be seconded by those of Mexico to the effectual suppression of acts of wrong.

#### Mexican Claims Commission.

From a report upon the condition of the business before the American and Mexican joint claims commission, made by the agent on the part of the U. S., and dated October 28th, 1874, it appears that of the 1,017 claims filed on the part of citizens of the U. S., 483 had been finally decided, and seventy-five were in the hands of the umpire, leaving 462 to be disposed of; and of the 9,878 claims filed against the U. S., 726 had been finally decided on, one was before the umpire and 271 remained to be disposed of,

reducing somewhat the number still pending, and others have been passed upon by the arbitrators. It has become apparent, in view of these figures, and of the fact that the work devolving on the umpire is particularly laborious, that the commission would be unable to dispose of the entire number of claims pending, prior to the 1st of February, 1875, the date fixed for its expiration. Negotiations are pending, looking to the securing of the results of the decisions which have been reached, and to a further extension of the commission for a limited time, which it is confidently hoped will suffice to bring all the business now before it to a final close.

#### The Argentine Insurrection.

The strife in the Argentine republic is to be deplored, both on account of the parties thereto, and from the probable effects on the interest of those engaged in the trade to that quarter, of whom the U. S. are among the principal. As yet, so far as I am aware, there has been no violation of our neutrality rights, which, as well as our duties in that respect, it shall be my endeavor to maintain and observe.

#### The Venezuela Debt.

It is with regret I announce that no further payment has been received from the government of Venezuela, on account of the awards in favor of citizens of the United States. Hopes have been entertained that if the republic could escape both foreign and civil war for a few years, its great natural resources would enable it to honor its obligations. Though it is now understood to be at peace with other countries, a serious insurrection is reported to be in progress in an important region of that republic. This may be taken advantage of as another reason to delay the payment of the dues of our citizens.

#### The Cuban Rebellion.

The deplorable strife in Cuba continues without any marked change in the relative advantages of the contending forces. The insurrection continues, but Spain has gained no superiority. Six years of strife give the insurrection a significance which cannot be ignored. Its duration and the tenacity of its adherents, together with the absence of manifested power in its suppression on the part of Spain cannot be controverted, and may make some positive steps on the part of other powers a matter of self-necessity.

#### Spain and the United States.

I have confidently hoped at this time to be able to announce the arrangements of some of the important questions between this government and that of Spain, but the negotiations have been protracted. The unhappy internal dissensions of Spain command our profound sympathy, and must be accepted as perhaps a cause of this delay. An early settlement, in part at least, of the questions between the governments is hoped for; in the meantime, awaiting the results of immediately pending negotiations, I defer a further and fuller communication on the subject of the relations of this country and Spain.

#### Citizenship, Expatriation.

I have again to call the attention of Congress to the unsatisfactory condition of the state of the laws with reference to expatriation, and the election of nationality. Formerly, amid conflicting opinions and decisions, it was difficult to exactly determine how far the doctrine of perpetual allegiance was applicable to citizens of the U. S. Congress, by the act of the 27th of July, '68, asserted the abstract right of expatriation as a fundamental principle of this government. Notwithstanding such assertion, and the necessity of a formal application of the principle no legislation has been had defining what acts or formalities shall work expatriation, or when a citizen shall be decided to have renounced or have lost his citizenship. The importance of such a decision is obvious. The representatives of the U. S. in foreign countries are continually called upon to lend their aid and the protection of the U. S. to persons concerning the good faith or the reality of whose citizenship there is at least great question. In some cases the provisions of treaties furnish some guide, in others it seems left to the persons claiming the benefit of citizenship while living in a foreign country, contributing in no manner to the performance of the duties of a citizen of the U. S.,

and without the intention at any time to assume and undertake these duties, to use the claims of citizenship of the U. S. simply as a shield from the performance of the obligations of a citizen elsewhere. The status of citizens born of American parents residing in a foreign country; of American women who have married aliens; of American citizens residing abroad where such question is not regulated by treaty, are a cause of frequent difficulty and discussion. Legislation on this and similar questions, and particularly defining when and under what circumstances expatriation can be accomplished, or under which it is to be presumed it is especially needed.

