

The Ebensburg Alleghenian.

T. HUTCHINSON, } EDITORS.
JAMES.

I WOULD RATHER BE RIGHT THAN PRESIDENT.—HENRY CLAY.

TERMS: \$2.50 PER ANNUM.
\$2.00 IN ADVANCE.

VOLUME 9.

EBENSBURG, PA., THURSDAY, DECEMBER 17, 1868.

NUMBER 19.

President's Message.

The Citizens of the Senate and House of Representatives:—
Upon the re-assembling of Congress, it becomes my duty to call your attention to the state of the Union, and to the various laws which have been passed upon the subject of reconstruction. It may be safely assumed as an axiom of the government of the States, that the greatest wrongs inflicted upon the people are caused by unjust and arbitrary legislation, and by the unrelenting decrees of despotic rulers, and that injurious and oppressive measures are the greatest evils that can be inflicted upon a nation. The legislator who has the wisdom and magnanimity to retrace his steps when convinced of error, will sooner or later be rewarded by the respect and gratitude of an intelligent and patriotic people. Our own history, which affords abundant proof that most of our domestic troubles are directly traceable to violations of the organic law, and to excessive legislation.

RECONSTRUCTION LAWS SHOULD BE REPEALED.
The most striking illustrations of the fact furnished by the enactments of the Congress, will be the question of reconstruction. After a fair trial they have not only failed and proved pernicious in their results, and there seems to be no reason why they should longer remain in the statute books. States to which the Constitution guarantees a republican form of Government, have been reduced to a state of dependency, in each of which the people have been made subjects of the arbitrary will of the commanding general. Although the Constitution requires that each State shall be represented in Congress, Virginia, Mississippi and Texas are yet excluded from the House, and contrary to the express provisions of that instrument, were admitted to participation in the recent election of President and Vice President of the United States. The attempt to place the population under the domination of a few of color in the South, has impaired the kindly relations that previously existed between them, and mutual distrust has engendered a feeling of hostility which, leading in some instances to violence and bloodshed, has prevented co-operation between the two races so essential to the success of industrial enterprise in the Southern States. Nor have the inhabitants of those States alone suffered from the disturbed condition of affairs growing out of these Congressional enactments. The peace of the Nation has been agitated by grave questions of trouble, which might have been avoided by the repeal of the laws which involve the peace of the nation. Its interests have been injuriously affected by the management of business and labor, the want of prosperity throughout the Nation of the country.

The Federal Constitution, the Magna Carta of American rights, under whose auspices all our domestic and foreign relations; sustained ourselves in peace during the late war, and became a great nation among the powers of the earth, must as a matter of course be adequate to the settlement of all questions growing out of the civil war, and alone for its vindication. This act is made most manifest by the conduct of the country. When Congress assembled in its session of December, 1865, the strife had ceased. The spirit of rebellion spent its entire force in the Southern States. The people had warmed into a healthy life, and throughout the whole country a healthy reaction in public sentiment had taken place by the application of simple, yet effective provisions of the Constitution. The Executive Department, by the voluntary aid of the States, had brought the work of restoration as near completion as was within the scope of its power, and the nation was encouraged by the prospect of an early and satisfactory settlement of all its difficulties. Congress, however, intervened, and refusing to perfect the work so nearly consummated, declined to admit members from the States, adopted a course of measures, frustrating all that had been successfully accomplished, and, after years of agitation and strife has left the country farther from the attainment of peace and fraternal feeling than at the inception of the Congressional plan of reconstruction. It needs no argument to show that the legislation which has produced the consequences should be abandoned, or made to conform to the genuine principles of the republican Government. Under the influence of party passions and sectional prejudices other acts have been passed not warranted by the Constitution.

THE TENURE OF OFFICE BILL.
Congress has already been made familiar with its views respecting the tenure-of-office bill. Experience has proven that its repeal is demanded by the best interests of the country, and that while it remains in force it cannot enjoy that rigid accountability of public officers so essential to the honest and efficient execution of the Government. The revocation would enable the Executive Department to exercise the power of appointment and removal in accordance with the original design of the Federal Constitution.

