

Owing, perhaps, to the large expanse of water separating the island from the peninsula, the want of harmony and of personal sympathy between the inhabitants of the colony and those sent thither to rule them, and want of adaptation of the ancient colonial system of Europe to the present times and to the ideas which the events of the past century have developed, the contending parties appear to have within themselves no depository of common confidence to suggest wisdom when passion and excitement have their sway and to assume the part of peacemaker. In this view in the earlier days of the contest the good offices of the United States as a mediator were tendered in good faith, without any selfish purpose, in the interest of humanity and in sincere friendship for both parties, but were at the time declined by Spain, with the declaration, nevertheless, that at a future time they would be indispensable. No intimation has been received that in the opinion of Spain that time has been reached. And yet the strife continues, with all its dread horrors and all its injuries to the interests of the United States and of other nations. Each party seems quite capable of working great injury and damage to the other, as well as to all the relations and interests dependent on the existence of peace in the island; but they seem incapable of reaching any adjustment, and both have thus far failed of achieving any success whereby one party shall possess and control the island to the exclusion of the other. Under these circumstances the agency of others, either by mediation or by intervention, seems to be the only alternative which must, sooner or later, be invoked for the termination of the strife. At the same time, while thus impressed I do not at this time recommend the adoption of any measure of intervention. I shall be ready at all times, and as the equal friend of both parties, to respond to a suggestion that the good offices of the United States will be acceptable to aid in bringing about a peace honorable to both. It is due to Spain, so far as this Government is concerned, that the agency of a third power, to which I have adverted, shall be adopted only as a last expedient. Had it been the desire of the United States to interfere in the affairs of Cuba, repeated opportunities for so doing have been presented within the last few years; but we have remained passive, and have performed our whole duty and all international obligations to Spain with friendship, fairness, and fidelity, and with a spirit of patience and forbearance which negatives every possible suggestion of desire to interfere or to add to the difficulties with which she has been surrounded.

The Government of Spain has recently submitted to our minister at Madrid certain proposals which it is hoped may be found to be the basis, if not the actual submission, of terms to meet the requirements of the particular griefs of which this Government has felt itself entitled to complain. These proposals have not yet reached me in their full text. On their arrival they will be taken into careful examination, and may, I hope, lead to a satisfactory adjustment of the questions to which they

refer and remove the possibility of future occurrences such as have given rise to our just complaints.

It is understood also that renewed efforts are being made to introduce reforms in the internal administration of the island. Persuaded, however, that a proper regard for the interests of the United States and of its citizens entitles it to relief from the strain to which it has been subjected by the difficulties of the questions and the wrongs and losses which arise from the contest in Cuba, and that the interests of humanity itself demand the cessation of the strife before the whole island shall be laid waste and larger sacrifices of life be made, I shall feel it my duty, should my hopes of a satisfactory adjustment and of the early restoration of peace and the removal of future causes of complaint be, unhappily, disappointed, to make a further communication to Congress at some period not far remote, and during the present session, recommending what may then seem to me to be necessary.

The free zone, so called, several years since established by the Mexican Government in certain of the States of that Republic adjacent to our frontier, remains in full operation. It has always been materially injurious to honest traffic, for it operates as an incentive to traders in Mexico to supply without customs charges the wants of inhabitants on this side of the line, and prevents the same wants from being supplied by merchants of the United States, thereby to a considerable extent defrauding our revenue and checking honest commercial enterprise.

Depredations by armed bands from Mexico on the people of Texas near the frontier continue. Though the main object of these incursions is robbery, they frequently result in the murder of unarmed and peaceably disposed persons, and in some instances even the United States post-offices and mail communications have been attacked. Renewed remonstrances upon this subject have been addressed to the Mexican Government, but without much apparent effect. The military force of this Government disposable for service in that quarter is quite inadequate to effectually guard the line, even at those points where the incursions are usually made. An experiment of an armed vessel on the Rio Grande for that purpose is on trial, and it is hoped that, if not thwarted by the shallowness of the river and other natural obstacles, it may materially contribute to the protection of the herdsmen of Texas.

The proceedings of the joint commission under the convention between the United States and Mexico of the 4th of July, 1868, on the subject of claims, will soon be brought to a close. The result of those proceedings will then be communicated to Congress.

