

THE PRESIDENT'S MESSAGE.

FELLOW CITIZENS OF THE SENATE

AND HOUSE OF REPRESENTATIVES:

Again the blessings of health and abundant harvests claim our profoundest gratitude to Almighty God.

The condition of our foreign affairs is reasonably satisfactory. Mexico continues to be a theatre of civil war. While our political relations with that country have undergone no change, we have at the same time strictly maintained our neutrality between the belligerents.

At the request of the States of Costa Rica and Nicaragua, a competent engineer has been authorized to make a survey of the river San Juan and the port of San Juan.

It is a source of much satisfaction that the difficulties which, for a moment, excited some political apprehensions and caused a losing of the inter-oceanic transit route, have been amicably adjusted, and there is a good prospect that the route will soon be reopened with an increase of capacity and adaptation. We could not exaggerate either the commercial or the political importance of this great improvement.

It would be doing injustice to an important South American State not to acknowledge the directness, frankness and cordiality with which the United States of Columbia have entered into intimate relations with this Government. A claims convention has been constituted, to complete the unfinished work of the one which closed its session in 1861.

The new liberal constitution of Venezuela having gone into effect with the universal acquiescence of the people, the Government under it has been recognized and diplomatic intercourse with it has been opened in a cordial and friendly spirit.

The long-deferred Avis Island claim has been satisfactorily paid and discharged.

Mutual payments have been made of claims awarded by the late joint commission for the settlement of claims between the United States and Peru. An earnest and cordial friendship continues between the two countries, and such efforts as were in my power have been used to remove misunderstanding and avert a threatened war between Peru and Spain.

Our relations are of the most friendly nature with Chile, the Argentine Republic, Bolivia, Costa Rica, Paraguay, San Salvador, and Hayti. During the past year no differences of any kind have arisen with any of these Republics, and, on the other hand, their sympathies with the United States are constantly expressed.

The claim arising from the seizure of the cargo of the brig Macedonia in 1821, has been paid in full by the Government of Chili.

Civil war continues in the Spanish port of San Domingo, apparently without a prospect of an early close.

Official correspondence has been freely opened with Liberia, and it gives us a pleasing view of social and political progress in that Republic. It may be expected to derive new vigor from American influence, improved by the rapid disappearance of slavery in the United States.

I solicit your authority to furnish the Republic a gunboat, at a moderate cost, to be reimbursed to the United States by instalments. Such a vessel is needed for the safety of that State against the native African race and, in Liberian hands, it would be more effective in arresting the African slave trade than a squadron in our own hands. The possession of the least organized naval force would stimulate a generous ambition in the Republic, and the confidence which we should manifest by furnishing it would win forbearance and favor towards the colonies from all civilized nations.

The proposed overland telegraph, between America and Europe, by the way of Behring Straits and Arctic Russia, which was sanctioned by Congress at the last session, has been undertaken under very favorable circumstances by an association of American citizens, with the cordial goodwill and support, as well as this Government as of those of Great Britain and Russia.

Assurances have been received from most of the South American States, of their high appreciation of the enterprise and their readiness to co-operate in constructing lines to that world-encircling communication.

I learn, with much satisfaction, that the noble design of a telegraphic communication between the Eastern coast of America and Great Britain, has been renewed with full expectation of its early accomplishment.

Thus it is hoped that, with the return of domestic peace, the country will be able to resume, with energy and advantage, her former high career of commerce and civilization.

Our very popular and estimable representative in Egypt died in April last. An unpleasant altercation, which arose between the temporary incumbent of the office and the Government of the Pasha, resulted in a suspension of intercourse. This was promptly corrected on the arrival of the successor of the consulate. Our relations with Egypt, as well as our relations with the Barbary powers, are entirely satisfactory.

The rebellion which has so long been in progress in China has at last been suppressed with the co-operating good offices of this Government and of the other foreign commercial States. The judicial consular establishment has become very difficult and onerous, and it will need legislative regulation to adapt it to the extension of our commerce and to the more intimate intercourse which has been instituted with the government and people of that vast empire. China seems to be accepting, with hearty good will, the conventional laws which regulate commerce and social intercourse among the Western nations.

Owing to the peculiar situation of Japan and the anomalous form of its government, the action of that empire in performing treaty stipulations is inconsistent and capricious, nevertheless, good progress has been effected by the western powers in moving with enlightened concert. Our own pecuniary claims have been allowed and put in course of settlement, and the inland sea has been re-opened to commerce. There is reason also to believe that these proceedings have increased rather than diminished the friendship of Japan towards the United States.