PRESIDENT AS COMMANDER-IN-CHIEF.
The act of March 22, 1867, making appropriations for the support of the army for the year ending June 30th, 1868, and for other purposes, contains provisions which are in violation of the President's constitutional authority as Commander-in-chief of the army and navy of the United States. These provisions should be at once repealed, for while the first might, in times of great emergency, seriously embarrass the executive in efforts to employ and direct the common strength of the nation for its preservation, the other is a direct violation of the express declaration of the Constitution, that a well regulated militia shall be necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed. It is believed that the repeal of all such laws would be accepted by the American people as at

least a partial return to the fundamental principles of the government, an indication that hereafter the Constitution is to be made the nation's safe and guiding guide; they can be productive of no permanent benefit to the country, and should not be permitted to stand as so many monuments of deficient wisdom which has characterized our recent legislation.

THE PUBLIC EXPENDITURES.
The condition of our finances demands the early and earnest consideration of Congress. Compared with the growth of our population, public expenditures have reached an amount unprecedented in our history. The population of the United States in 1790 was nearly four millions of people; increasing each decade about thirty-three per cent., it reached in 1860 thirty-one millions, an increase of seven hundred per cent. on the population in 1790. In 1869, it is estimated it will reach thirty-eight millions, or an increase of eight hundred and sixty-eight per cent. in seventy-nine years. The annual expenditures of the Federal Government in 1791 were four millions two hundred thousand dollars; in 1820 eighteen millions two hundred thousand dollars; in 1850, forty-one millions; in 1860, sixty-three millions. In 1864, nearly thirty-three million dollars, and in 1869, it is estimated by the Secretary of the Treasury in his last annual report that they will be three hundred and seventy-two millions.

By comparing the public disbursement of 1869 as estimated with those of 1791, it will be seen that the increase since the beginning of our government has been eight thousand six hundred and eighteen per cent., while the increase of the population for the same period was only eight hundred and sixty-eight per cent. Again, the expense of the Government in 1860, the year of peace immediately preceding the war, was only sixty-five millions, while in 1869, the year of peace three years after the war, it is estimated they will be three hundred and seventy-two millions, an increase of four hundred and eighty-nine per cent. These statistics further show, that in 1791 the annual national expenses compared with the population were but little more than one dollar per capita, and in 1860, two dollars per capita, while in 1869 they will reach the extravagant sum of nine dollars and seventy-eight cents per capita. It will be observed that all of these statements referred to exhibit the disbursements of peace periods. It may, therefore, be of interest to compare the expenditures of the three war periods, the war with Great Britain, the Mexican war and the war of the rebellion. In 1814 the annual expenses incident to the war of 1812 reached the highest amount, about \$31,000,000, while our population slightly exceeded 8,000,000, showing an expenditure of only three dollars and eighty cents per capita. In 1847 the expenditures growing out of the war with Mexico, reached fifty-five millions, and the population about twenty-one million, giving only two dollars and sixty cents per capita for the war expenses of that year. In 1865 the expenditure called for by the rebellion reached the vast amount of twelve hundred and ninety millions, which, compared with a population of thirty-four million, gives thirty-eight dollars and twenty-eight cents per capita. From the 4th day of March, 1869, to the 30th of June, 1861, the entire expenditures of the Government were seventeen hundred million dollars. During that period we were engaged in wars with Great Britain and Mexico, and were engaged in hostilities with powerful Indian tribes. Louisiana was purchased from France at a cost of fifteen million dollars; Florida was ceded to us by Spain for five millions; California was acquired from Mexico for fifteen millions, and the Territory of New Mexico was obtained from Texas for the sum of ten millions. Early in 1861 the work of the rebellion commenced, and on the first of July of that year to the thirtieth of June, 1865, the public expenditures reached the enormous aggregate of thirty-three hundred million. Three years of peace have intervened, and during that time the disbursements of the Government have successively been five hundred and twenty millions, three hundred and ninety millions. Adding to these amounts three hundred and seventy-two million estimated as necessary for the fiscal year ending the 30th of June, 1869, we obtain a total expenditure of sixteen hundred million dollars during the war, or nearly as much as was expended during the seventy-two years that preceded the rebellion, and embraced the extraordinary expenditures already named, these startling facts clearly illustrate the necessity of retrenchment in all branches of the public service. Absences which were tolerated during the war for the preservation of the nation will not be endured by the people now, that profound peace prevails.

