Richmond Dispatch.

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Richmond Dispatch.

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SATURDAY MORNING.....DEC. 6, 1862.

LATEST NORTHERN NEWS.

Northern advices of the 2d inst. are received.—The Baltimore *American*, of Tuesday evening, speaking of the Message of Lincoln, says:

The President's Message, given in the present issue, is a most unpretending document, both as to form and length, little more than glancing at most of those matters now of such vast importance to the nation. One merit it has pre-eminently—its evident earnestness and plainness in dealing with the various topics which it is made his duty to present for the consideration of Congress and the people.

On the whole, the message will be hailed, we think as eminently moderate in tone, perhaps to some extent receding in its views and so it must be if anything but acceptable to the ultras who have labored so large a sway in shaping the Nation's policy on this subject. He is careful, however, to remind us that his new plan for the settlement of this perplexing matter is recommended as a means not in exclusion of, but additional to all others for restoring and preserving the National authority throughout the Union."

In conclusion, whoever may differ with the Executive in these conclusions will be ready to accede to him a spirit of patriotic conciliation, which viewed in its right aspect, may be productive of great good. Whilst he plainly tells the secessionists the Union that he shall relax no efforts to compel obedience to the laws, he is willing to make one more attempt to settle matters on an amicable basis.

PROCEEDINGS IN THE YANKEE CONGRESS.

The Yankee Congress assembled at noon on Monday. A quorum was present in both Houses, and at once proceeded to business. Lincoln's message, which we publish in another column, was received and read.

In the House Mr Conklin offered a resolution, which was adopted, directing the Committee on Naval Affairs to inquire and report as to the best mode of placing vessels-of-war on Lake Ontario, when the exigency shall arise, and of establishing water communication from other waters to the lakes.

A resolution submitted by Mr Vallandigham was adopted, directing an inquiry as to the alleged action of the Postmaster General in deciding what newspapers may, and what shall not, be transmitted through the mails. Mr. Cox, of Ohio, submitted a preamble and resolution reciting that illegal, military arrests had been made by the agents of the Government, and declaring that the House condemns all such arrests. The resolution was tabled by a vote of 40 to 80. Mr. Richardson offered a similar resolution in relation to the arrest and confinement of citizens of Illinois, which was also tabled.

Senator Sumner recently made a trip to Washington for the purpose of entering a personal complaint against the delay of the Quartermaster's Department in forwarding the pontoon train to the army. He says: "By this delay much valuable time has been lost, and the difficulty of crossing the Rappahannock in the face of the enemy's preparations greatly augmented." It was rumored that Meigs, the Yankee Quartermaster General, had been removed in consequence, but it is believed to be untrue.

THE PROGRESS OF HOSTILITIES.

The Yankee correspondents report that General Sigel is entrenching on Richmond. They also say that the pretended fortification of the hills in the rear of Fredericksburg is a mere feint.

The Dutch general Sigel, in an official dispatch, gives an account of a reconnoissance, by General Stahl, through Aldie's and Snicker's Gaps, to ascertain Jackson's movements. He says Stahl scoured the country nearly to Winchester, and found that Jackson had certainly gone South. In the dispatch he says:

At Snicker's Ferry Gen Stahl fell upon a large force of rebel cavalry, routed them, captured numbers of horses and cattle, pursued them to Berryville, broke up their camp, chased them to within five miles of Winchester, captured all of their tents, killed forty privates of White's battalion, and, together, cost them a loss of fifty in killed and wounded. Our side lost fifteen in all. It was definitely ascertained by this reconnoissance that Stonewall Jackson had left the Shenandoah Valley, passing only a brigade of troops at Winchester—Yesterday last Jackson was at Culpeper Court House moving by forced marches to join Gen. Lee at Fredericksburg.

THE COURT OF INQUIRY ON GEN. M'DOWELL—HE LAYS DOWN THE PLAN OF INVESTIGATION.

The Court of Inquiry asked by Gen. McDowell assembled in Washington on Wednesday last. At the request of the Court Gen. McD. gave the following as the plan of investigation desired by him. He expresses his willingness that the court should investigate the "Bull Run" disaster if they think it necessary:

First—An investigation of my correspondence with the enemy's commanders, or with any one within the enemy's lines. The only correspondence that I am aware of was with the secession commander opposite Fredericksburg, which my chief of staff, Col Schriver, can produce, if it is wanted. I have asked an investigation on such point. During my command of the Department of Northeastern Virginia there will be found some correspondence with the secession commander at Richmond, which was duly forwarded at the time to the headquarters of the army. I know of no correspondence with any one within the enemy's lines unless it be with Mrs Robert E. Lee and Mrs. Pickrin, who wrote from Ravenswood on some personal matters in June and July, 1861, and whose letters with my replies, were forwarded at the time to the headquarters of the army, and are, I suppose, now in the War Department.

