The Indiana State Sentinel.

VOL. XXIV--NO. 18. INDIANAPOLIS, TUESDAY DECEMBER 8, 1874. WHOLE NUMBER 1,778

THE MESSAGE.

CONDITION OF THE COUNTRY.

President Grant Sends in to Congress His Annual Statement.

He Urges a Speedy Resumption of Specie Payments,

And Gives His Reasons Therefor in a Neat Little Essay.

The History of the Southern Complications Recited at Length.

Arkansas with its Army of Governors Receives a Share of the Executive Attention.

OTHER SUBJECTS NOT OVERLOOKED.

ARMY AND NAVY—INDIAN AFFAIRS—FOREIGN RELATIONS—THE POSTOFFICE DEPARTMENT—BOSS SHEPHERD'S DOMINION—SUBSIDIZING STEAMSHIPS—CHEAP TRANSPORTATION.

To the Senate and House of Representatives:

Since the convening of Congress one year ago the country has undergone a prostration in business and industry such as has not been witnessed with us for many years. Speculation as to the causes for this prostration might be indulged in without profit, because as many theories would be advanced, as there would be independent writers of those who expressed their own views. Without dwelling upon the subject and without indulging in theories as to the cause of this prostration, I will only call your attention to the fact and one question as to which it would seem there should be no disagreement. During this prostration two essential elements of prosperity have been most abundant, labor and capital. Both have been largely unemployed. Where security has been undoubted capital has been attainable at very moderate rates. Where labor has been wanted it has been found in abundance at cheap rates, compared with what of the necessaries and comforts of life could be purchased with the wages demanded. Two great elements of prosperity, therefore, have not been denied us. A third might be added. Our soil and climate are unequalled within the limits of any contiguous territory under one nationality, for the varieties of products to feed and clothe a people, and in the amount of surplus to spare to feed less favored peoples. Therefore, with these facts in view, it seems to me that wise statesmanship at this session of Congress would dictate an inquiring of the past, directing to proper channels these great elements of prosperity. To our people debt abroad is the only element that can always, with a sound currency, enter into our affairs to cause any continued depression in the industry and prosperity of our people. A great conflict for national existence made necessary for temporary purposes the raising of large sums of money from whatever source attainable. It may have been necessary in the wisdom of Congress, and I do not doubt their wisdom in the premises, regarding the necessity of the times, to devise a system of national currency which it proved to be impossible to keep on a par with the recognized currency of the civilized world. This begot a spirit of speculation involving an extravagance and luxury not required for the happiness or prosperity of a people, involving both directly and indirectly foreign indebtedness. The currency, being of a fluctuating value, was therefore unsafe to hold for legitimate transactions requiring money, became a subject of speculation in itself. These two causes, however, have involved us in a foreign indebtedness contracted in good faith by the borrower and lender, which should be paid in coin and according to the bond agreed upon when the debt was contracted, gold or its equivalent. The good faith of the government can not be violated toward creditors at a national disgrace. Our commerce should be encouraged, American ship building and carrying increased, foreign markets sought for the products of the soil and manufacturers, to the end that we may be able to pay these debts where a market can be created for the sale of our products either of the soil, the mine or the manufactory. A new means is to be discovered of utilizing our idle capital and labor to the advantage of the whole people. But in my judgment the first step toward this object is

TO SECURE A CURRENCY

good wherever civilization reigns, one which, if it becomes superabundant with one people will find a market with some other, a currency which has as its basis the labor necessary to produce it which will give its value. Gold and silver are now the recognized mediums of exchange the civilized world over, and to this we should return with the least possible delay. In view of the pledges of the American Congress when our present legal tender system was adopted and debt contracted there should be no delay, certainly no unnecessary delay, in fixing by legislation a method by which we will return to specie. To the accomplishment of this end I invite your special attention. I believe firmly that there can be no prosperous and permanent revival of business and industry until a policy is adopted with legislation to carry it out. Looking to a return to a specie basis, it is easy to conceive that the debtor and speculative basis may think it of value to them to make so-called money abundant until they can throw a portion of their burdens upon others. But even these, I believe, would be disappointed in the result, if a course should be pursued which will keep in doubt the value of the legal tender medium of exchange. A revival of productive industries is needed by all classes, by none more than the holders of property of whatever sort with debts to liquidate for realization upon its sale. But admitting that these two classes of citizens are to be benefited by expansion, would it be honest to give it? Would not the general loss be too great to justify such a relief? Would it be just and honest and prudent to authorize each debtor to issue his own legal tenders to the extent of his liabilities? Rather than to do this, would it not be safer, for the fear of over issues by unscrupulous creditors, to say that all debt obligations are obliterated in the United States, and now we commence anew, each possessing all he has at the time, free from encumbrance? These propositions are too absurd to be entertained for a moment by a thinking people. Every delay in the preparation for final resumption partakes of this dishonesty, and is only less in degree as the idea is held out that a convenient season will some time arrive for the good work of redeeming our pledges to commerce. It will never come, in my opinion, except by the positive action of Congress, or by a national disaster which will destroy, for a time, at least, the credit of individuals and the state at large. A sound currency may be reached without the

