THE PRESIDENT'S MESSAGE.

(Continued from Third Page.)

rulle. Could but one-half of the gold extracted from the mines be retained at home our advance toward specie payments would be rapid. To increase our exports sufficient currency is required to keep all the industries of the country employed. Without this, national as well as individual bankruptcy must ensue. Unduc inflation, on the other hand, while it might give temporary relief, would only lead to inflation of prices, the impossibility of competing in our own markets for the products of home skill and labor, and repeated renewals of present experiences. Elasticity to our circulating medium, therefore, and just enough of it to transact the legitimate business of the country and to keep all industries employed, is what is most to be desired. The exact medium is specie, the recognized medium of exchange the world over. That obtained, we shall have a currency of an exact degree of elasticity. If there be too much of it for the legitimate purposes of trade and commerce, it will flow out of the country; if too little the reverse will result. To hold what we have and to approximate our currency to that standard is a problem deserving of the most serious consideration of Congress. The experience of the present panic has proven that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised. Usually, in times of such trials, currency has become worthless or so much depreciated in value as to inflate the values of all the necessaries of life. As compared with the currency every one holding it has been anxious to dispose of it on any terms. Now we witness the reverse; holders of currency hoard it as they did gold in former experiences of a like nature.

THE CURRENCY.

It is patent to the most casual observer that much more currency or money is required to transact the legitimate trade of the country during the fall and winter months, when the vast crops are being moved, than during the balance of the year. With our present system the amount in the country remains the same throughout the entire year, resulting in an accumulation of all the surplus capital of the country in a less ceneres, when not employed in the moving of crops. Tempted thereby by offers of interest on call loans, interest being paid, this surplus capital must after this interest with a profit. Being subject to "call," it cannot be loaned only in part at best to the merchant or manufacturer for a fixed term; hence, no matter how much currency there might be in the country it would be absorbed, prices keeping pace with the volume, and panic, stringency and disasters would ever be recurring with the autumn. Elasticity in our monetary system, therefore, is the object to be sought first, and next to that, as far as possible, a prevention of the use of other people's money in stocks and other species of speculation. To prevent the latter, it seems to me that one great step would be taken by prohibiting the national banks from paying interest on deposits, by requiring them to hold their reserves in their own vaults, and by forcing them into redemption, though this may lead to only in the very first instance. I would suggest the establishment of a clearing house for your consideration.

To secure the former many plans have been suggested, most if not all of which have some merit. The issue on the one hand, or compelling the Government, on the other to pay interest without corresponding benefits upon the surplus funds of the country, lying in its vaults as they now do, or loaning the surplus funds to other parties, are objections which occur at once to the mind. I would submit for your consideration whether this difficulty might not be overcome by authorizing the Secretary of the Treasury to receive from the banks deposits of their own notes to be held in the Treasury in lieu of an amount of Government bonds equal to the amount of notes demanded, the banks to forfeit to the Government a 1 per cent of the interest accruing on the bonds so deposited during the time they remain with the Treasury as security for the increased circulation, the bonds so pledged to be redeemable by the banks at their pleasure, either in whole or in part, by returning their own bills for cancellation to an amount equal to the face of the bonds withdrawn. I would further suggest for your consideration the propriety of allowing national banks to withdraw their circulating issue at pleasure by returning for cancellation their own bills and withdrawing so much of the United States bonds as may be pledged to secure the bills returned. In view of the great actual contraction that has taken place in the currency, and the comparative contraction continuously going on, due to the decrease of population, increase of taxation, and all the industries, I do not believe that there is too much of it now for the dullest period of the year. Indeed, if clearing houses should be established for exchange and mutual payment, I is a question whether banking should not be made free, retaining the safeguards now required to secure bill holders. In any modification of the present system of national banks, as a further step toward preparing for the resumption of specie payments, I invite your attention to a modification of the property of banking from three to five per cent of the interest accruing upon the bonds pledged as security for their issue. I have not fixed on enough one way or the other in the matter of reducing a scarcity of coin with which to pay duties on imports to give it my positive recommendation, but your attention is invited to the subject.