Second—An investigation of my conduct and the policy pursued by me toward the inhabitants of the country occupied by our troops, with reference to themselves or their property. This matter has been severely commented upon throughout the country and in both houses of Congress, and may possibly have had much to do with the charge of treason. As to my conduct toward the inhabitants, with reference to themselves, I wish to offer my orders concerning rape, robbery, and pillage, and those concerning the interference with the railroads and telegraphs, and the testimony of those officers mentioned in the margin.

As to my conduct towards the inhabitants with reference to their property, I wish to offer my general orders and instructions concerning confiscations and the taking of supplies, and the forms of certificate to be given for supplies taken. And as to the particular cases of a Mr. Hoffman, whose fences were ordered to be guarded, and that of the fences and the wheat-fields of Chatham or the Lacy House, which had been destroyed, and were ordered to be replaced. I wish the testimony of those mentioned in the margin.

Third—As to whether or not I have been faithful to those placed over me. For so much of service as was under General McClellan, and particularly with reference to the events which immediately preceded the embarkation of the bulk of his army for the Peninsula, and the plans, &c., so far as may be necessary, which led to that campaign, I wish the testimony of Major General McClellan; Governor Denison, of Ohio, Brigadier-General Wadsworth, and Colonel Key, aids-de-camp. For so much of my service as was under him I wish the testimony of Major General Pope and of Brigadier-General Roberts, General Welch, Commissary of Subsistence, Colonel Morgan, Lieutenant-Colonel Smith, Colonel Ruggles, Assistant-Adjutant-General, and Colonel Schriver, &c., and, if the Court see fit to go back that far, that of Lieutenant-General Scott, by deposition; for I should dislike to trouble him with a disagreeable journey for so much of my service as was under him.

Fourth—As to whether I have failed through any unworthy personal motive to go to the aid of or send reinforcements to any brother commander, I wish inquiry made as to whether, whilst in command of the Department of the Rappahannock, I did or not, so far as my means and instructions permitted operate so as to aid or endeavor to aid Major-General McClellan in his campaign on the peninsula, whether or not I was active, zealous and efficient in the discharge of the duties of my command in preparing it for this object; whether or not I refused, neglected or failed to go to him before Richmond when I had my forces at Fredericksburg, and if so, why; whether or not at the last moment I left Fredericksburg for the valley of the Shenandoah to avoid coming under General McClellan's command, whether or not, when the campaign was considered as ended, I endeavored to go to his aid before Richmond. On the foregoing I have mostly to offer the official correspondence between my self and his Excellency the President, and the Honorable Secretary of War, Major-General McClellan and others, and the testimony of those mentioned in the margin. I wish inquiry made as to whether, when ordered to co-operate with Major General Fremont for the relief of Major General Banks, I took active measures to do so.—On this I have to submit my official correspondence and the evidence of those mentioned in the margin. I wish inquiry made as to whether, in the late Army of Virginia, I at any time neglected or failed to go to the aid of or send reinforcements to either Major General Banks or Major-General Sigel, commanding the Second Army Corps, when it was my duty to do so, and particularly with reference to General Banks at the battle of Cedar Mountain, and General Sigel at the battle of Groveton, or Gainesville. On this I have to submit official papers, and with the evidence of those mentioned in the margin.

Fifth—Finally I ask an investigation into the charge very generally made against me, and which affects very seriously my character—to wit, that of drunkenness. On this I wish the evidence of the following persons: Lieut.-Gen. Scott, Major Gens Hunter, Wool, Pope, Sumner, Heintzelman, Keyes, Franklin, Hooker, Schuyler, Hamilton, etc.

As far as possible I beg leave to suggest that it may be well to take up the subjects in chronological order. If in the foregoing it shall appear that I have omitted anything, I trust to the indulgence of the Court to permit me to add whatever may be wanting.

Very respectfully,
IRVIN McDOWELL, *Major General*.

After the reading of this paper the Court went into secret session, and continued so over two hours, when the doors were opened and the Court was adjourned until 11 o'clock to-morrow.

A YANKEE OPINION OF THE VIRGINIANS.

The Washington *Republican* praises the Virginians—even the Virginia rebels! Hear him:

If there has been any decadence of the manly virtues in the Old Dominion, it is not because the present generation has proved itself either weak or cowardly or unequal to the greatest emergencies. No people, with so few numbers, ever put into the field and kept there so long troops more numerous, brave, or more efficient, or produced Generals of more merit, in all the kinds and grades of military talent. It is not a worn out and effete race which has produced Lee, Johnston, Jackson, Ashby, and Stuart. It is not a worn-out and effete race which for eighteen months has defended its capital against the approach of an enemy close upon their borders, and outnumbering them thirty to one. It is not a worn-out and effete race which has preserved substantial popular unity under all the strain and pressure and sacrifice of this unprecedented war. "Let history" as was said of another race, "which records their unhappy fate as a people, do justice to their rude virtues as men."

