LATEST BY TELEGRAPH.

EUROPEAN NEWS.

LONDON, Dec. 6.—The message of President Grant is favorably received. The papers generally express satisfaction with the spirit in which he deals with the relations between the two nations, and the opinion is almost unanimous that the condition of the country was never more flatteringly exhibited.

The *Times* congratulates the American Government on the dexterity of its diplomatic representatives in Europe during the Franco-German war, in preserving an impartial attitude without losing an opportunity of displaying practical sympathy for both sides.

The Prince of Wales is out of danger.

PARIS Dec. 7.—The appointment of Jules Favre as Minister to the United States is officially promulgated.

LONDON, Dec. 7.—A Republican meeting was held at Birmingham yesterday. The proceedings were disorderly, and the meeting broke up in a row.

EASTERN NEWS.

WASHINGTON, Dec. 5.—The House then went into Committee of the Whole on the President's Message. The usual resolution for distributing portions of the message among the appropriate Committees was offered by Dawes and adopted.

The motion to refer the President's recommendation as to the union of the telegraph system and the Post Office Department to a special Committee elicited a long discussion, which was participated in by Randall, Farnsworth, Niblack and Brock, in opposition to the project, and by Dawes in favor. The subject was finally referred to the Committee on Appropriations, after which the House adjourned.

The annual session of the National Council of the Union League will be held at Philadelphia on Wednesday, Dec. 13th.

The report of the Southern Claims Commission will be submitted to Congress next Monday. About five hundred cases have been concluded, three-fourths of which are in favor of the claimants, though the aggregate amount is reduced from $1,600,000 to less than $500,000.

NEW YORK, Dec. 6.—At a meeting of the Regular Republican Central Committee last evening a resolution was adopted that no more propositions of affiliation be made to the Greeley wing.

A special dispatch from Matamoras, Mexico, of date December 5th, says the rebel General Trereno has taken Saltillo, with heavy losses on both sides. Government troops still hold possession of the French fort on the outskirts, but the rebels control the position from two points. Its surrender is hourly expected.

Quiroga, a Rebel Commander, is organizing at Monterey for further oppositions. Carlina, the Government Commander of the river still waits the result of Trereno's movements. Quiroga, Government Commander here, conceals all news that is considered unfavorable to the Government. Telegraphic and mail communication with the interior is entirely suspended.

ST. LOUIS, Dec. 5.—The Republican State Committee met here to-day and passed resolutions inviting the Liberal Republican Committee to join in a call for a Convention. The invitation was accepted, and the two Committees then met in joint session and unanimously adopted a resolution for a State Republican Convention, to be held in Jefferson City February 22d.

Extreme cold weather has prevailed all over the Northwest for three days. It is more moderate here to-day, with a light fall of snow this morning.

NEW YORK, December 6.—It is generally credited that ex-Judge Pierrepont will succeed Secretary Fish, and that Geo. H. Williams of Oregon will succeed Attorney General Akerman.

Alexis leaves to-morrow for Boston. He sent five hundred copies of each of the leading New York newspapers to his father the day after his reception.

The Russian Minister requested the arrest of all sailors of the fleet found in the streets after six P. M. as deserters.

The Grand Duke started this morning. He has not time to visit California.

A *Times* special says the caucus of the Democratic members of Congress will probably be postponed until after the holidays. An informal interchange of opinion on the course to be taken in regard to the next Presidential canvass will be had. There is great unanimity in opposition to undue haste or any steps that look like a surrender of the Democratic organization, into the hands of the anti-Grant Republicans. Whatever may be the strength of the latter in the country does not appear. Not a single one of the 139 Republican members of the House is willing to announce his opposition to Grant's renomination. There are, nevertheless, many who are at heart opposed, but they admit if he is the nominee of the Republican party they will be obliged to support him.

WASHINGTON, December 6.—The Republican Senatorial Caucus this morning appointed the following Committee to report changes in the Standing Committees—Messrs. Buckingham, Lawyer, Pomeroy, Frelinghuysen and Terry. The opinion prevails that the only changes to be made are placing Morton as Chairman of Foreign Relations and transferring Cameron to that of the Elections and Privilege.

In the House, Kelly, Hooper, Conger, Lynch, Perry, Millard, Wood, Marshall and Holman are announced as a Select Committee for the reorganization of the civil service.

The following nominations, among others, were sent to the Senate to-day: Collectors of Customs, Frederick Drew, for District, Puget Sound; Geo. A. Eder, for Alaska; Chester A. Arthur, for New York; Assessor of Internal Revenue, Jas. Coly, for Utah; Wm. L. Warning, for New Mexico; Collector of Internal Revenue, A. King, for Nevada; E. W. Bennett of Indiana, Governor of Idaho; Mars Giddings of Michigan, Commissioner of Agriculture; Geo. Bancroft of New York, Envoy Extraordinary and Minister Plenipotentiary to the German Empire; Consuls, S. G. Griffin of Kentucky, at Copenhagen, and Weston F. Lint of Missouri, at Chinkiang.

