

year both disbursements and debts will be found very considerably less than has been anticipated.

THE WAR DEPARTMENT.

The report of the Secretary of War is a document of great interest. It consists of—first, the military operations of the year, detailed in the report of the General in Chief; second, the organization of colored persons into the war service; third, the exchange of prisoners, fully set forth in the letter of Gen. Hitchcock; fourth, the operations under the Act for enrolling and calling out the National forces, detailed in the report of the Provost Marshal General; fifth, the organization of the Invalid Corps; and sixth, the operations of the several Departments of the Quartermaster General, Commissary General, Paymaster General, Chief of Engineers, Chief of Ordnance, and Surgeon General. It has appeared impossible to make a summary of this voluminous report, except such as would be too extended for this place, and hence I content myself in referring your attention to the report itself.

THE NAVY DEPARTMENT.

The duties devolving on the naval branch of the service during the year, and throughout the whole of this unhappy contest, have been discharged with fidelity, energy and success. The blockade has been constantly increasing in efficiency, as the navy has expanded; yet, on so long a line, it has so far been impossible to entirely suppress illicit trade. From the returns received at the Navy Department, it appears that more than one thousand vessels have been captured since the blockade was instituted, and that the value of the prizes sent in for adjudication amounts to over thirteen million of dollars. The naval force of the United States consists, at this time, of 358 vessels completed, and in course of completion, and of these 75 are iron clads—armored steamers. The events of the war give an increased interest and importance to the navy, which will probably extend beyond the war itself. The armored vessels in our navy completed and in service, or which are under contract and approaching completion, are believed to exceed in number those of any other Power; but while these may be relied upon for harbor defense and sea-coast survey, others of greater strength and capacity will be necessary for cruising purposes and to maintain our rightful position on the ocean. The change that has taken place in navy vessels and naval warfare since the introduction of steam as a motive power for ships of war, demands either a corresponding change in some of our existing Navy Yards or the establishment of new ones for the construction and necessary repair of modern war vessels. No inconsiderable embarrassment, delay and public injury has been experienced from the want of such Government establishments. The necessity of such a navy yard, so furnished, at some suitable place upon the Atlantic seaboard, has, on repeated occasions, been brought to the attention of Congress by the Navy Department, and is again presented in the report of the Secretary, which accompanies this communication. I think it my duty to invite your special attention to this subject; and also to that of establishing a yard or depot for naval purposes upon one of the Western rivers. A naval force has been created on these interior waters, and under many disadvantages, within little more than two years—exceeding in number the whole naval force of the country at the commencement of the present Administration. Satisfactory and important as have been the performances of the heroic men of the navy at this interesting period, they are scarcely more wonderful than the services of our mechanics and artisans in the production of war vessels which have created a new form of naval power. Our country has advantages superior to any other country, in resources of iron and timber, with inexhaustible quantities of fuel, in the immediate vicinity of both, and all available and in close proximity to navigable waters. Without the advantage of public works, the resources of the nation have been developed and its power displayed in the construction of a navy of such magnitude, which has at the very period of its creation rendered signal service to the Union. The increase of the number of seamen in the public service—from seven thousand men, in the spring of 1861, to about twenty-four thousand at the present time—has been accomplished without any special legislation or extraordinary bounty to promote that increase. It has

been found, however, that the operations of the draft, with the high bounties paid for army recruits, is beginning to effect the naval service, and will, if not corrected, be likely to impair its efficiency by detaching seamen from their proper vocation and inducing them to enter the army. I therefore respectfully suggest that Congress might aid both the army and the naval services by adequate provision on this subject, which would at the same time be equitable to the community more especially interested. I recommend to your consideration the suggestions of the Secretary of the Navy in regard to the policy of fostering and training seamen for the naval service. The Naval Academy is rendering signal service in preparing officers and seamen for the responsible duties which hereinafter they will be required to perform. In order that the country should not be deprived of educated officers, for whom legal provision has been made at the Naval School, the vacancies caused by the neglect or omission to make nominations from States in insurrection have been filled by the Secretary of the Navy. The school is now more full and complete than at any previous period, and in every respect entitled to the consideration of Congress.