TOTAL BANKRUPTCY

of the credit and integrity of the nation and individuals. I believe it is in the power of Congress at this session to devise such legislation as will restore confidence, revive all the industries, start us on the career of prosperity, and save the credit of the nation and of the people. Steps toward the return to a specie basis are the great requisites to this, and devoutly to be sought for and there are others which I may touch upon hereafter. A nation dealing in a currency below that of specie in value labors under two great disadvantages: First, having no use for the world's acknowledged medium of exchange, gold and silver, these are driven out of the country because there is no demand for their use; second, the medium of exchange being of a fluctuating value, for it is only worth just what it will purchase of gold and silver metals, having an intrinsic value just in proportion to the honest labor it takes to produce them a large margin must be allowed for profit by the manufacturer and producer. It is months from the date of production to the date of realization. The interest upon capital must be charged, and the risk of fluctuation in the value of that which is to be received in payment must be added. Hence high prices, acting as a protection to the foreign producer, who receives nothing in exchange for the product of his skill and labor except currency good at stable value the world over. It seems to me that nothing is clearer than that the greater part of the burden of the existing prostration, for the want of a sound financial system, falls upon the workingman, who must after all produce the wealth, and the salaried man, who superintends and conducts business. The burden falls upon them in two ways: By the depreciation of employment, and by the decreased purchasing power of their salaries. It is the duty of Congress to devise the method of correcting the evils which are acknowledged to exist and not mine; but I will venture to suggest two or three things, which seem to me as substantially necessary to a return to specie payment. The first great requisite in a return to prosperity is that

THE LEGAL TENDER CLAUSE

to the law authorizing the issue of currency by the national government should be repealed, to take effect as to all contracts entered into after a day fixed in the repealing act, not to apply, however, to payments of salaries by the government, or other expenses now provided by law to be paid in currency. In the interval pending between the repeal and final resumption provision should be made by which the secretary of the treasury can obtain gold as it may become necessary from time to time, from the date when specie resumption commenced. To this might and should be added a revenue sufficiently in excess of expenses to ensure an assumption of gold in the treasury to sustain resumption. I commend this subject to your careful consideration, believing that a favorable solution is attainable, and that if reached by this Congress the present and future generations will ever gratefully remember it as their deliverance from a thraldom of evil and disgrace. With resumption free banking may be authorized with safety or with very full protection to bill holders which they have under existing laws. Indeed I would regard free banking as essential. It would give proper elasticity to the currency, as more currency should be required for the transaction of legitimate business; new banks would be started, and in turn banks would wind up their business when it was found there was a superabundance of currency. The experience and judgment of the people can best decide just how much currency is required for the transaction of the business of the country. It is unsafe to leave the settlement of this question to Congress, the secretary of the treasury or the executive. Congress should make the regulation under which banks may exist, but should not make banking a monopoly by limiting the amount of paper currency that shall be authorized. Such importance do I attach to this subject, and so earnestly do I commend it to your attention, that I give it preference at once at the beginning of this message.

FOREIGN RELATIONS.

During the year nothing has occurred to disturb the general friendly and cordial relations of the United States with the other powers. The correspondence submitted herewith between this government and its diplomatic representatives of other countries shows a satisfactory condition of all questions between the United States and the most of these countries, and with few exceptions, to which reference is hereafter made, there is an absence of any points of difference to be adjusted. The notice directed by the resolutions of Congress of June 17, 1874, to be given to terminate the convention of July 17, 1858, between the United States and Belgium, has been given, and the treaty will accordingly terminate on the first day of July, 1875. This convention secured to certain Belgium vessels entering the ports of the United States exceptional privileges which are not accorded to our own vessels. Other features of the convention have proved satisfactory and have tended to the cultivation of the mutually beneficial commercial intercourse and friendly relations between the two countries. I hope that negotiations which have been invited will result in the celebration of another treaty which may tend to the interests of both countries. Our relations with China continue to be friendly. During the past year the fear of hostilities between China and Japan, growing out of the landing of an armed force upon the island of Formosa by the latter, has occasioned uneasiness. It is earnesrly hoped, however, that the difficulties arising from this cause will be adjusted, and that the advance of civilization in these empires may not be retarded by a state of war. In consequence of the part taken by certain citizens of the United States in this expedition, our representatives in those countries have been instructed to impress upon the governments of China and Japan the firm intention of the country to maintain a strict neutrality in the event of hostilities, and carefully prevent any infraction of law on the part of our citizens. In connection with this subject I call the attention of Congress to a generally conceded fact, that the great proportion of Chinese immigrants who come to our shores do not come voluntarily to make their homes with us and their labor productive of general prosperity, but consider the contract with head men who own them almost absolutely. In a worse form does it apply to Chinese women. Hardly a perceptible percentage of them perform any honorable labor, but they are brought for shameful purposes to the disgrace of the communities when settled and to the great demoralization of the growth of those localities. If this bad practice can be legislated against, it will be my pleasure as well as duty to enforce any regulation to secure so desirable an end. It is hoped that negotiations between the government of Japan and other powers looking to the further opening of the empire, and to the removal of various