#### Fraudulent Naturalization.

In this connection I earnestly call the attention of Congress to the difficulties arising from fraudulent naturalization. The U. S. wisely, freely and liberally offers its citizenship to all who may come in good faith to reside within its limits, on their complying with certain prescribed, reasonable and simple formalities and conditions. Among the first duties of the government is to afford firm, efficient, and effectual protection to all its citizens, whether native or naturalized. Care should be taken that a right, carrying with it such support from the government, should not be fraudulently obtained, and should be bestowed only upon full proof of a compliance with the law. But there are frequent instances of illegal and fraudulent naturalization, and of the unauthorized use of certificates thus improperly obtained. In some cases the fraudulent character of the naturalization has appeared upon the face of the certificate itself; in others examination discloses that the holder had not complied with the law, and in others certificates have been obtained where the persons holding them not only were not entitled to be naturalized, but have not even been within the United States at the time of the pretended naturalization. Instances of each of these classes of fraud are discovered at our legations where certificates of naturalization are presented, either for the purpose of obtaining passports, or in claiming the protection of the legation. When the fraud is on the face of such certificates they are taken up by the representatives of the government and forwarded to the department of State, but then the record of the court in which the fraudulent naturalizations are secured remains, and duplicates are readily obtainable. Upon the presentation of these for the issue of the passports, or demanding the protection of the government, the fraud sometimes escapes notice, and such certificates are not infrequently used in transactions of business, to the deception and injury of innocent parties. Without placing any additional obstacle in the way of the obtaining of citizenship by the worthy and well intentioned foreigner who comes in good faith to cast in his lot with us, I earnestly recommend further legislation to punish fraudulent naturalization, and to secure the remedy I call attention to the record of every naturalization made in fraud.

#### Extradition Treaties, etc.

Since my last annual message the exchange has been made of the ratification of treaties of extradition with Belgium, Ecuador, Peru and Salvador, and of a treaty of commerce and navigation with Peru, and one of commerce and consular privileges with Salvador, all of which have been duly proclaimed, as has also a declaration with Russia, with reference to trade marks.

#### The Treasury Report.

The report of the Secretary of the Treasury, which by law is made directly to Congress, and forms no part of this message, will show the receipts and expenditures of the government for the last fiscal year, the amount received from each source of revenue, and the amount paid out for each of the departments of the government. It will be observed from this report that the amount of receipts over expenditures has been but \$3,544,882.80 for the fiscal year ending June 30th, 1874, and that for the current fiscal year, the estimated receipts over expenditures will not much exceed nine millions of dollars. In view of the large national debt existing, and the obligations to add one per cent per annum to the sinking fund, a sum amounting now to over 34,000,000 per an-

num, I submit whether the revenues should not be increased or the expenditures diminished to reach this amount of surplus. Not to provide for the sinking fund is a partial failure to comply with the contracts and obligations of the government. At the last session of Congress a very considerable reduction was made in the rates of taxation, and in the number of articles submitted to taxation, the question may well be asked whether or not in some instances unwisely. In connection with this subject too, I venture the opinion that the means for the collection of the revenues, especially from imports, have been so embarrassed by legislation as to make it questionable whether or not large amounts are not lost by failure to collect, to the loss of the treasury, and to the prejudice of the interests of honest importers and tax payers. The Secretary of the Treasury, in his report, favors legislation looking to these payments, thus supporting views previously expressed in this message. He also recommends economy in the appropriations, calls attention to the loss of revenue from repealing the tax on tea or coffee, without benefit to the consumer, recommends an increase of ten cents a gallon on whiskey, and further, that no modification be made in the banking and currency bill, passed at the last session of Congress, unless modification should become necessary by reason of the adoption of measures for returning to specie payment. In these recommendations I cordially join. I would suggest to Congress the propriety of adjusting the tariff so as to increase the revenue and at the same time decrease the number of articles upon which duties are levied. Those articles which enter into our manufactures, and are not produced at home, it seems to me should be entered free; those articles of manufacture of which we produce a constituent part of, but do not produce the whole, that part which we do not produce should enter free also, I will instance fine wool dyes, etc. These articles must be imported to form a part of the manufacture of the higher grades of woollen goods. Chemicals, such as dyes, compound used in medicines and used in various ways in manufactures, come under this class. The introduction, free of duties, of such wool as we do not produce should stimulate the manufacture of wools requiring these, and therefore would be a benefit to home production. There are many articles entering into home manufactures which we do not produce ourselves, the tariff upon which increases the cost of producing the manufactured article. All corrections in this regard are in the direction of bringing labor and capital in harmony with each other, and of supplying one of the elements properly so much needed.