INTERNAL REVENUE AND CUSTOMS RECEIPTS.
The receipts from internal revenues and customs have, during the past three years, gradually diminished, and the continuance of useless and extravagant expenditures will involve us in national bankruptcy, or else make inevitable an increase of taxes already too onerous and in many respects onerous on account of their injurious character. One hundred millions annually are expended for the military force, a large portion of which is employed in the execution of laws both unnecessary and unconstitutional. One hundred and fifty millions are required each year to pay the interest on the public debt. An army of tax gatherers impoverishes the nation, and public agents, placed by Congress beyond the control of the Executive, divert from their legitimate purposes large sums of money, which they collect from the people in the name of the government. Judicious legislation and prudent economy can alone remedy these defects, and avert evils which, if suffered to exist, cannot fail to diminish confidence in the public councils and weaken the attachment and respect of the people toward their political institutions. Without proper care the small balance which it is estimated will remain in the Treasury at the close of the present fiscal year will not be realized, and additional millions be added to a debt which is now enumerated by billions. It is shown by the able and comprehensive report of the Secretary of the

Treasury that the receipts for the fiscal year ending June 30, 1868, were \$405,688,088, and that the expenditures for the same period were \$377,340,284, leaving in the Treasury a surplus of \$28,347,804. It is estimated that the receipts during the present fiscal year ending June 30, 1869, will be \$341,392,868, and the expenditures \$386,152,470, showing a small balance of \$5,240,398 in favor of the Government. For the fiscal year ending June 30, 1870, it is estimated, that the receipts will amount to \$327,000,000, and the expenditures to \$308,000,000, leaving an estimated surplus of \$24,000,000.

THE NATIONAL INDEBTEDNESS.
It becomes proper in this connection to make a brief reference to our public indebtedness, which has accumulated with such alarming rapidity and assumed such colossal proportions. In 1789, when the Government commenced operations under the Federal Constitution, it was burdened with a debt, created during the war of the Revolution. This amount had been reduced to forty-five million dollars, when, in 1812, war was declared against Great Britain. The three years' struggle that followed largely increased the national obligations, and in 1816 they had attained the sum of one hundred and twenty-seven millions. Wise and economical legislation, however, enabled the Government to pay the entire amount within a period of twenty years, and the extinguishment of the national debt filled the land with rejoicing, and was one of the great events of President Jackson's administration. After its redemption, a large fund remained in the Treasury, which was deposited for safe keeping with the several States on condition that it should be returned when required by the public wants. In 1849, the year after the termination of an expensive war with Mexico, we found ourselves involved in a debt of sixty-four millions, and this was the amount owed by the government in 1860, just prior to the outbreak of the rebellion. In the spring of 1861 our civil war commenced; each year of its continuance made an enormous addition to the debt, and when, in the spring of 1865, the nation successfully emerged from the conflict, the obligations of the government had reached the immense sum of \$2,873,992,909. The Secretary of the Treasury shows that on the 1st day of November, 1867, this amount had been reduced to \$2,461,504,450, but at the same time his report exhibits an increase during the past year of \$35,625,102, for the debt on the first day of November last is stated to have been \$2,527,129,552. It is estimated by the Secretary that the returns for the past month will add to our liabilities the further sum of eleven millions, making a total increase during thirteen months of forty-six and a half millions.

THE REDUCTION OF THE PUBLIC DEBT.
The President then argues in favor of a reduction of the public debt, in which he says we should without further delay make provision for the payment of our obligations as early a day as may be practicable. The fruit of the labors of the people, he goes on to say, should be enjoyed by our citizens, rather than be used to build up and sustain moneyed monopolies in our own and other lands. Our foreign debt is already computed by the Secretary of the Treasury at \$50,000,000. Citizens of foreign countries receive interest upon a large portion of our securities, and American tax-payers are made to contribute large sums for their support. The idea that such a debt is to become permanent should be at all times discarded, as taxation is too heavy to be borne.

