ANNUAL MESSAGE OF THE PRESIDENT OF THE UNITED STATES

To the Two Houses of Congress, at the Commencement of the Second Session,

FELLOW-CITIZENS OF THE SENATE AND HOUSE OF REPRESENTATIVES:

After a brief interval the Congress of the United States resumes its annual legislative labors. An all wise and merciful Providence has abated the pestilence which visited our shores, leaving its calamitous traces upon some portions of our country. Peace, order, tranquillity, and civil authority have been formally declared to exist throughout the whole of the United States. In all of the States civil authority has superceded the coercion of arms, and the people, by their voluntary action, are maintaining their governments in full activity and complete operation. The enforcement of the laws is no longer obstructed in any State by combinations too powerful to be suppressed by the ordinary course of judicial proceedings; and the animosities engendered by the war are rapidly yielding to the beneficent influences of our free institutions, and to the kindly effects of unrestricted social and commercial intercourse. An entire restoration of fraternal feelings must be the earnest wish of every patriotic heart; and we will have accomplished our grandest national achievment when, forgetting the sad events of the past, and remembering only their instructive lessons, we resume our onward career as free, prosperous, and united people.

In my message of the 4th of December, 1865, Congress was informed of the measures which had been instituted by the Executive with a view to the gradual restoration of the States in which the insurrection occurred to their relations with the General Government.—Provisional Governors had been appointed, Conventions called, Governors elected, Legislatures assembled, and Senators and Representatives chosen to the Congress of the United States.—Courts have been opened for the enforcement of laws long in abeyance. The blockade had been removed, custom houses re-established, and the internal revenue laws put in force, in order that the people might contribute to the national income. Postal operations had been renewed, and efforts were being made to restore them to their former condition of efficiency. The States themselves had been asked to take part in the high functions of amending the Constitution, and of thus sanctioning the the extinction of African slavery as one of the legitimate results of our internecine struggle.

Having progressed thus far, the Executive Department found that it had accomplished nearly all that was within the scope of its constitutional authority. One thing however, yet remained to be done before the work of restoration could be completed, and that was the admission to Congress of loyal Senators and Representatives from the States, whose people had rebelled against the lawful authority of the General Government. This question devolved upon the respective Houses, which by the Constitution, are made the judges of the elections, returns, and qualifications of their own members; and its consideration at once engaged the attention of Congress.

In the mean time, the Executive Department—no other plan having been proposed by Congress—continued its efforts to perfect, as far as practicable, the restoration of the proper relations between the citizens of the respective States, the States, and the Federal Government, extending, from time to time, as the public interests seemed to require, the judicial, revenue, and postal systems of the country. With the advice and consent of the Senate, the necessary officers were appointed, and appropriations made by Congress for the payment of their salaries. The proposition to amend the Federal Constitution, so as to prevent the existence of slavery within the United States or any place subject to their jurisdiction, was ratified by the requisite number of States: and on the 18th day of December, 1865, it was officially declared to have become valid as a part of the Constitution of the United States. All of the States in which the insurrection had existed promptly amended their Constitutions, so as to make them conform to the great change thus effected in the organic law of the land; declared null and void all ordinances and laws of secession; repudiated all pretended debts and obligations created for the revolutionary purposes of the insurection; and proceeded in good faith, to the enactment of measures for the protection and amelioration of the condition of the colored race. Congress however, yet hesitated to admit any of these States to representation; and it was not until towards the close of the eighth month of the session that an exception was made in favor of Tennessee, by the admission of her Senators and Representatives.

I deem it a subject of profound regret that Congress has thus far failed to admit to seats loyal Senators and Representatives from the other States, whose inhabitants, with those of Tennessee, had engaged in the rebellion. Ten States—more than one fourth of the whole number—remain without representation; the seats of fifty members in the House of Representatives and of twenty members in the Senate are yet vacant—not by their own consent, not by a failure of election, but by the refusal of Congress to accept their credentials. Their admission, it is believed, would have accomplished much towards the renewal and strengthening of our relations as one people, and removed serious cause for discontent on the part of

[illegible] and independence, that the people might not bear the burden of taxation, and yet be denied the right of representation. It would have been in consonance with the express provision in the Constitution, that "each State shall have at least one Representative," and "that no State, without its consent, shall be deprived of its equal suffrage in the Senate." These provisions were intended to secure to every State, and to the people of every State, the right of representation in each House of Congress; and so important was it deemed by the framers of the Constitution that the equality of the States in the Senate should be preserved, that not even by an amendment of the Constitution can any State, without its consent, be denied a voice in that branch of the National Legislature.

