PRESIDENT'S MESSAGE. CONCLUDED

Yet in October of the same year, Earl Russell entertained the complaint of the United States Minister in London, that the Confederate States were importing contraband of war from the island of Nassau, directed inquiry into the matter and obtained a report from the authorities of the island denying the allegations, which report was enclosed to Mr. dence to dissipate "the suspicion naturally thrown upon the authorities of Nassau by that unwarrantablanct." So, too, when the Confederate Government purchased in tireat Britain, as a neutral country, (and with strict observance both of the law of nations and the municipal law of Great Britain.) vessels which were subsequently armed and commissioned as vessels of war, after they had been far removed from English waters, the British Government, in violation of its own laws and indeference to evince a sincere and friendly interest in their prosthe importunate lemands of the United States made an ineffectual attempt to seize one vessel, and did ing their former institutions we have no reason to school y seize and detain another which touched at the island of Nassau, on her way to a Confederate choice. The Emperor of the French has solemnly part, and aphierted her to an unfounded prosecu- disclaimed any purpose to impose on Mexico a form war were being openly shipped from British ports to the eminent person to whom the throne has been New York, to be used in warfare against us. Even tendered, declines its acceptance, unless the offer now the public journals bring intelligence that the British tovernment has ordered the seizure, in a seither event, therefore, we may confidently expect British port of two vessels, on the suspicion that the continuance of those peaceful relations which bey may have been and to this Government, and have been maintained on the frontier, and even that they may be hereafter armed and equipped in large development of the commerce already existing our service, while British subjects are engaged in to the mutual advantage of the two countries. Ireland by tens of thousands to proceed to the United States for warface against the Confederacy, in defiance both of the law of nations and of the express terms of the British statutes, and are transported in British ships, without an effort at conceal- so fully exhibited in the correspondence of the State ment, to the ports of the United States, there to be Department which istransmitted to you, that no adarmed with rifles imported from Great Britain and to be empl-yed against our people in a war for con-No reval prerogative is invoked, no executive interference is interposed against this flagrant beech of municipal and international law, on the that of our enemies, while strained constructions are placed on existing statutes, new enactments consequently binding on us as well as on foreign proposed, and questionable expedients devised for precluding the possibility of purchase, by this Government of vessels that are useless for belligerent purposes, unless herenfter armed and equipped outwife of the neutral invisitetion of Great Britain.

For nearly three years this government has exerresult unquesconed jurisdiction over many millions. of willing and united people. It has met and de might its subversion. Supported by the confidence and affection of its citizens, the Confederacy has broked no element which distinguished an independeat nation, according to the principles of public law. Its legislative, excentive and judicial departments, each in its sphere, have parformed their appropriete functions with a regularity as undisturbed as in times of protound peace, and the whole to rights of individuals. energies of the people have been developed in the organization of vast armies, while their rights and the courts of justice. This Confederacy is either mand your earliest and most earnest attention I country except the capital invested in real estate with existing legislation, is intended to secure the ulations for securing the mand your earliest and most earnest attention I country except the capital invested in real estate with existing legislation, is intended to secure the ulations for securing the mand your earliest and most earnest attention I country except the capital invested in real estate with existing legislation, is intended to secure the ulations for securing the mand your earliest and most earnest attention I country except the capital invested in real estate with existing legislation, is intended to secure the ulations for securing the mand your earliest and most earnest attention. ind percent or it is a dependency of the United need hardly say that a prompt and efficacious remand slaves, and by means of an income tax and a tax several objects of the circulation those who are retained while least required while the required while least States, for no other earthly power claims the right edy for the present condition of the currency is necto govern it Without one historic fact on which essary to the successful performance of the functions censes on business occupations and professions, to the future wasts of the government; of furnishing the pretension can rest, without one line or word of freely or revenant, which can give color or title the United States have asserted, and the British gov erament has chosen to concede, that these sovereign States are dependencies of the government which is a limenistered at Washington. Great Briturn has accordingly entertained with that govern ment the clusest and most intimate relations, while refusing on its demand, or linary amicable inter course with us, and has, nater arrangements made subjectives nations of Europe, not only denied our and claim of admission into the family of nations but interpreted a partie, though effectual bar, to the who wiedgment of our rights by other powers. it had become apparent, by the declarabecause the Bratish ministers, in the debates of the hands Parliam at in July last, that Her Majenery which under professions of nestratity had become subservent to the designs of our guessies, I felt it my daily to recall the Comtopersoners formerly averedited to that court, and the refrespondence on the rabject is submitted to be raised almost exclusively by the use of the public