The President also discusses the rate of interest now paid by the Government, and comes to the conclusion that we are paying an extravagant percentage for the use of the money borrowed. He says: Our national credit should be sacredly observed, but in making provision for our creditors we should not forget what is due to the masses of the people. It may be assumed that the holders of our securities have already received upon their bonds a large amount than their original investment, measured by a gold standard. Upon this statement of facts it would become just and equitable that the six per cent. interest now paid by the Government should be applied to the reduction of the principal in semi-annual installments, which in sixteen years and eighteen months would liquidate the entire national debt. Six per cent. in gold would at present rates be equal to nine per cent. in currency, and equivalent to the payment of the debt one and a half times in a fraction less than seventeen years. This, in connection with all the other advantages derived from their investment, would afford to the public creditors a fair and liberal compensation for the use of their capital, and with this they should be satisfied.

OUR CURRENCY.
The President, after adverting to the inflation of the currency, says that it is the "obvious duty of the Government, as early as may be consistent with the principles of sound political economy, to take such measures as will enable the holder of its notes and those of the national banks to convert them without loss into specie or its equivalent. A reduction of our paper circulating medium may not necessarily follow. This, however, would depend upon the law of demand and supply; though it should be borne in mind that by making legal-tender and bank notes convertible into coin or its equivalent, their present specie value in the hands of their holders would be enhanced one hundred per cent. Legislation for the accomplishment of a result so desirable is demanded by the highest public considerations. He further says that equal and exact justice requires that all creditors of the Government should be paid in a currency possessing uniform value. This can only be accomplished by the restoration of currency to the standard established by the Constitution, and by this means we would remove a discrimination which may, if it has not already done so, create a prejudice that may become deep-rooted and wide-spread, and imperil the national credit.

THE PUBLIC DOMAIN.
The Secretary of the Interior, in his report, gives valuable information in reference to the interests confined to the supervision

of his department, and reviews the operations of the Land Office, Pension Office, Patent Office and Indian Bureau. During the fiscal year ending June 30th, 1868, six million six hundred and fifty-five thousand seven hundred acres of public land were disposed of. The entire cash receipts of the General Land Office for the same period were \$1,682,745, being greater by \$284,883 than the amount realized from the same sources during the previous year. The entries under the Homestead law cover two million three hundred and twenty-eight thousand nine hundred and twenty-three acres, nearly one-fourth of which was taken under the act of June 21st, 1867, which applies only to the States of Alabama, Mississippi, Louisiana, Arkansas and Florida.

THE PENSION BUREAU.
On the 30th of June, 1868, one hundred and sixty-nine thousand six hundred and fifty-three names were borne on the pension rolls, and during the year ending on that day, the total amount paid for pensions, including the expenses of disbursements, was \$24,010,982, being \$5,891,025 greater than that expended for like purposes during the preceding year.

Exception is taken to the act of 23d July last, which reduces the interest on the fund loaned to the Government by the Secretary as trustee, to three per cent., instead of six per cent., which was originally stipulated when the investment was made. An amendment to the Pension law is suggested to remedy omissions and defects in existing enactments. The expenditures of the department during the last fiscal year were \$201,203,94, and the estimates for the coming year amount to \$20,993,314.

THE PATENT OFFICE.
During the year ending the 30th of September last, the expenses of the Patent Office exceeded the receipts by one hundred and seventy-one dollars, and including re-issues and designs, fourteen thousand one hundred and fifty-three patents were issued.

INDIAN AFFAIRS.
Treaties with various Indian tribes have been concluded, and will be submitted to the Senate for its constitutional action. I cordially sanction the stipulations which provide for reserving lands for the various tribes, where they may be encouraged to abandon their nomadic habits, and engage in agricultural and industrial pursuits. This policy, inaugurated many years since, has met with signal success whenever it has been pursued in good faith and with becoming liberality by the United States. The necessity for extending it as far as practicable in our relations with the aboriginal population is greater now than at any preceding period. Whilst we furnish subsistence and instructions to the Indians and guarantee the maintenance of their treaty rights, we should habitually insist upon the faithful observance of their agreement to remain within their respective reservations. This is the only policy by which these collisions with other tribes and with the whites can be avoided and the safety of our frontier settlements secured.