It is true, it has been assumed that the existence of the States was terminated by the rebellions acts of their inhabitants, and that the insurrection having been suppressed, they were thenceforward to be considered merely as conquered territories. The Legislative, Executive, and Judicial Departments of the Government have, however, with great distinctness and uniform consistency, refused to sanction an assumption so incomparible with the nature of our republican system, and with the professed objects of the war. Throughout the recent legislation of Congress, the undeniable fact makes itself apparent, that these ten political communities are nothing less than States of this Union. At the very commencement of the rebellion, each House declared, with a unanimity as remarkable as it was significant, that the war was not "waged, upon our part, in any spirit of oppression, nor for any purpose of conquest or subjugation, nor purpose of overthrowing or interfering with the rights or established institutions of those States, but to defend and maintain the supremacy of the Constitution and all laws made in pursuance thereof, and to preserve the Union, with all the dignity, equality, and rights of the several States unimpaired; and that as soon as these objects" were "accomplished the war ought to cease." In some instances Senators were permitted to continue their legislative functions, while in other instances Representatives were elected and admitted to seats after their States had formally declared their right to withdraw from the Union; and were endeavoring to maintain that right by force of arms.—All of the States whose people were in insurrection, as States, were included in the apportionment of the direct tax of twenty millions of dollars annually laid upon the United States by the act approved, 5th August, 1861. Congress, by the act of March 4th, 1862, and by the apportionment of representation thereunder, also recognized their presence as States in the Union; and they have, for judicial purposes, been divided into districts, as States alone can be divided. The same recognition appears in the recent legislation in reference to Tennessee, which evidently rests upon the fact that the functions of the State were not destroyed by the rebellion, but merely suspended; and that principle is of course applicable to those States which like Tennessee, attempted to renounce their places in the Union.

The action of the Executive department of the Government upon this subject has been equally definite and uniform, and the purpose of the war was specifically stated in the Proclamation issued by my predecessor on the 22d day of September, 1862. It was then solemnly proclaimed and declared that "hereafter, as heretofore the war will be prosecuted for the object of practically restoring the constitutional relation between the United States and each of the States and the people thereof, in which States that relation is or may be suspended or disturbed."

The recognition of the States by the Judicial Department of the Government has also been clear and conclusive in all proceedings affecting them as States, had in the Supreme, Circuit, and District Courts.

In the admission of Senators and Representatives from any and all of the States there can be no just ground of apprehension that persons who are disloyal will be clothed with the powers of legislation; for this could not happen when the Constitution and the laws are enforced by a vigilant and faithful Congress. Each House is made the "judge of the elections, returns, and qualifications of its own members," and may, "with the concurrence of two-thirds, expel a member." When a Senator or Representative presents his certificate of election, he may at once be admitted or rejected; or should there be any question as to his eligibility, his credentials may be referred for investigation to the appropriate committee. If admitted to a seat, it must be upon evidence satisfactory to the House of which he thus becomes a member, that he possesses the requisite constitutional and legal qualifications. If refused admission as a member for want of due allegiance to the government, and returned to his constituents, they are admonished that none but persons loyal to the United States, will be allowed a voice in the legislative councils of the nation, and the political power and moral influence of Congress are thus effectively exerted in the interests of loyalty to the Government and fidelity to the Union. Upon this question, so vitally affecting the restoration of the Union and the permanency of our present form of government, my convictions heretofore expressed, has undergone no change; but, on the contrary, their correctness has been confirmed by reflection and time. If the admission of loyal

[illegible] our eyes. If this anomalous condition is right now—if, in the exact condition of those States at the present time, it is lawful to exclude them from Representation, I do not see that the question will be changed by the efflux of time. Ten years hence, if these States remain as they are, the right of representation will be no stronger—the right of exclusion will be no weaker.

