

PRESIDENT'S MESSAGE.

Fellow-Citizens of the Senate and House of Representatives:

To express gratitude to God; in the name of the people, for the preservation of the United States, is my first duty in addressing you. Our thoughts next revert to the death of the late President by an act of partricial treason. The grief of the nation is still fresh; it finds some solace in the consideration that he lived to enjoy the highest proof of its confidence by entering the highest office of the Chief Magistracy, to which he had been elected; that he brought the civil war substantially to a close; that his loss was deplored in all parts of the Union; and that foreign nations have rendered justice to his memory. His removal cast upon me a heavier weight of cares than ever devolved upon any one of my predecessors. To fulfill my trust I need the support and confidence of all who are associated with me in the various departments of Government, and the support and confidence of the people. There is but one way in which I can hope to gain their necessary aid; it is, to state with frankness the principles which guide my conduct, and their application to the present state of affairs, well aware that the efficiency of my labors will, in a great measure, depend on your and their undivided approbation.

The Union of the United States of America was intended by its authors to last as long as the States themselves shall last. "THE UNION SHALL BE PERPETUAL" are the words of the Confederation. "TO FORM A MORE PERFECT UNION," by an ordinance of the people of the United States, is the declared purpose of the Constitution. The hand of Divine Providence was never more plainly visible in the affairs of men than in the framing and the adopting of this instrument. It is, beyond comparison, the greatest event in American history; and indeed it is not, of all events in modern times, the most pregnant with consequences for every people of the earth? The members of the Convention which prepared it, brought to their work the experience of the Confederation, of the several States, and of other Republican Governments, old and new; but they needed and they obtained a wisdom superior to experience. And when for its validity it required the approval of a people that occupied a large part of a continent and acted separately in many distinct conventions, what is more wonderful than that, after earnest contention and long discussion, all feelings and all opinions were ultimately drawn in one way to its support?

The Constitution to which life was thus imparted contains within itself ample resources for its own preservation. It has power to enforce the laws, punish treason, and ensure domestic tranquility. In case of the usurpation of the Government of a State by one man, or an oligarchy, it becomes a duty of the United States to make good the guarantee that State of a republican form of government, and so to maintain the homogeneity of all. Does the lapse of time reveal defects? A simple mode of amendment is provided in the Constitution itself, so that its conditions can always be made to conform to the requirements of advancing civilization. No room is allowed even for the thought of a possibility of its coming to an end. And these powers of self-preservation have always been asserted in their complete integrity by every patriotic Chief Magistracy—by Jefferson and Jackson, not less than by Washington and Madison. The parting advice of the Father of his Country, while yet President, to the people of the United States, was, that "the free Constitution, which was the work of their hands, might be sacredly maintained;" and the inaugural words of President Jefferson held up "the preservation of the General Government, in its constitutional vigor, as the sheet anchor of our peace at home and safety abroad." The Constitution is the work of "the people of the United States," and it should be as indestructible as the people.

It is not strange that the framers of the Constitution, which had no model in the past, should not have fully comprehended the excellence of their own work. Fresh from a struggle against arbitrary power, many patriots suffered from harassing fears of an absorption of the State Governments by the General Government, and many from a dread that the States would break away from their orbits. But the very greatness of our country should ally the apprehension of encroachments by the General Government, as subjects that come unquestionably within its jurisdiction are so numerous, that it must ever naturally refuse to be embarrassed by questions that lie beyond it. Were it otherwise, the Executive would sink beyond the burdens, the channels of justice would be choked; legislation would be obstructed by excess; so that there is a greater temptation to exercise some of the functions of the General Government through the States than to trespass on their rightful sphere. "The absolute acquiescence in the decisions of the majority" was, at the beginning of the century, enforced by Jefferson "as the vital principle of the republics," and the events of the last four years have established, we will hope forever, that there lies no appeal to force.

The maintenance of the Union brings with it "the support of the State Governments in all their rights;" but it is not one of the rights of any State Government to renounce its own place in the Union, or to nullify the laws of the Union. The largest liberty is to be maintained in the discussion of the acts of the Federal Government; but there is no appeal from its laws, except to the various branches of that Government itself, or to the people, who grant to the members of the Legislative and of the Executive Departments no tenure but a limited one, and in that manner always retain the powers of redress.

"The sovereignty of the States" is the language of the Confederacy, and not the language of the Constitution. The latter contains the emphatic words: "The Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made or which shall be made under the authority of the United States, shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the constitution or laws of any State to the contrary notwithstanding."