The ports of Norfolk, Fernandina and Pensacola have been opened by proclamation. It is hoped that foreign merchants will now consider whether it is not more safe or profitable to themselves, as well as just to the United States, to resort to those and other open ports, than it is to pursue, through many hazards and at vast cost, a contraband trade with other ports which are closed, if not by actual military operations, at least by a lawful and effective blockade.

For myself, I have no doubt of the power and duty of the Executive, under the law of nations, to exclude the enemies of the human race from an asylum in the United States. If Congress should think that proceedings in such cases lack the authority of law, or ought to be further repudiated by it, I recommend that provision be made for effectually preventing foreign slave traders from acquiring a domicile and facilities for their criminal occupation in our country.

It is possible that, if it were a new and an open question, the maritime powers, with the light they now enjoy, would not concede the privileges of a naval belligerent to the insurgents of the United States, destitute, as they are and always have been, equally of ships and of ports and harbors.

Disloyal emissaries have been neither less assiduous nor more successful during the last year than they were before that time, in their efforts, under favor of that privilege, to embroil our country in foreign wars. Nevertheless, unforeseen political difficulties have arisen, especially in Brazilian and British ports, and on the northern boundary of the United States, which have required, and are likely to continue to require, the practice of constant vigilance and a just and conciliatory spirit on the part of the United States, as well as of the nations concerned and their governments.

Commissioners have been appointed, under the treaty with Great Britain, on the adjustment of claims of the Hudson's Bay and Puget's Sound Agricultural Companies in Oregon, and are now proceeding to the execution of the trust assigned them.

In view of the insecurity of life in the region adjacent to the Canadian border, by recent assaults and depredations committed by inimical and desperate persons who are harbored there, it has been thought proper to give notice that after the expiration of six months, the period conditionally stipulated in the existing arrangements with Great Britain, the United States must hold themselves at liberty to increase their naval armament upon the lakes, if they shall find that proceeding necessary.

The condition of the border will necessarily come into consideration in connection with the question of continuing or modifying the rights of transit from Canada through the United States, as well as the regulation of exports, which were temporarily established by the reciprocity treaty of the Fifth of June, 1851.

I desire it, however, to be understood, while making this statement, that the Colonial authorities are not deemed to be intentionally unjust or unfriendly towards the United States, but on the contrary, there is every reason to expect that with the approval of the imperial government, they will take the necessary measures to prevent new incursions across the border.

The act passed last session for the encouragement of emigration has, as far as possible, been put into operation. It seems to need amendment, which will enable the officers of the government to prevent the practice of frauds against emigrants while on their way and on their arrival in our ports, so as to secure them here a fair choice of avocations and places of settlement. A liberal disposition towards this great national policy is manifested by most of the European States, and it ought to be reciprocated on our part by giving the emigrants effective national protection.

I regard our emigrants as one of the principal replenishing streams which are appointed by Providence to repair the ravages of internal war and its wastes of national strength and health. All that is necessary is to secure the flow of that stream in its present fullness, and to that end the Government must in every way, make it manifest that it neither needs nor designs to impose involuntary military service upon those who come from other lands to cast their lots in our country.

The financial affairs of the Government have been successfully administered during the last year. The requisition of last session of Congress has beneficially affected the revenue, although sufficient time has not yet elapsed to experience the full effects of several of the provisions of the act of Congress imposing increased taxation.

The receipts during the year from all sources upon the basis of warrants signed by the Secretary of the Treasury, including loans and the balance in the Treasury on the first day of July, 1863, were \$1,394,796,007.62, and the aggregate disbursements upon the same basis were \$1,288,058,101.89, leaving a balance in the Treasury, as shown by warrants, of \$96,737,905.73.

Deduct from these the amount of the principal and the public debt redeemed and the amount of the issue in substitution thereof, and the actual cash operations of the treasury were receipts, \$384,076,644.77; disbursements, \$65,234,087.86; which leaves a balance in the Treasury of \$18,842,558.71.

Of the receipts, there were derived from customs, \$102,318,152.98; from lands, \$588,333.29; from direct taxes, \$475,648.96; from internal revenue, \$109,741,131.10; from miscellaneous sources, \$47,511,413.10; and from loans applied to actual expenditures, including the former balance, \$623,443,929.13.