A House resolution was adopted that the Railway Committee inquire into the expediency of connecting Lake Michigan with the Mississippi river by a canal.

WASHINGTON, December 7.—The appointment of W. B. Irving as Register of the Land Office for Utah is regarded by the Mormon delegation here as an indication that the Administration intends to modify the policy towards polygamy. Maxwell, the former incumbent, and now contestant for his seat as delegate, is active in his prosecution of the Mormons, and chiefly instrumental in bringing the late suits against their leaders. The Mormon question promises to become exciting in the present session.

Senator Cragin has revived his old bill to punish polygamy, while an Enabling Act, providing for the admission of Utah as a State into the Union, has been drawn, up, to be introduced into both Houses before recess. They will provide that from and after the admission of Utah marriages shall be governed according to the laws of the United States, but marriage relations as now existing in that Territory shall not be disturbed.

Pomeroy presented a bill to unite the postal and telegraph service.

Sumner gave notice of a bill to abolish the office of Commissioner of Internal Revenue and reduce the tax.

The House, without completing the reading of the Postal Bill, adjourned to Monday.

The Senate, at two o'clock, went into Executive session.

CHICAGO, Dec. 7.—A *Tribune* Washington special says: A paper requesting Secretary Fish to reconsider his determination to retire from the Cabinet was drawn up to-day by Senator Edmunds. It was calculated for signatures in the Senate. Most of the Republicans signed it, headed by Mr. Wilson. A number of Senators feel very confident that Fish will agree to remain. The secret of this movement in the Senate is general hostility to Pierpont.

The statement concerning Ackerman is this: The President and several members of the Cabinet would be pleased if he would resign, but of this hope it seems there is little probability, though he has had several hints.

CALIFORNIA.

SALT LAKE, Dec. 7.—The President's Message receives earnest commendation from all classes. Even the Church organ approves a portion, but makes no reference to that upon Utah affairs. Few men express any hope for polygamy in the United States, but some cling to the belief that Congress may in some way relieve them.

Two severe shocks of earthquake were felt on the night of the 5th inst. at Cedar City, Iron county, and on the morning of the 6th another shock occurred, accompanied by loud noise.

EUROPEAN NEWS.

MADRID, December 7.—The municipal elections are over in Madrid. Of the members of the Council the Radicals elected 75. The returns come in slowly from the provinces, but so far as received indicate that the Radicals have been everywhere successful.

LONDON, December 7.—While Mr. Edgar was addressing the Republican meeting at Reading, last night, the crowd rushed into the hall, and after a desperate fight the Republicans were driven out, and Edgar was obliged to seek safety by flight.

An imposing demonstration was made last evening at Birmingham in favor of the Radical Reform.

LONDON, December 8—2 P. M.—A report is in circulation that the Prince is worse. It was announced by the central agency of the Press Association, which is considered a trustworthy source of news, that all the members of the royal family were telegraphically summoned. The Queen and the Princess Louise left at three P. M. It is rumored on the streets that the Prince of Wales is dead, but the report is doubted. A London paper says the Prince is sinking fast. Congestion of the lungs has set in. There are no hopes of his life. The Queen is now with the Prince. The city is full of alarming rumors with regard to his case. Newspaper extras are issued, giving all kinds of reports. Business is depressed, and stocks and all financial quotations show a decline. Consols have fallen ¼ per cent. The latest official bulletin of the Prince's condition says he continues in a precarious state.

The steamers Scotia and Scandinavia have arrived.

The trial of Kelly, which commenced in Dublin yesterday, has been interrupted and postponed until January.

The Attorney General refuses the application of the Solicitor for the commencement of actions for libel against certain papers.

EASTERN NEWS

WASHINGTON, December 7.—The following are among the nominations sent to the Senate: John W. Douglass, Commissioner of Internal Revenue; Wm. M. C. Mitchell, Assistant Attorney General; Daniel Johnson, Jr., Associate Justice of New Mexico; J. W. Fisher, Chief Justice of ——; George C. Betts, United States Attorney.

Among the bills introduced in the Senate was one regulating the pay of officers of the navy and Executive Department, and one for the incorporation of the Postal and Telegraph Department.

F. A. Mardon, Chief of the Division of Accounts, was arrested to-day and held for trial on the charge of stealing over $12,000 from the Government. The loss falls on Treasurer Spinner.

The Tobacco Convention to-day adopted a resolution providing a uniform tax of sixteen cents per pound on all grades of manufactured tobacco, and a resolution favoring the continuation of the bonded warehouse system.

The following is a list of Chairmen of Committees elected by the Senate to-day: On Elections, Sumner; Foreign Relations, Cameron; Finance, Sherman; Appropriations, Cole; Commerce, Chandler; Manufactures, Hamlin; Agriculture, Morton; Military Affairs, Wilson; Naval Affairs, Craigin; Judiciary, Trumbull; Post Offices, Ramsey; Public Lands, Pomeroy; Private Land Claims, Davis of Kentucky; Indian Affairs, Harlan; Pensions, Edmunds; Claims, Howe; District of Columbia, Patterson; Patents, Ferry of Connecticut; Public Buildings, Morrill of Vermont; Surveys, Nye; Pacific Railroads, Stewart.