They are fighting madly in a bad cause, but they are fighting bravely. They have few cowards and no traitors. The hardships of war are endured without a murmur by all classes, and the dangers of war without flinching, by the newest conscripts, while their gentry, the offshoot of their peculiar social system, have thrown themselves into the camp and field with all the dash and high spirit of the European *noblesse* of the middle ages, risking, without apparent concern, upon a desperate adventure, all that men value, and after a generation of peace and repose and security, which had not emasculated them, presenting to their enemies a trained and intrepid front, as of men born and bred to war.

These are extraordinary statements, coming as they do from an ultra Republican paper.

THE NEWSPAPER REVOLUTION.

The New York correspondent of the Philadelphia *Press* says:

In previous letters I have spoken of the effect of the rise in paper upon the press of this city, and noticed the interest of the *Herald* to be the last paper to raise its price, whatever it might lose by the delay. The object of the *Herald* in this was to try its rivals so severely that it might dictate terms to them. There was a meeting of the "associated Press" yesterday, when the *Herald* dictated the price of five cents to its contemporaries, as the future figure for them, and they dared not refuse to honor the mandate. Possibly, four cents may be yet agreed upon. To give the city papers all possible chance to sustain themselves under the one hundred per cent increase in price, it has been decided, I learn, that all papers published out of the city shall be summarily deprived of the Associated Press telegraphic news, with a view to giving the four cent dailies a monopoly of the war news.

It will be seen by the following paragraph from the Boston *Herald*, of Wednesday, that the publishers of that city have been forced, in consequence of the advance in paper, to increase the price of their respective sheets:

The publishers of the Boston newspapers have been compelled, in consequence of the very great increase in the price of white paper, to advance the price of their respective sheets to news agents and dealers, and, consequently, to the public.—This increase includes the *Herald, Journal, Traveller*, and *Transcript*. The *Post, Advertiser* and *Courier*, will, we are informed, continue to sell at three cents per copy, as heretofore, but will reduce their dimensions.

MISCELLANEOUS.

The steamer George Peabody went ashore at Hatteras on the 19th, and lies in a dangerous position.

The funeral of Mrs. Hardenburgh, (late Miss Oriana Marshall) the well known actress, took place in Boston on Sunday, and was largely attended.

Father Hersey, one of the oldest ministers of the Methodist Church in the United States died at Pennington, New Jersey, on the 25th ult. He was formerly city missionary in Baltimore.

Mme Marietta Grisi, mother of Mmes Carlotta and Ernesta Grisi, has just died, at a very advanced age, at the Villa Grisi, near Geneva.

James H. Birch, the defeated candidate for Congress from the 6th district of Missouri, announces that he will contest the election of his opponent, Birch is an Anti Emancipationist.

The *Nationalities*, of Turin, announces the arrival in that city of M. M. Klapi, Kossuth, and Teleki, who, it adds, are preparing to start for Greece with a large number of Hungarians.

Gen. Scott's letter to Lincoln, about "wayward sisters depart in peace" has produced a sensation in England. Some of the papers call Gen. S. the Wellington of the United States.

Madame Geffard, wife of the President of the Republic of Hayti, who is now in Paris has presented the Society of the Prince Imperial (a charitable association) with a donation of one thousand francs.

The Enchantress, with Mr and Miss Rickings in the leading characters, is nightly drawing immense audiences to Ford's Theatre, in Washington.

The drafted men encamped at Harrisburg, Pa., will, it is said, move for the field of active operations in a few days.

The journeymen bakers and stone-cutters of Boston have demanded an advance of wages—the former of 25 and the latter of 20 per cent.

Ward, the American Mandarin and General, was killed at Kungpoo, China, in a fight with the rebels.

Burnside—His Antecedents, &c.

The Richmond correspondent of the Grenada *Appeal* gives the following account of McClellan's successor:

Gen Ambrose Everett Burnside who supplants the "Young Napoleon," is one of the most courteous and well-behaving officers of the Yankee army. He was born in Indiana, and entered the Military Academy of West Point from that State in the year 1843, in the same class with Ambrose P. Hill and Henry Heth, who are now Generals in the Confederate service. Having served some years in the artillery after graduation, he resigned his commission and went to live in Rhode Island, where he had married a woman of wealth and accomplishment. All his own private resources and the greater part of his wife's fortune were spent by him in preparations for the manufacture on a large scale of a new rifle of his own invention upon which there had been a favorable report from an army commission appointed to examine it, and for which he expected a great contract from the Secretary of War.

In this he was disappointed. Gen Floyd, who was then at the head of the War Department of the United States, awarded the contract to other parties. McClellan was at the time, as he now is, President of the Illinois Central Railway, enjoying a fat salary and wielding a considerable patronage, and he offered Burnside a clerkship with a salary of two thousand dollars a year, which was accepted. The two friends were managing the affairs of the railway when the present war broke out, affording to both the chance of military glory, and to Burnside the hope of bettering his estate. They both obtained permanent positions, and have since been constantly before the public eye. Burnside's most intimate personal friends—Generals Heth, Maury, Field, and others—are on the Southern side fighting the battle of freedom and independence.