it is due to you and to our country that this Hatalement should be made of the just grounds therefore, confined to passing a tariff law and to which exist for dissatisfaction with the conduct of raising a sum of fifteen millions of dollars by loan the Belief gevernment. I am well aware that we with a pleage of small export duty of cotton to proare suctor attacely without adequate remedy for the vide for the redemption of the debt. the property tander which we have suffered at the hands set a powerful framon at a juncture when our entire result es are absorbed in the defence of our lives. it enters and independence, against an enemy posexecuted greatly experies numbers and material rethought it not extravagant to expect that asthe conduct of Foreign nations would be mark- adjourned to meet in the city of Richmond in the that there are many duties imposed by the Casti- bound share, and it is for this reason that taxation detatched. would be withheld from our enemies, and kausas having joined the Confederacy, the Congress ed by a remains impartiality between the belligerit was not supposed that a professed neutralay wealth to conducted as to justify the Foreign Secretary of the British nation, in explaining, incortwo before with our enemies, how "the impartial government has thus been exceelingly advantagecontending parties. The British government may by the temporary sacrifice of their neutral rights, a price lent which shall postify the future exercise of var power renders so formidable. The opportunity the intaining the their assent of European governhouse to a line of conduct which ignores the obligarans of the declarations of Paris, and treat that satisfied rather as a theoretical exposition of the steking a great advantage for their own country | gencies before us. the expense of ours. But we cannot permit, will an protest, the assertion that international law or morals regard as compartial neutrality" conduct

I wanted the coast of the United States, and to there wills ground of their being remliatory, ut. be maintained. I have blockades are now quoted a regulat ather as errors to be avoided, at a countries to a followed

the fire source to not open is this objection. that the neutral flag covers enemy's goods exception of contraband of war, was a ton by belingerents in favor of neutrals the chunculton of an acknowledged - 1 . Il w convention with Great Brita " of the resoluport has teen withheld. We have, therefore, as all the act right to refuse longer to remain bound has we should not torget that war is but tem-I then and that we desire that peace shall be per-I am productives of the declaration of l'aris commend | the supply. grave have heretofore sought to introduce into the ernment was organized.

hesion to principles that we approve. Let our hope three of them, South Carolina, Mississippi and Texthis temporary distribution of representative power by law. The object of your legislation has been, not other points, are minutely detailed in his report, hesion to principles that we approve. Let our hope three of them, could Caronna, Australian to representative power for redress rest rather on a returning sense of jus- as, were the taxes actually collected from the people. Is to endure "until such enumeration shall be made." to confer privileges on classes; but to exonerate which is submitted to you, and extending as they do gaged ought rather to be made a reason for forbear ance of advantage, than an occasion for the unfriend-

ly conduct of which we make just complaint. The events of the last year have produced importantichanges in the condition of our Southern neigh-The occupation of the capital of Mexico by Adams, and received by him as satisfactory evi- the Freuch army, and the establishment of a provisional government followed by a radical change in the constitution of the country, have excited lively interests. Although preferring our own government and institutions to those of other countries, we can have no disposition to contest the exercise by them of the same right of self-government which we assert for ourselves. If the Mexican people prefer a monarchy to a republic it is our plain duty cheerfully to acquieece in their decision, and to perity. If, however, the Mexicans prefer maintainapprehend any obstacle to the free exercise of their tron at the very time when cargoes of munitions of of government not acceptable to the nation; and be sanctioned by the suffrages of the people. In

> It has been found necessary since your adjournment to take action on the subject of certain foreign consuls within the Confederacy. The nature of this action and the reasons on which it was based are ditional comment is required.

In connection with this subject of our relations with foseign countries it is deemed opportune to communicate my views in reference to the treaties made by the government of the United States at a date and prior to our separation, and which were powers when the separation took effect. It was partly with a view to entering into such arrangements as the change in our government had made necessary that we felt it our duty to send commissioners abroad, for the purpose of entering into the negotiations proper to fix the relative rights and obligations of the parties to those treaties. As this tender on our part has been declined, as toreign nations have refused us the benefit of the treaties to which we were parties, they certainly have ceased to be binding on us, and in my opinion, our relations with European nations are, therefore, now controlled exclusively by the general rules of the law of nations. It is proper to add that these remarks are intended to apply solely to fresty obligations towards foreign governments, and have no reference

FINANCES. in our reach if we have the wisdom to legislate in

from anticipating the magnitude and duration of the been increased until the currency in circulation gross your attention until you shall have disposed of cavalry service. struggle in which we were ongaged. The most sagacious foresight could not have predicted that the passions of the Northern people would lead them by the business of the country. blindly to the sacrifice of life treasure and liberty in so vain a hope as that of subjugating thirteen in dependent States, inhabited by many millions of peoby the general government had created an aversion o its raising revenue by any other means than by duties on imports, and it was supposed that these duties would be ample for current peace expenditures, while the means for conducting the war could