NEW YORK, December 7.—The Committee of the International Society concluded their arrangements for the proposed demonstration of Sunday to protest against the late execution in Paris. General Clusseret, who arrived to-day from Germany, and the Woodhull and Claflin crowd will join in the procession.

The thermometer stood 22 degrees below zero at Quebec yesterday.

PHILADELPHIA, December 7.—City Treasurer Marcus has been found guilty on five counts in the indictments charging him with misappropriation $300,000 of their moneys.

NEW YORK, Dec. 8.—An unfounded rumor was gotten up to affect the market, and circulated on Wall street this morning, to the effect that the Prince of Wales was dead.

There is a panic in the London market. Gold is strong at 110 to 112.

The *Times* Washington dispatch says Secretary Fish's resignation was placed in the hands of the President on Tuesday.

The *Herald's* dispatch says that Senator Sumner is preparing for an active fight to abolish the Internal Revenue Commissionership. He will be sustained by many leading Senators.

A Washington special says that Sumner will not accept the chairmanship of the Committee on Elections assigned him by the Senate caucus.

At a meeting of the Committee on Commerce yesterday A. A. Low submitted a letter from Olyphant & Co. of China, regarding the outrages committed on Chinamen at Los Angeles, with extracts from certain newspapers on the same subject. The letter suggested that such outrages will tend to render the lives of all Americans in China unsafe. Mr. Low hoped the Chamber of Commerce would take action in the matter. The Chinese of California have been subjected from the first to attacks from the lower classes in that State. There is an antagonism between Chinamen and white men, and this letter sets forth the danger that constantly besets the Chinese. He thought it worthy of action on the part of our Government, that the character of the nation in its treatment of these people may be sustained. The latter and accompanying newspaper accounts were referred to the Standing Committee, with instructions to report thereon.

Yesterday a gang of workmen of Boss Tweed's Department, of the Public Works, visited the Controller's Office, and threatened that officer with violence if their claims were not paid.

The motion for the expulsion of Mayor Hall from the Union Club was carried by a vote of 9 to 2. The question will be finally decided by a full Club.

A *Times* special says an order was received from Washington yesterday by the purser of the steamer Missouri, about to sail for Havana, to unload all American newspapers sent aboard, but finally the order was disobeyed.

EUROPEAN NEWS.

LONDON, Dec. 8, 9:30 p. m.—The Prince of Wales has slept slightly, but is still very much prostrated.

Midnight—A sudden and unfavorable change in the condition of the Prince of Wales caused a feeling of deep sorrow throughout the country. Manifestations of sympathy are pouring in from all directions. The excitement in London is intense to-night, and immense crowds of people have gathered in front of the newspaper and telegraph offices, anxiously seeking information concerning the condition of the Prince. All classes, including workmen, have held public meetings, at which resolutions were adopted expressing the deepest sympathy for his Royal Highness.

Later—The anticipated strike among the telegraph operators commenced at Liverpool, and the transmission of dispatches is delayed.

LONDON, Dec. 9.—The Prince slept some last night. The Princess and children have been summoned. Better feeling on change this morning, but rumors are gloomy and represent his case as hopeless. The following bulletin has been posted:

"P. M.—The Prince passed the morning more tranquilly; the paroxysm are subsiding and no increase of exhaustion."

The Princess Beatrice and Prince Leopold, his youngest sister and brother, and all the children of the Prince, have been called to his bedside. The Duke of Cambridge has gone, in response to a telegraphic summons. The Archbishop of Canterbury requests the clergy to pray for the recovery of the Prince. The excitement is intense, now that there is a beam of hope.

The Orleans Princes had an interview with Thiers yesterday, and consented for the present to defer their claim to seats in the Assembly.

The strike of the telegraph operators is becoming general, extending to all large cities. It threatens to cause much inconvenience.

EASTERN NEWS.

NEW YORK, Dec. 8.—A meeting of the Board of Police Commissioners today adopted a resolution that the Superintendents of Police be directed to notify the officers of the various societies of this city that the proposed parade of societies on Sunday next would not be permitted on that day. The proposed parade or demonstration, if made, must occur on some other day than Sunday. The Superintendent is directed to take all necessary measures to prevent the parade on Sunday of societies, and arrest persons paradingg.

General Cluseret is said to have taken a command in the Mexican army.

The small-pox is decreasing. Only three cases and one death are reported for the twenty-four hours ending at noon.

Four hundred and fifty canal-boats are frozen in on the Hudson river and Erie canal. It is thought a few of them only will be able to get out, and by far the greater number, with cargoes valued at $31,000,000, will remain bound entire.

WASHINGTON, Dec. 8.—The President to-day said to prominent men that he was almost certain Fish would remain in the Cabinet.

The American Woman's Suffrage Convention held its session this evening in the Masonic Hall. There was a large attendance, including Senators and Representatives in Congress.