MORE MONEY NEEDED.

During the last four years the currency has been contracted rapidly by the withdrawal of three per cent certificates, compound interest notes and seven-thirty bonds, amounting in all to $354,000,000. Taxes took the place of legal tenders in the bank reserves to the extent of twelve millions of dollars. During the same period there has been a much larger and positive contraction of the currency upon the part of the country has largely increased. More than twenty-five thousand miles of railroad have been built, requiring capital to move the products of the Mechanic, have multiplied beyond all precedent, little space period of time, the productions of the mines have increased in value and in large quantities, and probably the largest annual crop ever before known is now in the ground ready to be harvested. Now, where there receives his wages and for want of savings banks the greater part of such wages is spent in the purchase of family supplies, the money so paid goes into channels to come out to circulate again, but without any recuperation to the country, or any interest, but rather that the money in the hands of the producer, the laborer, and the artisan, will keep employed not indeed, but in excess, and prevent such an inflation as would cut off the only the resumption of specie payments, but would so derange all the business of the country as to create a panic. Should no other legislation be had for the present, I would recommend the issue of a sufficient amount of currency to meet the necessities of the country, and to secure the support of the executive.

OUR COMMERCE.

In previous messages I have called attention to the decline of American shipbuilding, and to the fact that our ships are not in proportion to the increase of the carrying trade, required by business and abundance of freight, the progress for the last year in shipbuilding has been more than all the preceding years, and amounts to 100 per cent, in the amount transported in American vessels over the amount of last year. With the increase of tonnage, it has not been in proportion, reasonably to be hoped that this progress will be maintained, and even increased. However, as we pay annually eight million dollars per annum to foreign vessels for freights, and as the balance of trade is against us, and, as we have stated, the subject is one worthy of your serious consideration. Coastwise transportation is reserved to American bottoms, and the commerce between the States, which has attracted the attention of both producers and consumers for the past few years, and has contributed to it has to the direct cause of the railroad strikes of last year, and of the last session appointed a special committee to investigate this whole subject during the vacation and report at this session. I have nothing to add to the report and recommendations of that committee, which, if of a national character, in which the greater portion of the East and the West, the North and the South, are equally interested, to which I invite your attention. The State of New York has a canal connecting Lake Erie with tide water on the Hudson river. The State of Illinois has a similar work connecting Lake Michigan with navigable water on the Illinois river. The issue of these canals, and the fund in the south, the Mississippi and its tributaries, great artificial water courses, are the property of the State through which they flow, and pay toll to those States. Would it not be well to consider whether these States if at liberty will open these canals for the passage of large vessels the general government will look after and keep in navigable condition the great public highways, with which they connect, the "overslaugh" on the Hudson, the St. Claire flats, and the Illinois and Mississippi rivers? This would be a national work, productive of great value to the people of the West and South, in giving them cheap transportation for their produce to the seaboard and a market, and to the consumers in the East in giving them cheaper food, particular yet the Eastern States which do not find a foreign market, and the prices of which, therefore, are not regulated by foreign demand. The advantages of such a system, if such it is, are for argument, submit the subject to you, therefore, without further comment.

In attempting to regain our old commerce and convertying trade I have heretofore called attention to the States south of us offering a field where much might be accomplished. To further this object I suggest that a good appropriation be made and a commercial agency for the Secretary of the Navy to fit out a naval vessel to ascend the Amazon River to the mouth of the Madeira, thence to explore that river and its tributaries into Bolivia, and to report to Congress at its next session, or as soon as practicable, the accessibility of the country by water, its resources, and the population so reached. Such an exploration, if it does no other, if can do no harm, and may result in establishing a trade of value to both nations.

In further connection with the Treasury Department I would recommend a revision and codification of the tariff laws and the opening of more mints for coining money, with authority to coin for such nations as may apply.

WAR DEPARTMENT.

The attention of Congress is invited to the recommendations contained in the report of the Secretary of War herewith accompanying. The apparently great cost of supporting the army is fully explained by this report, and I hope will receive your careful consideration.