The first action of the Provisional Congress was

At its second session war was declared to exist between the Confederacy and United States and provision was made for the issue of twenty millions of dollars in treasury notes and for borrowing thirty millions of dollars on bonds. The tariff was revised souther a bannabe to favor, desiring no mid, con- and preparatory measures taken to enable the Conment out our own ability to defend our own rights, gress to levy internal taxation at its succeeding secugainst the atmost efforts of an infliriate foe, we sion. These laws were passed in May and the States of Virginia, North Carolina Tennessee and Ar-

veloped in his message the purpose " to make the ses the duty on the Confederacy "to guarante to about the state of mentral obligations by her Majesty's con-est a short and decisive one," and had called every State a republican form of government, It on Congress for 400,000 men and four hundred mil- enjoins on us "to protect each State from invasi."

these extreme beligerent pretensions that their na- gent that a financial scheme should be devised on by "laying and collecting taxes, duties imposts i ing that the struggle instead of being "short and the Confederate States."

has well to how decrees lingly advantageous' to one of cent. bonds, the interest of which was to be paya There are had two measures that seem applicable to stant exercise of the holder's right to fund the notes the common defence, and the special mode provideter, valor, efficiency and patriotic devotion, our arthe present condition of our relations with neutral at a liberal interest, payable in specie. This sys- for levying this tax is impracticable from unforsected has not been equalled by any like number of One is, to im tage the wrong of which we tem deepnded for succession on the continued ability causes. It is, in my judgment, our primary duty tooops in the history of the war. emplain to retaliste by the declaration of a paper of government to pay the interest in specie; and execute the general intent expressed by the terms in view of the large conscription recently ordermeans were, therefore, provided for that purpose in of the instrument which we have sworn to obey, and by the enemy and their subsequent call for volthe law authorizing the issues. An internal tax we cannot excuse ourseves for the failure to ful-teers, to be followed, if ineffectual, by a still furtermed a war tax was levied, the proceeds of which, fill this obligation on the ground that we are una- r draft, we are admonished that no effort must spared to add largely to our effective force as forced the bureaux of supply, to provide for the ar-The sources of supply are my by impressment, has resulted from the impossiby something to the the army all who are bility of purchase by contract or in the open market e found by restoring to the the army all who are bility of purchase by contract or in the open market foreign nations should not be suspended. It was not with the whole letter and spirit of the Constitution. Poperly absent, putting an end to substitution, except at such rapidly increased rates as would have be great and of the present century. But it must to be anticipated that such suspension would be perto remove that we ourselves, protested against mitted otherwise than by an effective blockade; and much of it as our condition renders practicable.— Indeed it is believed that the tempta-The results are signal violations of the law it was absurd to suppose that a blockade "sufficient whenever the withdrawal of the enemy shall place which

had not combined to sid our enemies by the sanction incompatible with our obligation to obey that will; snot liable for duty may be received as substithe state of the nations who were betrayed of an illegal prohibition on their commerce,) to se- until that period, the alternative left is to obey the lafer those who are under such regulations as the control of the prescribed by the Secretary of War." to pay the interest on the bonds, and thus maintain the only other rule provided, which is to "make the Toolicy of granting this privilege has not system have been well founded, but the true cause the Treasury notes at rates nearly equal to par in tax uniform throughout the Confederate States. specie. So long as the interest continued to be thus and are less the declaration of Paris, which | paid with the reserve of coin pre existing in our | forced by the reflection that any attempt to apporcountry experience sustained the expectations of tion taxes amongst States, some of which are wholly these who devised the system. Thus, on the first or partially in the occupation of hostile forces, premium of about twenty per cent. although it had

The recommendations of the Secretary of War on after providing for a census within three years, that on a batterely different from that now provided The recommendations of the Secretary of War on

been raised by the issue of bonds and State Treas- not be made within the fixed period, the government in the various trades, professions, and mechanical thus actually increased instead of being diminished by the taxation imposed by Congress.