On repeated occasions Burnside is said to have behaved with unexpected courtesy toward the Confederates, more especially in the Roanoke island affair, where the lamented O. Jennings Wise was killed, and in his bearing toward non-combatant citizens of Fredericksburg and its neighborhood, one or two of whom he certainly discharged from arrest, though they had been apprehended by special order of Stanton, Lincoln's Secretary of War. To a gentleman—whose name and county it is not proper to give—Burnside declared, less than three months ago, that when this war upon the South became a war for the extermination of slavery he should resign his commission.

The proclamation has been published several weeks, and he has not resigned. On the contrary, he takes command of the grand army of invasion and comes to incite the slaves to revolt in the spirit of his master. Doubtless, when Burnside made that speech about resigning he was sincere, and really meant it; but the temptation of military fame was too strong.

The Richmond correspondent of the Charleston *Mercury* writes the following incident in his military career:

A friend, who was a merchant in Washington city at the first battle of Manassas, and who left the week following, was amusing me the other night with sundry incidents connected with Washington and that battle, both prior and subsequent to it. Among others he mentioned that this Gen. Burnside, a short time previous to the battle, passed through the city in command of the, or a, Rhode Island brigade. On having some encomiums bestowed upon it, he pointedly remarked, he "commanded a brigade which could with ease march from Washington to the Gulf." When he left Washington "he wore a wreath" of flowers around one of his arms, and carried an immense bouquet in his hand. Such was Gen. Burnside on starting on his first military expedition. On the day after the battle he returned, looking so haggard that my friend, who saw him, said he looked as if he had been on a "bust" for three weeks. Of his entire brigade but little over a hundred could be rallied. When or where the demoralized mass ever got together I never learned.

SUBSTITUTE FOR COPPERAS.—The following is a recipe which answers every purpose in dyeing where copperas is used in setting colors, or for dyeing copperas color: Half pint vinegar, half pint syrup or molasses, three gallons of water. Put the above into an iron pot with nails or other rusty iron, and let it stand twenty days. It is of no use to buy copperas for dyeing at one dollar per pound while this will answer every purpose.

LINCOLN'S MESSAGE.

Fellow-Citizens of the Senate and House of Representatives:

Since your last annual assembling another year of health and bountiful harvests has passed, and while it has not pleased the Almighty to bless us with a return of peace, we can but press on, guided by the best light He gives us, trusting that in His own good time and wise way all will yet be well.

The correspondence touching foreign affairs which has taken place during the last year is herewith submitted, in virtual compliance with a request to that effect made by the House of Representatives near the close of the last session of Congress.

If the condition of our relations with other nations is less gratifying than it has usually been at former periods, it is certainly more satisfactory than a nation so unhappily distracted as we are might reasonably have apprehended. In the month of June last there were some grounds to expect that the maritime powers which, at the beginning of our domestic difficulties, so unwisely and unnecessarily, as we think, recognized the insurgents as belligerent, would soon recede from that position, which has proved only less injurious to themselves than to our own country. But the temporary reverses which afterwards befell the national arms, and which were exaggerated by our own disloyal citizens abroad, have hitherto delayed that act of simple justice.

The civil war, which has so radically changed for the moment the occupations and habits of the American people, has necessarily disturbed the social condition, and affected very deeply the prosperity of the nations with which we have carried on a commerce that has been steadily increasing throughout a period of half a century. It has at the same time excited political ambitions and apprehensions which have produced a profound agitation throughout the civilized world. In this unusual agitation we have forborne from taking part in any controversy between foreign States. We have attempted no propagandism, and acknowledged no revolution. But we have left to every nation the exclusive conduct and management of its own affairs. Our struggle has been, of course, contemplated by foreign nations with reference, less to its own merits than to its supposed, and often exaggerated effects and consequences resulting to those nations themselves. Nevertheless, complaint on the part of this Government, even if it were just, would certainly be unwise.

The treaty with Great Britain for the suppression of the slave trade has been put into operation with a good prospect of complete success. It is an occasion of special pleasure to acknowledge that the execution of it, on the part of her Majesty's Government, has been marked with a jealous respect for the authority of the United States, and the rights of their moral and loyal citizens.

The Convention with Hanover for the abolition of the Stade dues has been carried into full effect, under the act of Congress for that purpose.

A blockade of three thousand miles of seacoast could not be established and vigorously enforced in a season of great commercial activity like the present without committing occasional mistakes, and inflicting unintentional injuries upon foreign nations and their subjects.