RESTRICTIONS UPON TRADE AND TRAVEL,

may soon produce the results desired, which can not fail to endure to the benefit of all parties. Having, on previous occasions, submitted to the consideration of Congress the propriety of the release of the Japanese government from the further payment of indemnity under the convention of October 22, 1864, and as no action had been taken therein, it became my duty to regard the obligations of the convention as in force, and as the other powers interested have received their portion of the indemnity in full the minister of the United States at Japan has been notified that this government has received the remainder due to the United States under the convention of Simoussky. I submit the propriety of applying the income of a part, if not the whole, of this fund to the education in the Japanese language of a number of young men, to be under obligations to serve the government for a specified time, as interpreters at the legation and the consulates in Japan. A limited number of Japaneese youths might, at the same time, be educated in our vernacular. The importance of having our own citizens competent and familiar with the language of Japan, and to act as interpreters and in other capacities connected with the legation and consulate in that country, can not readily be estimated. The amount awarded to the government of Great Britian by the mixed commission organized under the acts of the treaties of Washington in the settlement of the claims of British subjects, arising from acts committed between April 18, 1861, and April 9, 1865, became practicable under the terms of the treaty within the past year, and was paid upon the 21st day of September, 1874. In this convention I renew my recommendation made at the opening of the last session of Congress, that a special court be created to hear and determine all claims of aliens against the United States arising from acts committed against their persons or property during the insurrection. It appears equitable that a chance should be offered for persons of other states to present their claims, as well as to those British subjects whose claims were not admissable under the late commission, to the early decision of a competent tribunal, and I recommend the necessary legislation to organize a court to dispose of those claims of aliens who are referred to in an equitable and satisfactory manner and to relieve Congress and the departments from the consideration of these questions. The legislation necessary to extend to the colony of New Foundland certain articles of the treaty of Washington, of the 5th day of May, 1871, having been had, a protocol to that effect was suggested in behalf of the United States and Great Britain on the 28th of May last, and was duly proclaimed on the following day. A copy of the proclamation is submitted herewith. A copy of the report of the commissioner appointed under the act of March 19, 1872, for surveying and

MARKING THE BOUNDARY

between the United States and the British possessions from the Lake of the Woods to the summit of the Rocky mountains is herewith transmitted. I am happy to announce that the field work of the commission has been completed, and the entire line, from the northwestern corner of the Lake of the Woods to the summit of the Rocky mountains, has been run and marked upon the surface of the earth. It is believed that the amount remaining unexpended of the appropriation made at the last session of Congress will be sufficient to complete the work. I recommend that the authority of Congress be given to the use of the unexpended balance of the appropriation, in the completion of the work of the commission, in making the report and the printing of the maps. The court known as the Court of Commissioners of the Alabama Claims, created by an act of Congress of the last session, has organized and commenced its work, and it is to be hoped that the claims admissable under the provisions of the act may be speedily administered. It has been deemed advisable to exercise the discretion conferred upon the executive at the last session by accepting the conditions offered by the government of Turkey for the privilege of allowing citizens of the United States to hold real estate in the former country and, by assenting to a certain change in the jurisdiction of the courts, in the latter. A copy of the proclamation upon these subjects is herewith communicated. There has been no material change in our relations with the independent states in this hemisphere which were formerly under the dominance of Spain. Marauding on the frontiers between Mexico and Texas still frequently takes place despite the vigilance of the civil and military authorities in that quarter. The difficulty of checking such trespassers along the course of a river of such length as the Rio Grande, so often fordable, is obvious. It is hoped that the efforts of this government will be seconded by those of Mexico to the effectual suppression of acts of wrong. From a report upon the condition of the business before the American and Mexican joint claims commission, made by the agent on the part of the United States and dated October 28, 1874, it appears that of the 11,107 claims filed on the part of citizens of the United States, 483 had been finally decided and 75 were in the hands of the umpire, leaving 409 to be disposed of. And of the 998