Neither at the first nor second session of the presemt Congress were means provided by taxation for stood to be in accordance with a vote taken in one thought, be better obtained by enrolling all such confined to authorising further sales of bonds and fore, until we are able to pursue the precise mode number necessary to meet the wants of the country. issues of treasury notes. Although repeated efforts required by the Constitution, deem it my duty to Considerable numbers are believed to be now exyou were confronted with an obstacle which did not exist for your predecessors, and which created grave any other practicable mode which shall distribute Certain duties are now performed throughout the embarrassment in devising any scheme of taxation. About two thirds of the entire taxable property of property of the people. the Confederate States consist of lands and slaves. The general power of taxation vested in Congress avoid the increase in the volume of notes in circulaby the provisional Constitution, (which was to be only temporary in its operation,) was not restricted. The measures adopted for that purpose have been by any other condition than that "all duties, im but partially successful, and the evil has now reached ports and excises should be uniform throughout the States of the Confederacy." But the permanent the compulsory reduction of the currency to the Constitution sanctioning the principle that taxation amount required by the business of the country. Is hoped, add largely to the effective force now in specially provides that "representative and direct that under no arrest of circumstances will that taxes shall be apportioned among the several States amount be exceeded. No possible mode of using according to their respective numbers, which shall the credit of the government can be so disastrous be determined by adding to the whole number of as one which disturbs the basis of all exchanges, free persons, including those bound to service for a renders impossible all calculations of future values, term of years and excluding Indians not taxed, auguments, in constantly increasing propertions, three-fifths of all slaves."

It was further ordered that a census should be made within three years after the first meeting of inadequate to bare subsistence. If to these be adthe Congress, and that "no capitation or other direct tax shall be laid, unless in proportion to the character of the people, to which I have already adcensus or enumeration hereinbefore directed to be

It is plain that under these provisions, capitation and direct taxes must be levied in proportion to the census when made. It is also plain that the duty is imposed on Congress to provide for making a census prior to the 22d Feburary, 1865. It may further be stated that according to the received construction of the Constitution of the United States, (a construction acquiesed in for upwards of sixty years.) taxes on lands and slaves are direct taxes, and the conclusion seems necessarily to be that, in repeating, war, those prices will reach rates still more extravwithout modification, in our Constitution, this lauguage of the Constitution of 1787, our convention intended to attach to it the meaning which had been sanctioned by long and uninterrupted acquiescence. So long as there seemed to be a probability of

being able to carry out these provisions of the Constitution in their entierly, and in conformity with the intentions of its authors, there was an obvious and the government will be in a condition enabling difficulty in framing any system of taxation. A law which should exempt from the burthen two-thirds of the property of the country would be as unfair to the owners of the remaining third as it would be inadequate to meet the requirements of the public

The urgency of the need was such, however, that. after very great embarrassment, and more than three ensure punctual payment, and final redemption of the retention of the ret the law of the 24th April, 1862, by which you sought | The report of the Secretary of the Treasury pre The state of the public finances in such as to de- to reach, so far as practicable, every resource of the sents the outlines of a system which, in conjunction of disharding a system which, in conjunction of disharding a system which are stated in such as to deof government. Fortunately, the resources of our command resources sufficient for the wants of the security for the punctual payment of interest and ficountry are so ample, and the spirit of our people to country. But a very large proportion of these re- nal extinction of the principal of the public debt devote to its cause, that they are ready to make any sources could only be made available at the close of and of placing the whole business of the country on necessary contribution. Relief is thus entirely with the present and the commencement of the ensuing a basis as near a specie standard as is possible dur- which are not included in the provisions made to year, while the intervening exigencies permitted no ling the continuance of the war. I earnestly recomsuch maner as to render available the means at our delay. In this state of affairs, superinduced almost mend it to your consideration, and that no delay be not unfrequency happen that the most efficient soners held by us are deprived of food. To this last unavoidably by the fortunes of the war in which permitted to intervene before your action on this troopers, without fault of their own, indeed, it may At the commencement of the war we were far we are engaged, the issues of treasury notes have vital subject. I trust that it will be suffered to enamounts to more than six hundred millions of dol- it in the manner best adapted to attain the imporlars, or more than three fold the amount required tant results which your country anticipates from

I need not enlarge upon the evil effects of this condition of things. They are unfortunately but the people our transitive bearing this subject.

purchase by the apparent certainty of prot, and a such circumstances, the notes remaining in the hands spirit of speculation has thus been lostered which of each holder, after the payment of his tax, would has so debasing an influence, and such ruinus con- be worth quite as much as the whole sum previously sequences, that it is our highest duty to renve the held, for it would purchase at least an equal amount cause, and no measures directed to that end, an be of commodities. This result cannot be perfectly at-

cited, the question recurs whether it be possile to its effect, not only to impose a due share of the execute the duty of apportioning taxation in occor. burthen on the note holder, but to force those who dance with the census ordered to be made as a asis. have tew or none of the notes, to part with a share of deny the propriety of your course in abstainin from | cess in order to obtain the means of satisfying the the imposition in direct taxes till you could excise | demands of the tax gatherer. This is the only mode the power in the precise mode pointed out b the by which it is practicable to make all contribute as tution, which depend for their fulfillment on tun- adequate to the public exigencies, under our present Prior to the assembling of your predecessors in disturbed possession of the territory within ich circumstances, must be the basis of any funding ly, 1861, the President of the United States had de | which orders census be made in all the States ipo | finances. lione of dollars. The Congress had exceeded the and while declaring that its subject and purposere increasing the regular land and naval forces of the our posterity," it confers the means and thereby . and furnishing the supplies necessary for its sup-United States. The necessity thus first became ur- poses on us the paramount duty of effecting its int, port.

