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PRESIDENT'S MESSAGE.

Read before the Senate and House of
Representatives:

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

The Union of the United States of America
was intended by its authors to last as long as
the States themselves shall last. "The Union
shall be perpetual," are the words of the Con-
stitution. "To form a more perfect Union,"
by an ordinance of the people of the United
States, is the declared purpose of the Consti-
tution. The hand of Divine Providence was
never more plainly visible in the founding and
the adapting of that instrument. It is, be-
yond comparison, the greatest event in Ameri-
can history; and, indeed, is not, of all
events in modern times, the most pregnant
with consequences for every people of the
earth? The necessity of a Government
which preserved its people from the
experience of the Confederation, of their sev-
eral States, and of their individual Govern-
ments, and new; that they need not
and they obtained a wish in superior to ex-
perience. And when, for its stability, it required
the approval of a people that occupied a large
part of a continent and acted separately in
many distinct conventions, what a more won-
derful than that, after earnest contest and
long discussion, all feelings and all opinions
were ultimately drawn in one way to its sup-
port?

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

It is not strange that the framers of the
Constitution, which had no model in the past,
should not have fully comprehended the ex-
cellence of their own work. Fresh from a
struggle against arbitrary power, many patri-
ots suffered from harassing fears of an absorp-
tion of the State Governments by the Gen-
eral Government, and many from a dread that
the States would break away from their orbits.
But the very greatness of our country should
allay apprehensions of encroachments by the
General Government. The subjects that come
unquestionably within its jurisdiction are some-
times so numerous that it must ever naturally be
embarrassed by questions that it beyond it.
Were it otherwise, the Executive would sit
beneath the burden, the "chambers of justice"
would be choked; legislation would be ob-
structed by excess; so that there is a greater
temptation to exercise some of the functions
of the General Government through the States
than to trespass on their rightful sphere.
"The absolute necessity in the decisions of
the majority" was at the beginning of the
Constitution, enforced by Jefferson "as the vital
principle of republics," and the events of the
last four years have established, we will hope
forever, that there lies no appeal to force.

The maintenance of the Union begins with
the support of the State Governments in
all their rights; but it is not one of the
rights of any State Government to renounce
its own place in the Union, or to nullify the
laws of the Union. The largest liberty is to
be maintained in the discussion of the acts of
the Federal Government; but there is no ap-
peal from its laws, except to the various
branches of the Government itself, or to the
people, who grant to the members of the
legislative and of the executive departments
no tenure but a limited one, and in that ten-
ure always retain the power of redress.

"The sovereignty of the States" is the lan-

guage of the Confederacy, and not the lan-
guage of the Constitution. The latter con-
tains the emphatic words: "The Constitu-
tion, and the laws of the United States which
shall be made in pursuance thereof, and all
things made or which shall be made under
the authority of the United States, shall be
the supreme law of the land; and the judges
in every State shall be bound thereby, any-
thing in the Constitution or laws of any State
to the contrary notwithstanding."

Certainly the Government of the United
States is a limited government; and so is every
State government a limited government.
With us, this idea of limitation spreads through
every form of administration, general, State
and municipal, and rests on the great dis-
tinguishing principle of the recognition of the
rights of man. The ancient republics absorbed
the individual in the State, prescribed his
life and controlled his activity. The Ameri-
can system rests on the assertion of the
equal right of every man to life, liberty and
the pursuit of happiness; to freedom of con-
science, to the culture and exercise of all his
faculties. As a consequence, the State govern-
ment is limited, as to the General Govern-
ment in the interest of Union, as to the in-
dividual citizen in the interest of freedom.

States, with proper limitations of power,
are essential to the existence of the Constitu-
tion of the United States. At the very com-
mencement, when we assumed a place among
the powers of the earth, the Declaration of
Independence was adopted by States; so also
were the Articles of Confederation; and when
"the people of the United States" ordained
and established the Constitution, it was the
assent of the States, one by one, which gave
it vitality. In the event, too, of any amend-
ment to the Constitution, the proposition of
Congress needs the confirmation of States.
Without States, one great branch of the Leg-
islative Government would be wanting. And,
if we look beyond the letter of the Constitu-
tion to the character of our country, its re-
sponsibility for comprehending within its juris-
diction, a vast continental empire is due to the
system of States. The best security for the
perpetual existence of the State is the "su-
preme authority" of the Constitution of the
United States. The perpetuity of the Consti-
tution brings with it the perpetuity of the
States; their mutual relation makes us what
we are, and in our political system their
union is indissoluble. The whole cannot ex-
ist without the parts, nor the parts without
the whole. So long as the Constitution of the
United States endures, the States will en-
dure; the destruction of the one is the de-
struction of the other—the preservation of the
one is the preservation of the other.

