

PRESIDENT'S MESSAGE.

To the Senate and House of Representatives: In transmitting to you my fourth annual message, it is with thankfulness to the Giver of all good to the Nation...

THE BOSTON FLOOD.

With the exception of the recent devastating fire which swept from the earth with a breath, as it were, millions of accumulated wealth in the city of Boston...

THE GENEVA ARBITRATION.

When Congress adjourned in June a question had been raised by Great Britain, and was then pending, which for a time seriously imperiled the settlement by friendly arbitration of the differences existing between the Government and that of Her Britannic Majesty.

In my last annual message I recommended the legislation necessary on the part of the United States, to bring into operation the articles of the Treaty of Washington, of May, 1871, relating to the fisheries...

THE NORTHWEST BOUNDARY.

The joint Commission for determining the boundary line between the United States and the British possessions, between the Lake of the Woods and the Rocky Mountains, has been organized and entered upon its work.

OUR FOREIGN RELATIONS.

With France, our earliest ally; Russia, the constant and steady friend of the United States; Germany, with whose Government and people we have so many causes of friendship and so many common sympathies...

TREATY RATIFICATIONS.

Since my last annual message an exchange has been made of ratifications of the treaty with the Austro-Hungarian Empire, relating to naturalization; also of a treaty with the German Empire, relating to consuls and trademarks...

with the question in all its phases, and in every stage has manifested a patriotic zeal and earnestness in the maintenance of the claim of the United States. He is entitled to much credit for the success which has attended the commission...

THE VINA EXPOSITION. Preparations are making for the International Exposition, to be held during next year in Vienna, on a scale of very great magnitude. The tendency of these expositions is in the direction of advanced civilization...

THE SOUTH AMERICAN WAR. It is gratifying to announce that the ratification of the Convention, concluded under the auspices of this Government, between Spain on one part and the allied Republics of the Pacific on the other...

CLAIMS AGAINST VENEZUELA. It is with regret, however, that I announce that the Government of Venezuela has made no further payment on account of the awards under the Convention of April 25th, 1866.

MEXICO. Since your last session the President of the Mexican Republic, distinguished by his high character and by his services to his country, has died. His temporary successor has now been elected with great unanimity by the people...

OUR RELATIONS WITH JAPAN AND CHINA. Our treaty relations with Japan remain unchanged. An Embassy from that interesting and progressive nation visited this country during the year that is passing...

CERTAIN TRANSFERS OF POWER RECOMMENDED. I renew the recommendation made on a previous occasion for the transfer to the Department of the Interior, to which they seem more appropriately to belong...

INDIGENT CITIZENS ABROAD. Congress, from the beginning of the Government, has wisely made provision for the relief of distressed seamen in foreign countries. No similar provision, however, has hitherto been made for the relief of citizens in distress abroad other than seamen.

THE CUBAN REBELLION. It is with regret that I have again to announce the continuance of the disturbed condition of the Island of Cuba, and that no advance toward the pacification of the discontented portion of the population has been made.

THE TREASURY DEPARTMENT. The money received and carried into the Treasury during the fiscal year ending January 30, 1872, were: From customs, \$21,637,928 67; from sales of public lands, \$2,575,514 19; from internal revenue, \$130,642,177 73...

THE WAR DEPARTMENT. The report of the Secretary of War shows the expenditures of the War Department for the fiscal year ending June 30, 1871, to be \$35,799,901 82, and for the fiscal year ending June 30, 1872, to be \$35,392,157 30...

Congress at St. Petersburg, the persons appointed in that character proceeded to their destination and attended the session of the Congress. Their report shall in due season be laid before you.

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tion for carrying out the laws of emancipation have been announced, giving evidence of the sincerity of the intention of the present Government to carry into effect the law of 1870.