THE POSTAL SERVICE.

During the past fiscal year the financial condition of the Post Office Department has been one of unceasing prosperity, and I am gratified in being able to state that the receipts of the Postal revenue have nearly equaled the entire expenditures, the former amounting to \$11,314,000 94, and the latter to \$11,464,417 09, leaving a deficiency of but \$150,416 25. In 1860, the year immediately preceding the rebellion, the deficiency amounted to \$5,656,705 49, the postal receipts of that year being \$2,045,722 19 less than those of 1863. The decrease since 1860 in the annual amount of transportation has been only about 25 per cent., but the annual expenditures on account of the same have been reduced 35 per cent. It is manifest, therefore, that the Post Office Department may become self-sustaining in a few years, even with the restoration of the whole service.

The International Conference of Postal Delegates from the principal countries of Europe and America, which was called at the suggestion of the Postmaster General, met at Paris on the 11th of May last, and concluded its deliberations on the 8th of June. The principles established by the Conference are best adapted to facilitate postal intercourse between nations, and as the basis of future Conventions inaugurate a general system of uniform international charges, at reduced rates of postage, and cannot fail to produce beneficial results.

THE DEPARTMENT OF THE INTERIOR.

I refer you to the report of the Secretary of the Interior, which is herewith laid before you, for useful and varied information in relation to the public lands, Indian affairs, patents, pensions, and other matters of public concern pertaining to his Department. The quantity of land disposed of during the last and the first quarter of the present fiscal year was 3,841,549 acres, of which 161,911 acres were sold for cash; 1,456,514 acres were taken up under the Homestead Law, and the residue disposed of under the laws granting lands for military accounts, for railroad and other purposes. It also appears that the sales of the public lands are largely on the increase. It has long been an opinion of some of our wisest statesmen that the people of the United States had a higher and more enduring interest in the early settlement and substantial cultivation of the public lands than in the amount of direct revenue to be derived from the sale of them. This opinion has had a controlling influence in shaping legislation on the subject of our National domain. As evidence of this, may be mentioned the liberal measures adopted in reference to actual settlers; the grant to the States of the overflowed lands within their limits, in order to their being rendered fit for cultivation; the grant to railroad companies of alternate sections of land upon the contemplated lines of their roads, which, when completed, will largely multiply the facilities for reaching our distant possessions. This policy has resulted in most signal and beneficent service to actual settlers. Since the first day of January last, the before mentioned quantity, 1,456,514 acres of land, has been taken up under its provisions. This, with the amount of sales, furnishes gratifying evidence of increasing settlement upon the public lands, notwithstanding the great struggle in which

the enemies of the nation have been engaged has required so large a withdrawal of our citizens from their accustomed pursuits. I cordially concur in the recommendation of the Secretary of the Interior, suggesting a modification of the act in favor of those engaged in the military and naval service of the United States. I doubt not Congress will cheerfully adopt such measures as will, without essentially changing the general features of the system, reserve, to the greatest practicable extent, its benefits to those who have left their homes in defense of the country in this arduous crisis.

MINERAL LANDS.

I invite your attention to the views of the Secretary of War as to the propriety of raising, by appropriation or legislation, a revenue for the mineral lands of the United States.

INDIAN AFFAIRS.

The measures provided at your last session for the removal of certain Indian tribes have been carried into effect. Sundry treaties have been negotiated, which will, in due time, be submitted for the constitutional action of the Senate. They contain stipulations for extinguishing the possessory rights of the Indians to large and valuable tracts of lands. It is probable that the effect of these treaties will result in the establishment of a permanent friendly relation with such of those tribes as have been brought into frequent and bloody collisions with our outlying settlements and emigrants. Sound policy and our imperative duty to these wards of the Government demand our anxious and constant attention to their material well-being, to see that they are progressing in the arts of civilization, and above all in that moral training which, under the blessing of divine Providence, will confer upon them the elevated and sanctifying influence of the hopes and consolations of the Christian faith. I suggested in my last annual message the propriety of reducing our Indian system. Subsequent events have satisfied me of its necessity. The details set forth in the report of the Secretary will evince the urgent need for immediate legislative action.