I have thus explained my views of the
mutual relations of the Constitution and the
States because they fulfill the principles on which
I have sought to solve the momentous questions
and overcome the appalling difficulties that
attend the very commencement of my ad-
ministration. It has been my steadfast ob-
ject to escape from the sway of momentary
passions, and to drive a healing policy from
the fundamental and unchanging principles of
the Constitution.

I found the States suffering from the effects
of civil war. Resistance to the General Gov-
ernment appeared to have exhausted itself.
The United States had recovered possession of
their forts and arsenals; and their armies
were in the occupation of every State which
had attempted to secede. Whether the terri-
tory within the limits of those States should
be held as conquered territory, under military
authority, emanating from the President as
the head of the army, was the first question
that presented itself for decision.

Now, military governments, established for
an indefinite period, would have offered no
security for the early suppression of discon-
tent; would have divided the people into the
vanquished and the vanquisher, and would
have engendered hatred rather than have re-
stored affection. Once established, no pre-
cise limit to their continuance was conceiv-
able; they would have occasioned an incalcu-
lable and exhausting expense. Peaceful emi-
gration to and from that portion of the coun-
try is one of the best means that can be
thought of for the restoration of the harmony;
and that emigration would have been preven-
ted; for what emigrant from abroad, what in-
digenous citizen at home, would place him-
self willingly under military rule? The chief
persons who would have followed in the train
of the army would have been dependent on
the General Government, or men who erred
profit from the miseries of their erring
fellow-citizens. The powers of patronage and
rule which would have been exercised, under
the President, over a vast, and populous, and
naturally wealthy region, are greater than
unless extreme necessity, I should be willing
to entrust to any one man. They are such
as, for myself, I could never, unless on oc-
casion of great emergency, consent to exercise.
The useful use of such powers, if continued
through a period of years, would have en-
dangered the purity of the general administra-
tion and the liberties of the States which re-
mained loyal.

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

But if any State neglects or refuses to per-
form its offices, there is the more need that
the General Government should maintain all
its authority, and, as soon as practicable, re-
sume the exercise of all its functions. On
this principle I have acted, and have gradu-
ally and quietly, and by almost imperceptible
steps, sought to restore the rightful energy of
the General Government and of the States.
To that end, Provisional Governors have been
appointed for the States, Conventions were
called, Governors elected, Legislatures assem-
bled, and Senators and Representatives chosen
to the Congress of the United States. At the
same time, the Courts of the United States,
as far as could be done, have been re-opened,
so that the laws of the United States, may be

enforced through their agency. The blockade
has been removed, and the custom-houses re-
established in ports of entry, so that the re-
venue of the United States may be collected.
The Post Office Department renews its cease-
less activity, and the General Government is
thereby enabled to communicate promptly
with its officers and agents. The courts bring
security to persons and property; the open-
ing of the ports invites the restoration of in-
dustry and commerce; the post office renews
the facilities of social intercourse and of busi-
ness. And is it not happy for us all, that the
restoration of these functions of the Govern-
ment brings with it such a question as the
General Government over which they are ex-
tended? Is it not a sure promise of harmony
and renewed attachment to the Union that,
after all that has happened, the return of the
General Government is known only as a ben-
eficence?

I know very well that this policy is at-
tended with some risk; that for its success it
requires at least the acquiescence of the States
which it concerns; that it implies an invita-
tion to those States, by renewing their alle-
giance to the United States, to resume their
functions as States of the Union. But it is a
risk that must be taken; in the choice of dif-
ficulties, it is the smallest risk; and to dimi-
nish, and if possible, to remove all danger, I
have felt it incumbent on me to assert one
other power of the General Government—the
power of pardon. As no State can throw a
defence over the crime of treason, the power
of pardon is exclusively vested in the Exec-
utive Government of the United States. In
exercising that power I have taken every pre-
caution to connect it with the clearest recog-
nition of the binding force of the laws of the
United States, and an unqualified acknowl-
edgment of the great social change of condi-
tion in regard to slavery which has grown
out of the war.