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the Treasury during the fiscal year ending January 30, 1872, were: From customs, \$21,637,928 67; from sales of public lands, \$2,575,514 19; from internal revenue, \$130,642,177 73; from tax on national banks, etc., \$6,523,396 39; from the Pacific Railroad Companies, \$749,861 87; from customs, fines, etc., \$1,136,443 34; from fees of Consuls, patents, lands, etc., \$2,284,095 92; from miscellaneous sources, \$1,412,554 71; total of ordinary receipts, \$364,691,239 91; from premiums on sales of coin, \$9,412,637 65; total net receipts, \$374,016,877 56; balance in Treasury June 30th, 1871, \$10,935,705 79, including \$1,823,835 received from unavailable assets; total available cash, \$384,842,583 35. The net expenditures by warrants drawn during the same period were: For civil expenses, \$18,183,070 70; for foreign interests, \$18,400,369 14; Indians, \$7,065,726 88; pensions, \$23,383,402 76; military establishments, including fortifications, river and harbor improvements and arsenals, \$31,537,215 72; for naval establishments, including vessels and machinery and improvements at the Navy-yards, \$21,240,809 09; for miscellaneous civil expenditures, including public buildings, light-houses and collecting the revenue, \$42,958,320 03; interest on public debt, \$118,358,839 72; total, exclusive of principal and premium on public debt, \$270,530,695 91; for premium on bonds purchased, \$4,958,766 69; for redemption of the public debt, \$99,915 340; total, \$105,918,530 30; total net disbursements, \$377,478,216 21; balance in Treasury, June 30, 1872, \$108,564,356 84. Total, \$484,042,563 15. From the foregoing statement it appears that the net reduction of the principal of the debt during the fiscal year ending June 30, 1872, was \$99,960,253 54. The source of reduction is as follows: Net ordinary receipts during the year, \$364,691,239 91; net ordinary expenditures, including interest on public debt, \$270,559,09 91; difference, \$94,134,536; add the amount of receipts from premiums on sales of gold in excess of premiums paid on bonds purchased, 5,447,089 89; add amount of the cash balance at the close of the year, accompanied with the sale at the commencement of the year, \$337,348 65; total, \$99,960,253 54. This statement treats solely of the principal of the public debt by the monthly statement of the public debt, which adds together the principal and interest due and unpaid and interest accrued to date, and deducts the cash in the Treasury. As recorded on the day of publication, the reduction was \$100,544,491 28. The source of this reduction is as follows: Reduction on principal account, \$99,860,063 54; reduction on unpaid interest account, \$3,430,057 55; total, \$103,290,121 09; reduction in cash on hand, \$2,746,465 22; total, \$106,036,586 31; on the basis of the last total, the statements show a reduction of the public debt from the first of March, 1869, to the present time, as follows: From March 1, 1869, to March 1, 1870, \$87,347,828 44; from March 1, 1870, to March 1, 1871, \$117,819,630 35; from March 1, 1871, to March 1, 1872, \$94,845,348 94; from March 1, 1872, to November 1, 1872 (eight months), \$64,017,237 84; total, \$363,699,999 87. With the great reduction of taxation by acts of Congress at its last session the expenditures of the Government in collecting the Revenue will be much reduced for the next fiscal year. It is very doubtful, however, whether any further reduction of so heavy a burden upon the people will be practicable for the present. At all events, as a measure of justice to holders of the nation's certificates of indebtedness, I would recommend that no legislation be had upon this subject unless it be to correct the errors of omission or commission in the present laws which sufficient time has elapsed to prove that it can be done and still leave sufficient revenue to meet the current expenses of the Government and pay the interest on the public debt and provide for the sinking fund established by law. Preservation of our national credit is of the highest importance. Next in importance to this comes the solemn duty to provide a national currency of fixed and unvarying value, as compared with gold, as soon as practicable, having due regard for the interests of the debt, or class and the vicissitudes of trade and commerce, and convertible into gold at par.

THE WAR DEPARTMENT. The report of the Secretary of War shows the expenditures of the War Department for the fiscal year ending June 30, 1871, to be \$35,799,901 82, and for the fiscal year ending June 30, 1872, to be \$35,392,157 30, showing a reduction in favor of the last fiscal year of \$427,834 62. The estimates for military appropriations for the next fiscal year ending June 30, 1873, are \$33,801,378 78. The estimates of the Chief of Engineers are submitted separately, for fortifications, for river and harbor improvements, for public buildings and grounds, and for the Washington aqueduct. The affairs of the Freedmen's Bureau have all been transferred to the War Department, and regulations will be put into execution for the speedy payment of bounty and pay due to colored soldiers, properly coming under that Bureau. All warrants for money and property issued prior to 1871 have been examined and transmitted to the Treasury for final settlement. During the fiscal year there has been paid for transportation on railroads, \$1,390,000, of which \$800,857 was over the Pacific Railroad; for transportation by water, \$626,373 53, and by stage, \$48,075 84, and for the purchase of transportation, animals and wagons, hire of teamsters, etc., \$924,650 64. About \$3,705 have been collected from Southern railroads during the year, leaving about \$4,000,000 still due. The Quartermaster has examined and transmitted to the acting officers for settlement, \$307,173 73 of claims by loyal citizens for Quartermaster's stores during the war. Subsistence supplies to the amount of \$908,413 have been issued to the Indians. The annual average men strength of the army was 29,370 white and 3,496 colored soldiers. The total deaths for the year are reported at 97 white and fifty-four colored. The distri-