General George B. Williams, recently selected by the Japanese Government to organize an internal Revenue Department in that country, will leave to-morrow for Japan.

BOSTON, Dec. 8.—The reception of the Grand Duke to-day in Boston, Cambridge and Charlestown was cordial and evidently enjoyed by the distinguished visitor. At the State House the Duke was welcomed by Governor Claflin in a short address; at Cambridge Park he was received by President Elliott; at the Charlestown Navy Yard a salute of twenty-one guns were fired. After inspecting the various departments Alexis and suit retired to the Revere House.

COLUMBIA, Dec. 8.—In the Ku Klux trials to-day four of the prisoners pleaded guilty to the charge of conspiring to deprive citizens of the right to vote, but counsel reserved the privilege of reading affidavits. Concerning the mode of punishment Mr. Stanberry, for the defense, raised a point, as to whether the prisoners could be fined for an offence committed in March, and charged upon them April 21st, in order to bring them within the operations of the Ku Klux law passed April 20th. Other points are to be raised to-morrow, for the purposes of certifying before the Supreme Court.

NEW YORK, Dec. 9.—Gov. Hoffman has made arrangements to forward to the Law Institute at Chicago on behalf of the State a complete set of session laws and revised statistics of this State, with State reports, and Kent's commentaries. This contribution is made on authority of Gov. Hoffman, who trusts the Legislature will sanction his action.

The *Tribune* asserts that Connolly consented on November 29, at the instigation of Commodore C. K. Garrison, who was anxious to become his bail, to make restitution to the city the sum of $3,000,000, but Charles O'Connor would not consent to this arrangement, his proposition being an assignment of property by Connolly to this amount to await the issue of the trial, and consequently it failed. If the proposition had been acceded to Connolly was to have turned State's evidence. Mrs. Connolly, in whose name Connolly's property all stands, was a principal.

DETROIT, Dec. 9.—The schooner Crossthwait has been drifting about on ice in the Saginaw Bay two weeks. She was supposed lost until last evening, when the first mate and six of the crew reached Bay City. The captain, second mate and cook remained on the vessel, and will starve unless soon rescued.

A motion for reduction of bail of Connolly was argued to-day before Judge Larned, at Albany.

Leaders of the International Society to-day sent a dispatch to Gov. Hoffman, at Albany: "Can we parade?" No answer is received yet. They will turn out if the answer is favorable; if not they will postpone it till next week.

A *Herald's* Washington dispatch says a scheme is on foot for the impeachment of President Grant. The subject was under consideration in the Democratic Congressional Committee yesterday, and will be further pursued at the meeting next Wednesday. It is believed that Montgomery Blair is at the bottom of it. The main charge will be for violation of International law, usurpation of war power and connection with the attempted annexation of San Domingo.

CALIFORNIA.

SAN FRANCISCO, Dec. 6.—The creditors of Sime's bank having proved over two-thirds of the claims against the institution, as by law required, today elected P. J. White and C. H. Bradford trustees to wind up the affairs, and J. B. E. Cavellier, Horace Holmes and H. T. Crane to supervise the work.

The family in widow Jorgen's house, on Mason near Filbert street, on the window of which Randall's spiritograph is alleged to have miraculously appeared, took the window out this afternoon and sent it away, more than 2,000 people having gone there to see it. The fact is indisputable that the picture is a mere chance discoloration in the material of the glass itself, and has been there since it was made, many years since.

President's Message.

We give below the principal portion of the President's Message, which we find in full in the Sacramento *Union*. We have already published the portion relating to the Treaty with Great Britain, and we omit a few paragraphs of minor importance:

THE CATACAZY AFFAIR.

It was impossible with self respect, or with a just regard to the dignity of the country, to permit Mr. Catacazy to continue to hold interviews with this Government. After his abuse of the Government, the inexcusable course of the Russian Minister at Washington rendered it necessary to ask his recall and to decline to longer receive that functionary as a diplomatic representative. That there is no desire on the part of this Government to diminish the cordiality of these relations, the hospitable reception which has been given to the Grand Duke is a proof, and that on our side we share the wishes of the reasonable assurance of a permanent peace, and that the intimate, friendly relations which have so long existed between the United States and Russia may continue undisturbed, the visit of the third son of the Emperor is a proof.

RELATIONS OF SPAIN AND SOUTH AMERICA.

It has been made the agreeable duty of the United States to preside over a conference at Washington between the plenipotentiaries of Spain and the allied South American Republics, which has resulted in an armistice with the growing out of the insurrection in Cuba. That commission has since been organized. I transmit herewith the correspondence relating to its formation and its jurisdiction. It is to be hoped that this commission will afford the claimants a complete remedy for their grievances under the obligations of nations.

JAPAN, CHINA AND COREA.

With Japan we continue to maintain intimate relations. The Cabinet of the Mikado has, since the close of the last session of Congress, selected citizens of the United States to serve in offices of importance in several departments of his Government. I have reason to think that this selection is due to an appreciation of the disinterestedness of the policy which the United States has pursued toward Japan. It is our desire to continue to maintain this disinterested and just policy with China as well as Japan. The correspondence transmitted herewith shows there is no disposition on the part of this Government to swerve from it established course.