The Constitution of the United States makes it the duty of the President to recommend to the consideration of Congress "such measures as he shall judge necessary or expedient." I know of no measure more imperatively demanded by every consideration of national interest, sound policy and equal justice, than the admission of loyal members from the now unrepresented States. This would consummate the work of restoration, and exert a most salutary influence in the re-establishment of peace, harmony, and fraternal feeling. It would tend greatly to renew the confidence of the American people in the vigor and stability of their institutions. It would bind us more closely together as a nation, and enable us to show to the world the inherent and recuperative power of a Government founded upon the will of the people, and established upon the principles of liberty, justice, and intelligence. Our increased strength and enhanced prosperity would irretragably demonstrate the fallacy of the arguments against free institutions drawn from our recent national disorders by the enemies of republican government. The admission of loyal members from the States now excluded from Congress, by allaying doubt and apprehension would turn capital now awaiting an opportunity for investment, into the channels of trade and industry. It would alleviate the present troubled condition of those States, and, by inducing emigration, aid in the settlement of fertile regions now uncultivated, and lead to an increased production of those staples which have added so greatly to the wealth of the nation and the commerce of the world. New fields of enterprise would be opened to our progressive people, and soon the devastations of war would be repaired, and all traces of our domestic differences effaced from the minds of our countrymen.

In our efforts to preserve "the unity of Government which constitutes us one people," by restoring the States to the condition which they held prior to the rebellion, we should be cautious lest having rescued our nation from perils of threatened disintegration, we resort to consolidation, and in the end absolute despotism, as a remedy for the recurence of similar troubles. The war having terminated, and with it all occasion for the exercise of powers of doubtful constitutionality, we should hasten to bring legislation within the boundaries prescribed by the Constitution, and to return to the ancient landmarks established by our fathers for the guidance of succeeding generations. "The Constitution which at any time exists, until changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all." "If, in the opinion of the people, the distribution or modification of the constitutional powers be, in any particular, wrong, let it be corrected by an amendment in the way in which the Constitution designates. But let there be no change by usurpation; for" "it is the customary weapon by which free Governments are destroyed." Washington spoke these words to his countrymen, when followed by their love and gratitude, he voluntarily retired from the cares of public life. "To keep in all things within the pale of our Constitutional powers, and cherish the Federal Union as the only rock of safety," were prescribed by Jefferson as rules of action to endear to his "countrymen the true principles of their Constitution, and promote a union of sentiment and action equally auspicious to their happiness and safety."—Jackson held that the action of the General Government should always be strictly confined to the sphere of its appropriate duties, and justly and forcibly urged that our Government is not to be maintained nor our Union preserved "by invasions of the rights and powers of the several States. In thus attempting to make our General Government strong, we make it weak. Its true strength consists in leaving individuals and States as much as possible to themselves; in making itself felt, not in its power, but in its beneficence; not in its control, but in its protection; not in binding the States more closely to the centre, but leaving each to move unobstructed in its proper constitutional orbit." These are the teachings of men whose deeds and services have made them illustrious, and who, long since withdrawn from the scenes of life, have left to their country the rich legacy of their example, their wisdom, and their patriotism. Drawing fresh inspiration from their lessons, let us emulate them in love of country and respect for the Constitution and the laws.

The report of the Secretary of the Treasury affords much information respecting the revenue and commerce of the country. His views upon the currency, and with reference to a proper adjustment of our revenue system, internal as well as impost, are commended to the careful consideration of Congress. In my last annual message I expressed my general views on these subjects, I need now only call attention to the necessity of carrying into every department of the Government a system of rigid accountability, thorough retrenchment, and wise economy. With no exceptional nor unusual expenditures, the oppressive burdens of taxation can be lessened by such a modification of our

[illegible] necessary wants of the Government.

The report presents a much more satisfactory condition of our finances than one year ago the most sanguine could have anticipated. During the fiscal year ending the 30th June, 1865, the last year of the war, the public debt was increased $941,902,537, and on the 31st of October, 1865, it amounted to $2,740,854,750. On the 31st day of October, 1866, it had been reduced to $2;551,310,006, the diminution, during a period of fourteen months, commencing September 1, 1865, and ending October, 31, 1865, having been $206,379,565. In the last annual report on the state of the finances, it was estimated that during the three quarters of the fiscal year ending the 30th of June last, the debt would be increased $112,194,947. During that period, however, it was reduced $31,196,387, the receipts of the year having been $89,905,905 more, and the expenditures $200,529,235 less than the estimates. Nothing could more clearly indicate than these statements the extent and availabiliiy of the national resources, and the rapidity and safety with which, under our form of government, great military and naval establishments can be disbanded, and expenses reduced from a war to a peace footing.