Certainly the Government of the United States is a limited government; and so is every State government a limited government. With us, this idea of limitation spreads through every form of administration, general, State, and municipal, and rests on the great distinguishing principle of the recognition of the rights of man. The ancient republics absorbed the individual in the State, prescribed his religion, and controlled his activity. The American system rests on the assertion of the equal right of every man to life, liberty, and the pursuit of happiness; to freedom of conscience, to the culture and exercise of all his faculties. As a conse-

quence, the State Government is limited, as to the General Government in the interest of Union, as to the individual citizen in the interest of freedom.

States, with proper limitations of power, are essential to the existence of the Constitution of the United States. At the very commencement, when we assumed a place among the Powers of the earth, the Declaration of Independence was adopted by States; so also were the Articles of Confederation; and when "the People of the United States" ordained and established the Constitution, it was the assent of the States, one by one, which gave it vitality. In the event, too, of any amendment to the Constitution, the proposition of Congress needs the confirmation of the States. Without States, one great branch of the legislative government would be wanting. And, if we look beyond the letter of the Constitution to the character of our country, its capacity for comprehending within its jurisdiction a vast continental empire is due to the system of States. The best security for the perpetual existence of the States is the "supreme authority" of the Constitution of the United States. The perpetuity of the Constitution brings with it the perpetuity of the States; their mutual relation makes us what we are, and in our political system their connection is indissoluble. The whole cannot exist without the parts, nor the parts without the whole. So long as the Constitution of the United States endures, the States will endure; the destruction of the one is the destruction of the other; the preservation of the one is the preservation of the other.

I have thus explained my views of the mutual relations of the Constitution and the States, because they unfold the principles on which I have sought to solve the momentous questions and overcome the appalling difficulties that met me at the very commencement of my administration. It has been my steadfast object to escape from the sway of momentary passions, and to derive a healing policy from the fundamental and unchanging principles of the Constitution. I found the States suffering from the effects of a civil war. Resistance to the General Government appeared to have exhausted itself. The United States had recovered possession of their forts and arsenals; and their armies were in the occupation of every State which had attempted to secede. Whether the territory within the limits of those States should be held as conquered territory, under military authority emanating from the President as the head of the army, was the first question that presented itself for decision.

Now, military governments established for an indefinite period, would have offered no security for the early suppression of discontent; would have divided the people into vanquishers and the vanquished; and would have enveloped hatred, rather than restored affection. Once established, no precise limit to their continuance was conceivable. They would have occasioned an incalculable and exhausting expense. Peaceful emigration to and from that portion of the country is one of the best means that can be thought of for the restoration of harmony; and that emigration would have been prevented, for what emigrant from abroad, what industrious citizen at home, would place himself willingly under military rule? The chief persons who would have followed in the train of the army would have been dependents on the General Government, or men who expected profit from the miseries of their erring fellow-citizens. The powers of patronage and rule which would have been exercised, under the President, over a vast and populous, and naturally wealthy region, are greater than, unless under extreme necessity, I should be willing to entrust to any one man; they are such as, for myself, I could never, unless on occasions of great emergency, consent to exercise. The wilful use of such powers, if continued through a period of years, would have endangered the purity of the general administration and the liberties of the States which remained loyal.

Besides the policy of military rule over a conquered territory would have implied that the States whose inhabitants may have taken part in the rebellion had, by the act of those inhabitants, ceased to exist. But the true theory is, that all pretended acts of secession were, from the beginning, null and void. The States cannot commit treason, nor secede; the individual citizens who may have committed treason, any more than they can make valid treaties or engage in lawful commerce with any foreign Power. The States attempting to secede placed themselves in a condition where their vitality was impaired, but not extinguished—their functions suspended, but not destroyed.

But if any State neglects or refuses to perform its offices, there is the more need that the General Government should maintain all its authority, and as soon as practicable, resume the exercise of all its functions. On this principle I have acted, and have gradually and quietly, and by almost imperceptible steps, sought to restore the rightful energy of the General Government and of the States. To the end, Provisional Governors have been appointed for the States, Conventions called, Governors elected, Legislatures assembled, and Senators and Representatives chosen to the Congress of the United States. At the same time, the Courts of the United States, as far as could be done, have been reopened, so that the laws of the United States may be enforced through their agency. The blockade has been removed and the custom-houses re-established in ports of entry, so that the revenue of the United States may be collected. The Post Office Department renews its ceaseless activity, and the General Government is thereby enabled to communicate promptly with its officers and agents. The courts bring security to persons and property; the opening of the ports invites the restoration of industry and commerce; the post office renews the facilities of social intercourse and of business. And is it not happy for us all, that the restoration of each one of these functions of the General Government brings with it a blessing to the States over which they are extended? Is it not a sure promise of harmony and renewed attachment to the Union that, after all that has happened, the return of the General Government is known only as a beneficence?