Impelled by a desire to put an end to the barbarous treatment of our shipwrecked sailors on the Corean coast, I instructed our Minister at Pekin to endeavor to conclude a convention with Corea for securing the safety and humane treatment of such mariners. Admiral Rodgers was instructed to accompany him with a sufficient force to protect him in case of need. A small surveying party sent out, on reaching the coast, was treacherously attacked at a disadvantage. Ample opportunity was given for explanation and apology for the insult; neither came. A force was then landed. After a march of an hour in a rugged and difficult country, the forts from which the outrages had been committed were officially assaulted and were destroyed. Having thus punished the criminals, and having vindicated the honor of the flag, the expedition returned, finding it impracticable under the circumstances to conclude the desired convention. I respectfully refer to the correspondence relating thereto, herewith submitted, and leave the subject for such action as Congress may see fit to take.

To give importance and to add to the efficiency of our diplomatic relations with Japan and China, and to further increase the good opinion of those people, and to secure to the United States its share of the commerce destined to flow between those nations and the balance of the commercial world, I earnestly recommend that an appropriation be made to support at least four American youths in each of those countries, to serve as a part of the official family of our Ministers there. Our representatives would not even then be placed upon an equality with the representatives of Great Britain and some other Powers as now situated, for representatives in Japan and China have to depend for interpreters and translators upon the natives of those countries, who know our language imperfectly, or procure for the occasion the services of employes in foreign business houses, or the interpreters to other foreign Ministers.

I would also recommend liberal measures for the purpose of supporting the American lines of steamers now plying between San Francisco and Japan and China, and the Australian line, almost our only remaining lines of ocean steamers, and of increasing their service.

MEXICO AND SOUTH AMERICAN REPUBLICS.

The Republic of Mexico has not yet recalled the very objectionable laws, comprising what is known as the "free zone" on the frontier of the United States. It is hoped that this may yet be done, and also that stringent measures may be taken by that republic, restraining lawless persons on its frontier. I hope that Mexico, by its own action, will soon relieve this Government of the difficulties experienced from these causes.

Our relations with various republics, continental and South American, continue, with one exception, to be cordial and friendly. I recommend some action by Congress regarding the overdue installments under the award of the Venezuela Claims Commission of 1865. The internal dissensions of that Government present no justification for the absence of effort to meet their solemn treaty obligations. The ratification of an extradition treaty with Nicaragua has been exchanged.

BRAZIL AND SLAVERY.

It is a subject for congratulation that the great Empire of Brazil has taken the initiatory steps toward the abolition of slavery. Our relations with that empire, always cordial, will naturally be more so by this act. It is not too much to hope that the Government of Brazil may hereafter find it for its interest as well as internationally right to advance toward entire emancipation more rapidly than the present act contemplates. The true prosperity and greatness of a nation is to be found in the elevation and education of its laborers. It is a subject for regret that the reforms in this direction which were voluntarily promised by the statesmen of Spain have not been carried out in the East India colonies. The laws and regulations for apparent abolition of slavery in Cuba and Porto Rico leave most of the laborers in bondage with no hope of release until their lives become a burden to their employers. I direct your attention to the fact that citizens of the United States are large holders in foreign lands of this species of property forbidden by the fundamental law of their country. I recommend to Congress to provide by stringent legislation a suitable remedy against the holding, owning or dealing in slaves or being interested in slave property in foreign lands, either as owners, hirers or mortgages, by citizens of the United States.

CUBA.

It is to be regretted that the disturbed condition of the island of Cuba continues to be a source of annoyance and anxiety. The existence of a protracted struggle in such a cause in close proximity to our own territory, without apparent prospect of an early termination, cannot be other than an object of concern to a people who, while abstaining from interference in the affairs of other Powers, naturally desire to see every country in the undisturbed enjoyment of peace, liberty and the blessings of free institutions. Our naval commanders in Cuban waters have been instructed, in case it should become necessary, to spare no effort to protect the lives and property of bona fide American citizens, and to maintain the dignity of the flag. It is hoped that all pending questions with Spain growing out of the affairs in Cuba may be adjusted in the spirit of peace and conciliation which has heretofore governed the two Powers in their treatment of such questions.

THE NATIONAL DEBT AND FINANCE.

The national debt has been reduced to the extent of $[illegible],057,123 during the year; and by the negotiations of national bonds at a lower rate of interest on the public debt has been so far diminished that now the sum to be raised for interest account is nearly $17,000,000 less than on the 1st of March, 1869. It was highly desirable that this rapid diminution should take place, both to strengthen the credit of the country and to convince its citizens of their entire ability to meet every dollar of liability without bankrupting them. But in view of the accomplishment of these desirable ends, of the rapid development of the resources of the country, its increasing ability to meet large demands, and the amount already paid, it is not desirable that the present resources of the country should continue to be taxed in order to continue this rapid payment.