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

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

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

The relations of the General Government
towards the four millions of inhabitants who
the war has called into freedom, has engaged
my most serious consideration. On the pro-
prietors of attempting to make the freedmen
electors by the proclamation of the Executive,
I took for my counsel the Constitution itself,
the interpretations of that instrument by its
authors and their contemporaries, and recent
legislation by Congress. When, at the first
movement towards independence, the Con-
gress of the United States instructed the sev-
eral States to institute Governments of their
own, they left each State to decide for itself
the conditions for the enjoyment of the elec-
tive franchise. During the period of the Con-
federation, there continued to exist a very
great diversity in the qualifications of electors
in the several States; and even within a State
a distinction of qualifications prevailed with
regard to the Electors who were to be chosen.
The Constitution of the United States recog-
nizes these diversities when it enjoins that, in

the choice of members of the House of Rep-
resentatives of the United States, "the electors
in each State shall have the qualifications
requisite for electors of the most numerous
branch of the State Legislature." After the
formation of the Constitution, it remained, as
before, the uniform usage for each State to
enlarge the body of its electors, according to
its own judgment; and, under this system,
one State after another has proceeded to in-
crease the number of its electors, until now
the general rule, or something very near it, is
the general rule. So fixed was this reservation
of power in the habits of the people, and so
unquestioned has been the interpretation of
the Constitution, that during the civil war
the late President never harbored the pur-
pose—certainly never avowed the purpose—of
disregarding it; and in the Acts of Congress
during that period, nothing can be found
which, during the continuance of hostilities,
much less after their close, would have sanc-
tioned any departure by the Executive from a
policy which has so uniformly obtained. More-
over, a concession of the elective franchise to
the freedmen, by act of the President of the
United States, must have been extended to all
colored men, wherever found, and must so
have established a chance of suffrage in the
Northern, Middle and Western States, not
less than in the Southern and South-western.
Such an act would have created a new class
of voters, and would have been an assumption
of power by the President which nothing in
the Constitution or laws of the United States
would have warranted.

On the other hand, every danger of con-
flict is avoided, when the settlement of the
question is referred to the several States.
They can, each for itself, decide on the mea-
sure, and whether it is to be adopted at once
and absolutely, or introduced gradually and
with conditions. In my judgment, the freed-
men, if they show patience and many virtues,
will sooner obtain a participation in the elec-
tive franchise through the States than through
the General Government, even if it had pow-
er to intervene. When the tumult of emotions
that have been raised by the suddenness of
the social change shall have subsided, it may
prove that they will receive the kindest
usage from some of those on whom they have
heretofore most closely depended.

But while I have no doubt that now, after
the close of the war, it is not competent for
the General Government to extend the elective
franchise in the several States, it is equally
clear that good faith requires the security of
the freedmen in their liberty and their prop-
erty, their right to labor and their right to
claim the just return of their labor. I cannot
too strongly urge a dispassionate treatment
of this subject, which should be carefully kept
aloof from all party strife. We must equally
avoid hasty assumptions of any natural im-
possibility for the two races to live side by
side, in a state of mutual benefit and good
will. The experiment involves us in no in-
consistency; let us, then, go on and make
that experiment in good faith, and not be too
easily disheartened. The country is in need
of labor, and the freedmen are in need of
employment, culture and protection. While
their right of voluntary migration and ex-
portation is not to be questioned, I would not
advise their forced removal and colonization.
Let us rather encourage them to honorable
and useful industry, where it may be ben-
eficial to themselves and to the country; and
instead of hasty anticipations of the cer-
tainty of failure, let there be nothing wanting
to the fair trial of the experiment. The
change in their condition is the substitution
of labor by contract for the status of slavery.
The freedman cannot fairly be accused of un-
willingness to work, so long as a doubt
remains about his freedom of choice in his
pursuits, and the certainty of his recovering his
stipulated wages. In this the interest of the
employer and the employed coincide. The
employer desires in his workmen spirit and
alacrity, and these can be permanently se-
cured in no other way. And if the one ought
to be able to enforce the contract, so ought
the other. The public interest will be best
served, if the several States will provide
adequate protection and remedies for the
freedmen. Until this is in some way accom-
plished, there is no chance for the advantag-
e of either; and the blame of ill-success will
not rest on them.