I declared the attempts to excuse really to prevent access" to our entire coast, could it in our power to make a census and apportionment We had the means, therefore (if neutral nations | will be contrary to the will of the law-giver, and | e act of 16th April, 1862, provides "that per-The considerations just presented are greatly en-

the following December, coin had only reached a would subvert the whole intention of the framers of the Constitution, and be productive of the most like the fourth article, which re- stready become apparent that the commerce of the revolting injustice, instead of that just correlation To this concession we country threatened with permanent suspension by between taxasion and representation which it was reason of the conduct of neutral nations, and that their purpose to secure. With large portions of the necessary result must be the exhaustion of our some of the States occupied by the enemy. what specie reserve. Wheat, in the beginning of the justice would there be in imposing on the remainthe description tendered us for that year 1862, was selling at one dollar and thirty cents | der the whole amount of the taxation of the entire of per bushel, not exceeding. therefore, its average State in proportion to its representation? What price in time of peace. The other agricultural pro- else would this be in effect than to increase the bur- the tute is sendered liable to conscription it tion. ducts of the country were at similar moderate in then of those who are the heaviest sufferers by the tes, thus indicating that there was no excess of cir- war, and to make our own inability to protect them he aken, should respond for him, as the gov- are very gratifying, and the extension of our means culation, and that the rate of premium on specie was from invasion, as we are required to do by the Conheightened by the exceptional causes which tended stitution, the ground for adding to their losses by exact a major of the declaration the spirit of that instrument? No such purpose ranke e appears, if the principal should again of supplies from foreign countries. The establish-This review of the policy of your predecessors is could have been entertained, and no such result con- be called to be an equitable ground for com- men's for the casting of guns and prejectiles; for This review of the policy of your predecessors is and most the manufacture of small arms and of gunpowder, the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder, the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder, the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder, the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms and of gunpowder. Sometime to the manufacture of small arms a that although the Constitution provided that it should enroll To forego our undeniable right to In the meantime the popular aversion to internal go into operation with a representation temporarily pect of exemptions, it is believed the popular aversion to internal go into operation with a representation temporating abuses, the checked unless the system is placed to exemptions, it is believed to exemptions.

must, at the expiration of that period, perish for pursuits, as could render more valuable services to want of a representative body? In any aspect in their country by laboring in their present occupation which the subject can be viewed, I am led to the than by going into the ranks of the army. The conclusion already announced and which is under- policy is unquestionable, but the result would, it is or both Houses at your last session. I shall, there- persons, and allowing details to be made of the spprove any law levying the taxation which you are empted from the military service who are not needbound to impose for the defence of the country, in ful to the public in their civil vocation. the burthen uniformly and impartially on the whole country by details from the army, which could be as

In your former legislation you have sought to tion, by offering inducements to voluntary funding. such a magaitude as to permit no other remedy than This reduction should be accompanied by a pledge the field, without an undue burthen on the populathe price of all commodities, and so depreciates all fixed wages salaries, and incomes, as to render them verted, I am persuaded you will concur in the conclusion that an inflexible adherence to a limitation of the currency at a fixed sum is an indispensable

element of any system of finance now to be adopted. The holders of the currency now outstanding can only be protected in the recovery of their just claims by substituting for their notes some other security If the currency is not greatly and promptly reduced the present scale of inflated prices will not only contimue to exist, but by the very fact of the large amounts thus made requisite in the conduct of the agant, and the whole system will fall under its own weight, thus rendering the redemption of the debt impossible, and destroying its whole value in the hands of the bolder. If, on the contrary a funded debt, with interest secured by adequate taxation can be substituted, for the outstanding currency, its entireamount will be made available to the holder, it, beyond the reach of any probable contingency, prosecute the war to a successful issue. It is, therefore demanded, as well by the interest of the ury notes, be converted into bonds bearing adequate interest, with a provision for taxation sufficient to

your legislation.