I know very well that, this policy is attended with some risk; that for its success it requires at least the acquiescence of the States which it concerns; that it implies an invitation to the States, to resume their functions as States of the Union. But it is a risk that must be taken in the choice of difficulties, it is the smallest risk, and to diminish, and, if possible, to remove all danger, I have felt it incumbent on me to assert one other power of the General Government—the power of pardon. As no State can throw a defiance over the crime of treason, the power of pardon is exclusively vested in the Executive Government of the United States. In exercising that power, I have taken every precaution to connect it with the clearest recognition of the binding force of the laws of the United States, and an unqualified

acknowledgment of the great social change of conditions regarding to slavery which has grown out of the war.

The next step which I have taken to restore the constitutional relations of the States, has been an invitation to them to participate in the high office of amending the Constitution. Every patriot must wish for a general amnesty at the earliest epoch consistent with public safety. For this great end there is need of a concurrence of all opinions, and the spirit of mutual conciliation. All parties in the late terrible conflict must work together in harmony. It is not too much to ask, in the name of the whole people, that, on the one side, the plan of restoration shall proceed in conformity with a willingness to cast the disorders of the past into oblivion; and that, on the other, the evidence of sincerity in the future maintenance of the Union shall be put beyond any doubt by the ratification of the proposed amendment to the Constitution, which provides for the abolition of slavery forever within the limits of our country. So long as the adoption of this amendment is delayed, so long will doubt and jealousy and uncertainty prevail. This is the measure which will efface the sad memory of the past; this is the measure which will most certainly calm population, and capital, and security to those parts of the Union that need them most. Indeed it is not too much to ask of the States which are now resuming their places in the family of the Union to give this pledge of perpetual loyalty and peace. Until it is done, the past, however much we may desire it, will not be forgotten. The adoption of the amendment reunites us beyond all power of disruption. It heals the wound that is still imperfectly closed; it removes slavery, the element which has so long perplexed and divided the country; it makes of us once more a united people, renewed and strengthened, bound more than ever to mutual affection and support.

The amendment to the Constitution being adopted, it would remain for the States, whose powers have been so long in abeyance, to resume their places in the two branches of the National Legislature, and thereby complete the work of restoration. Here it is for you, fellow-citizens of the Senate, and for you, fellow-citizens of the House of Representatives, to judge, each of you for yourselves, of the elections, returns, and qualifications of your own members.

The full assertion of powers of the General Government requires the holding of Circuit Courts of the United States within the districts where their authority has been interrupted. In the present posture of our public affairs, strong objections have been urged to holding those courts, in any of the States where the rebellion has existed; and it was ascertained, by inquiry, that the Circuit Court of the United States would not be held within the District of Virginia during the autumn or early winter, nor until Congress should have "an opportunity to consider an act on the whole subject." To your deliberation the restoration of this branch of the civil authority of the United States is therefore necessarily referred, with the hope that early provision will be made for the resumption of all its functions. It is manifest that treason, most flagrant in character, has been committed. Persons who are charged with its commission should have fair and impartial trials in the highest civil tribunals of the country, in order that the Constitution and the laws may be fully vindicated; the truth clearly established and affirmed that treason is a crime, that traitors should be punished and the offence made infamous; and, at the same time, that the question may be judicially settled, finally and forever, that no State of its own will has the right to renounce its place in the Union.