A civil war occurring in a country where foreigners reside and carry on trade under treaty stipulations, is necessarily fruitful of complaints of the violation of neutral rights. All such collisions tend to excite misapprehensions, and possibly to produce mutual reclamations between nations which have a common interest in preserving peace and friendship. In clear cases of these kind I have, so far as possible, heard and redressed complaints which have been presented by friendly powers—There is still, however, a large and an augmenting number of doubtful cases upon which the Government is unable to agree with the Government whose protection is demanded by the claimants—There are, moreover, many cases in which the United States, or their citizens, suffer wrong from the naval or military authorities of foreign nations, which the Governments of those States are not at once prepared to redress. I have proposed to some of the foreign States, that in a friendly, mutual convention to examine and adjust such complaints—This proposition has been made especially to Great Britain, to France, to Spain and to Prussia. In each case it has been kindly received, but has not yet been formally adopted.

I deem it my duty to recommend an appropriation in behalf of the owners of the Norwegian bark Admiral P. Tordenskiold, which vessel was, in May, 1861, prevented by the commander of the blockading force off Charleston from leaving that port with cargo, notwithstanding a similar privilege had shortly before been granted to an English vessel. I have directed the Secretary of State to cause the papers in the case to be communicated to the proper committees.

Applications have been made to me by many free Americans of African descent to favor their emigration, with a view to such colonization as was contemplated in recent acts of Congress. Other parties, at home and abroad—some from interested motives, others upon patriotic considerations, and still others influenced by philanthropic sentiments—have suggested similar measures; while, on the other hand, several of the Spanish American Republics have protested against the sending of such colonies to their respective Territories. Under these circumstances I have declined to move any such colony to any State without first obtaining the consent of its Government, with an agreement on its part to receive and protect such emigrants in all the rights of freemen; and I have, at the same time, offered to the several States situated within the tropics or having colonies there, to negotiate with them, subject to the advice and consent of the Senate to favor the voluntary emigration of persons of that class to their respective Territories upon conditions which shall be equal, just, and humane.

Liberia and Hayti are, as yet, the only countries to which colonists of African descent from here could go with the certainty of being received and adopted as citizens; and I regret to say such persons, contemplating colonization, do not seem willing to migrate to those countries as to some others nor so willing as I think their interest demands I believe, however, opinion among them in this respect is improving, and that ere long there will be augmented and considerable migration to both these countries from the United States.

The new commercial treaty between the United States and the Sultan of Turkey has been carried into execution.

A commercial and consular treaty has been negotiated, subject to the Senate's consent, with Liberia; and a similar negotiation is now pending with the republic of Hayti. A considerable improvement of the national commerce is expected to result from these measures.

Our relations with Great Britain, France, Spain, Portugal, Russia, Prussia, Denmark, Sweden, Austria, the Netherlands, Italy, Rome, and the other European States, remain undisturbed. Very favorable relations also continue to be maintained with Turkey, Morocco, China, and Japan.

During the last year there has not only been no change of our previous relations with the independent States of our own continent, but more friendly sentiments have been manifested than had believed to be entertained by these neighbors, whose safety and progress are so intimately connected with our own. This statement especially applies to Mexico, Nicaragua, Costa Rica, Honduras, Peru, and Chile.

The commission under the convention with the Republic of New Grenada closed its session without having audited and passed upon all the claims which were submitted to it. A proposition is pending to revive the convention, that it may be able to do more complete justice. The joint commission between the United States and the Republic of Costa Rica has completed its labors and submitted its report.

I have favored the project for connecting the United States with Europe by an Atlantic telegraph, and a similar project to extend the telegraph from San Francisco, to connect by a Pacific telegraph with the line which is being extended across the Russian Empire.

The Territories of the United States, with unimportant exceptions, have remained undisturbed by the civil war, and they are exhibiting such evidences of prosperity as justifies an expectation that some of them will soon be in a condition to be organized as States, and be constitutionally admitted into the Federal Union.

The immense mineral resources of some of those Territories ought to be developed as rapidly as possible. Every step in that direction would have a tendency to improve the revenues of the Government, and diminish the burdens of the people. It is worthy of your serious consideration whether some extraordinary measures to promote that end cannot be adopted. The means which suggest itself as most likely to be effective, is a scientific exploration of the mineral regions in those Territories, with a view to the publication of its results at home and in foreign countries—results which cannot fail to be auspicious.

The condition of the finances will claim your most diligent attention. The vast expenditures incident to the military and naval operations required for the suppression of the rebellion have hitherto been met with a promptitude and certainty unusual in similar circumstances, and the public credit has been fully maintained. The continuance of the war, however, and the increased disbursements made necessary by the augmented forces now in the field demand your best reflections as to the best modes of providing the necessary revenue without injury to business, and with the least possible burdens upon labor.