It may be said that, in considering this subject, plorable of all its results is undoubtedly its corrupt- held treasury totes in exact proportion to the value ing influence on the morals of the people. The pos- of his whole means, each would in fact owe himself session of large amounts of treasury notes has nat- the amount of the notes held by him and, were it posurally led to a desire for investment, an with a sible to distribute the currency among the people in constantly increasing volume of currency, here has this exact proportion, a tax levied on the currency been an equally constant increase of prie in all alone, to an amount sufficient to reduce it to proper Sects of investment. This effect has simulated limits would afford the best of all remedies. Under tained by any device of legislation, but it can be ap-Reversing to the constitutional provisions ready proximated by faxation. A tax on all values has for so long as this appeared to be practicable, no can their possessions to those who hold the notes in ex-

Though we have lost many of the best of our sola basis sufficiently large for the vast proportions of exercises, necessary to pay the debt provided for diers, and most patriotic of our citizens. (the sad the contest with which we were threatened. Know. common defence, and carry on the government but unavoidable result of the battles and toils of and co-intelligence in their respective corps, and t such a campaign as that which will render the year | preserve in the chief of each, useful influence and None would pretend that the Constitution is v 1863 ever memorable in our annals.) the army is be- control over his subordinates, there should be no only end when the United States should awaken lated because, by reason of the presence of host lieved to be, in all respects, in better condition than gradation on the basis of the general with from their delusion of conquest, a permanent sys- armies, we are unable to guarantee a republic at any previous period of the war. Our gallant desolered by the British Ministry as justifying them tem was required, fully adapted to the great exi- form of government to those States or portions fenders, now veterans, familiar with danger, hard-States now temporarily held by the enemy, and ened by exposure, and confident in themselves and The plan devised by Congress at that time was little justice would there be in imputing blame? their officers, endure privations with cheerful fortibased on the theory of issuing treasury notes con- the failure to make the census, which that failure tude, and welcome battle with alscrity. The offivertible at the pleasure of the holder into eight per attributable to causes not foreseen by the authorers, by experience in field service, and the action of a change of duty, the variable portion of the personal tributable to cause and the authorers, by experience in field service, and the action of a change of duty, the variable portion of the of the constitution, and beyond our contexamining boards in relieving the incompetent, are nal staff might be taken from the line of the army, ble in coin, and it was correctly essumed that any trol. The general intent of our constitutions ow greatly more efficient than at the commence- and allowed to retain their line commissions. tendency to perfect ation that might arise from over charter is unquestionably that the property of the ment of the war. The assertion is believed to be issue of the currency, would be checked by the con | country is to be taxed in order to raise revenue foully justified, that, regarded as a whole, for charac-

sustained by experience. Not only has the mical strength of the army been seriously imp by the frequent desertions for which substith ave become notorious but dissatisfaction has essary supplies in the open market, and thus render uning to avail themselves of the opportunity throrded of avoiding the military service of theountry.

y concur in the opinion expressed by the

On beject of exemptions, it is believed that through the country, as to place our resources be-

well executed by persons above the present conscript age. An extension of the limit, so as to embrace persons over forty-five years, and physically fit for service in guarding posts, railroads and bridges in apprehending deserters, and, where practicable, assuming the place of younger men detailed for duty with the nitre, ordnance, commissary and quarter-

If to the above measure be added a law to enlarge the policy of the act of the 21st April, 1862, so as to enable the Department to replace not only enlisted cooks, but wagoners, and other employees in the ar-

In order to maintain, unimpaired the existing organization of the army until the close of the war, your legislation contemplated a frequent supply of recruits, and it was expected that before the expiration of the three years for which the men were enmen in each company would consist of those who the discharge of those who had completed their term zation after the discharge of the original members. soldiers is so obvius and the pelicy of such a course is so clearly indicated that it is not deemed necessary to point out the evil consequences which would by to be enforced by a sense of honor. result from the destruction of the old organizations, creditor as of country at large, that the evidence of or to dwell upon the benefits to be secured from fillpublic debt now outstanding in the shape of treasdischarge of the early members as may be possible. From it you will perceive that the final proposal made In the cases where it may be found impracticable to by the enemy, in settlement of all disputes under the retention of the present organization, economy and held by us, without the offer to release from captiviefficiency would be promoted by consetidation and ty any of those held by them. those who are retained while least wounding the ers in our hands who are unable to understand why feelings of those who are discharged.

legislation in relation to the horses of the cavalry. Many men lose their horses by casualties of service. compensate the owner for the loss, and it may thus

It would also seem proper that the Government should have complete control over horses mustered into the service with the limitation that the owner should not be deprived of his horse except upon due. fed or on foot would depend, not upon the qualifications of the men, but upon the fact of their having | comforts not enjoyed by the men who captured them