#### Report of Secretary of War.

The report of the Secretary of War, herewith attached, and forming a part of this message, gives all the information concerning the operations, wants and necessities of the army, and contains many suggestions and recommendations which I commend to your special attention. There is no class of government employees who are harder worked than the army officers and men, none who perform their tasks more cheerfully and efficiently, and, under the circumstances, of greater privations and hardships. Legislation is desirable to render more efficient this branch of the public service. All the recommendations of the Secretary of War I regard as judicious and I especially commend to your attention the following: the consolidation of the government arsenals, the restoration of mileage to officers traveling under orders, the exemption of money received from the sale of subsistence stores from being covered into the Treasury, the use of the appropriation for the purchase of subsistence stores without waiting for the beginning of the fiscal year for which the appropriation is made, for additional appropriations for the collection of torpedo material, for increased appropriations for the manufacture of arms, for relieving the various States from the indebtedness for arms charged to them during the rebellion, for dropping officers from the rolls of the army without trial for the offense of drawing pay more than once for the same period, for the discouragement of the plan to pay soldiers by checks and for the establishment of a professorship of rhetoric and English literature

at West Point. The reasons for these recommendations are obvious, and are set forth sufficiently in the report attached. I also recommend that the status of the staff corps of the army be fixed where this has not already been done, so that promotions may be made and vacancies filled as they occur in each grade, when reduced below the number fixed by law. The necessity for such legislation is specially felt in the pay department, the number of vacancies in that department being below the number adequate to perform the duties required of them by law.

#### The Navy.

The efficiency of the navy has been largely increased during the past year. Under the impulse of the foreign complications which threatened us, at the commencement of last session of Congress, most of our efficient wooden ships were put in a condition for immediate service and the repairs of our ironclads were pushed with the utmost vigor, the result is that most of these are in effective condition, and need only to be manned and set in commission to go at once into service. Some of the new sloops authorized by Congress are already in commission, and most of the remainder are launched, and wait only the completion of their machinery to enable them to take their place as part of our effective force. Two iron torpedo ships have been completed during the last year, and four of our large double turreted ironclads are now undergoing repairs. When these are finished, everything that is needful of our navy, as now authorized, will be in a condition for service, and with the advance in the science of torpedo warfare, the American navy, comparatively small as it is, will be found at any time powerful for the purposes of a peaceful nation.

#### Hydrography—Transit of Venus.

Much has also been accomplished during the year in the aid of science and to increase the general sum of knowledge. To further the interests of commerce and civilization, extensive and much needed soundings have been made for hydrographic purposes, and to fix the proper routes for ocean telegraphs; farther surveys of the great Isthmus have been undertaken and completed, and two vessels of the navy are now employed, in conjunction with those of England, France, Germany and Russia, in observations connected with the transit of Venus, useful and interesting to the scientific world. The estimates for this branch of the public service do not differ materially from those of last year, the general support of the service being somewhat less, and those for improvement at the various stations rather larger than the corresponding estimate made a year ago. The regular maintenance and steady increase in the efficiency of this most important arm, in proportion to the growth of our maritime intercourse and interest, is recommended to the attention of Congress. The use of the navy during peace might be further utilized by a direct authorization of the employment of naval vessels in the surveys of the supposed navigable waters of the nationalities, and in this content especially, the tributary of the two great rivers, of South America, the Orinoco and Amazon. Nothing prevents under existing laws, such explorations, except that expenditure must be made in such expeditions, beyond those usually provided. For in the appropriations the field designated is unquestionably one of interest, and one capable of a large development of commercial interests, advantageous to the people reached and those who may establish relations with them.

#### Education.

The education of people entitled to exercise the right of the franchise I regard as essential to the general prosperity everywhere, and especially so in republics, where education or previous condition does not enter into account in giving the suffrage.

#### The Postal System.

Next to the public school, the post office is the great agent of education over our vast territory. The rapidity with which new sections are being settled, thus increasing the carrying of mails in a more rapid ratio than the increase of receipts, is not alarming. The report of the Postmaster-general here-

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