CLAIMS FILED AGAINST THE UNITED STATES,

726 had been finally decided on, one was before the umpire and 271 remain to be disposed of. Since the date of each report other claims have been disposed of, reducing somewhat the number still pending, and others have been passed upon by the arbitrators. It has become apparent in view of these figures, and of the fact that the work devolving on the umpire is particularly laborious, that the commission would be unable to dispose of the entire claims pending prior to the first day of July, 1875, the day fixed for its expiration. Negotiations were pending looking to the securing of the results of the decisions, which have been reached and to a further extension of the commission for a limited time, which it is confidently hoped will suffice to bring all the business now before it to a final close. The strife in the Argentine Republic is to be deplored, both on account of the parties thereto and from the probable effects on the interests of those in the trade in that quarter, of whom the United States are among the principal. As yet, so far as I am aware, there has been no violation of our neutrality rights, which, as well as our duties in that respect, it shall be my endeavor to maintain and observe. It is with regret that I announce that no further payment has been received from the government of Venezuela on account of the war in favor of the United States. Hopes have been entertained that if the republic could escape both foreign and civil war for a few years its great natural resources would enable it to honor its obligations. Though it is now understood to be at peace with other countries, a serious insurrection is reported to be in progress in an important region of that republic, and this may be taken advantage of as another reason to delay the payment of the dues of our citizens. The deplorable strife in Cuba continues without any marked change in the relative advantages of the contending forces. The insurrection continues, but Spain has gained no superiority. Six years of strife give the insurrection a significance which can not be deterred. Its duration and the tenacity of its adherents, together with the absence of manifested power of suppression on the part of Spain, can not be controverted, and may make some positive steps on the part of the other powers a matter of self-necessity. I had confidently hoped, at this time, to be able to announce the arrangements of some of the important questions between this government and that of Spain, but the negotiations have been protracted. The unhappy intestine dissensions of Spain command our profound sympathy, and must be accepted as, perhaps, a cause of some delay. An early settlement, in part at least, of the questions between the governments is hoped. In the mean time, awaiting the results of immediately pending negotiations, I defer a further and fuller communication of the subject of the relations of

THIS COUNTRY AND SPAIN.

I have again to call the attention of Congress to the unsatisfactory condition of the existing laws with reference to expatriation and the election of nationality. Formerly, amid conflicting opinions and decisions, it was difficult to exactly determine how far the decline of perpetual allegiance was applicable to citizens of the United States. Congress, by the act of the 27th of July, 1868, asserted the abstract right of expatriation as a fundamental principle of this government. Notwithstanding such assertions, and that the necessity of frequent application of the principle, no legislation has been had defining what acts or formalities shall work expatriation, or when a citizen shall be deemed to have renounced or to have lost his citizenship. The importance of such definition is obvious. The representatives of the United States in foreign countries are continually called upon to lend their aid and the protection of the United States to persons concerning the good faith or the reality of whose citizenship there is at least great question. In some cases the provision of the treaties furnish some guide. In others it seems left to the persons claiming the benefit of citizenship, while living in a foreign country and contributing in no manner to the performance of the obligations and duties of a citizen of the United States, simply as a shield from the performance of the obligations of a citizen elsewhere. The status of children born of American parents residing in a foreign country, of American women who have married aliens, of American citizens residing abroad, where such question is not regulated by treaty, are all sources of frequent difficulty and discussion. Legislation on these and similar questions, and particularly defining when and under what circumstances expatriation can be accomplished or is to be presumed, is especially needed. In this connection I earnestly call the attention of Congress to the difficulties arising from fraudulent naturalization. The United States wisely, freely and liberally, offers its citizenship to all who may come, in good faith, to reside within its limits, on their complying with certain prescribed, reasonable and simple formalities and conditions. Among the highest duties of the government is that of affording firm, efficient and equal protection to all its citizens, whether native born or naturalized. Care should be taken that a right, carrying with it such support from the government, should not be fraudulently obtained, and should be bestowed only upon full proof of a compliance with the law, and frequent instances are known of illegal and fraudulent naturalization, and of the unauthorized use of certificates thus improperly obtained. In some cases, the fraudulent character of the