I am happy to announce that the Government of Venezuela has, upon further consideration, practically abandoned its objection to pay to the United States that share of its revenue which some years since it allotted toward the extinguishment of the claims of foreigners generally. In thus reconsidering its determination that Government has shown a just



sense of self-respect which can not fail to reflect credit upon it in the eyes of all disinterested persons elsewhere. It is to be regretted, however, that its payments on account of claims of citizens of the United States are still so meager in amount, and that the stipulations of the treaty in regard to the sums to be paid and the periods when those payments were to take place should have been so signally disregarded.

Since my last annual message the exchange has been made of the ratification of a treaty of commerce and navigation with Belgium, and of conventions with the Mexican Republic for the further extension of the joint commission respecting claims; with the Hawaiian Islands for commercial reciprocity, and with the Ottoman Empire for extradition; all of which have been duly proclaimed.

The Court of Commissioners of Alabama Claims has prosecuted its important duties very assiduously and very satisfactorily. It convened and was organized on the 22d day of July, 1874, and by the terms of the act under which it was created was to exist for one year from that date. The act provided, however, that should it be found impracticable to complete the work of the court before the expiration of the year the President might by proclamation extend the time of its duration to a period not more than six months beyond the expiration of the one year.

Having received satisfactory evidence that it would be impracticable to complete the work within the time originally fixed, I issued a proclamation\* (a copy of which is presented herewith) extending the time of duration of the court for a period of six months from and after the 22d day of July last.

A report made through the clerk of the court (communicated herewith) shows the condition of the calendar on the 1st of November last and the large amount of work which has been accomplished. One thousand three hundred and eighty-two claims have been presented, of which 682 had been disposed of at the date of the report. I am informed that 170 cases were decided during the month of November. Arguments are being made and decisions given in the remaining cases with all the dispatch consistent with the proper consideration of the questions submitted. Many of these claims are in behalf of mariners, or depend on the evidence of mariners, whose absence has delayed the taking or the return of the necessary evidence.

It is represented to me that it will be impracticable for the court to finally dispose of all the cases before it within the present limit of its duration. Justice to the parties claimant, who have been at large expense in preparing their claims and obtaining the evidence in their support, suggests a short extension, to enable the court to dispose of all of the claims which have been presented.

I recommend the legislation which may be deemed proper to enable the court to complete the work before it.

\* See pp. 324-325.

I recommend that some suitable provision be made, by the creation of a special court or by conferring the necessary jurisdiction upon some appropriate tribunal, for the consideration and determination of the claims of aliens against the Government of the United States which have arisen within some reasonable limitation of time, or which may hereafter arise, excluding all claims barred by treaty provisions or otherwise. It has been found impossible to give proper consideration to these claims by the Executive Departments of the Government. Such a tribunal would afford an opportunity to aliens other than British subjects to present their claims on account of acts committed against their persons or property during the rebellion, as also to those subjects of Great Britain whose claims, having arisen subsequent to the 9th day of April, 1865, could not be presented to the late commission organized pursuant to the provisions of the treaty of Washington.

The electric telegraph has become an essential and indispensable agent in the transmission of business and social messages. Its operation on land, and within the limit of particular states, is necessarily under the control of the jurisdiction within which it operates. The lines on the high seas, however, are not subject to the particular control of any one government.

In 1869 a concession was granted by the French Government to a company which proposed to lay a cable from the shores of France to the United States. At that time there was a telegraphic connection between the United States and the continent of Europe (through the possessions of Great Britain at either end of the line), under the control of an association which had, at large outlay of capital and at great risk, demonstrated the practicability of maintaining such means of communication. The cost of correspondence by this agency was great, possibly not too large at the time for a proper remuneration for so hazardous and so costly an enterprise. It was, however, a heavy charge upon a means of communication which the progress in the social and commercial intercourse of the world found to be a necessity, and the obtaining of this French concession showed that other capital than that already invested was ready to enter into competition, with assurance of adequate return for their outlay. Impressed with the conviction that the interests, not only of the people of the United States, but of the world at large, demanded, or would demand, the multiplication of such means of communication between separated continents, I was desirous that the proposed connection should be made; but certain provisions of this concession were deemed by me to be objectionable, particularly one which gave for a long term of years the exclusive right of telegraphic communication by submarine cable between the shores of France and the United States. I could not concede that any power should claim the right to land a cable on the shores of the United States and at the same time deny to the United States, or to its citizens or grantees, an equal right to land a