BENEVOLENT INSTITUTIONS.

I commend the benevolence of the institutions established or patronized by the Government in this District to your generous and fostering care.

THE CANAL ENLARGEMENT SCHEME.

The attention of Congress during the last session was engaged to some extent with a proposition for enlarging the water communications between the Mississippi river and the Northern Lakes and the Eastern seaboard, which propositions, however, failed for the time. Since then, upon a call of the greatest respectability, a Convention has been called at Chicago upon the same subject, a summary of whose views is contained in an address to the President and Congress, and which I now have the honor to lay before you. That the enterprise is one which ere long will force its own way I do not entertain a doubt, while it is submitted entirely to your wisdom as to what can be done now. Augmented interest is given this subject by the formal commencement of work upon the Pacific Railroad, under auspices so favorable to its rapid progress and completion. Enlarged navigation becomes a prospective need to the great road.

DEPARTMENT OF AGRICULTURE.

I transmit the second annual report of the Commissioner of the Department of Agriculture, asking your attention to its requirements as of vital interest to the nation.

THE SITUATION.

When Congress assembled, a year ago, the war had already lasted nearly twenty months, and there had been many conflicts on land and sea, with varying results. The rebellion had been pressed back into reduced limits, yet the tone of public feeling and opinion at home and abroad was not satisfactory. With other signs, the popular elections then just passed indicated uneasiness among ourselves, while amid much that was cold and menacing, the kindest words coming from Europe were uttered in accents of pity that we were too blind to surrender. Our commerce was suffering greatly from a few armed vessels built upon and furnished from foreign shores, and we were threatened with such addition from the same quarter as would sweep our trade from the sea and raise our blockade. We had failed to elicit from European Governments anything hopeful upon this subject. The Emancipation Proclamation, which

was issued in September, was running its assigned period to the beginning of the new year. A month later the final proclamation came, including the announcement that colored men of suitable condition would be received into the army service. The policy of emancipation and employing black soldiers gave to the future a new aspect, about which hope and fear and doubt contended in uncertain conflict. According to our political system, as a matter of civil administration the General Government had no lawful power to effect emancipation in any State, and for a long time it had been hoped that the rebellion could be suppressed without resorting to it as a military measure. It was all the while deemed possible that the necessity for it might come, and that if it should, the crisis of the contest would then be presented. It came, and as was portended, it was followed by dark and doubtful days.

Eleven months have passed. We are permitted to take another review. The rebel borders are pressed still further back, and by the complete opening of the Mississippi river, the country dominated over by the rebellion is divided into distinct parts, with no practicable communication between them. Tennessee and Arkansas have been so substantially cleared of the insurgents and their control and influence that the citizens in each and the owners of slaves and those who were advocates of slavery at the beginning of the rebellion now declare openly for emancipation in their respective States. Of those States not included in the Emancipation Proclamation were Maryland and Missouri, neither of which years ago would tolerate any restraint upon the extension of slavery into the new Territories. The only dispute now is as to the best mode of removing it within their own limits. Of those who were slaves at the beginning of the rebellion fully one hundred thousand are now in the United States military service, about one-half of which number actually bear arms in the ranks, thus giving the double advantage of taking so much labor from the insurgents' cause and supplying the places which otherwise must be filled by so many white men. So far as tested, it is difficult to say that they are not as good soldiers as any. No servile insurrection or tendency to violence or cruelty has marked the measures of emancipation and arming the blacks. These measures have been much discussed in foreign countries, and contemporaneously with such discussion the tone of public sentiment there is much improved. At home, the same measures have been fully discussed, supported, criticised and denounced, and the annual elections following are highly encouraging to those whose special duty it is to bear the country through this great trial. We have the reckoning. The crisis which threatened to divide the friends of the Union is past.

THE RECONSTRUCTION OF THE UNION.