The relations of the General Government towards the four millions of inhabitants who, the war has called into freedom, have been a subject of constant discussion. On the propriety of attempting to make the freedmen electors by the proclamation of the Executive, I took for my counsel the Constitution itself, the intentions of the framers, and the precedents of the Confederation, and recent legislation by Congress. When, at the first movement towards independence, the Congress of the U. States instructed the several States to institute governments of their own, they left the States to elect their own electors, and to determine the qualifications requisite for the most numerous branch of the State Legislature. After the formation of the Constitution, if remained, as before, the uniform usage for each State to charge the body of its electors according to its own laws, and to determine the qualifications of its own electors. No State after another has proceeded to increase the number of its electors, until now, universal suffrage, or something near it, is the general rule. So fixed was this usage, that it has been the subject of much discussion and no inquisition has been the interpretation of the Constitution, that during the civil war the late President never harbored the purpose—certainly never avowed the purpose—of changing the qualifications of electors, during that period, and in the acts of Congress, during that period, nothing can be found which, during the continuation of hostilities, much less after their close, would have sanctioned any departure by the Executive from a policy which has so universally obtained. Moving in a consistent and exclusive course to the freedom, by act of the President of the U. States, may have been extended to all colored men, wherever found, and so may have established a change of suffrage in the Northern, Middle and Southern States, not less than in the Southern and Southwestern. Such an act would have created a new class of voters, and would have been an assumption of power by the President, which nothing in the Constitution or laws of the U. States would have justified.

On the other hand, every danger of conflict is avoided when the settlement of the question is referred to the several States. They can, each for itself, decide on the measure, and whether they would accept of it, and, absolutely, or introduced gradually and with conditions. In my judgment, the freedmen, if they show patience and many virtues, will sooner obtain a participation in the elective franchise through the States than through the General Government. The power to intervene, when the tumult of emotions that have been raised by the suddenness of the social change shall have subsided, may prove that they will receive the kindest usage from some of those on whom they have heretofore most closely depended.

But while I have no doubt that now, after the close of the war, it is not competent for the General Government to extend the elective franchise to the several States, it is equally clear that good faith requires the security of the freedmen in their liberty and their property, their right to labor, and their right to claim the just return of their labor. I cannot too strongly urge a dispassionate treatment of this subject, which should be carefully kept aloof from party strife. We must equally avoid hasty assumptions of any natural impossibility for the two races to live side by side, in a state of mutual benefit and good will. The experiment involves us in no inconsistency; let us then go and make that experiment in good faith, and do not too easily dishearten. The country is in need of labor, and the freedmen are in need of employment, culture, and protection. While their right of voluntary migration and expatriation is not to be questioned, I would not advise their forced removal and colonization. Let us rather encourage them to honorable and useful industry, which may be beneficial to themselves and to the country; and, instead of hasty anticipations of the certainty of failure, let there be nothing wanting to the fair trial of the experiment. The change in their condition is the substitution of labor by contract for the status of slavery. The freedman cannot fairly be accused of unwillingness to work, so long as a doubt remains about his freedom of choice in his pursuits, and the certainty of his recovering his stipulated wages. In this the interests of the employer and the employed coincide. The employer desires in his workman spirit and alacrity, and these can be permanently secured in no other way. And if the one ought to be able to enforce the contract, so ought the other. The public interest will be best promoted if the several States will provide adequate pro-

tection and remedies for the freedmen. Until this is in some way accomplished, there is no chance for the advantageous use of their labor; and the blame of ill success will not rest on them.

It is to be regretted that philanthropy is earnest for the immediate realization of its remotest aims; but time is always an element in reform. It is one of the greatest acts on record to have brought four millions of people into freedom. The career of free industry must be fairly open to them, and their future prosperity must be a condition must, after all, rest mainly on themselves. If they fail, and so perish away, let us be careful that the failure shall not be attributable to any denial of justice. In all that relates to the destiny of the freedmen, we must be two actions to read the future many incidents which, from a speculative point of view, might raise alarm, will quietly settle themselves.

Now that slavery is at an end or near its end, the greatness of its evil, in the point of view of public utility, and the magnitude of the wrong which it has done, is essentially a monopoly of labor, and such locked the States where it prevailed against the incoming of free industry. Where labor was the property of the capitalist, and the second best chance of finding it; and the foreign emigrant turned away from the region where his condition would be so precarious. With the destruction of monopoly, free labor will hasten from all quarters to the assistance in developing vast and immeasurable resources which have hitherto lain dormant. The eight or nine States nearest the Gulf of Mexico have a soil of exuberant fertility, a climate friendly to long and continuous and denser population than is found in any part of our country. And the future influx of population to them will be mainly from the North, or from the most cultivated regions of Europe. From the sufferings that have attended them during the war, let us look away to the future, which is sure to be laden for them with greater prosperity than has ever before been known. The removal of the monopoly of slave labor is a pledge that those regions will be peopled by a numerous and enterprising population, which will vie with any in the Union in compactness, inventive genius, wealth and industry.