NATURALIZATION

has appeared upon the face of the certificate itself. In others examination discloses that the holder had not complied with the law and in others certificates have been obtained where the persons holding them not only were not entitled to be naturalized, but had not even been within the United States at the time of the pretended naturalization. Instances of each of these classes of frauds are discovered at our legations, where the certificates of naturalization are presented, either for the purpose of obtaining passports or in demanding the protection of the legation. When the fraud is plain on the face of such certificates they are taken up by the representatives of the government and forwarded to the department of state. But even then the record of the court in which the fraudulent naturalization occurred remains and duplicate certificates are readily obtained upon the presentation of these for the issue of passports or for demanding the protection of the government. The fraud some times escapes notice and such certificates are not unfrequently void in the transactions of business to the injury of innocent parties. Without placing any additional obstacle in the way of the obtainment of citizenship by the worthy and well-intentioned foreigner, who comes in good faith, I earnestly recommend further legislation to punish fraudulent naturalization, and to secure the ready cancellation of the record of every naturalization made in fraud. Since my last annual message the exchange has been made of the ratification of treaties of extradition with Belgium, Equador, Peru and Salvador, also of a treaty of commerce and navigation with Peru, and one of commerce and consular privileges with Salvador, all of which have been duly proclaimed, as has also a declaration with Russia with reference to trade marks. The report of the secretary of the treasury, which, by law, is made directly to Congress, and forms no part of this message, will show the receipts and expenditures of the government for the last fiscal year, the amount received from each source of revenue, and the amount paid out for each of the departments of government. It will be observed from this report that the amount of receipts over the expenditures has been but $2,344,382 30 for the fiscal year ending June 30, 1874, and that for the current fiscal year the estimated receipts over expenditures will not much exceed $9,000,000. In view of the large national debt existing, and the obligations to add one per cent. per annum to the sinking fund, a sum amounting now to over $34,000,000 per annum, I submit whether the revenues should not be increased or the expenditures diminished to reach this amount of surplus. Not to provide for the sinking fund is a partial failure to comply with the contracts and obligations of the government. At the last session of Congress a very considerable reduction was made in the rates of taxation and in the number of articles submitted to taxation. The question may well be asked whether or not, in some instances, unwisely. In connection with this subject, too, the opinion is submitted that the means of collecting the revenue, especially from imports, have been embarassed by legislation so as to make it questionable whether or not large amounts are not lost by failure to collect, to the direct loss of the treasury, and to the prejudice of the interests of honest importers and tax payers. The secretary of

THE TREASURY,

in his report, favors legislation looking to specie payments, thus supporting the views previously expressed in this message. He also recommends economy in appropriations, and calls attention to the loss of revenue from repealing the tax on tea and coffee without benefit to the consumer. He recommends an increase of ten cents a gallon on whisky, and further that no modification be made in the banking and currency bill passed at the last session of Congress, unless modification should become necessary by reason of the adoption of measures for returning to specie payments. In these recommendations I cordially join. I would suggest to Congress the propriety of readjusting the tariff, so as to increase the revenue and at the same time decrease the number of articles upon which duties are levied. Those articles which enter into our manufactures and are not produced at home, it seems to me, should be entered free. Of those articles of manufacture of which we produce a constituent part, but do not produce the whole. That part which we do not produce should enter enter free also. I will instance fine wool dyes, etc. These must be imported to form a part of the manufacture of the higher grades of woolen goods, and chemicals used as dyes, compounded in medicines, and used in various ways in manufactures, come under this class. The introduction free of dues of such wools as we do not produce should stimulate the manufacture of goods requiring these. Of those we do produce, and therefore would be a benefit to home production, there are many articles entering into home manufactures which we do not produce ourselves, the tariff upon which increases the cost of producing the manufactured article. All corrections in this regard are in the direction of bringing labor and capital in harmony with each other, and supplying one of the elements much needed. The report of the secretary of war herewith attached, and forming a part of this message, gives all the information concerning all the operations, wants and necessities of

THE ARMY,

and contains many suggestions and recommendations which I commend to your special attention. There is no class of government employes who are harder worked than the army officers and men, none who perform their tasks more cheerfully, and more efficiently, and under circumstances of greater privations and hardships. Legislation is desirable to render more efficient this branch of the public service. All the recommendations of the secretary of war I regard as judicious, and I especially commend to your attention the following: The consolidation of government arsenals, mileage to officers travelling under orders, the exemption of money received from the sale of subsistence stores from being converted into the treasury, the use of appriations for the purpose of subsistence stores without waiting for the beginning of the fiscal year for which the appropriation is made; additional appropriations for the collection of torpedo material, increased appropriations for the manufacture of arms, relieving the various states from indebtedness for arms charged to them during the rebellion, dropping officers from the rolls of the army, without trial, for the offence of drawing pay more than once for the same period, the discouragement of the plan to pay soldiers by checks, and the establishment of a professorship of rhetoric and English literature at West Point. The reasons for the recommendations are obvious and are set forth sufficiently in the report attached. I also recommend that the status of the staff corps of the army be fixed where this has not already been done, so that promotions may be made and vacancies filled as they occur in each grade when reduced below the number to be fixed. The necessity for such legislation is especially felt now, in the pay department, below the number adequate to the performance of the duties required of them by law. The efficiency of