There were disbursed, for civil services, \$27,505,599.46; for pensions and Indians, \$7,517,930.37; for the war department, \$90,791,842.97; for the navy department, \$85,733,292.79; for interest of the public debt, \$54,685,421.60; making an aggregate of \$865,234,087.86, and leaving a balance in the Treasury of \$18,842,558.71, as before stated.

For the actual receipts and disbursements for the first quarter and the estimated receipts and disbursements for the three remaining quarters of the current fiscal year and the general operations of the treasury in detail, I refer you to the report of the Secretary of the Treasury.

I concur with him in the opinion that the proportion of the moneys required to meet the expenses consequent upon the war, derived from taxation, should be still further increased, and I earnestly invite your attention to this subject, to the end that there may be such additional legislation as shall be required to meet the just expectations of the Secretary.

The public debt on the first day of July last, as appears by the books of the treasury, amounted to \$1,749,690,489.49. Probably should the war continue for another year, that amount may be increased by not far from \$500,000,000. Held as it is for the most part by our own people, it has become a substantial branch of national though private property. For obvious reasons the more nearly this property can be distributed among the people, the better.

To favor such a general distribution greater inducements to become owners might perhaps, with good effect and without injury, be presented to persons of limited means. With this view I suggest whether it might not be both expedient and competent for Congress to provide that a limited amount of some future issues of public securities might be held, by any bona fide purchaser, exempt from taxation and from seizure for debt, under such restrictions and limitations as might be necessary to guard against any abuse of so important a privilege.

This would enable prudent persons to set aside a small annuity against a possible day of want. Privileges like that would render the possession of such securities, to the amount limited, most desirable to every person of small means, who might be able to save enough for the purpose. The great advantage of citizens being creditors, as well as debtors, with relation to the public debt, is obvious. Men readily perceive that they cannot be much oppressed by a debt which they owe themselves.

The public debt on the 1st day of Jan. last, although somewhat exceeding the estimate of the Secretary of the Treasury, made to Congress at the commencement of last session, falls short of the estimate of that officer made in the preceding December, as to its probable amount at the

beginning of this year, by the sum of \$3,995,079.33. This fact exhibits a satisfactory condition and conduct of the operations of the Treasury.

The national banking system is proving to be acceptable to capitalists and to the people. On the 25th of November 634 national banks had been organized, a considerable number of which were conversions from state banks. Changes from the state system to the national system are rapidly taking place, and it is hoped that very soon there will be in the United States no bank of issue not authorized by Congress and no bank note circulation not secured by the Government.

That the government and the people will derive general benefit from this change in the banking system of the country can hardly be questioned. The national system will create a reliable and permanent influence in support of the national credit, and protect the people against losses in the use of paper money. Whether or not any further legislation is advisable for the suppression of state bank issues, it will be for Congress to determine. It seems quite clear that the treasury cannot be satisfactorily conducted, unless the government can exercise a restraining power over the bank note circulation of the country.

The report of the Secretary of war, and the accompanying documents, will detail the campaigns of the armies in the field since the date of the last annual message, and also the operations of the several administrative bureaus of the war department during the last year. It will also specify the measures deemed essential for the national defense and to keep up and to supply the requisite military forces.

The report of the Secretary of the navy presents a comprehensive and satisfactory exhibit of the affairs of that department and of the naval service. It is a subject of congratulation and laudable pride to our countrymen that a navy of such vast proportions has been organized in so brief a period and conducted with so much efficiency and success.

The general exhibit of the navy, including vessels under construction on the first of December, 1864, shows a total of 671 vessels, carrying 4610 guns, and 519,396 tons, being an actual increase during the year, over and above all losses by shipwreck or in battle, of 83 vessels, 100 guns, and 42,427 tons. The total number of men at this time in the naval service, including officers, is about 51,000.

There have been captured by the navy during the war, 321 vessels; and the whole number of naval captures since hostilities commenced is 1,300, of which 257 are steamers. The gross proceeds arising from the sale of condemned prize property thus far reported, amounts to \$1,439,625.51. A large amount of such proceeds is still under adjudication and yet to be reported.

The total expenditures of the navy department of every description, including the cost of the immense squadrons that have been called into existence from the 1st of March, 1861, to the 1st of November, 1864, are \$23,667,262.55.