The suspension of specie payments by the banks, soon after the commencement of your last session, made large issues of United States notes unavoidable. In no other way could the payment of the troops, and the satisfaction of other just demands, be so economically or so well provided for. The judicious legislation of Congress, securing the receivability of these notes for loans and internal duties, and making them a legal tender for other debts, has made them an universal currency, and has satisfied, partially, at least, and for the time, the long felt want of an uniform circulating medium, saving thereby to the people immense sums in discounts and exchanges.

A return to specie payments, however, at the earliest period compatible with due regard to all interests concerned, should ever be kept in view. Fluctuations in the value of currency are always injurious, and to reduce the fluctuations to the lowest possible point will always be a leading purpose in wise legislation. Convertibility, prompt and certain convertibility, lies core in specially acknowledged to be the best and surest safeguard against them; and it is extremely doubtful whether a circulation of United States notes, payable in coin, and sufficiently large for the wants of the people, can be permanently, usefully, and safely maintained.

Is there, then, any other mode in which the necessary provision for the public wants can be made, and the great advantage of a sound and uniform currency secured?

I know of none which promises so certain results and is, at the same time, so unobjectionable, as the organization of banking associations, under general act of Congress, well guarded in its provisions. To such associations the Government might furnish circulating notes, on the security of the United States bonds deposited in the Treasury. These notes, prepared under the supervision of proper officers, being uniform in appearance and security, and convertible always into coin, would at once protect labor against the evils of a vicious currency, and facilitate commerce by cheap and safe exchanges.

A moderate reservation from the interest on the bonds would compensate the United States for the preparation and distribution of the notes, and a general supervision of the system, and would lighten the burden of that part of the public debt employed as securities. The public credit, moreover, would be greatly improved, and the negotiation of new loans greatly facilitated by the steady market demand for Government bonds which the adoption of the proposed system would create.

It is an additional recommendation of the measure, of considerable weight, in my judgment, that it would reconcile, as far as possible, all existing interests, by the opportunity offered to existing institutions to reorganize under the act, substituting only the secured uniform national circulation for the local and various circulation, secured and unsecured, now issued by them.

The receipts into the Treasury from all sources, including loans and balance from the preceding year, for the fiscal year ending on the 30th June, 1862, were $583,885,217.06, of which sum $49,056,397.62 were derived from customs; $1,795,331.73 from the direct tax; from public lands, $152,203.77; from miscellaneous sources, $931,787.64; from loans in all forms, $529,692,460.50. The remainder, $2,257,650.80, was the balance from last year.

The disbursements during the same period were—for Congressional, Executive, and Judicial purposes, $5,939,009.29; for foreign intercourse, $1,339,710.35; for miscellaneous expenses, including the mints, loans, post-office deficiencies, collection of revenue, and other like charges, $14,129,771.50; for expenses under the Interior Department, $3,102,985.52; under War Department, $394,368,407.35; under the Navy Department, $41,074,569.69; for interest on public debt, $11,190,724.45; and for payment of public debt, including reimbursement of temporary loan, and redemption, $96,096,922.09; making an aggregate of $567,584,700.25, and leaving a balance in the Treasury on the first day of July, 1862, of $13,043,516.81.

It should be observed that the sum of $96,096,922.09, expended for reimbursements and redemption of public debt, being included also in the loans made, may be properly deducted both from receipts and expenditures leaving the actual receipts for the year $487,788,326.97, and the expenditures $474,744,778.16.

Other information on the subject of the finances will be found in the report of the Secretary of the Treasury, to whose statements and views I invite your most candid and considerate attention.

The reports of the Secretaries of War and of the Navy are herewith transmitted. These reports, though lengthy, are scarcely more than brief abstracts of the very numerous and extensive transactions and operations conducted through those Departments. Nor could I give a summary of them here upon any practicable plan which would admit of its being much shorter than the reports themselves. I therefore content myself with laying the reports before you and asking your attention to them.

It gives me pleasure to report a decided improvement in the financial condition of the Post Office Department, as compared with several preceding years. The receipts for the fiscal year 1861 amounted to $8,349,396.41, which embraced the revenue from all the States of the Union for three quarters of a year. Notwithstanding the cessation of revenue from the so called seceded States during the last fiscal year, the increase of the corresponding revenue of the loyal States has been sufficient to produce a revenue during the same year of $8,299,820.90, being only $50,000 less than was derived from all the States of the Union during the previous year. The expenditures show a still more favorable result. The amount expended in 1861 was $13,606,759.11. For the last year the amount has been reduced to $11,125,364.13, showing a decrease of about $2,481,000 in the expenditures as compared with the preceding year, and about $3,750,000 as compared with the fiscal year 1860. The deficiency in the department for the previous year was $4,551,996.98. For the last fiscal year it was reduced to $2,142,814.57.—These favorable results are in part owing to the cessation of mail service in the insurrectionary states, and in part to a careful review of all expenditures in that department in the interest of economy. The efficiency of the postal service, it is believed has also been much improved. The Postmaster-General has also opened a correspondence through the Department of State, with foreign Governments, proposing a convention of postal representatives for the purpose of simplifying the rates of foreign postage and to expedite the foreign mails. This proposition, equally important to our adopted citizens, and to the commercial interests of this country, has been favorably entertained, and agreed to, by all the Governments from whom replies have been received.