THE TARIFF AND INTERNAL TAXES.

I therefore recommend a modification of both the tariff and internal tax laws. I recommend that all taxes from internal sources be abolished, except those on spirituous, vinous, and malt liquors, tobacco in its various forms, and stamps. In readjusting the tariff, I suggest that a careful estimate be made of the amount of surplus revenue collected under the present laws after providing for the current expenses of the Government, the interest account, and a sinking fund; and that this surplus be reduced in such manner as to afford the greatest relief to the greatest number. There are many articles not produced at home, such as medicines compounded, from which very little revenue is derived, but which enter into general use. All such articles I recommend to be placed on the free list. Should a further reduction prove advisable I would then recommend that it be made on those articles which can bear it without disturbing the home production or reducing the wages of the American laborer. I have not entered into figures, because to do so would be to repeat all that will be laid before you in the report of the Secretary of the Treasury.

COLLECTING REVENUES.

The present laws for collecting the revenues pay collectors of customs small salaries, but provide for shares in all seizures, which, at the principal ports of entry particularly, raise the compensation of these officers to a large sum. It has always seemed to me that this system must at times work perniciously. It holds out inducements to dishonest men, should such get possession of those offices, to be lax in their scrutiny of the goods entered so as to enable them finally to make money out of the seizures. Your attention is respectfully invited to this subject.

THE CURRENCY.

The continued comparative difference in the value of gold as compared with the national currency has a most damaging effect upon the increase and development of the country. In keeping up the prices of all the articles necessary in every-day life, it fosters a spirit of gambling prejudicial alike to the national morals and national finances. If the question can be met as to how to fix the value of our currency, that value continually and in uniformity approaching par with specie, a very desirable object will be gained.

FOR THE OPERATION OF THE ARMY

in the past year, and for the cost of maintaining it, the estimates for the ensuing year, and for continuing the sea coast and other improvements conducted under the supervision of the War Department, I refer you to the accompanying report of the Secretary of War. I call your attention to the provisions of the act of Congress approved March 3d, 1869, which discontinues promotions in the staff corps of the army until provided for by law. I recommend that the number of officers in each grade of the staff corps be fixed, and that when ever the number of any one grade falls below the number so fixed, that the vacancy may be filled by promotions from the grade below. I also recommend when the office of Chief of Corps becomes vacant, that the place may be filled by selection from the corps in which the vacancy exists.

NAVAL DEPARTMENT.

The report of the Secretary of the Navy shows an improvement in the number and efficiency of the naval force, without material increase of the expense of supporting it. This is due to the policy which has been adopted, and is being extended so far as our material will admit, of using smaller vessels as cruisers on the several stations of the United States. We have been enabled to occupy at once a larger extent of cruising ground, to visit more frequently the ports where the presence of our flag is desirable, and generally to discharge more efficiently the appropriate duties of the navy in time of peace without exceeding the number of men or the expenditures authorized by law. During the past year the navy has, in addition to its regular service, supplied the men and officers for the vessels of the coast survey, and has completed the surveys authorized by Congress, of the isthmuses of Darien and Tehuantepec, and under like authority has sent out an expedition, completely furnished and equipped, to explore the unknown ocean of the north. The suggestion of the report as to the necessity for increasing and improving the material of the navy, and the plan recommended for reducing the personnel of the service to a peace standard by the gradual abolition of certain grades of officers, the reduction of others, and the employment of some in the service of the commercial marine, are all to be considered, and deserve the thoughtful attention of Congress. I also recommend that all promotions in the navy above the rank of Captain shall be by selection instead of by seniority. This course will secure in the higher grades greater efficiency and hold out an incentive to young officers to improve themselves in the knowledge of their profession. The present cost of maintaining the navy, its cost as compared with that of the preceding year, and the estimates for the ensuing year, are contained in the accompanying report of the Secretary of the Navy.

POSTAL AFFAIRS.

The enlarged receipts of the Postoffice, as is shown by the accompanying report of the Postmaster-General, exhibits a gratifying increase in that branch of the public service. It is an index of the growth of education and of the prosperity of the people—two elements highly conducive to the vigor and stability of a republic. With a vast territory like ours, much of it sparsely populated, but all requiring the services of the mail, it is not at present to be expected that this department can be made self-sustaining, but a gradual approach to this end, from year to year, is confidently relied on, and the day is not far distant when the Postoffice Department of the Government will prove a much greater blessing to the whole people than it is now. The suggestions of the Postmaster-General for improvements in the department presided over by him are earnestly recommended to your special attention, especially documents favorable to the plan for uniting the telegraph system of the United States to the postal system. It is believed that by such a course the cost of telegraphing could be much reduced and the service as well if not better rendered. It would secure a further advantage, by extending the telegraph through portions of the country where private enterprise will not construct it, to commerce, trade, and above all, the efforts to bring a people widely separated into a community of interests, always benefited by a rapid intercommunication. Education, the groundwork of republican institutions, is encouraged by increasing the mail facilities, together with speedy news from all parts of the country. The desire to reap the benefits of such improvements will stimulate education. I refer you to the report of the Postmaster-General for full details of the operations of last year and for comparative statements of results with former years.