THE NAVY

has been largely increased during the last year. Under the impulse of the foreign complications which threatened us at the commencement of the last session of Congress, most of our efficient wooden ships were put in condition for immediate service, and the repairs of our iron-clad fleet were pushed with the utmost vigor. The result is that most of them are in an effective state and need only be manned and set in commission and to go at once into service. Some of the new sloops authorized by Congress are already in commission and most of the remainder are launched and wait only the completion of their machinery to enable them to take their places as a part of our effective force. Two iron torpedo ships have been completed during the last year, and four of our large double turreted iron clads are now undergoing repairs. When these are finished everything that is needful for our navy, as now authorized, will be in condition for service; and with the advance in science of torpedo warfare, the army and navy, comparatively small as it is, will be found powerful enough for the purposes of a peaceful nation. Much has also been accomplished during the year in aid of science, and to increase the sum of general knowledge and further the interest of commerce and civilization. Extensive and much needed soundings have been made for hydrographic purposes and to fix the proper rates of ocean telegraphs. The surveys of the great isthmus have been undertaken and completed, and two vessels of the navy are now employed in conjunction with those of England, France, Germany and Russia in observations connected with the transit of Venus, useful and interesting to the scientific world. The estimates for this branch of the public service do not differ materially from those of last year, the general support of the service being somewhat less and those for improvements at the various stations rather larger than the corresponding estimate made a year ago. The regular maintainance and a steady increase in the efficiency of this most important arm, in proportion to the growth of our maritime intercourse and interests, is recommended to the attention of Congress. The use of the navy during peace might be further utilized by the direct authorization of the employment of naval vessels on surveys of the supposed navigable waters of other nationalities in this continent, especially tributaries of the two great rivers of South America, the Orinoco and Amazon. Nothing prevents, under the existing laws, such an exploration, except that the expedition must be made in such a way as to develop commercial interests advantageous to the people reached, and to those who may establish relations with them. The education of the people entitled to exercise the right of franchise I regard as essential to prosperity everywhere, and especially so in republics where neither education or previous condition enters into account in giving suffrage. Next to the public school

THE POST OFFICE

is the great agent of education over our vast territory. The rapidity with which new sections are being settled up, thus increasing the carrying of mails in a more rapid ratio than the increase of receipts, is not alarming. The report of the postmaster general, herewith attached, shows that there was an increase of revenue in his department in 1873, over the previous year, of $1,674,111, and an increase of cost of the carrying of the mails or paying the employes, of $3,041,469 91. The report of the postmaster general gives interesting statistics of his department, and compares them with the corresponding statistics of a year ago, showing a growth in every branch of the department. A postal convention has been concluded with New South Wales, an exchange of postal cards established with Switzerland and negotiations pending for several years past with France have terminated in a convention with that country which went into effect last August. An international postal Congress was convened in Berne, Switzerland, in September last, at which the United States was represented by an officer of the postoffice department of much experience and of qualification for the position. A convention for the establishment of an international postal union was agreed upon by the delegates of the countries represented, subject to the approval of the proper authorities of these countries. I respectfully direct your attention to the report of the postmaster-general, and to his suggestions in regard to an equitable adjustment of the question of compensation to railroads for carrying the mails. Your attention will be drawn to the unsettled condition of affairs in some of

THE SOUTHERN STATES.

On the 14th of September last the governor of Louisiana called upon me, as provided by the constitution and laws of the United States, to aid in the suppression of domestic violence in that state. The call was made in view of a proclamation issued on that day by D. B. Penn, stating that he was elected lieutenant-governor in 1872, and calling upon the militia of the state to arm, assemble and drive from power the usurpers, as he designated the officers of the state government. On the next day I issued my proclamation, commanding the insurgents to disperse within five days from the date thereof, and subsequently learned that on that day they had taken forcible possession of the state house. Troops were taken by me to support the existing and recognized state government, but before the expiration of the five days the insurrectionary movement was practically abandoned and the officers of the state government, with some minor exceptions, resumed their powers and duties. Considering that the present state administration of Louisiana had been the only government in that state for nearly two years, that it has been tacitly acknowledged and acquiesced in as such by Congress and more than once expressly recognized by me, I regarded it as my duty, when legally called upon for that purpose, to prevent its overthrow by an armed mob under pretense of fraud and irregularity in the election of 1872. I have heretofore called the attention of Congress to this subject, stating that on account of the frauds and forgeries committed at said election, and because it appears that the returns thereof were never legally canvassed, it was impossible to tell thereby who were chosen, but from the best sources of information at my command I have always believed the present state officers received a majority of the legal votes actually cast at that election. I repeat what I said in my special message of February 13, 1873, that in the event of no action by Congress I must continue to recognize the government heretofore recognized by me. I regret to say, that, with the preparations for the late election, decided indictation appeared in some localities in the southern states of a determination, by acts of violence and intimidation, to deprive citizens of the freedom of the ballot because of their political opinions. Bands of men, masked and armed, made their appearance.