THE PACIFIC RAILWAYS.
The companies constructing the railway from Omaha to Sacramento have been most energetically engaged in prosecuting the work, and it is believed that the line will be completed before the expiration of the next fiscal year. The six per cent. bonds issued to these companies amounted on the 31st instant to \$44,337,066, and additional work had been performed to the extent of \$3,200,000. The Secretary of the Interior in August last, invited my attention to the report of a Director of the Union Pacific Railroad Company, who had been specially instructed to examine the location, construction and equipment of their road, and submitted for the opinion of the Attorney General certain questions in regard to the authority of the Executive, which arose upon this report, and those which had from time to time been presented by the Commissioners appointed to examine this and other lines, and have recently submitted a statement of their investigations, of which the report of the Secretary of the Interior furnishes special information.

THE WAR DEPARTMENT.
The report of the Secretary of War contains information of interest respecting the several Bureaus of the War Department, and the operations of the army. The strength of our military force on the 30th of September last was 68,600 men, and it is computed that this number will be decreased to 45,000. It is the opinion of the Secretary of War, that within the next year a considerable diminution of the infantry force may be made without detriment to the interest of the country, and in view of the great expense attending the military establishment, and the absolute necessity of retrenchment, wherever it can be applied, it is hoped that Congress will sanction the reduction which his report recommends. While in 1860, sixteen thousand three hundred men cost the nation \$16,473,000, the sum of \$65,682,000 was necessary for the support of the army during the fiscal year, ending June 30, 1870. The estimates of war debt, for the last two fiscal years, were for 1867, \$33,814,461, and for 1868, \$25,205,669. The actual expenditures during the same periods were respectively, \$95,224,415 and \$123,246,648. The estimate submitted in December last, for the fiscal year ending June 30, 1869, was \$77,124,707. The expenditures for the first quarter, ending the 30th of September last, were \$27,219,117, and the Secretary of the Treasury gives \$66,000,000 as the amount which will probably be required during the remaining three-quarters, if there should be no reduction of the army, making its aggregate cost for the year considerably in excess of ninety-three millions. The difference between the estimates and expenditures for the three fiscal years which have been named, is thus shown to be \$175,545,348 for this single branch of public service.

THE NAVY.
The report of the Secretary of the Navy exhibits the operations of that department and of the Navy during the year. A considerable reduction of the force has been effected. There are forty-two vessels carrying four hundred and eleven guns in the six squadrons which are established in different parts of the world. Three of these vessels are returning to the United States and four are

used as store-ships, leaving the actual cruising force thirty-five vessels, carrying three hundred and fifty-six guns. The total number of vessels in the Navy is two hundred and six, mounting seventeen hundred and forty-three guns. Eighty-one vessels of every description are in use, armed with six hundred and ninety-six guns. The number of enlisted men in the service, including apprentices, has been reduced to eight thousand and five hundred. An increase of navy yard facilities is recommended, which will, in the event of war, be promotive of economy and security. A more thorough and systematic survey of the North Pacific Ocean is advised, in view of our recent acquisitions, our expanding commerce, and the increasing intercourse between the Pacific States and Asia. The Naval Pension Fund, which consists of a moiety of the avails of prizes captured during the war, amounts to \$14,000,000.