Some provision is deemed requisite to correct the revolting inhumanity has characterized the conduct evils arising from the long continued absence of commissioned officers. Where it is without suffiflicient cause it could seem but just that the com-

mission should be thereby vacated. Where it results from capture by the enemy which, under their barbarous refusal to exchange prisoners of war, may be regarded as absence for an indefinite time, there is a necessity to supply their places in their respective commands. This might be done by temporary appointments to endure only until the return of the officers regularly commissioned. Where it re-ults from permanent disability incurred in the line of their duty, it would he proper to retire them and fill the vacancies ac cording to established mode. I would also sugges the organization of an invalid corps, and that the retired officers be transferred to it. Such a corps. is thought, could be made useful in various employ terms of the fundamental law. But it is vious equally as possible in the burthen which all are ments, for which efficient efficient efficient efficient officers and troops are now

An organization of the general staff of the army would be highly conducive to the efficiency of that Richmond at their third session, near the end of Ju. they are to be performed. The same instruct system or other remedy for restoring stability to our most important branch of the service. The plan model for the staff of the provisional army, if it be deemed advisable to retain the distinction, but To the report of the Secretary of War you are re- recommend to your consideration the propriety of ferred for details relative to the condition of the ar- abolishing it, and providing for the organization of Executive recommendation, and had authorized the "to establish justice, ensure domestic tranquy my, and the measures of legislation required for the several staff corps in such number and with such levy of half a million of voluneers, besides largely and secure the blessings of liberty to ourselves of maintaining its efficiency, recruiting its numbers, rank as will meet all the wants of the service. To secure the requisite ability for the more important positions it will be necessary to provide for officers of higher rank than is now authorized for these corps To give to the officers the proper relation the personal staff of a general, it would seem proper to give a grade corresponding with his rank, and the mand. To avoid the consequence of discharge upon

The disordered condition of the currency to which I have already alluded, has imposed on the Gov the producer, injurious to the industrial interest, and productive of such discontent among the people, as only to be justified by the existence of absolute necessity. One report of the Secretary on this point establishes conclusively, that the necessity which has presement law; and that commodities have been o fered on the markets principally to escape impress ment, and obtain higher rates than those fixed by appraisement. The complaints against this vicious is to be found, not in a change of the impressment law but in the restoration of the currency to such a basis as will enable the department to purchase nec-

impressment a rare and exceptional process. The same remedy will effect the result universal! lesired, of an augmentation of the pay of the army. The proposals made at our previous sessions to iny, that there is no ground for the objection crease the pay of the soldiers by an additional amount the w provision, to include those who furnished of Treasury notes, would have conferred little beneses under the former call, would be a breach fit on him, but a radical reform of the currency wil But To accept a substitutes was to confer a restore the pay to a value approximating that which not to enter into a contract, and whenever | if originally had, and materially improve his condi-

would not follow that the principal, whose place | The reports from the ordnance and mining bureaux em Where, however, the new provision of resources, has been such as to ensure our ability

Would any one argue that, because the census can- from military duty such number of persons skilled to almost every branch of the service, merit careful consideration.

EXCHANGE OF PRISONERS.

I regret to inform you that the enemy have returned to the barbarous policy with which they inaugurated the war, and that the exchange of prisoners has been for sometime suspended. The correspondence of the commissioners of exchange is submitted to you by the Secretary of War, and it has already been published for the information of all now suffering useless imprisonment. The conduct of the authorities of the United States has been consistently perfidous on this subject. An agreement for exchange in the incipiency of the war had just been concluded when the fall of Fort Donelson reversed the previous state of things, and gave them an excess of prisoners. The agreement was immedistely repudiated by them, and so remained till the fortune of war again placed us in the possession of the larger number. A new cartel was then made, and, under it, for many months, we restored to them many thousand prisoners, in excess of those whom they held for exchange, and encampments of the surplus paroled prisoners, delivered up by us, were established in the United States, where the men were able to receive the comforts and solace of constant communication with their homes and families.

In July last, the fortune of war again favored the my, by negroes, it is hoped that the ranks of the army will be so strengthened, for the ensuing camcaptured and paroled at Vicksburg and Port Hudson. The prisoners taken at Gettysburg, however, remained in their hands, and should have been returned to our lines on parole, to await exchange. Instead of executing a duty imposed by the plainest dictates of justice and good faith, pretexts were instantly sought for holding them in permanent captivity .-General orders rapidly succeeded each other from rolled under act of 17th April, 1862, the majority of the bureau at Washington, placing new constructions on an agreement which had given rise to no dispute joined it at different dates subsequent to the origi- while we retained the advantage in the number of nal muster of the company into service, and that prisoners. With a disregard of honorable obligations, almost unexampled, the enemy did not hesiwould at no time be sufficient to leave the company tate in addition to retaining the prisoners captured with a less number than is required to enable it to by them, to declare null the paroles given to the priretain its organization. The difficulty of obtaining re- soners captured by us in the same series of engagecruits from certain localities, and the large number | ments, and liberated on condition of not again servof exemptions from military service granted by dif- ing until exchanged. They have since openly inferent laws, have prevented sufficient accessions in sisted on treating the paroles given by their own solmany of the companies to preserve their organi- diers as invalid, and those of our solders, given under precisely similar circumstances, as binding. A The advantage of retaining tried and well approved succession of similar unjust pretensions has been officers and of mingling recruits with experienced set up in a correspondence tediously prolonged, and every device employed to cover the disregard of an obligation, which between belligerent nations, is on-