During the fiscal year ending the 30th of June, 1866, the receipts were $558,032,620, and the expenditures $520,750,940, leaving an available surplus of $37,281,680. It is estimated that the receipts for the fiscal year ending the 30th of June, 1867, will be $575,061,386, and that the expenditures will reach the sum of $416,428,078, leaving in the Treasury a surplus of $158,633,308. For the fiscal year ending June 3, 1868, it is estimated that the receipts will amount to $436,000,000, and that the expenditures will be $350,247,641—showing an excess of $85,752,359 in favor of the Government.—These estimated receipts may be diminished by a reduction of exercise and import duties; but after all necessary reductions shall have been made, the revenue of the present and of following years will doubtless be sufficient to cover all legitimate charges upon the Treasury, and leave a large annual surplus to be applied to the payment of the principal of the debt. There seems now to be no good reasons why taxes may not be reduced as the country advances in population and wealth, and yet the debt be extinguished within the next quarter of a century.

The report of the Secretary of War furnishes valuable and important information in reference to the operations of his Department during the past year. Few volunteers now remain in the service, and they are being discharged as rapidly as they can be replaced by regular troops. The army has been promptly paid, cares fully provided with medical treatment, well sheltered and subsisted, and is to be furnished with breech-loading small arms. The military strength of the nation has been unimpaired by the discharge of volunteers, the disposition of unserviceable or perishable stores, and the retrenchment of expenditure. Sufficient war material to meet any emergency has been retained, and, from the disbanded volunteers standing ready to respond to the national call, large armies can be rapidly organized, equipped, and concentrated. Fortifications on the coast and frontier have received, or are being prepared for more powerful armaments; lake surveys and harbor and river improvements are in course of energetic prosecution. Preparations have been made for the payment of the additional bounties authorized during the recent sessions of Congress, under such regulations as will protect the Government from fraud, and secure to the honorably discharged soldier, the well-earned reward of his faithfulness and gallantry. More than six thousand maimed soldiers have received artificial limbs or other surgical apparatus; and forty-one national cemeteries, containg the remains of 104,526 Union soldiers, have already been established. The total estimate of military appropriations is $25,205,869.

It is stated in the report of the Secretary of the Navy that the naval force at this time consists of two hundred and seventy-eight vessels, armed with two thousand three hundred and fifty-one guns. Of these, one hundred and fifteen vessels, carrying one thousand and twenty-nine guns, are in commission, distributed chiefly among seven squadrons. The number of men in the service is thirteen thousand six hundred. Great activity and vigilance have been displayed by all the squadrons, and their movements have been judiciously and efficiently arranged in such manner as would best promote American commerce, and protect the rights and interests of our countrymen abroad. The vessels unemployed are undergoing repairs, or are laid up until their services may be required. Most of the iron-clad fleet is at League Island, in the vicinity of Philadelphia, a place which, until decisive action should be taken by Congress, was selected by the Secretary of the Navy as the most eligible location for that class of vessels. It is important that a suitable public station should be provideded for the iron clad fleet. It is intended that these vessels shall be in proper condition for any emergency, and it is desirable that the bill accepting League Island for naval purposes, which passed the House of Representatives at its last session, should receive final action at an early period, in order that there may be a suitable public station for this class of vessels, as well as a navy-yard of area sufficient for the wants of the service, on the Delaware river. The National Pension fund amounts to $11,750,090, having been increased $2,750,000, during the year. The expenditures of the Department for the fiscal year ending 30th June last were $43,324,

[illegible] and the importance of legislative measures, and the importance of legislative measures for their relief and improvement. The suggestions in behalf of this deserving class of our fellow citizens are earnestly recommended to the favorable attention of Congress.