Your favorable consideration is invited to the various recommendations of the Secretary of the Navy, especially in regard to a navy yard and a suitable establishment for the construction and repair of iron vessels and the machinery and armature for our ships, to which reference was made in my last annual message. Your attention is also invited to the views expressed in the report, in relation to the legislation of Congress at the last session, in respect to prizes in our inland waters. I cordially concur in the recommendation of the Secretary, as to the propriety of creating the new rank of Vice-admiral in our naval service.

Your attention is invited to the report of the Postmaster-General, for a detailed account of the operations of the financial condition of the Post Office department. The postal revenues for the year ending June 30 1864, amounted to \$12,438,298.78, and the expenditures to \$12,644,786.20, the excess of expenditures over receipts being \$206,487.42.

The views presented by the Postmaster-General, on the subject of special grants by the government in aid of the establishment of new lines of ocean mail steamships, and the policy he recommends for the development of increased commercial intercourse with adjacent and neighboring countries, should receive the careful consideration of Congress.

It is of noteworthy interest that the steady expansion of population and of improvement and governmental institutions over the new and unoccupied portion of our country, have scarcely been checked, much less impeded or destroyed by our great civil war, which at first glance would seem to have absorbed almost the entire energies of the nation. The organization and admission of the state of Nevada has been completed in conformity with the laws, and our excellent system is firmly established in the mountains, which once seemed a barren and uninhabitable waste between the Atlantic States and those which have grown up on the coast of the Pacific Ocean.

The Territories of the United States are generally in a condition of prosperity and rapid growth. Idaho and Montana, by reason of their great distance and the interruption of communication with them by Indian hostilities, have been only partially organized, but it is understood that these difficulties are about to disappear, which will permit their governments, like those of others, to go into speedy and full operation.

As intimately connected with and promotive of this material growth of the nation, I ask the attention of Congress to the valuable information and important recommendations relating to the public lands, Indian affairs, the Pacific railroad and mineral discoveries, contained in the report of the Secretary of the Interior, which is herewith transmitted, and which report also embraces the subjects of patents, pensions and other topics of public interest pertaining to his Department.

The quantity of public land disposed of during the five quarters ending on the 30th of September last, was 4,221,312 acres, of which 1,538,614 acres were entered under the Homestead Law. The remainder was located with military warrants and agricultural scrip, certified to States for railroads or sold for cash. The cash receipts from sales and location fees are \$10,194.46, the income from sales during the fiscal year ending June 30, 1864, was \$678,007.21, against \$638,077.95, the receipts during the preceding year. The aggregate of acres surveyed during the year has been equal to the quantity disposed of, and there is open to settlement about 133,000,000 acres of surveyed lands.

The great enterprise of connecting the Atlantic with the Pacific by railroad and telegraph lines has been entered upon with a vigor that gives assurance of success, notwithstanding the embarrassments arising from the prevailing high prices of materials and labor. The route of the main line of the road has been definitely located for 100 miles westward from the initial point at Omaha City, Nebraska, and a preliminary location of the Pacific Railroad of California has been made from Sacramento eastward to the Great Bend of Truckee river, in Nevada.

Numerous discoveries of gold, silver and cinchona mines have been added to the many heretofore known, and the country occupied by the Sierra Nevada and Rocky Mountains and the subordinate ranges now teems with enterprising labor, which is richly remunerative. It is

believed that the products of the mines of precious metals in that region has during the year, reached, if not exceeded, \$100,000,000 in value.

It was recommended, in my last annual message, that our Indian system be remodeled. Congress, at its last session, acting on the recommendation, did provide for reorganizing the system in California, and it is believed that under the present organization the management of Indians there will be attended with reasonable success. Much yet remains to be done to provide for the proper government of the Indians in other parts of the country, to render it secure for the advancing settler and to provide for the welfare of the Indians. The Secretary reiterates his recommendations, and to them the attention of Congress is invited.

The liberal provisions to the invalid soldiers and sailors of the republic, and to the widows, orphans and dependent mothers of those who have fallen in battle, or died of disease contracted, or of wounds received in the service of their country, have been diligently administered. There have been admitted to the pension rolls during the year ending the 30th day of June last, the names of 16,770 invalid soldiers and 271 disabled seamen, making the present number of army invalid pensioners 22,767 and of navy invalid pensioners 712. Of widows, orphans and mothers 22,198 have been placed in the army pension rolls and 218 on the navy rolls. The present number of army pensioners of this class is 25,433 and of navy pensioners 793. At the beginning of the year the number of revolutionary pensioners was 1430; only 12 of them were soldiers, of whom 8 have since died. The remainder are those who under the law receive pensions because of relationship to revolutionary soldiers. During the year ending the 30th of June, 1864, \$4,504,616.92 have been paid to pensioners of all classes.