WHITE LEAGUES,

and other societies, were formed, large quantities of arms and ammunition were imported and distributed to these organizations. Military drills with menacing demonstrations were held. With all these murders enough were committed, which spread terror among those whose political action was to be suppressed, if possible, by these intolerant and criminal proceedings. In some places colored laborers were compelled to vote according to the wishes of their employers under threats of being discharged if they acted otherwise, and there are too many instances, in which, when these threats were disregarded, they were remorselessly executed by those by whom made. I understand that the fifteenth amendment to the constitution was made to prevent a like state of things and the act of May 31, 1870, with amendments was passed to enforce its provisions. The object of this being to guarantee to all citizens the right to vote and to protect them in the free enjoyment of that right, and, enjoined by the constitution to take care that the laws be faithfully exercised, convinced by undoubted evidence that violations of said act had been committed, and that a wide spread and flagrant disregard of it was contemplated, the proper officers were instructed to prosecute the offenders, and troops were stationed at convenient points to aid these officers if necessary in the performance of their official duties. Complaints are made of this interference by federal authority, but if said amendments and acts do not provide for such interference under the circumstances as above stated, then they are without meaning, force or effect, and the whole scheme of colored enfranchisement is

WORSE THAN MOCKERY

and little better than a crime. Possibly Congress may find it due to truth and justice to ascertain by means of a commission whether the alleged wrongs to colored citizens for political purposes are real or the reports thereof were manufactured for the occasion. The whole number of troops in the states of Louisiana, Alabama, Georgia, Florida, South Carolina, North Carolina, Kentucky, Tennessee, Arkansas, Mississippi, Maryland and Virginia at the times of the election were 4,082. This embraces the garrisons of all the forts from the Delaware to the Gulf of Mexico. Another trouble has arisen in Arkansas. Article 13 of the constitution of the state, which was adopted in 1868, and upon the approval of which by Congress the state was restored to representation as one of the states of the Union, provides in effect that before any amendments proposed to this constitution shall become a part thereof they shall be passed by two successive assemblies, and then submitted to and ratified by a majority of the electors of the state voting therein. On the 11th of May, 1874, the governor convened an extra session of the general assembly of the state, which, on the 18th of the same month, passed an act providing for a convention to frame a new constitution pursuant to this act, and at an election held on the 30th of June, 1874, the convention was approved and delegates were chosen thereto who assembled on the 14th of last July and formed a new constitution, the schedule of which provided for the election of an entire new set of state officers in a manner contrary to the then existing laws of the state. On the 13th of October, 1874,

THIS CONSTITUTION,

as therein provided, was submitted to the people for their approval or rejection and according to the election returns was approved by a large majority of those qualified to vote thereon, and at the same election persons were chosen to fill all the state, county and township offices. The governor, elected in 1872 for the term of four years, turned over his office to the governor chosen under the new constitution, whereupon the lieutenant-governor, also elected in 1872 for a term of four years, claiming to act as governor and alleging that said proceedings by which the new constitution was made and a new set of officers elected were unconstitutional, illegal and void, called upon me, as provided in section 4, article 4 of the constitution, to protect the state against domestic violence. As Congress is now investigating the political affairs of Arkansas I have declined to interfere with the subject. Executive interference with the affairs of a state is repugnant to public opinion, to the feeling of those who, from their official capacity, must be used in such interferances, and to him or those who must direct. Unless most clearly on the side of law, such interferance becomes a crime. With the law to support it thus condemned without a hearing, I desire, therefore, that all necessity for executive direction in local affairs may become necessary and absolute, and invite the attention not of Congress, but of the people of the United States to the causes and effects of these unhappy questions. Is there not a disposition on one side to magnify

WRONGS AND OUTRAGES,

and on the other side to belittle them or justify them? If public opinion could be directed to a correct survey of what is, and to rebuking wrong and aiding the proper authorities in punishing, a better state of feeling would be inculcated and the sooner we would have that peace which would leave the states free, indeed, to regulate their own domestic affairs. I believe on the part of our citizens of the Southern states that among the better of them there is a disposition to be law abiding and to do no violence either to individuals or the laws existing, but do they do right in ignoring the existence of violence and bloodshed in their resistance to constitutional authority? I sympathize with their prostrate condition, and would do all in my power to relieve them, acknowledging that in some instances they have had most trying governments to live under, and very oppressive ones in the way of taxation for nominal improvements, not giving benefits equal to the hardships imposed. Can they proclaim themselves entirely irresponsible for this condition? They can not. Violence has been rampant in some localities and has further been justified or denied by those who could have prevented it. The theory is raised that there is to be no further interference on the part of the general government to protect the citizens within a state where the state authorities fail to give protection. This is a great mistake. While I remain executive all the laws of Congress and the provisions of the constitution, including the recommendations added thereto, will be enforced with rigor, with but regret that they should have added one jot or title to executive duties and powers. Let there be fairness in the discussion of Southern questions, the advocates of both or all political parties giving honest and truthful reports of occurrences, condemning the wrong and upholding the right, and soon all will be well. Under the existing conditions, the negro votes the republican ticket because he knows his friends are of that party. Many a good citizen votes the opposite, not because he agrees with the great principles of state which separate parties, but because generally he is opposed to negro rule. This is a most delusive cry. Treat the negro as a citizen and voter, as he is and must remain, and soon parties will be divided, not on the color line, but on principles, and then we shall have no complaint of sectional interference. The report of the attorney general contains valuable recommendations relative to the administration of justice in the courts of the United States, to which I invite your attention. I respectfully suggest to Congress the propriety of increasing the number of