Looking now to the present and future, and with reference to a resumption of the National authority within the States wherein that authority has been suspended, I have thought fit to issue a proclamation. It will appear, as is believed, amply justified by the Constitution. True, the form of an oath is given, but no man is coerced to take it. A man is only promised a pardon in case he voluntarily takes the oath. The Constitution authorizes the Executive to grant [pardon] on such terms as are fully established by the judicial and other authorities. It is also proffered, that if any of the States named assent, a Government shall be, in the mode prescribed, set up; that such Government shall be recognized and guaranteed by the United States, and that the State shall, under the Constitution, be protected, against invasion and domestic violence. The constitutional obligations of the United States to guarantee to every State in the Union a republican form of government, and to protect the State in the cases stated, is explicit and full. But why tender the benefits of this provision only to a State Government set up in this particular way? This section of the Constitution contemplates a case wherein the element within a State favorable to a republican Government in the Union may be too feeble for an opposite and hostile element external to and even within the State, and such are precisely the cases with which we are now dealing. An attempt to guarantee and protect a revised State Government, constructed in whole or in preponderating part, from the very element against whose hostility and violence it is to be protected, is simply

absurd. There must be a test by which to separate opposing elements, so as to build only from the sound; and that test is a sufficiently liberal one which accepts as sound whoever will make a sworn recognition of his former unsoundness. But if it be proper to require as a test of admission to the political body, an oath of allegiance to the Constitution of the United States and the laws under it, why not also to laws and proclamations in regard to slavery? These laws and proclamations were enacted and put forth for the purpose of aiding the suppression of the rebellion. To give them their fullest effect, their had been a pledge for their maintenance. In my judgment they have aided, and will further aid, the cause for which they were enlisted. To give up this principle would not only be to relinquish a lever of power, but would also be a cruel and astounding breach of faith. I may add, at this point, that while I remain in my present position I shall not attempt to retract or modify the emancipation proclamation; nor shall I return to slavery any person who is free by the terms of the proclamation or by any Act of Congress. For these and other reasons, it is thought best that the support of these persons shall be included in the oath, and it is believed the Executive may lawfully claim it in return for pardon and restoration of political rights, which he has a clear constitutional power to withhold altogether, or grant upon the terms which he shall deem wisest for the public interest. It should be observed, also, that this part of the oath is subject to the modifying and abrogating power of legislation and supreme judicial jurisdiction. The proposed acquiescence of the National Executive in any honorable temporary State arrangement for the freed people is made with the view of possibly modifying the confusion and destitution which must at least attend all classes by a total revolution of labor throughout whole States, and it is hoped the already deeply afflicted people in these States may be somewhat more ready to give up the cause of their affliction, and to this extent this vital matter is left to themselves, while no power of the National Executive to prevent an abuse is abridged by the proposition. The suggestion in the proclamation as to maintaining the political frameworks of the States, or what is called reconstruction, is made in the hope that it may do good, without the danger of harm. It will save labor and avoid great confusion. But why any proclamation now on this subject? This question is beset with the conflicting views that the step might be delayed too long, or be taken too soon. Some elements for resumption seem ready for action, but remain inactive, apparently for want of a rallying point or a plan of action. Why shall A adopt the plan of B rather than B that of A? If A and B should agree how can they know but the General Government here will reject their plan? By the proclamation a plan is presented which may be accepted by them as a rallying point, and which they are assured in advance will not be rejected here. This may bring them to act sooner than they otherwise would. The objection to a premature presentation of a plan by the National Executive consists in the danger of commitment on a point which could be more safely left to further developments. Care has been taken to so shape the document as to avoid embarrassment from this source. In saying that on certain terms certain classes will be pardoned with their rights restored, it is not said that other classes on other terms, will ever be included. In saying a reconstruction will be accepted if presented in a specified way, it is not said it will never be accepted in any other way. The movements in the way of State actions for emancipation in several of the States not included in the emancipation proclamation, are matters of profound gratification, and while I do not repeat in detail what I heretofore so earnestly urged upon this subject, my general views and feelings remain unchanged, and I trust that Congress will omit no fair opportunity of aiding these important steps to the great consummation.

In the midst of other cares, however important, we must not lose sight of the fact that the war power is still our main reliance. To that power alone can we look yet, for a time, to give confidence to the people in contested regions that the insurgent power will not again overrun them. Until that confidence shall be established, little can be done there for what is called