Our Government springs from and was made for the people—not the people for the Government. To employ courage, strength and wisdom. But, while the Government is thus bound to defer to the people, from whom it derives its existence, it should, from the very nature of its office, exercise its authority with independence to the establishment of inequalities. Monopolies, perpetuities and class legislation are contrary to the genius of free government, and ought not to be allowed. Here, there is no room for favor to the aristocracy, or for the Government to exercise its authority to the equal laws and freedom of industry. Wherever monopoly attains a foothold, it is sure to be a source of danger, discord and trouble. We shall but fulfill our duty to the people, if we do not extend our authority to all men's special privileges to none. The Government is subordinate to the people; but, as the agent and representative of the people, it must be held superior to monopolies, which, in themselves, ought never to be granted, and which, when they exist, must be subordinate and yield to the government.

The Constitution confers on Congress the right to regulate commerce among the several States. It is of the first necessity, for the maintenance of the Union, that the commerce of all States should be uniformly regulated. No State can be justified in any device to tax transit of travel and commerce between States. The position of many States is such that, if they were allowed to take advantage of it for purposes of local revenue, the commerce between States might be unjustly burdened, or even virtually prohibited. It is best, while the country is still young, and while the tendency to dangerous monopolies of this kind is still feeble, to use the power conferred on Congress to regulate commerce, to secure the free circulation of men and merchandise. A tax on travel and merchandise, in their transit, constitutes one of the worst forms of monopoly, and the evil is increased if coupled with a denial of the choice of routes. When the vast extent of our country is considered, it is plain that every obstacle to the free circulation of commerce between the States ought to be sternly guarded against by appropriate legislation within the limits of the Constitution.

The report of the Secretary of the Interior explains the condition of the public lands, the transactions of the Patent Office and the Pension Bureau, the management of our Indian affairs, the progress made in the completion of the public lands, and the progress of the formation in reference to matters of local interest in the District of Columbia. It also presents evidence of the successful operation of the Homestead Act, under the provisions of which the public lands are being sold, and were entered during the fiscal year—more than one-fourth of the whole number of acres sold or otherwise disposed of during that period. It is estimated that the receipts derived from this source are sufficient to cover the interest on the public debt, and to pay the interest on the bonds issued under this act, and that payments in cash to the extent of from forty to fifty per cent. will be made by settlers, who may thus at any time acquire title to the land, and who are not bound to pay for the land. The Homestead policy was established only after long and earnest resistance; experience proves its wisdom. The lands, in the hands of industrious settlers, whose labor creates wealth and contributes to the public revenue, are better than any other mode of disposal that has been reserved as a solitude for future purchasers.

The lamentable events of the last four years, and the sacrifices made by the gallant men of our Army and Navy, have swelled the record of the Pension Bureau, and the number of pensioners. On the 30th of June last, the total number of pensioners was 58,854. Being for their annual pay, exclusive of expenses, the sum of \$8,023,445. The number of applications that have been allowed since that date will require a large increase of the amount of the pension fund. The pension law, as it stands, is a source of great benefit to the families of our soldiers and sailors, and to the families of such as have perished in the service of the country, and should be cheerfully and promptly granted. A grateful people will not hesitate to bestow their aid on those who have sacrificed their lives in the service of their country, and in the effort to preserve our national existence.

The report of the Postmaster General presents an encouraging exhibit of the operations of the Post Office Department, during the year. The revenues of the past year from the loyal States alone exceeded the maximum annual receipts from all the States previous to the rebellion, in the sum of \$6,038,091; and the annual net increase of revenue during the last four years, compared with the revenues of the four years immediately preceding the rebellion, was \$3,532,845. The revenues of the last fiscal year amounted to \$14,556,158, and the expenditures were \$13,642,721, leaving a surplus of over expenditures of \$913,436. Progress has been made in restoring the postal service in the Southern States. The views presented by the Postmaster General against the policy of granting subsidies to commercial enterprises, and in favor of continuing the present system, which limits the compensation for ocean service to the careful consideration of Congress.

The report of the Secretary of the Navy, that while, at the commencement of the present year, there were in commission 530 vessels of all classes and descriptions, armed with 3,000 guns and manned by 51,000 men, the number of vessels at present in commission is 117, with 830 guns and 12,128 men. By this prompt reduction of the naval forces the expenses of the Government have been largely diminished, and a number of vessels, purchased for naval purposes from the merchant marine, have been returned to the peaceful pursuits of commerce. The prompt suppression of the activities of our foreign squadrons have been re-established, and consists of vessels much more efficient than those employed on similar service previous to the rebellion. The augmentation for the enlargement of the navy, and especially for the establishment of one or two fresh water and iron-hulled vessels, is deserving of consideration, as is also the recommendation for a different location and more ample grounds for the Naval Academy.