While inviting your general attention to all the recommendations made by the Secretary of War, there are two subjects which I would especially invite to your earlier first, the importance of preparing for war in time of peace by providing proper armament for our sea coast defences. Proper armament is, I easily more important than fortifications. The latter can be supplied very speedily for temporary purposes when needed, the former cannot. The second is the necessity of repealing the clause in the staff organization of the army, particularly in this necessity felt in the medical, pay and ordnance departments. At the time it is necessary to employ contract surgeons to supply the necessary medical attendance required in the army. With the present force of the pay department it is now difficult to make the payments to troops provided for by law. Long delays in payments are productive of descriptions and other demoralization, and the law prohibits the payment of troops by other than regular army paymasters.

There are now sixteen vacancies in the ordnance department, thus leaving that branch of the service without sufficient officers to conduct the business of the different arsenals on a large scale it ever required.

NAVY DEPARTMENT.

During the past year our navy has been depleted by the sale of some vessels no longer fit for naval service, and by the condemnation of others not yet disposed of. This, however, has been more than compensated for by the repair of six of the old wooden ships, and by the building of eight new sloops of war authorized by the last Congress, the building of three later has been ordered at a family fortunate time. They are about being completed at a time when they may possibly be much needed, and the work upon them has not only given employment to thousands of men, but has no doubt been the means of keeping financial establishments for other work at a time of great financial pressure. The commercial pressure of the last month, however, the distressing occurrences which have taken place in the waters of the Western Hemisphere, and on our own coasts, should, and I trust, will be forcibly the necessity always that a nation situated like ours should maintain in a state of possible efficiency a navy adequate to its responsibilities, has at the same time demanded that all the effective force we actually have shall be put in immediate readiness for warlike service. This has been and is being done promptly and effectively, and I am assured that all the available ships, and every authorized man of the American navy will be ready for whatever action is required for the safety of our citizens or the maintenance of our honor. This course will require the expenditure in a short time of some of the appropriations which were calculated to extend through the fiscal year, but no excess will I doubt not understand and appreciate the emergency, and will provide adequately not only for the present preparation, but for the future maintenance of our naval force.

The civilian of the Navy has during the last year been quietly getting out of our navy effective monitors in completion for service, and thus the expense has been light.

POST OFFICE DEPARTMENT.

A complete exhibit is presented in the accompanying report of the Postmaster-General of the operations of the Post office Department during the year. The ordinary postal revenues for the fiscal year ended June 30, 1873, amounted to $22,996,241.57, and the expenditures of all kinds to $29,084,985.67.

The increase of revenues over 1872 was $1,081,315.20, and the increase of expenditures $2,426,253.36. Independent of the payments made from special appropriations for mail service this time amount drawn from the general treasury to meet deficiencies was $5,265,475.

The constant and rapid extension of our postal service, particularly upon railroads, and the improved facilities for the collection, transmission, distribution, and delivery of the mails which are constantly being provided account for the increased expenditures of this branch of the public service. The total number of post offices in operation on the 30th of June, 1873, was 33,244, a net increase of 1,381 over the number reported the preceding year; the number of Presidential offices was 1,965, an increase of 161 during the year; the total length of railroad mail route at the close of the year was 6,457 miles, an increase of 5,346 miles over the year 1872; fifty-nine railway post office lines were in operation on the 30th of June, 1873, extending over 14,866 miles of railroad routes, and performing an aggregate service of 34,925 miles daily. The number of letters exchanged with foreign countries was 7,590,185, an increase of 3,096,285 over the previous year, and the postage thereon amounted to $2,021,390.66. The total weight of correspondence exchanged in the mails with European countries exceeded 912 tons, an increase of ninety-two tons over the previous year. The total cost of the United States ocean mail service up service, including $25,000 paid from special appropriations to six subsidized lines of mail steamers, was $1,047,231.35. New and additional postal conventions have been concluded with Sweden, Norway, Belgium, Germany, Canada, Newfoundland, and Japan, reducing postage rates on correspondence exchanged with those countries, and further efforts have been made to negotiate a satisfactory postal convention with France, but without success.