The report of the Postmaster General presents a most satisfactory condition of the postal service, and submits recommendations which deserve the consideration of Congress. The revenues of the department for the year ending June 30, 1866, were $14,386,986, and the expenditures $15,352,079, showing an excess of the latter of $965,093. In anticipation of this deficiency, however, a special appropriation was made by Congress in the act approved July 28, 1866. Including the standing appropriation of $700,000 for free mail matter, as a legitimate portion of the revenues yet remaining unexpended, the actual deficiency for the past year is only $265,093—a sum within $51,141 of the amount estimated in the annual report of 1864. The decrease of revenue compared with the previous year was one and one-fifth per cent., and the increase of expenditures, owing principally to the enlargement of mail service in the South, was twelve per cent. On the 30th of June last there were in operation six thousand nine hundred and thirty mail routes, with an aggregate length of one hundred and eighty thousand nine hundred and twenty one miles, an aggregate annual transportation of seventy one million eight hundred and thirty-seven thousand nine hundred and fourteen miles, and an aggregate annual cost, including all expenditures, of $8,410,184. The length of railroad routes is thirty two thousand and ninety two miles, and the annual transportation thirty million six hundred and nine thousand four hundred and sixty-seven miles. The length of steamboat routes is fourteen thousand three hundred and forty six miles, and the annual transportation three million four hundred and sixty two miles. The mail service is rapidly increasing throughout the whole country, and its steady extension in the Southern States indicates their constantly improving condition. The growing importance of the foreign service also merits attention. The Post office Department of Great Britain and our own have agreed upon a preliminary basis for a new Postal Convention, which it is believed will prove eminently beneficial to the commercial interests of the United States, inasmuch as it contemplates a reduction of the international letter postage to one-half the existing rates; a reduction of postage with all other countries to and from which correspondence is transmitted in the British mail, or in closed mails through the United Kingdom; the establishment of uniform and reasonable charges for the sea and territorial transit of correspondence in closed mails; and an allowance to each Post Office Department of the right to use all mail communications established under the authority of the other for the dispatch of correspondence, either in open or closed mails, on the same terms as those applicable to the inhabitants of the country providing the means of transmission.

The report of the Secretary of the Interior exhibits the condition of those branches of the public service which are committed to his supervision. During the last fiscal year, four million six hundred and twenty-nine thousand three hundred and twelves acres of public land were disposed of, one million eight hundred and ninety-two thousand five hundred and sixteen acres of which were entered under the homestead acts. The policy originally adopted relative to the public lands has undergone essential modifications. Immediate revenue, and not their rapid settlement, was the cardinal feature of our land system. Long experience and earnest discussion have resulted in the conviction that the early development of our agricultural resources, and the diffusion of an energetic population over our vast territory, are objects of far greater importance to the national growth and prosperity than the proceeds of the sale of the land to the highest bidder in open market. The pre-emption laws confer upon the pioneer who complies with the terms they impose the privilege of purchasing a limited portion of "unoffered lands" at the minimum price. The homestead enactments relieve the settler from the payment of purchase money, and secure him a permanent home, upon the condition of residence for a term of years. This liberal policy invites emigration from the old, and from the more crowded portions of the new world. Its propitious results are undoubted, and will be more signally manifested when time shall have given to it a wider development.

Congress has made liberal grants of public land to corporations, in aid of the construction of railroads and other internal improvements. Should this policy hereafter prevail, more stringent provisions will be required to secure a faithful application of the fund. The title to the lands should not pass, by patent or otherwise, but remain in the Government and subject to its control until some portion of the road has been actually built. Portions of them might then, from time to time, be conveyed to the corporation, but never in a greater ratio to the whole quantity embraced by the grant, than the complete parts bear to the entire length of the projected improvement. This restriction would not operate to the prejudice of any undertaking conceived in good faith and executed with reasonable energy, as it is the settled practice to withdraw from market the lands falling within the operation of such grants, and thus to exclude the inception of a subsequent adverse right. A breach of conditions which Congress may deem

[illegible] unsurveyed, and if subject to the laws surveyed which remain untold.

Operations on the several lines of the Pacific Railroad have been prosecuted with unexampled vigor and success. Should no unforeseen causes of delay occur, it is confidently anticipated that this great thoroughfare will be completed before the expiration of the period designated by Congress.