In the report of the Secretary of War, a general summary is given of the military campaign of 1865, and ending in the suppression of armed resistance to the national authority in the insurgent States. The operations of the general administrative Bureau of the War Department during the past year, during the time of the suspension of the appropriations that will be required for military purposes in the fiscal year commencing the 30th day of June, 1866. The national military force on the 1st of May, 1865, numbered 1,060,516 men. It is proposed to reduce the establishment to a peace complement, comprising fifty thousand troops of all arms, organized so as to admit of an enlargement by filling up the ranks to eighty-two thousand six hundred, if the circumstances of the country should require an augmentation of the army. The volunteer force has already been reduced by the discharge from service of over eight hundred thousand troops, and the Department is proceeding rapidly in the work of further reduction. The War estimates are reduced from \$316,246,131 to \$33,814,461, which amount, in the opinion of the Department, is ade-

quate for a peace establishment. The measures of retrenchment in each Bureau and branch of the service exhibit a diligent economy worthy of commendation. Reference is also made in the report to the necessity of providing for a uniform and equitable system of the propriety of making suitable provision for wounded and disabled officers and soldiers.

The revenue system of the country is a subject of vital interest to its honor and prosperity, and should command the earnest consideration of Congress. The chief business of the Treasury will lay before you a full and detailed report of the receipts and disbursements of the last fiscal year, of the first quarter of the present fiscal year, of the probable receipts and expenditures for the other three quarters, and the estimates for the year following the close of the present year. I will content myself with a reference to that report, in which you will find all the information required for your deliberations and decision. But the paramount importance of the subject so presses itself on my mind, that I cannot but lay before you my views of the measure which I deem to be the best for the country. I would most earnestly urge, for the existence of this people. The life of a republic lies certainly in the energy, virtue, and intelligence of its citizens; but it is equally true that a good revenue system is the life of an organized government, and providing for a uniform and equitable system of the propriety of making suitable provision for wounded and disabled officers and soldiers. The revenue system of the country is a subject of vital interest to its honor and prosperity, and should command the earnest consideration of Congress. The chief business of the Treasury will lay before you a full and detailed report of the receipts and disbursements of the last fiscal year, of the first quarter of the present fiscal year, of the probable receipts and expenditures for the other three quarters, and the estimates for the year following the close of the present year. I will content myself with a reference to that report, in which you will find all the information required for your deliberations and decision. But the paramount importance of the subject so presses itself on my mind, that I cannot but lay before you my views of the measure which I deem to be the best for the country. I would most earnestly urge, for the existence of this people. The life of a republic lies certainly in the energy, virtue, and intelligence of its citizens; but it is equally true that a good revenue system is the life of an organized government, and providing for a uniform and equitable system of the propriety of making suitable provision for wounded and disabled officers and soldiers.

It is our duty to prepare in earnest for our recovery from the ever-increasing evils of an irredeemable currency, which has been the cause of our present and our untimely prostration. For that end we must, each in our respective position, prepare the way. I hold it the duty of the Executive to insist upon frugality in the expenditures; and a sparing economy is itself a great national resource. If the public debt, which has been incurred, is to be paid, we must, each in our respective position, prepare the way. I hold it the duty of the Executive to insist upon frugality in the expenditures; and a sparing economy is itself a great national resource. If the public debt, which has been incurred, is to be paid, we must, each in our respective position, prepare the way. I hold it the duty of the Executive to insist upon frugality in the expenditures; and a sparing economy is itself a great national resource.