THE KU KLUX.

There has been imposed upon the executive branch of the Government the execution of the act of Congress approved April 20th, 1871, and commonly known as the Ku Klux law, in a portion of the State of South Carolina. The necessity of the course pursued will be demonstrated by the report of the committee to investigate Southern outrages. Under the provisions of the above act I issued a proclamation calling the attention of the people of the United States to the same, and declaring my reluctance to exercise any of the extraordinary power thereby conferred upon me, except in case of imperative necessity; but making known my purpose to exercise such powers whenever it should become necessary to do so, for the purpose of securing to all citizens of the United States the peaceful enjoyment of the rights guaranteed them by the Constitution and the laws. After the passage of this law, information was received from time to time that combinations of the characters referred to in this law existed, and were powerful in many parts of the Southern States, particularly in several counties of South Carolina. Careful investigation was made, and it was ascertained that in nine counties of that State such combinations were active and powerful, embracing a sufficient portion of the citizens to control the local authorities, and having among other things the object of depriving the emancipated class of the substantial benefits of freedom, and of the privileges of free political action those citizens who did not sympathize with their own views. Among their operations were frequent scourgings and occasional assassinations, generally perpetrated at night by disguised persons, their victims in almost all cases being citizens of different political sentiments from their own, or free persons [of color], who had shown a disposition to claim their usual rights with other citizens. Thousands of inoffensive and well-disposed citizens were the sufferers by this lawless violence. Thereupon, on the 12th of October, 1871, a proclamation was issued in the terms of the law, calling upon the members of the combinations to disperse within five days, and to deliver to the Marshal or the military officers of the United States all arms, ammunition, uniforms, disguises and other means add implements used by them for carrying out their unlawful purposes. This warning not having been heeded, on the 17th of October another proclamation was issued suspending the writ of habeas corpus in nine counties in that State, and directions were given that within the counties so designated persons supposed, upon credible information, to be members of such unlawful combinations, should be arrested by the military forces of the United States and delivered to the Marshal, to be dealt with according to law. In two of said counties many arrests have been made. At the last account the number of persons thus arrested was one hundred and sixty-eight. Several hundred, whose criminality was ascertained to be of an inferior degree, were released for the present. These have generally made confessions of their guilt. Great caution has been exercised in making these arrests, and notwithstanding the large number it is believed that no innocent person is now in custody. The prisoners will be held for regular trial in the judicial tribunals of the United States. As soon as it appeared that the authorities of the United States were about to take rigorous measures to enforce the law, many persons absconded, and there is good ground for supposing that all of such persons have been living in violation of the law. A full report of what has been done under this law will be submitted to Congress by the Attorney-General.

AFFAIRS IN UTAH.

In Utah there still remains a remnant of barbarism, repugnant to civilization, decency and the laws of the United States. Territorial officers, however, have been found who are willing to perform their duty in a spirit of equity and with a due sense of sustaining the majesty of the law. Neither polygamy nor any other violation of existing statutes will be permitted within any Territory of the United States. It is not with the religion of the self-styled saints that we are now dealing, but their practices. They will be protected in the worship of God according to the dictates of their consciences, but they will not be permitted to violate laws under the cloak of religion. It may be advisable for Congress to consider what, in the execution of the laws against polygamy, is the status of the several wives and their offspring. The propriety of Congress passing an enabling act authorizing the Territorial Legislature of Utah to legitimatize all born prior to a time fixed in the act might be sustained by considerations of humanity to these innocent children. This is a suggestion only, and not a recommendation.

INDIAN RELATIONS.

The policy pursued toward the Indians has resulted favorably, so far as can be judged from the limited time during which it has been in operation through the tribes under the various societies of Christians to whom has been entrusted the execution of the policy, and the Board of Commissioners authorized by the law of April 10th, 1869. Many tribes of Indians have been induced to settle upon reservations, to cultivate the soil and perform labor of various kinds, and partially to accept civilization. They are being cared for in such a way it is hoped, as to induce those still pursuing their old habits of life to embrace the only opportunity which is left them to avoid extermination. I recommend liberal appropriations to carry out the Indian peace policy, not only because it is humane, Christian-like and economical, but because it is right. I recommend to your favorable consideration also the policy of granting a territorial government to Indians on the Indian Territory west of Arkansas and Missouri, and south of Kansas. In doing so every right guaranteed to the Indians by treaty should be secured. Such a course might in time be the means of collecting most of the Indians now between the Missouri and Pacific and south of the British possessions, into one Territory or one State. The Secretary of the Interior has a treaty upon this subject at length, and I recommend to you his suggestions.

PUBLIC LANDS.