I ask the attention of Congress to the suggestions of the Postmaster General in his report respecting the further legislation required, in his opinion, for the benefit of the postal service.

The Secretary of the Interior reports as follows in regard to the public lands:

"The public lands have ceased to be a source of revenue. From the 1st July, 1861, to the 30th September, 1862, the entire cash receipts from the sale of lands were $137,476.26—a sum much less than the expenses of our land system during the same period. The Homestead law, which will take effect on the 1st of January next, offers such inducements to settlers that sales of cash cannot be expected to an extent sufficient to meet the expenses of the General Land Office and the cost of surveying and bringing the land into market."

The discrepancy between the sum here stated as arising from the sales of the public lands, and the sum derived from the same source as reported from the Treasury Department, arises, as I understand, from the fact that the period of time, though apparently, were not really, coincident at the beginning point—the Treasury report including a considerable sum now which had previously been reported from the Interior—sufficiently large to greatly overreach the sum derived from the three months now reported upon by the Interior, and not by the Treasury.

The Indian tribes upon our frontiers have, during the past year, manifested a spirit of insubordination, and, at several points, have engaged in open hostilities against the white settlements in their vicinity. The tribes occupying the Indian country South of Kansas renounced their allegiance to the United States and entered into treaties with the insurgents. Those who remained loyal to the United States were driven from the country. The Chief of the Cherokees has visited this city for the purpose of restoring the former relations of the tribe with the United States. He alleges that they were constrained by superior force to enter into treaties with the insurgents and that the United States neglected to furnish the protection which their treaty stipulations required.

In the month of August last the Sioux Indians, Minnesota, attacked the settlements in their vicinity with extreme ferocity, killing indiscriminately men, women, and children. This attack was wholly unexpected, and, therefore, no means of defence had been provided. It is estimated that not less than eight hundred persons were killed by the Indians, and a large amount of property was destroyed. How this outbreak was induced is not definitely known, and suspicions, which may be unjust, need not be stated. Information was received by the Indian Bureau, from different sources, about the time hostilities were commenced, that a simultaneous attack was to be made upon the white settlements by all the tribes between the Mississippi river and the Rocky Mountains. The State of Minnesota has suffered great injury from this Indian war. A large portion of her territory has been depopulated, and a severe loss has been sustained by the destruction of property. The people of that State manifest much anxiety for the removal of the tribes beyond the limits of the United States as a guarantee against future hostilities.—The Commissioner of Indian Affairs will furnish full details.

I submit for your especial consideration whether our Indian system shall not be remodelled. Many wise and good men have impressed me with the belief that this can be profitably done.

I submit a statement of the proceedings of Commissioners, which shows the progress that has been made in the enterprise of constructing the Pacific Railroad, and this suggests the earliest completion of the road, and also the favorable action of Congress upon the projects now pending be one means for enlarging the capacities of the great canals in New York and Illinois, as being of vital and rapidly increasing importance to the whole nation, and especially to the vast interior region hereinafter to be noticed at some greater length. I propose having prepared and laid before you at an early day some interesting and valuable statistical information upon this subject. The military and commercial importance of enlarging the Illinois and Michigan Canal, and improving the Illinois river, is presented in the report of Col. Webster to the Secretary of War, and now transmitted to Congress. I respectfully ask attention to it.

To carry out the provisions of the act of Congress of the 15th of May last, I have caused the Department of Agriculture of the United States to be organized. The Commissioner informs me that within the period of a few months this department has established an extensive system of correspondence and exchanges, both at home and abroad, which promises to effect highly beneficial results in the development of a correct knowledge of recent improvements in agriculture, in the introduction of new products, and in the collection of the agricultural statistics of the different States.

Also, that it will soon be prepared to distribute largely seeds, cereals, plants, and cuttings, and has already published and freely diffused much valuable information in anticipation of a more elaborate report, which will in due time be furnished, embracing some valuable tests in chemical science now in progress in the laboratory.

The creation of this department was for the more immediate benefit of a large class of our most valuable citizens, and I trust the liberal basis upon which it has been organized will not only meet your approbation, but that it will realize, at no distant day, all the fondest anticipations of its most sanguine friends, and become the fruitful source of advantage to all our people.

COMPENSATED EMANCIPATION.

On the 22d day of September last a proclamation was issued by the Executive, a copy of which is herewith submitted. In accordance with the purpose expressed in the second paragraph of that paper, I now respectfully call your attention to what may be called "Compensated Emancipation."