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Our debt is doubly secure—first in the actual wealth and still greater undeveloped resources of the country, and next in the character of our institutions. The most intelligent observers among political economists have not failed to remark that the public debt of a country is safe in proportion as its people are free; that the debt of a republic is the safest of all. Our history confirms and illustrates the theory, and I firmly believe, that the debt of a still more signal illustration. The secret of this superiority springs not merely from the fact that in a republic the national obligations are distributed more widely through countless numbers in all classes of society; it is also due to the character of our laws. Here all men contribute to the public welfare, and bear their fair share of the public burdens. During the war, under the impulses of patriotism, the men of the great body of the people, without regard to rank or position, have bravely thrown themselves into our armies and on the field of war, and held themselves ready to offer their lives for the public good. Now, in their turn, the property and income of the country should bear their just proportion of the burden of taxation, while in our importunate system, the burden of taxation is vitally and incidentally imparted to all the industrial interests of the nation, the duties should be so adjusted as to fall most heavily on articles of luxury, leaving the necessities of life safe from taxation as the absolute necessities of the Government, economically administered, will not require more than the ordinary means of the people. No foreigner should demand freedom from assessment, and the taxes should be so distributed as not to fall unduly on the poor, but rather on the accumulated wealth of the country. We should look at the national debt just as we should look at the national debt, as a heavy burden on the industry of the country, to be discharged without unnecessary delay.

It is estimated by the Secretary of the Treasury that the expenditure for the fiscal year ending the 30th of June, 1866, will exceed the receipts \$12,194,847. It is estimated that the revenue for the year ending the 30th of June, 1867, will exceed the expenditures in the sum of \$11,023,818. This amount, or so much as may be deemed sufficient for the purpose, may be applied to the redemption of the public debt, which, on the 31st day of October, 1865, was \$2,740,854,750. Every reduction will diminish the total amount of interest to be paid, and so enlarge the means of still further reductions, until the whole shall be liquidated; and this, as will be seen from the estimate, may be accomplished in less than a year, to be accomplished by annual payments even within a period not exceeding thirty years. I have faith that we shall do all this within a reasonable time; that, as we have amazed the world by the suppression of a civil war, we may be brought to be brought under the control of any Government, so we shall equally show the superiority of our institutions by the prompt and faithful discharge of our national obligations.

The Department of Agriculture, under its present direction, is accomplishing much in developing and utilizing the vast resources of our agricultural resources, and for information respecting the details of its management reference is made to the annual report of the Commissioner.

I have dwelt thus fully on our domestic affairs because of their transcendent importance. Under any circumstances, our great extent of territory and variety of climate, producing almost everything that is necessary for the wants, and even the comforts of man, make us singularly independent of the varying policy of foreign Powers, and protect us against every temptation to "angling alliances," while at the present moment the re-estimation of the money, and the strength that comes from harmony, will be our best security against "nations who feel power and foreign right." For myself, it has been and it will be my constant aim to promote peace and amity with all foreign nations, and I have every reason to believe that they will, without exception, be animated by the same disposition. Our relations with the Emperor of China, so recent in their origin, are most friendly. Our commerce with his dominions is receiving new developments; and it is very pleasant to receive the assurance of that great Empire manifests satisfaction with our policy, and reposes just confidence in the fairness which marks the United States and the Emperor of Russia is receiving a new support from an enterprising and energetic line of commerce, the continent of Asia, through his dominions, and so to connect us with all Europe by a new channel of intercourse. Our commerce with South America is receiving an encouragement by a direct line of mail steamships, the rising Empire of Brazil, the distinguished party of men of science who have recently left our country to make a scientific exploration of the natural history and rivers and mountain ranges of that region, have received from the Emperor the warmest welcome which would be expected from his constant friendship for the United States, and his well-known zeal in promoting the advancement of knowledge. A hope is entertained that our commerce with the rich and

populous countries that border the Mediterranean sea, may be largely increased. Nothing will be wanting on the part of this Government to extend the protection of our flag over the enterprise of our fellow-citizens. We receive from the Powers in that system, and to the propriety of making suitable provision for wounded and disabled officers and soldiers. A special envoy has brought us messages of condolence on the death of our late Chief Magistrate from the Bey of Tunis, whose rule includes the old dominions of Carthage, on the African coast. Our domestic contest, now happily ended, has left some traces in our country, and at least of the following citizens. We receive from the Powers in that system, and to the propriety of making suitable provision for wounded and disabled officers and soldiers. A special envoy has brought us messages of condolence on the death of our late Chief Magistrate from the Bey of Tunis, whose rule includes the old dominions of Carthage, on the African coast. Our domestic contest, now happily ended, has left some traces in our country, and at least of the following citizens. We receive from the Powers in that system, and to the propriety of making suitable provision for wounded and disabled officers and soldiers. A special envoy has brought us messages of condolence on the death of our late Chief Magistrate from the Bey of Tunis, whose rule includes the old dominions of Carthage, on the African coast.