cable on its shores. The right to control the conditions for the laying of a cable within the jurisdictional waters of the United States, to connect our shores with those of any foreign state, pertains exclusively to the Government of the United States, under such limitations and conditions as Congress may impose. In the absence of legislation by Congress I was unwilling, on the one hand, to yield to a foreign state the right to say that its grantees might land on our shores while it denied a similar right to our people to land on its shores, and, on the other hand, I was reluctant to deny to the great interests of the world and of civilization the facilities of such communication as were proposed. I therefore withheld any resistance to the landing of the cable on condition that the offensive monopoly feature of the concession be abandoned, and that the right of any cable which may be established by authority of this Government to land upon French territory and to connect with French land lines and enjoy all the necessary facilities or privileges incident to the use thereof upon as favorable terms as any other company be conceded. As the result thereof the company in question renounced the exclusive privilege, and the representative of France was informed that, understanding this relinquishment to be construed as granting the entire reciprocity and equal facilities which had been demanded, the opposition to the landing of the cable was withdrawn. The cable, under this French concession, was landed in the month of July, 1869, and has been an efficient and valuable agent of communication between this country and the other continent. It soon passed under the control, however, of those who had the management of the cable connecting Great Britain with this continent, and thus whatever benefit to the public might have ensued from competition between the two lines was lost, leaving only the greater facilities of an additional line and the additional security in case of accident to one of them. But these increased facilities and this additional security, together with the control of the combined capital of the two companies, gave also greater power to prevent the future construction of other lines and to limit the control of telegraphic communication between the two continents to those possessing the lines already laid. Within a few months past a cable has been laid, known as the United States Direct Cable Company, connecting the United States directly with Great Britain. As soon as this cable was reported to be laid and in working order the rates of the then existing consolidated companies were greatly reduced. Soon, however, a break was announced in this new cable, and immediately the rates of the other line, which had been reduced, were again raised. This cable being now repaired, the rates appear not to be reduced by either line from those formerly charged by the consolidated companies.

There is reason to believe that large amounts of capital, both at home and abroad, are ready to seek profitable investment in the advancement of this useful and most civilizing means of intercourse and correspondence.

They await, however, the assurance of the means and conditions on which they may safely be made tributary to the general good.

As these cable telegraph lines connect separate states, there are questions as to their organization and control which probably can be best, if not solely, settled by conventions between the respective states. In the absence, however, of international conventions on the subject, municipal legislation may secure many points which appear to me important, if not indispensable for the protection of the public against the extortions which may result from a monopoly of the right of operating cable telegrams or from a combination between several lines:

I. No line should be allowed to land on the shores of the United States under the concession from another power which does not admit the right of any other line or lines, formed in the United States, to land and freely connect with and operate through its land lines.

II. No line should be allowed to land on the shores of the United States which is not, by treaty stipulation with the government from whose shores it proceeds, or by prohibition in its charter, or otherwise to the satisfaction of this Government, prohibited from consolidating or amalgamating with any other cable telegraph line, or combining therewith for the purpose of regulating and maintaining the cost of telegraphing.

III. All lines should be bound to give precedence in the transmission of the official messages of the governments of the two countries between which it may be laid.

IV. A power should be reserved to the two governments, either conjointly or to each, as regards the messages dispatched from its shores, to fix a limit to the charges to be demanded for the transmission of messages.

I present this subject to the earnest consideration of Congress.

In the meantime, and unless Congress otherwise direct, I shall not oppose the landing of any telegraphic cable which complies with and assents to the points above enumerated, but will feel it my duty to prevent the landing of any which does not conform to the first and second points as stated, and which will not stipulate to concede to this Government the precedence in the transmission of its official messages and will not enter into a satisfactory arrangement with regard to its charges.

Among the pressing and important subjects to which, in my opinion, the attention of Congress should be directed are those relating to fraudulent naturalization and expatriation.