I know that there philanthropy is earnest
for the immediate realization of its remotest
aims; but time is always an element in re-
form. It is one of the greatest acts on record
to have brought four millions of people into
freedom. The career of free industry must
be fairly opened to them; and then their fu-
ture prosperity and condition must, after all,
rest mainly on themselves. If they fail, and
perish away, let us be careful that the failure
shall not be attributable to any denial of jus-
tice. In all that relates to the destiny of the
freedmen, we need not be too anxious to read
the future; we need only indicate, which, from a
scrupulous but of view, might raise alarm,
will quietly settle themselves.

Now that slavery is at an end, or near its
end, the greatness of its evil, in the point of
view of public economy, becomes more and
more apparent. Slavery was essentially a mo-
nopoly of labor, and as such locked the States
where it prevailed, against the incoming of free
industry. Where labor was the property of
the capitalist, the white man was excluded
from employment, or had but the second best
chance of finding it; and the foreign emi-
grant turned away from the region where his
condition would be so precarious.—
With the destruction of the monopoly, free
labor will hasten from all parts of the civ-
ilized world to assist in developing various
and immeasurable resources which have
hitherto lain dormant. The light or mine
States nearest the Gulf of Mexico have a soil
exuberant fertility, a climate fitly to bring
life, and can sustain a denser population than
any part of our country. And the future influx
of population from the North, and from the most
civilized nations of Europe. From the suffer-
ings that have attended them during our
late struggle, let us look away to the future,
which is sure to be laden for them with
greater prosperity than has ever before been
known. The removal of the monopoly of
slave labor is a pledge that those regions will
be peopled by a numerous and enterprising
population, which will vie with any in the
world in compactness, inventive genius,
wealth and industry.

Our Government springs from and was

made for the people—not the people for the
Government. To them it owes allegiance;
from them it must derive its energy, strength
and wisdom. But while the Government is
subordinate to the people, from whom it
derives its existence, it should, from the
very consideration of its origin, be strong in
its power of resistance to the establishment
of inequalities. Monopolies, perpetuities and
class legislation are contrary to the genius
of free government, and ought not to be allowed.
Here there is no room for favored classes or
monopolies; the principle of our Govern-
ment is that of equal laws and freedom of industry.
Wherever monopoly attains a foothold, it is
sure to be a source of danger, discord and
trouble. We shall but fulfill our duties as
legislators by according "equal and exact jus-
tice to all men," special privileges to none.
The Government is subordinate to the people;
but as the agent and representative of the
people, it must be held superior to monop-
olies, which, in themselves, ought never to be
granted, and which, where they exist, must
be subordinated and yield to the Government.

The Constitution confers on Congress the
right to regulate commerce among the sev-
eral States. It is of the first necessity for the
maintenance of the Union, that that com-
merce should be free and unobstructed. No
State can be justified in any device to tax the
transport of travel and commerce between States.
The position of many States is such, that if
they were allowed to take advantage of it for
purposes of local revenue, the commerce be-
tween States might be injuriously burdened,
or even virtually prohibited. It is best, while
the country is still young, and while the ten-
dency to dangerous monopolies of this kind
is still feeble, to use the power of Congress so
as to prevent any selfish impediment to the
free circulation of men and merchandise. A
tax on travel and merchandise, in their trans-
it, constitutes one of the worst forms of mo-
nopoly, and the evil is increased if coupled
with a denial of the choice of route. When
the vast extent of our country is considered,
it is plain that every obstacle to the free cir-
culation of commerce between the States
ought to be sternly guarded against by ap-
propriate legislation, within the limits of the
Constitution.