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The United States did not present the subject as an impeachment of the good faith of a Power which was professing the most friendly disposition, but as involving questions of public law, of which the settlement is essentially the peace of nations; and, though pecuniary reparations to injured citizens would have followed incidentally on a decision against Great Britain, such compensation was not their primary object. They had a higher motive, and it was in the interests of peace and justice to the United States to settle the principles of international law. The correspondence will be placed before you on the ground on which the British Minister rests his justification, is, substantially, that the municipal law of a nation, and the domestic interpretations of that law are the measure of its duty as a neutral; and I feel bound to declare my opinion, before you assemble before the world, that that justification cannot be sustained before the tribunal of nations. At the same time I do not advise to any present attempt at redress by acts of legislation. For the future, the relations between the two countries must rest on the basis of mutual justice.

From the moment of the establishment of our free Constitution, the civilized world has been convulsed by revolutions in the interests of democracy or monarchy; but through all those revolutions the United States have wisely preserved their independence, and propagandists of republicanism. It is the only government suited to our condition; but we have never sought to impose it on others; and we have consistently followed the advice of Washington to content ourselves with the course of non-interference, and the policy of European Powers and of the United States has, on the whole, been harmonious. Twice, indeed, rumors of the invasion of some parts of America, in the interest of monarchy, have been given, but the American people have never been seduced by the promises of a restoration to such interference. On both occasions the remembrance of the United States was respected, from a deep conviction, on the part of European Governments, that the roots of non-interference and mutual abstention from propaganda were the true rule for the two hemispheres. Since those times we have advanced in wealth and power; but we retain the same purpose to leave the nations of Europe to choose their own dynasties and forms of government, and to let them settle their own affairs, and defend of republicanism against foreign interference. We cannot foresee and are unwilling to consider what opportunities might present themselves; what combinations might offer to protect ourselves against designs inimical to our form of government. The United States declare their policy, as it were, to be never acted heretofore; they never will be driven from that course but by the aggression of European Powers; and we rely on the wisdom and justice of those Powers to respect the system of non-interference which has so long been sanctioned by time, and which, by its good results, has approved itself to both continents.

The correspondence between the United States and France, in reference to questions which have become subjects of discussion between the two Governments, will, at a proper time, be laid before Congress.

When, on the organization of our Government, under the Constitution, the President of the United States delivered his inaugural address to the two Houses of Congress, he said to them, and through them to the country and to mankind, that "the present condition of our sacred fire of liberty and the protection of the republics is a subject of deep and anxious consideration as deeply, perhaps as finally staked on the experiment entrusted to the American people." And the House of Representatives answered Washington in the words of Madison: "We address the invisible hand which has created our liberties, and through so many difficulties, to cherish a conscious responsibility for the destiny of republican liberty." More than seventy-six years have glided away since these words were spoken; the United States have passed through a long and eventful career; and now, at this new epoch in our existence as one nation, with this Union purified by sorrow, and strengthened by conflict, and established by the virtue of the people, the greatness of the occasion invites us to consider the progress, the solemnity, and the pledges of our fathers to hold ourselves answerable before our fellow-men for the success of the republican form of government. Experience has proved its efficiency in peace and in war; it has vindicated its authority through dangers, and afflictions, and sudden and terrible emergencies, which would have crushed any system that had been less firmly fixed in the heart of the people. At the inauguration of Washington the foreign relations of the country were few, and its trade was repressed by hostile regulations; now all nations are open to our commerce, and our Governments profess towards us amity. Then our country felt its way hesitatingly along an untrodden path, with States so little bound together by rapid means of communication as to be hardly known to one another, and with history scarcely begun; now we are a very few years; now intercourse between the States is swift and intimate; the experience of centuries has been crowded into a few generations, and has created an intense, indestructible nationality. Then our crowded cities did not reach beyond the conventional boundaries of the territory which had accreted in the past; now, through cessions of lands, first colonized by Spain and France, the country has acquired a more complex character, and has for its natural limits the chain of Lakes, the Gulf of Mexico, on the east and the west the two great oceans. Other nations were wasted by civil wars for ages before they could establish for themselves the necessary degree of unity; the latent conviction that our form of government is the best ever known of the world, has enabled us to emerge from civil war within four years, with a complete vindication of the constitutional authority of the General Government, and with our local liberties and State institutions unimpaired. The throngs of emigrants that crowd to our shores are witnesses of the confidence of all peoples in our permanency. Here is the great lane of free labor, where industry is blessed with unexampled rewards and the bread of the working-man is sweetened by the consciousness that the