THE POSTOFFICE DEPARTMENT.
The Postmaster General's report furnishes a full and clear exhibit of the operations and condition of the postal service. The ordinary postal revenue for the fiscal year ending June 30, 1868, was \$15,202,400, and the total expenditures embracing all the service for which special appropriations have been made by Congress, amounted to \$22,730,692, showing an excess of expenditures of \$6,437,771; showing an excess of expenditures of \$6,437,771. Deducting from the expenditures the sum of \$1,890,625, the amount of appropriations for ocean, steamship and other special services, the excess of expenditures was \$4,547,146. By using an unexpended balance in the Treasury of \$3,800,000, the actual sum for which a special appropriation is required to meet the deficiency, is \$7,412,66. The causes which produced this large excess of expenditure over revenue, were the restoration of services in the late insurgent States, and the putting into operation of the new service established by acts of Congress, which amounted to within the last year and a half to about forty-eight thousand seven hundred miles, equal to more than one-third the whole amount of the service at the close of the war. New postal conventions with Great Britain, North Germany, Belgium, the Netherlands, Switzerland, and Italy, respectively, have been carried into effect; under their provisions important improvements have resulted in the reduced rates of international postage, and the enlarged mail facilities with European countries. The cost of the United States trans-Atlantic Ocean mail service, since January 1, 1868, has been largely lessened by the operation of these new conventions; the reduction of over one-half having been effected under the new arrangement for Ocean mail steamship service, which went into effect on that date. The attention of Congress is invited to the practical suggestions and recommendations made in his report, by the Postmaster General.

OUR FOREIGN RELATIONS.
No important question has occurred during the last year in our accustomed cordial and friendly intercourse with Costa Rica, Guatemala, Honduras, San Salvador, France, Austria, Belgium, Switzerland, Portugal, the Netherlands, Denmark, Sweden and Norway, Rome, Greece, Turkey, Persia, Egypt, Liberia, Morocco, Tripoli, Tunis, Muscat, Siam, Formosa and Madagascar. Cordial relations have also been maintained with the Argentine and the Oriental Republics. The expressed wish of Congress that our national good offices might be tendered to those Republics, and also to Brazil and Paraguay, for bringing to an end the continuous war which has so long been raging in the Valley of the La Plata, has been assiduously complied with, and fully acknowledged by all the belligerents. That important negotiation, however, has thus far been without result. Charles A. Washburn, late United States Minister to Paraguay, having resigned, and being desirous to return to the United States, the Rear Admiral commanding the South Atlantic Squadron was early directed to send a ship of war to Asencion, the capital of Paraguay, to receive Mr. Washburn and his family, and remove them from a situation which was represented to be endangered by faction and foreign war. The Brazilian commander of the allied invading forces refused permission to the Wasp to pass through the blockading forces, and that vessel returned to its accustomed anchorage, remonstrance having been made against the refusal. It was promptly overruled, and the Wasp therefore resumed her errand, received Mr. Washburn and family, and conveyed them to a safe and convenient seaport. In the meantime an excited controversy had arisen between the President of Paraguay and the late United States Minister, which it is understood grew out of his proceedings in giving asylum in the United States to alleged enemies of that Republic. The question of the right to give asylum is one always difficult and often productive of great embarrassment in States well organized and established. Foreign powers refuse either to concede or exercise that right except as to persons actually belonging to the Diplomatic service. On the other hand all such powers insist upon exercising the right of asylum in States where the law of nations is not fully acknowledged, respected and obeyed. The President of Paraguay is understood to have been opposed to Mr. Washburn's proceedings, owing to the injurious and very improbable charge of personal complicity in insurrection and treason. The correspondence, however, has not reached the United States. Mr. Washburn, in connection with this controversy, represents that two United States citizens attached to the legation were arbitrarily seized at his side when leaving the capital of Paraguay, committed to prison, and there subjected to torture for the purpose of procuring confessions of their own criminality, and testimony to support the President's allegations against the United States Minister.

A dispatch has been received from Mr. McMahon, the newly appointed Minister to Paraguay, saying that he had reached the La Plata. He has been instructed to proceed without delay to Asencion, there to investigate the whole subject. The Rear Admiral, commanding the United States South Atlantic Squadron, has been directed to attend the

new Minister with a proper naval force, and to sustain such just demands as the occasion may require, and to vindicate the rights of the United States citizens referred to, and of any others who may be exposed to danger in the theater of war.