The report of the Secretary of the interior
explains the condition of the public lands,
the transactions of the Patent Office and the Pen-
sion Bureau, the management of our Indian
affairs, the progress made in the construction
of the Pacific Railroad, and furnishes infor-
mation in reference to matters of local interest
in the District of Columbia. It also presents
evidence of the successful operation of the
Homestead Act, under the provisions of
which 1,169,533 acres of the public lands
were entered during the last fiscal year—
more than one-fourth of the whole number of
acres sold or otherwise disposed of during
that period. It is estimated that the receipts
from the sale of the lands entered under this
act, and that payments in cash to the extent
of forty to fifty per cent, will be made by
settlers, who may thus, at any time acquire
title before the expiration of the period at
which it would otherwise vest. The Hom-
estead policy was established only after long
and earnest resistance; experience proves its
wisdom. The lands, in the hands of indus-
trious settlers, whose labor creates wealth
and contributes to the public resources, are
worth more to the United States, than if they
had been reserved as a solitaire for future
purchasers.

The lamentable events of the last four years,
and the sacrifices made by the gallant men
of our army and navy, have swelled the records
of the Pension Bureau to an unprecedented
extent. On the 30th day of June last, the
total number of pensioners was 83,361, re-
quiring for their annual pay, exclusive of ex-
penses, the sum of \$8,023,445. The number
of applications that have been allowed since
the date will require a large increase of this
amount for the next fiscal year. The means
for the payment of the pensions due the
existing laws, to our disabled soldiers and
sailors, and to the families of such as have
perished in the service of the country, will
no doubt be cheerfully and promptly granted.
A grateful people will not hesitate to sanction
any measures having for their object the re-
lief of soldiers maimed and families made
fatherless in the efforts to preserve our na-
tional existence.

The report of the Postmaster General pre-
sents an encouraging exhibit of the opera-
tions of the Post Office Department during
the year. The revenues of the past year
from the loyal States alone, exceeded the
maximum annual receipts from all the States
previous to the rebellion, in the sum of
\$4,008,091; and the annual average increase
of operations during the last four years, com-
pared with the revenues of the four years im-
mediately preceding the war, was \$3,533,843.
The revenues of the last fiscal year amounted
to \$11,550,158, and the expenditures to
\$13,697,728, leaving a surplus of receipts over
expenditures of \$2,152,430. Progress has been
made in restoring the postal service in the
Southern States. The views presented by
the Postmaster-General against the policy of
granting subsidies to ocean mail steamship
lines upon established routes, and in favor
of continuing the present system, which limits
the compensation for ocean service to the post-
age earnings, are recommended to the care-
ful consideration of Congress.

It appears, from the report of the Secretary
of the Navy, that without the commencement
of the present year, there were in commis-
sion vessels of all classes and descriptions
armed with 3000 guns, and manned by 51,000
men, the number of vessels at present in
commission is 117, with 1200 guns and 12,128
men. By this prompt reduction of the naval
force the expenses of the Government have
been largely diminished, and a number of ves-
sels, purchased for naval purposes, have been
returned to the peaceful pursuits of commerce.
Since the suppression of active hostilities, our foreign
squadrons have been re-established, and con-
sist of vessels much more efficient than those
employed on similar service previous to the
rebellion. The suggestion for the enlarge-
ment of the navy-yards, and especially for the
establishment of one in fresh water for iron-
clad vessels, is deserving of consideration, as
is also the recommendation for a different lo-
cation and more ample grounds for the Naval
Academy.

In the report of the Secretary of War, a
general summary is given of the military
campaigns of 1864 and 1865, ending in the
suppression of armed resistance to the nation-
al authority in the insurgent States. The
operations of the general administrative bu-
reau of the War Department during the last
year are detailed, and an estimate made of
the appropriations that will be required for
military purposes in the fiscal year com-
mencing the 30th of June, 1866. The national
military force on the 30th of May, 1865, num-
bered 1,000,516 men. It is proposed to re-
duce the military establishment to a peace
 footing, comprising 500,000 troops of all
arms, organized so as to admit of an enlarge-
ment by filling up the ranks to 82,000, if the
circumstances of the country should require
an augmentation of the army. The volun-
teer force has already been reduced by the
discharge from service of over 500,000 troops,
and the Department are proceeding rapidly
in the work of filling up the ranks. The war
 estimates are reduced from \$316,010,151 to
\$238,141,451, which amount, in the opinion of
the Department, is adequate for a peace es-
tablishment. The measures of retrenchment
in each bureau and branch of the service ex-
hibit a diligent economy worthy of com-
mendation. Reference is also made in the report
of the necessity of providing for a uniform
militia system, and to the propriety of making
suitable provision for wounded and disabled
officers and soldiers.