No farther comment is needed on this subject, but I may be permitted to direct your special attention

the cartel is not executed in their favor, by the Experience has shown the necessity for further groudless assertion that we are the parties who refuse compliance. Attempts are also made to shield themselves from the execration excited by their own odious treatment of our officers and soldiers now in accusation the conclusive answer has been made that, inaccordance with our law and the general orders of the department, the rations of the prisoners are precisely the same, in quantity and quality, as those served out to our own gallant soldiers in the field. and which have been found sufficient to support them in their arduous campaign, while it is not and and add hands to be supplied by their friends at home with in battle. In contrast to this treatment, the most of the United States towards the prisoners held by them. One prominent fact, which admits no denial or palliation, must suffice as a test. The officers of our army, natives of scuthern and semi-tropical climates and unprepared for the cold of a northern winter, have been conveyed, for imprisonment, during the rigors of the present season to the most nor hern and exposed situation that could be selected by the enemy There, beyond the reach of comforts, and often even news from home and family, exposed to the piercing cold of the northern lakes. they are held by men who cannot be ignorant of, if they do not design the probable result. How many of our unfortunate friends and comrades, who have passed unscathed through numerous battles, will pe rish on Johnson's Island, under the cruel trial to which they are subjected none but the Omniscient can foretell. That they will endure this barbarous treatment with the same stern fortitude that they have ever evinced in their country's service, we cannot doubt. But who can be found to believe the assertion that it is our refusal to execute the cartel, and not the malignity of the foe, which has caused the infliction of such intolerable cruelty on our own loved and honored defenders.

Regular and punctual communication with the Trans-Mississippi is so obstructed as to render diffi cult a compliance with much of the legislation vesting authority in the Executive branch of the government. To supply vacancies to office; to exercire discretion on certain matters connected with the military organizations; to control the distribution of the funds collected from taxation or remitted from the treasury; to carry on the operations of the Post Office Department, and other like duties, require, under the constitution and existing laws, the action of the President and heads of Departments The necessities of the military service frequently forbid delay, and some legislation is required providing for the exercise of temporary authority, until regular action can be had at the scat of government. I would suggest, especially in the post office lepartment, that an assisfant be appointed for the States beyond the Mississippi, with authority in the head of that department to vest in this assistant all such powers now exercise t by the Postmaster Gene ral, as may be requisite for provisional control of the funds of the department in those States, and their application to the payment of mail contractors; for superinten lence of the local post offices; for the temporary employment of proper persons to fulfill the duties of postmasters and contractors in urgent cases, until appointments can be made, and for other like purposes. Without some legislative provision on the subject, there is serious risk of the destruction of the mail service, by reason of the delays and hardships suffered by contractors under the present system, which requires constant reserence to Richmond of their accounts as well as of the returns of the local postmasters, before they can receive payment for services rendered. Like provision is also necessary in the Treasury Department, while, for military affairs, it would seem to be sufficient to authorize the President and Secretary of War to delegate to the commanding general so much of the dis cretionary powers vested in them by law as the exigencies of the service shall require.

The report of the Secretary of the Navy gives in detail the operations of that Department since Jan nary last embracing information of the disposition and employment of the vessels, officers and men, and the construction of versels at Richmond, Wilmington, Charleston, Savannah, Movile, Selma, and on the rivers Roanake Neuse, Pedee Chattahooche and Tombigbee, the accumulation of ship timber and supplies, and the manufacture of ordnance, ord nance stores end equipments. The foundries and workshops have been greatly improved, and their capacity to supply all demands for heavy ordnance or coast and harbor defences, is only limited by our deficiency in the requisite skilled labor. The want of such labor and of seamen seriously affects the operations of the department.

The skill, energy and activity of our cruisers at sea cannot be too highly commended. They have inflicted heavy losses on the enemy, without suffering a single disaster, and have seriously damaged the shipping interests of the United States by com-

service, and of the provisions of the law in relation to the volunteer navy