

The new frigates ordered by Congress are now about, and two of them in active service. They are superior models of naval architecture, and with their formidable battery add largely to public strength and security.

I concur in the views expressed by the Secretary of the Department in favor of a still further increase of our naval force.

The report of the Secretary of the Interior presents facts and views in relation to internal affairs over which the supervision of his department extends of much interest and importance.

The aggregate sales of the public lands, during the last fiscal year, amount to \$3,247,878 acres; for which has been received the sum of \$8,241,414. During the same period there have been located, with military scrip and land-warrants, and for other purposes, 30,100,230 acres, thus making a total aggregate of 38,000,328 acres. On the 30th of Sept. last, surveys had been made of 10,573,679 acres, a large proportion of which is ready for market.

The suggestions in this report in regard to the complication and progressive expansion of the business of the different bureaux of the department; to the pension system; to the colonization of the Indian tribes, and to the recommendation in relation to various improvements in the District of Columbia, are especially commendable to your consideration.

The report of the Postmaster General presents fully the condition of that department of the government. Its expenditures for the year just past, were \$10,407,888, and its gross receipts \$7,629,801—making an excess of expenditures over receipts of \$2,778,046. The deficiency of this department is thus \$744,000 greater than for the year ending June 30, 1855. Of this deficiency, \$33,000 is to be attributed to the additional compensation allowed postmasters by the act of Congress of June 22, 1854. The mail facilities in every part of the country have been very much increased in that period, and the large addition of rail road service, amounting to 7,308 miles, has added largely to the cost of transportation.

The inconsiderable augmentation of the income of the Post Office Department under the reduced rates of postage, and its increasing expenditures, must, for the present, make it dependent to some extent upon the treasury for support. The recommendations of the Postmaster General, in relation to the abolition of the franking privilege, and his views on the establishment of mail steamship lines, deserve the consideration of Congress. I also call the special attention of Congress to the statement of the Postmaster General respecting the sums now paid for the transportation of mails to the Panama Railroad Co., and command to their early and favorable consideration the suggestion of that officer in relation to new contracts for mail transportation upon that route, and also upon the Tehuantepec and Nicaragua routes.

The United States continue in the enjoyment of amicable relations with all foreign powers.

When my last annual message was transmitted to Congress, two subjects of controversy, one relating to the enrollment of soldiers in this country for foreign service, and the other to Central America, threatened to disturb good understanding between the United States and Great Britain. Of the progress and termination of the former question you were informed at the time; and the other is now in the way of satisfactory ad-

The object of the convention between the United States and Great Britain on the 16th of April, 1850, was to secure, for the benefit of all nations, the neutrality and the common use of any transit way, or interoceanic communication, across the Isthmus of Panama, which might be opened within the limits of Central America. The pretensions subsequently assumed by Great Britain, to dominion or control over territories, in or near two of the routes, those of Nicaragua and Honduras, were denied by the United States, not merely incompatible with the main object of the treaty, but opposed even to its express stipulations. Occasion of controversy on this point has been removed by an additional treaty, which our minister at London has concluded, and which will be immediately submitted to the Senate for its consideration. Should the proposed supplemental arrangement be concurred in by all the parties to be affected by it, the objects contemplated by the original convention will have been fully attained.

The treaty between the United States and Great Britain, of the 5th of June, 1854, which went into effect in 1855, put an end to causes of irritation between the two countries, by securing to the United States the right of fishery on the coast of the British North American provinces, with advantages equal to those enjoyed by British subjects. Besides the signal benefits of this treaty to a large class of our citizens engaged in a pursuit connected to no inconsiderable degree with our national prosperity and strength, it has had a favorable effect upon other interests in the provision it made for reciprocal freedom of trade between the United States and the British provinces in America.

The exports of domestic articles to those provinces during the last year amounted to more than \$2,000,000, exceeding those of the preceding year by nearly \$1,000,000; and the imports therefrom, during the same period, amounted to more than \$2,100,000,—an increase of \$600,000 upon those of the previous year.

The improved condition of this branch of our commerce is mainly attributable to the above mentioned treaty.

Provision was made, in the first article of that treaty, for a commission to designate the mouth of rivers to which the common right of fishery, on the coast of the United States and the British Provinces, was not to extend. This commission has been employed a part of two seasons, but without much progress in accomplishing the object for which it was instituted, in consequence of a serious difference of opinion between the commissioners, not only as to the precise point where the rivers terminate, but in many instances as to what constitutes a river. These difficulties, however, may be overcome by resort to the umpirage provided for by the treaty.

The efforts perseveringly prosecuted since the commencement of my administration, to relieve our trade to the Baltic from the exaction of sound dues by Denmark, have not yet been attended with success.—Other governments have also sought to obtain a like relief to their countries, and Denmark was thus induced to propose an arrangement to all the European Powers interested in this subject, and the manner in which her proposition was received, was足以令她相信，一个“satisfactory”so convenient to the sentiments of this enlightened period of the world, will command the assent of all maritime powers, and government for temporary suspension of that as incorporated into the code of international law.

My views on the subject are more fully set forth in the reply of the Secretary of State, a copy of which is herewith transmitted, to the communications on the subject made to this government, especially to the communication of France.

The government of the United States has at all times regarded with friendly interest the other States of America, formerly, like this country, European colonies, and now independent members of the great family of nations. But the unsettled condition of some of them, disturbed by frequent revolutions, and thus incapable of regular and firm internal administration, has tended to embarrass occasionally our public intercourse, by reason of wrongs which our citizens suffer at their hands, and which are slow to redress.

Negotiations entered into for the purpose of relieving our commercial intercourse with the Island of Cuba of some of its burdens, and providing for the more speedy settlement of local disputes growing out of that intercourse, have not yet been attended with any results.

Soon after the commencement of the late war in Europe, this government submitted to the consideration of all maritime nations, two principles for the security of neutral commerce: one, that the neutral flag should cover enemies' goods, except articles contraband of war; and the other, that neutral property on board merchant vessels of belligerents should be exempt from contraband, with the exception of contraband articles. These were not presented as new articles of international law; having been generally claimed by neutrals, though not always admitted by belligerents. One of the parties to the war—Russia—as well as several neutral powers, promptly acceded to these propositions; and the two other principal belligerents, Great Britain and France, having consented to observe them for the present occasion, a favorable opportunity seemed to be presented for obtaining a general recognition of them both in Europe and America.

But Great Britain and France, in common with most of the states of Europe, while forbearing to reject, did not affirmatively act upon the overtures of the United States.

While the question was in this position, the representatives of Russia, France, Great Britain, Austria, Prussia, Sardinia, and Turkey, assembled at Paris, took into consideration the subject of maritime rights, and put forth a declaration containing the two principles which this government had submitted, nearly two years before, to the consideration of Congress to the statement of the Postmaster General respecting the sums now paid for the transportation of mails to the Panama Railroad Co., and command to their early and favorable consideration the suggestion of that officer in relation to new contracts for mail transportation upon that route, and also upon the Tehuantepec and Nicaragua routes.

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