I invite the favorable consideration of Congress to the suggestions and recommendations of the Postmaster-General for an extension of the free delivery system in all cities having a population of not less than 10,000, for the prepayment of postage on newspapers and other printed matter of the second class; for a uniform postage and limit of weight on miscellaneous matter; for adjusting the compensation of all Postmasters not appointed by the President by a fixed method of commissions on the actual receipts of the office, instead of the present mode of fixing the salary in advance upon special returns; and especially do I urge favorable action by Congress on the important recommendation of the Postmaster-General for the establishment of United states postal savings depositories.

Your attention is also again called to a consideration of the question of postal telegraphs and the arguments advanced in support thereof, in the hope that you may take such action in connection therewith as in your judgment will most contribute to the best interests of the country.

DEPARTMENT OF JUSTICE.

Affairs in Utah require your early and special attention. The supreme court of the Utah was at the last case of Clinton versus Englebrecht decided that the United States Marshal of that Territory could not lawfully summon jurors for the District courts, but that duty devolved on the Territorial Marshal cannot lawfully perform that duty because he is elected by the Legislative Assembly, and not appointed as provided by the laws of Congress. The Territorial Marshal's business is law are practically abolished by these decisions, and I conceive that territory since the last session has been a Con free. Property is left without protection by the courts, and crimes go unpunished. To prevent anarchy there it is absolutely necessary that Congress provide the courts with some mode of obtaining jurors, and I recommend legislation to that end, and also that the Probate courts of the territory now assuming to issue writs of injunction and habeas corpus and to try criminal cases and in questions of land titles, be denied all jurisdiction not possessed ordinarily by courts of that description.

I have become impressed with the belief that the act approved March 2, 1867, entitled "An act to establish a uniform system of bankruptcy throughout the United states is productive of more evil than good. At this time it is operating upon the minds of the people to a total repeal. But if this is not considered advisable I think it will not be seriously questioned that those portions of said act providing for what is called involuntary bankruptcy operate to increase the financial embarrassments of the country. Careful and prudent men very often become involved in debt in the transaction of their business, and if the property they may be possessed of, if it could be made available for just purposes, to meet all their liabilities, yet on account of the exorbitant scarcity of money they may be unable to meet all their pecuniary obligations as they become due, in consequence of which they are liable to be prostrated in their business by proceedings in bankruptcy at the instance of unreasonably creditors. People are now so easily alarmed as to monetary matters that the mere filing of a petition in bankruptcy is sufficiently evidence to cause a panic, embarrass and oftentimes accomplish the financial ruin of a responsible business man. Those who otherwise might make lawful and just arrangement to relieve difficulties from difficulties produced by the present stringency in money, are prevented by their constant exposure to attack and disappointment by proceedings against them in bankruptcy. And besides, the law is used to ward off in many cases by dishonest creditors to frighten or force debtors into a compliance with their wishes, and into acts of injustice to other creditors. I have seen instances where it has been much of said act as provides for involuntary bankruptcy on account of the suspension of payment be replaced.

CLAIMS AGAINST THE GOVERNMENT.

Your careful attention is invited to the subject of claims against the Government and its defense, if found to be existing laws for their prosecution. Each of the departments of state, Treasury, and War have demands for many millions of dollars upon their files, and it is a subject of congratulation that so large a portion of those now pending before Congress, the Court of Claims, and the Southern claims Commission, having to do with claims for property taken during the late war of rebellion and are intended to indemnify persons who took sides for their losses during the war, and not a few of them are fabulous and supported by false testimony. Some are honest. It is a duty to the honest Congress to provide for new classes of claims and to relieve the ones through the appeal or modification of the statutes of limitation, by which they are now barred. I press these schemes if proposed will be received with little favor by Congress, and recommended that persons having claims against the Government file the same in the Court of Claims, instead of presenting them to Congress, as they