During the last fiscal year the amount paid to pensioners, including the expenses of disbursement, was thirteen million four hundred and fifty-nine thousand nine hundred and ninety six dollars; and fifty thousand one hundred and seventy-seven names were added to the pension rolls. The entire number of pensioners, June, 30, 1866, was one hundred and twenty six thousand seven hundred and twenty-two. This fact furnishes melancholy and striking proof of the sacrifices made to vindicate the constitutional authority of the Federal Government, and to maintain inviolate the integrity of the Union. They impose upon us corresponding obligations. It is estimated that thirty-three million dollars will be required to meet the exigencies of this branch of the service during the next fiscal year.

Treaties have been concluded with the Indians who, enticed into armed opposition to our Government at the outbreak of the rebellion, have unconditionally submitted to our authority, and manifested an earnest desire for a renewal of friendly relations.

During the year ending Sedtember 30 1866, eight thousand seven hundred and sixteen patents for useful inventions and designs were issued, and at that date the balance in the Treasury to the credit of the Patent fund was two hundred and twenty-eight thousand two hundred and ninety-seven dollars.

As a subject upon which depends an immense amount of production and commerce of the country, I recommend to Congress such legislation as may be necessary for the preservation of the levees of the Mississippi river. It is a matter of national importance that early steps should be taken not only to add to the efficiency of these barriers against destructive inundations, but for the removal of all obstructions to the free and safe navigation of that great channel of trade and commerce.

The district of Columbia, under existing laws is not entitled to that representation in the National councils which, from our earliest history, has been uniformally accorded to each Territory established from time to time within our limits. It maintains peculiar relations to Congress, to whom the Constitution has granted the power of exercising exclusive legislation over the seat of government. Our fellow citizens residing in the District, whose interests are thus confided to the special guardianship of Congress, exceed in number the population of several of our Territories, and no just reason is perceived why a delegate of their choice should not be admitted to a seat in the House of representatives. No mode seems so appropriate and effectual of enabling them to make known their peculiar condition and wants, and of securing local legislation adapted to them. I therefore recommend the passage of a law authorizing the electors of the District of Columbia to choose a delegate, to be allowed the same rights and privileges as a delegate representing a Territory. The increasing enterprise and rapid progress of improvement in the District, are highly gratifying, and I trust that the efforts of the municipal authorities to promote the prosperity of the national metropolis, will receive the efficient and generous co-operation of Congress.

The report of the Commissioner of Agriculture reviews the operations of his Department during the past year, and asks the aid of Congress in its efforts to encourage those States which, scourged by war, are now earnestly engaged in the reorganization of domestic industry.

It is a subject of congratulation that no foreign combination against our domestic peace and safety, our legitimate influence among the nations, have been formed or attempted.—While sentiments of reconciliation, loyalty, and patriotism have increased at home, a more just consideration of our national character and rights has been manifested by foreign nations.

The entire success of the Atlantic Telegraph between the coast of Ireland and the Province of Newfoundland, is an achievement which has been justly celebrated in both hemispheres as the opening of an era in the progress of civilization. There is reason to expect that equal success will attend, and even greater results follow, the enterprise for connecting the two Continents through the Pacific Ocean by the projected line of telegraph between Kamschatka and the Russian possessions in America.

The resolution of Congress protesting against pardons by foreign Governments of persons convicted of infamous offences, on condition of emigration to our country, has been communicated to the States with which we maintain intercourse, and the practice, so justly the subject of complaint on our part, has not been renewed.

The congratulations of Congress to the Emperor of Russia, upon his escape from attempted assassination, have been presented to that humane and enlightened ruler, and received by him with expressions of grateful appreciation.

The Executive, warned of an attempt by Spanish American adventurers to induce the emigration of freedmen of the United States to a foreign country, protested against the project as one which, if consummated, would reduce them to a bondage even more oppressive than that from which they have just been relieved.—Assurance has been received from the Government of the State in which the plan was matured, that the proceeding will meet neither its encouragement nor approval. It is a question worthy of your consideration, whether our laws upon this subject are adequate to the prevention or punishment of the crime thus meditated.

In the month of April last, as Congress is aware, a friendly arrangement was made between the Emperor of France and the President of the United States for the withdrawal from Mexico of the French expeditionary military forces. This withdrawal was to be effected in three detachments, the first of which, it was understood, would leave Mexico in November now past, the second in March next, and the