The revenue system of the country is a
subject of vital interest to its honor and pros-
perity, and should command the earnest con-
sideration of Congress. The Secretary of the
Treasury will lay before you a full and de-
tailed report of the receipts and disburse-
ments of the last fiscal year, of the probable
receipts and expenditures for the year fol-
lowing the 30th of June, 1866. I might content
myself with a reference to the report, in which
you will find all the information required for
your deliberations and decision. But the
importance of the subject so presses
upon my own mind, that I cannot but
lay before you my views of the measures
which are required for the good character,
and I might almost say for the existence,
of this people. The life of a republic lies cer-
tainly in the energy, virtue and intelligence
of its citizens; but it is equally true that a
good revenue system is the life of an organized
government. I met you at a time when
the nation has voluntarily hardened itself
with a debt unprecedented in our annals.

Vast as its amount, it falls away into nothing,
when compared to the countless blessings
that will be conferred upon our country and
upon man, by the preservation of a nation's
life. Now, on the first session of the meet-
ing of Congress since the return of peace, it
is of the utmost importance to inaugurate a
just policy, which shall at once be put to those
who come after us for its continuance. We
must not neglect, but the complete
effacement of the financial evils that neces-
sarily followed a state of civil war. We must
endeavor to apply the earliest remedy to the
deranged state of the currency, and not shrink
from devising a policy which, without being
oppressive to the people, shall immediately
begin to effect a reduction of the debt, and if
persisted in, discharge it fully within a de-
finitely fixed number of years.

It is our first duty to prepare in earnest
for our recovery from the ever-increasing evils
of an inflated currency, without a sud-
den revolution, and yet without untimely pro-
secution. For that end we must, each in
our respective positions, prepare the way. I
hold it to be the duty of the Executive to
look upon frugality in the expenditures, and
a sparing economy as itself a great national
resource. Of the means to which authority
has been given to issue notes secured by
bonds of the United States, we may require
the greatest moderation, and prudence, and
the law must be rigidly enforced when its
limits are exceeded. We may, each one of
us, counsel our active and enterprising coun-
trymen to be constantly on their guard, to
liquidate debts contracted in paper currency,
and, by conducting business as nearly as pos-
sible on a system of cash payment or short
credits, to hold themselves prepared to return
to the standard of gold and silver. Let all
our citizens in the present emergency, be
mindful of their mutual obligations, the duty
of each one to discharge by the amount
of paper money now in circulation. Five
years ago the bank note circulation of the
country amounted to not much more than
two hundred millions; now the circulation,
bank and national, exceeds seven hundred
millions. The simple statement of the fact
requirements more strongly than any words
of mine could do the necessity of our restraining
this expansion. The gradual reduction of the
currency is the only measure that can save
the business of the country from disastrous
consequences, and that can be almost imperi-
ously recommended by gradually reducing
the national debt, in accordance with the
policy of the Government.

Our debt is a heavy burden, and the
recovery of our national credit in the char-
acter of our national debt, is the most im-
portant of all our national concerns. The
most intelligent of us every morning con-
sidered it to be a matter of course, that the
public debt of a country is a liability upon its
people, and that the debt of a republic is
the debt of its people. Our history confirms
and establishes the theory, and I firmly be-
lieve, that the debt of a republic is a liability
upon its people. The fact that in a repub-
lic the national debt is a liability upon the
people, and that the people are the owners
of the national debt, is a fact which should
be held in mind by every citizen. The
policy of the Government should be to
reduce the national debt, and to do so, through
means of which the public debt is gradually
reduced, and the national credit is restored,
is the policy of the Government.

The report of the Secretary of the Navy
shows that without the commencement
of the present year, there were in commis-
sion vessels of all classes and descriptions
armed with 3000 guns, and manned by 51,000
men, the number of vessels at present in
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