JUDICIAL DISTRICTS

in the United States to 11, the present number being nine, and the creation of two additional judgships. The territory to be traversed by the circuit judges is so great and the business of the courts so steadily increasing that it is growing more and more impossible for them to keep up with the business requiring their attention. Whether this would involve the necessity of adding two more justices of the Supreme Court to the present number I submit to the judgment of Congress. The attention of Congress is invited to the report of the secretary of the interior and to the legislation asked for by him. The domestic interests of the people are more intimately connected with this department than with either of the departments of government. Its duties have been added to from time to time until they have become so onerous that without the most perfect system and order it will be impossible for any secretary of the interior to keep trace of all the official transactions having his sanction and done in his name, for which he is held personally responsible. The policy adopted for the management of Indian affairs, known as

THE PEACE POLICY,

has been adhered to with most beneficial results. It is hoped that a few years more will relieve our frontiers of Indian depredations. I commend the recommendation of the secretary for extention of the home stead laws to the Indians and for some sort of territorial government for the Indian Territory. A great majority of the Indians occupying this territory are believed to be incapable of maintaining their rights against the more civilized and enlightened man. Any territorial form of government given them, therefore, should protect them in their homes and property for a period of at least twenty years, and before the final abolition should be ratified by a majority of those affected. The report of the secretary of the interior, herewith attached, gives much interesting statistical information which I abstain from giving an abstract of, but refer you to the report itself. The act of Congress providing the oath which pensioners must subscribe before drawing their pensions cut off from this bounty a few survivors of the war of 1812 residing in the Southern states. I recommend the restoration of this bounty to all such. The number of persons whose names would be restored to the list of pensioners is not large. They are old persons who could have taken no part in the rebellion and the services for which they were awarded pensions were in defense of the whole country. The report of the commissioner of agriculture, herewith submitted, contains suggestions of much interest to the general public, and refers to

THE APPROACHING CENTENNIAL,

and to the part his department is ready to take in it. I feel that the nation at large is interested in having this exposition a success and commend to Congress such action as will secure a greater general interest in it. Already many foreign nations have signified their intention to be represented at it. It may be expected that every civilized nation will be represented. The rules adopted to improve the civil service of the government have been adhered to as closely as has been practicable with the opposition with which they meet. The effect, I believe, has been essential on the whole and has tended to the elevation of the service, but it is impracticable to maintain them without the direct and positive support of Congress. Generally the support which this reform receives is from those who give it their support only to find fault when the rules are apparently departed from. Removals from office without preferring charges against the parties removed, are frequently cited as departures from the rules adopted, and the retention of those against whom charges are made by irresponsible persons, and without good grounds, is also often condemned as a violation of these rules. In such circumstances, therefore, I announce that if Congress adjourns without positive legislation on the subject of civil service reform, I will regard such action as a disapproval of the system, and will abandon it, except so far as to require examinations for certain appointees to determine their fitness. Competitive examinations will be abandoned. The gentlemen who have given their services without compensation as members of the board to devise rules and regulations for the government of the civil service of the country have shown much zeal and earnestness in their work, and to them, as well as to myself, it will be a source of mortification if it is to be thrown away. But I repeat that it is impossible to carry this system to a successful issue without a general approval and assistance and a positive law to support it. I have stated that the elements of the prosperity to the nation's capital, labor skilled and unskilled, and the products of the soil, still remain with us. To direct the employment of these is a problem deserving the most serious attention of Congress. If employment can be given to all labor offering itself, prosperity necessarily follows. I have expressed the opinion, and repeat it, that the first requisite to the accomplishment to this end is the substitution of a sound currency in place of one of a fluctuating value. This secured, there are many interests that might be fostered to the great profit of both labor and capital. How to induce capital to employ labor is the question. The subject of

CHEAP TRANSPORTATION

has occupied the attention of Congress. New light on this question will, without doubt, be given by the committee appointed by the last Congress to investigate and report upon this subject. A revival of ship building, and particularly of iron steamship building, is of vast importance to our national prosperity. The United States is now paying over $1,000,000,000 per annum for freight and passage on foreign ships, to be carried abroad and expended in the employment and support of other people beyond a fair percentage of what should go to foreign vessels estimating on the tonnage and travel of each respectively. It is to be regretted that this disparity in the conveying trade exists and to arrest it I would be willing to see a great departure from the usual course of the government in supporting what might usually be termed private enterprise. I would not suggest as a remedy a direct subsidy to American steamship lines, but I would suggest the direct offer of ample compensation for carrying the mails between the Atlantic seaboard cities and the continent on American owned and American built steamers, and would extend this liberality to vessels carrying the mails to South American states and to Central America and Mexico, and would pursue the same policy from our Pacific seaports to foreign seaports on the Pacific. It might be remarked if vessels built for this service should come up to a standard fixed by legislation in tonnage and

[Continued on Fifth Page.]