With these exceptions, friendly relations have been maintained between the United States and Brazil and Paraguay. Our relations during the past year with Bolivia, Ecuador, Peru, and Chile, have become especially friendly and cordial. Spain and the Republics of Peru, Bolivia and Ecuador have expressed their willingness to accept the mediations of the United States for terminating the war upon the South Pacific coast. Chile has not finally declared upon the question. In the meantime the conflict has practically exhausted itself, since no belligerent or hostile movement has been made by either party during the last two years, and there are no indications of a present purpose to resume hostilities on either side. Great Britain and France have cordially seconded our propositions of mediation, and I do not forgo the hope that it may soon be accepted by all the belligerents and lead to a secure establishment of peace and friendly relations between the Spanish-American Republics and Spain—a result which would be attended with common benefits to the belligerents, and much advantage to all commercial nations.

I communicate for the consideration of Congress a correspondence which shows that the Bolivian Republic has established the extremely liberal principle of receiving into its citizenship any citizen of the United States, or of any other of the American Republics, upon the simple condition of voluntary registry. The correspondence herewith submitted will be found painfully replete with accounts of the ruin and wretchedness—produced by recent earthquakes of unparalleled severity in the Republics of Peru, Ecuador and Bolivia. The diplomatic agency and naval officers of the United States who were present in these countries at the time of these disasters, furnished all the relief in their power to the sufferers, and were promptly rewarded with grateful and touching acknowledgements by the Congress of Peru, an appeal to the charity of our fellow-citizens has been answered by much liberality. In this connection I submit an appeal which has been made by the Swiss Republic, whose government and institutions are kindred to our own, in behalf of its inhabitants, who are suffering extreme destitution produced by recent inundations.

Our relations with Mexico during the year have been marked by an increasing growth of mutual confidence. The Mexican Government has not yet acted upon the treaty establishing the rights of naturalized citizens upon a just and liberal basis for regulating consular powers, and for the adjustment of mutual claims. All commercial nations, as well as all friends of republican institutions, have occasion to regret the frequent local disturbances which occur in some of the constituent States of Colombia. Nothing has occurred, however, to effect the harmony and cordial friendship which have for several years existed between that youthful and vigorous republic and our own. Negotiations are pending with a view to the survey and construction of a ship canal across the Isthmus of Darien, under the auspices of the United States. I hope to be able to submit the result of that negotiation to the Senate during its present session.

The very liberal treaty which was entered into last year by the United States and Nicaragua has been ratified by the latter Republic. Costa Rica, with the earnestness of a sincerely friendly neighbor, solicits reciprocity of trade, which I commend to the consideration of Congress. The convention created by treaty between the United States and Venezuela in July, 1866, for the mutual adjustment of claims, has been held, and its decisions have been received at the Department of State. The heretofore recognized Government of the United States of Venezuela has been subverted, a Provisional Government having been instituted under circumstances which promise durability. It has been formally recognized.

I have been reluctantly obliged to ask explanation and satisfaction for national injuries committed by the President of Hayti. The political and social condition of the Republics of Hayti and St. Domingo are very unsatisfactory and painful. The abolition of slavery, which has been carried into effect throughout the Island of St. Domingo and the entire West Indies, except the Spanish Islands of Cuba and Porto Rico, has been followed by a profound popular conviction of the rightfulness of republican institutions and an intense desire to secure them. The attempts, however, to establish republics there encounters many obstacles, most of which may be supposed to result from long indulged habits of colonial supineness and dependence upon European powers.

EXTENSION OF THE PUBLIC DOMAIN.
The President says that the acquisition of Alaska was made with the view of extending the National jurisdiction in the American hemisphere; and, believing that a further step could be taken in the same direction, he says that last year he entered into a treaty with the King of Denmark for the purchase of the islands of St. Thomas and St. Johns, on the best terms then attainable, and with the express consent of the people of those islands. This treaty still remains under consideration in the Senate. A new convention has been entered into with Denmark, enlarging the time fixed for the final ratification of the original treaty. He further commends to Congress the consideration of the subject of the peaceful annexation of the two republics of the island of St. Domingo to the United States.

COMMERCIAL RECIPROcity WITH HAWAII.
The President asks the Senate to confirm the treaty for the establishment of commercial reciprocity between the Hawaiian Kingdom and this Government.

The President makes mention of two treaties between the United States and Hayti, for the regulation of Consular Powers, and the extradition of criminals. A liberal Consular Convention has been negotiated with Belgium. Treaties have been ratified

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