The nation may be said to consist of the people, its territory, and its laws. The territory is the only part which is of certain durability. "One generation passeth away, and another generation cometh, but the earth abideth forever." It is of the first importance to duly consider and estimate this ever-enduring part. That portion of the earth's surface which is owned and inhabited by the people of the United States is well adapted to be the home of our national family, and it is not well adapted for two or more. Its vast extent and its variety of climate and productions are of advantage in this age for one people, whatever they might have been in former ages. Steam, telegraphs, and intelligence, have brought these to be an advantageous combination for one united people.

In the inaugural address I briefly pointed out the total inadequacy of disunion, as a remedy for the differences between the people of the two sections. I did so in language which I cannot improve, and which, therefore, I beg to repeat:

"One section of our country believes slavery is *right*, and ought to be extended, while the other believes it is *wrong*, and ought not to be extended.—This is the only substantial dispute. The fugitive slave clause of the Constitution, and the law for the suppression of the foreign slave trade, are each as well enforced, perhaps, as any law can ever be in a community where the moral sense of the people imperfectly support the law itself. The great body of the people abide by the dry legal obligation in both cases, and a few break over in each. This, I think, cannot be perfectly cured; and it would be worse in both cases *after* the separation of the sections than before. The foreign slave trade, now imperfectly suppressed, would be ultimately revived without restriction in one section; while fugitive slaves, now only partially surrendered, would not be surrendered at all by the other.

"Physically speaking we cannot separate. We cannot remove our respective sections from each other, nor build an impassable wall between them. A husband and wife may be divorced, and go out of the presence and beyond the reach of each other, but the different parts of our country cannot do this. They cannot but remain face to face—an intercourse, either amicable or hostile, must continue between them. Is it impossible, then, to make that intercourse more advantageous, or more satisfactory *after* separation than *before*? Can aliens make treaties easier than friends can make laws? Can treaties be more faithfully enforced between aliens than laws can among friends? Suppose you go to war, you cannot fight always; and when, after much loss on both sides, and no gain on either, you cease fighting, the identical old questions as to terms of intercourse are again upon you."

There is no line, straight or crooked, suitable for a national boundary, upon which to divide. Traversing from East to West, upon the line between the free and slave country, and we shall find a little more than one-third of its length are rivers, easy to be crossed, and populated, or soon to be populated thickly upon both sides; while nearly all its remaining length are merely surveyors' lines, over which people may walk back and forth without any consciousness of their presence. No part of this line can be made any more difficult to pass, by writing it down on paper or parchment, as a national boundary. The fact of separation, if it comes, gives up, on the part of the seceding section, the fugitive slave clause, along with all other constitutional obligations upon the section seceded from, while I should expect no treaty stipulation would ever be made to take it place.

But there is another difficulty. The great interior region, bounded east by the Alleghanies, north by the British dominions, west by the Rocky mountains, and south by the line along which the culture of corn and cotton meets, and which includes part of Virginia, part of Tennessee, all of Kentucky, Ohio, Indiana, Michigan, Wisconsin, Illinois, Missouri, Kansas, Iowa, Minnesota, and the Territories of Dakotah, Nebraska, and part of Colorado, already has above ten millions of people, and will have fifty millions within fifty years, if not prevented by any political folly or mistake. It contains more than one third of the country owned by the United States—certainly more than one million of square miles. Once half as populous as Massachusetts already is, it would have more than seventy-five millions of people. A glance at the map shows that, territorially speaking, it is the great body of the Republic. The other parts are but marginal borders to it, the magnificent region sloping west from the Rocky mountains to the Pacific being the deepest, and also the richest, in undeveloped resources. In the production of provisions, grains, grasses and all which proceed from them, this great interior region is naturally one of the most important in the world. Ascertain from the statistics the small proportion of the region which has as yet been brought into cultivation, and also the large and rapidly increasing amount of its products, and we shall be overwhelmed with the magnitude of the prospect presented. And if this region has no seacoast—touches no ocean anywhere. As part of one nation, its people now find, and may forever find, their way to Europe by New York, to south America and Africa by New Orleans, and to Asia by San Francisco. But separate our common country into two nations, as designed by the present rebellion, and every man of this great interior region is thereby cut off from some one or more of these outlets; not perhaps, by a physical barrier, but by embarrassing and onerous trade regulations.

And this is true, *wherever* a dividing or boundary line may be fixed. Place it between the now free and slave country, or place it south of Kentucky, or north of it, and still the truth remains, that none south of it can trade to any port or place north of it, and none north of it can trade to any port or place south of it, except upon terms dictated by a Government foreign to them. These outlets, east, west, and south, are indispensable to the well being of the people inhabiting, and to inhabit, this vast interior region. *Which* of the three may be best is no proper question. All are better than either; and all, of right, belong to that people and to their successors forever. True to themselves, they will not ask *where* a line of separation shall be, but will vow, rather, that there shall be no such line. Nor are the marginal regions less interested in these communications to, and through them, to the great outside world. They, too, and each of them, must have access to the Egypt of the West,