I renew my recommendation that the the public lands shall be regarded as a heritage to our children, to be disposed of only as required for occupation and to actual settlers. Those actually granted have been in great part disposed of in such a way as to secure scores to the balance by the hardy settler who may wish to avail himself of them. But caution should be exercised even in attaining so desirable an object as educational interest. By the grant of the proceeds of the sale of the public lands to settlers, I do not wish to be understood as recommending in the least degree a curtailment of what is being done by the General Government for the encouragement of education. The report of the Secretary of the Interior, submitted with this, will give you information collected and prepared for publication in regard to the census taken during the year 1870, the operations of the Bureau of Education for the year, the patent office, the pension office, the land office and the Indian Bureau.

GENERAL AMNESTY.

More than six years having elapsed since the last hostile gun was fired between the armies then arrayed against each other—one for the perpetuation, the other for the destruction of the Union—it may well be considered whether it is not now time the disabilities imposed by the fourteenth amendment should be removed. That amendment does not exclude the ballot, but only requires the disability to hold office of certain classes. When the purity of the ballot-box is secure, by a majority sure to elect officers reflecting the views of the majority, I do not see the advantage or propriety of excluding men from office merely because they were before the rebellion of a standing and character sufficient to be elected to positions requiring them to take the oath to support the Constitution and admitting the eligibility of those entertaining precisely the same views, but of less standing in their communities. It may be said the former violated an oath, while the latter did not have it in their power to do so. If they had taken this oath it can't be doubted that they would have broken it as did the former class. If there are any great criminals distinguished above all others for the part they took in opposition to the Government, they might, in the judgment of Congress, be excluded from such an amnesty. This subject is submitted for your careful consideration.

THE SOUTHERN STATES.

The condition of the Southern States is, unhappily, not such as all true, patriotic citizens would like to see. Social ostracism for opinion's sake, personal violence or threats toward persons entertaining political views opposed to those entertained by the majority of the citizens, prevent immigration and the flow of much needed capital into the State lately in rebellion. It will be a happy condition of the country when the old citizens of these States will take an interest in public affairs, tolerate an idea honestly entertained, vote for men representing their views, and permit the freedom of expression and ballot in those entertaining different political convictions.

CIVIL SERVICE REFORM.

It has been the aim of the administration to enforce honesty and efficiency in public servants. He who has violated the trust placed in him should be proceeded against with all the vigor of the law. If bad men have secured places it has been the fault of the system established by law and custom for making appointments, or the fault of those who recommend for Government positions persons not sufficiently well known to them personally, or who give letters indorsing the character of office-seekers without a proper sense of the grave responsibility which such a course devolves upon them. A civil service reform which can in a measure correct this abuse is much desired. In mercantile pursuits the business man who gives a letter of recommendation to a friend to enable him to obtain credit for a stranger is regarded as morally responsible for the integrity of his friend and his ability to meet his obligations. To enforce this principle against all indorsers of persons for public place would insure great caution in making recommendations. A salutary lesson has been taught the careless and the dishonest servants in the great number of prosecutions and convictions of the last two years. It is gratifying to notice the favorable change which is taking place throughout the country in bringing to punishment those who have proved recreant to the trusts confided to them, and in elevating to public office none but those who possess the confidence of the honest and virtuous, who, it will always be found, comprise the majority of the community in which they live.

In my message to Congress one year ago I urgently recommended a reform in the civil service of the country. In conformity with that recommendation, Congress, in the ninth section of an act making appropriation for sundry civil expenses of the Government and for other purposes, approved March 3d, 1871, gave the necessary authority to the Executive to inaugurate a civil service reform, and placed upon him the responsibility of doing so. Under the authority of said act, I convened a board of gentlemen eminently qualified for the work, to devise rules and regulations to effect the needed reform. Their labors are not yet completed, but it is believed that they will succeed in devising a plan which can be adopted, to the great relief of the executive, heads of departments and members of Congress, and which will redound to the true interests of the public service. At all events the experiment shall have a fair trial.

CONCLUSION.

I have thus hastily summed up the operations of the Government during the last year, and made such suggestions as occur to me to be proper for your consideration. I submit them with a confidence that your combined actions will be wise, statesmanlike, and in the best interests of the whole country.

[Signed] U. S. GRANT, President.
Executive Mansion, December 4th, 1871.

GENERAL NEWS.

Portland.

From the *Bulletin* we learn the following:

The case of William J. Daly, which has been on trial in the Circuit Court for two days, was submitted to the jury at four o'clock yesterday afternoon. The jury had not agreed on a verdict at nine o'clock last night.

Portland, at the present time, appears to be the rendezvous for all the petty thieves in the State of Oregon, together with a goodly number from California and the adjoining Territories. They "go for" everything in sight, and carry away anything they can, even though it is a grindstone.

James Dwyer, who was arrested a few days ago on the charge of obtaining money by false token, had an examination before Judge Denny yesterday. The testimony showed that he had pawned a bogus nugget to Charles Lamar, a saloon keeper, for $20, promising to redeem it in a couple of days. He failed to fulfill his promise, and Lamar carried the specimen to an assayer, who declared it to be valueless. After hearing the testimony, Judge Denny dismissed the complaint on the