I cheerfully commend to your continued patronage the benevolent institutions of the district of Columbia, which have hitherto been established or fostered by Congress, and respectfully refer for information concerning them and in relation to the Washington aqueduct, the Capitol, and other matters of local interest, to the report of the Secretary.

The Agricultural Department, under the supervision of its present energetic head, is rapidly commending itself to the great and vital interest it was created to advance. It is peculiarly the people's Department, in which they feel more directly concerned than in any other. I commend it to the continued attention and fostering care of Congress.

The war continues. Since the last annual message all the important lines and positions then held by our armies have been maintained and our armies have steadily advanced, thus liberating the States left in the rear, so that Missouri, Kentucky, Tennessee, and parts of other States have again produced reasonably fair crops. The most remarkable feature in the military operations of the year is General Sherman's attempted march of 300 miles directly through the insurgent region. It tends to show a great increase of our relative strength, that our General-in-Chief should feel able to confront and hold in check every active force of the enemy, and yet to detach a well-appointed army to move on such an expedition. The result not yet being known, conjecture in regard to it is not here indulged.

Important movements have also occurred during the year, to the effect of moulding society for durability in the Union. Although short of complete success, it is much in the right direction that 12,000 citizens in each of the States of Arkansas and Louisiana have organized loyal state governments with free constitutions, and are earnestly struggling to maintain and administer them. The movements in the same direction, more extensive, though less definite, in Missouri, Kentucky, and Tennessee, should not be overlooked, but Maryland presents an example of complete success. Maryland is secure to liberty and Union for all the future. The genius of rebellion will no more claim Maryland. Like another foul spirit, being driven out, it will seek to tear her, but it will woo her no more.

At the last session of Congress a proposed amendment of the Constitution, abolishing slavery throughout the United States, passed the Senate, but failed for lack of the requisite 2/3 vote in the House of Representatives. Although the present is the same Congress and nearly the same members, and without questioning the wisdom or patriotism of those who stood in opposition, I venture to recommend the passage of the measure at the present session. Of course the abstract question is not changed, but an intervening election has almost certainly indicated that the next Congress will pass the measure, if this does not. Hence, there is only a question of time, as to when the proposed amendment will go to the States for their action, and as it is to go at all events, may we not agree that the sooner the better?

It is not claimed that the election has imposed a duty on members to change their views or votes, any further than as an additional element to be considered. Their judgment may be affected by it. It is the voice of the people, now for the first time heard on the question. In a great national crisis like ours, unanimity of action among those seeking a common end, is very desirable, almost indispensable, and yet no approach to such unanimity is attainable unless some deference shall be paid to the will of the majority, simply because it is the will of the majority. In this case the common end is the maintenance of the Union, and among the means to secure that end, such as, through the election, is most clearly declared in favor of such constitutional amendment.

The most reliable indication of public purpose in this country is derived through our popular election. Judging by the recent canvass and its results, the purpose of the people within the loyal States to maintain the integrity of the Union was never more firm nor more nearly unanimous than now. The extraordinary calmness and good order with which the millions of voters met and mingled at the polls, gave strong assurance of this. Not only those who supported the Union ticket, so called, but a great majority of the opposing party also, may be fairly claimed to be actuated by the same purpose. It is an unanswerable argument that no candidate for any office whatever, high or low, has ventured to seek votes on the avowal that he was for giving up the Union. There has been much impugning of motives and much heated controversy as to the proper means and best mode of advancing the Union cause, but in the distinct issue of Union or no Union the politicians have shown their instinctive knowledge that there is no diverting among the people. In awarding the people the fair opportunity of showing one to another and to the world this firmness and unanimity of purpose, the election has been of vast value to the national cause.

The election has exhibited another fact, not less valuable to be known—the fact that we do not approach exhaustion in the most important branch of the national resources, that of living men. While it is melancholy to reflect that the war has filled so many graves and caused mourning to so many homes, it is some relief to know that compared with the surviving, the fallen have been so few. While corps and divisions, brigades and regiments have formed and fought and bled and gone out of existence, a great num-