The United States, with great liberality, offers its citizenship to all who in good faith comply with the requirements of law. These requirements are as simple and upon as favorable terms to the emigrant as the high privilege to which he is admitted can or should permit. I do not propose any additional requirements to those which the law now demands; but the very simplicity and the want of unnecessary formality in our law have made fraudulent naturalization not infrequent, to the discredit and injury of all honest citizens, whether native or naturalized. Cases



of this character are continually being brought to the notice of the Government by our representatives abroad, and also those of persons resident in other countries, most frequently those who, if they have remained in this country long enough to entitle them to become naturalized, have generally not much overpassed that period, and have returned to the country of their origin, where they reside, avoiding all duties to the United States by their absence, and claiming to be exempt from all duties to the country of their nativity and of their residence by reason of their alleged naturalization. It is due to this Government itself and to the great mass of the naturalized citizens who entirely, both in name and in fact, become citizens of the United States that the high privilege of citizenship of the United States should not be held by fraud or in derogation of the laws and of the good name of every honest citizen. On many occasions it has been brought to the knowledge of the Government that certificates of naturalization are held and protection or interference claimed by parties who admit that not only they were not within the United States at the time of the pretended naturalization, but that they have never resided in the United States; in others the certificate and record of the court show on their face that the person claiming to be naturalized had not resided the required time in the United States; in others it is admitted upon examination that the requirements of law have not been complied with; in some cases, even, such certificates have been matter of purchase. These are not isolated cases, arising at rare intervals, but of common occurrence, and which are reported from all quarters of the globe. Such occurrences can not, and do not, fail to reflect upon the Government and injure all honest citizens. Such a fraud being discovered, however, there is no practicable means within the control of the Government by which the record of naturalization can be vacated; and should the certificate be taken up, as it usually is, by the diplomatic and consular representatives of the Government to whom it may have been presented, there is nothing to prevent the person claiming to have been naturalized from obtaining a new certificate from the court in place of that which has been taken from him.

The evil has become so great and of such frequent occurrence that I can not too earnestly recommend that some effective measures be adopted to provide a proper remedy and means for the vacating of any record thus fraudulently made, and of punishing the guilty parties to the transaction.

In this connection I refer also to the question of expatriation and the election of nationality.

The United States was foremost in upholding the right of expatriation, and was principally instrumental in overthrowing the doctrine of perpetual allegiance. Congress has declared the right of expatriation to be a natural and inherent right of all people; but while many other nations have enacted laws providing what formalities shall be necessary to work a change of allegiance, the United States has enacted no provisions of

law and has in no respect marked out how and when expatriation may be accomplished by its citizens. Instances are brought to the attention of the Government where citizens of the United States, either naturalized or native born, have formally become citizens or subjects of foreign powers, but who, nevertheless, in the absence of any provisions of legislation on this question, when involved in difficulties or when it seems to be their interest, claim to be citizens of the United States and demand the intervention of a Government which they have long since abandoned and to which for years they have rendered no service nor held themselves in any way amenable.

In other cases naturalized citizens, immediately after naturalization, have returned to their native country; have become engaged in business; have accepted offices or pursuits inconsistent with American citizenship, and evidence no intent to return to the United States until called upon to discharge some duty to the country where they are residing, when at once they assert their citizenship and call upon the representatives of the Government to aid them in their unjust pretensions. It is but justice to all *bona fide* citizens that no doubt should exist on such questions, and that Congress should determine by enactment of law how expatriation may be accomplished and change of citizenship be established.

I also invite your attention to the necessity of regulating by law the status of American women who may marry foreigners, and of defining more fully that of children born in a foreign country of American parents who may reside abroad; and also of some further provision regulating or giving legal effect to marriages of American citizens contracted in foreign countries. The correspondence submitted herewith shows a few of the constantly occurring questions on these points presented to the consideration of the Government. There are few subjects to engage the attention of Congress on which more delicate relations or more important interests are dependent.

In the month of July last the building erected for the Department of State was taken possession of and occupied by that Department. I am happy to announce that the archives and valuable papers of the Government in the custody of that Department are now safely deposited and properly cared for.

The report of the Secretary of the Treasury shows the receipts from customs for the fiscal year ending June 30, 1874, to have been \$163,103,833.69, and for the fiscal year ending June 30, 1875, to have been \$157,167,722.35, a decrease for the last fiscal year of \$5,936,111.34. Receipts from internal revenue for the year ending the 30th of June, 1874, were \$102,409,784.90, and for the year ending June 30, 1875, \$110,007,493.58; increase, \$7,597,708.68.

The report also shows a complete history of the workings of the Department for the last year, and contains recommendations for reforms and for legislation which I concur in, but can not comment on so fully



as I should like to do if space would permit, but will confine myself to a few suggestions which I look upon as vital to the best interests of the whole people—coming within the purview of "Treasury;" I mean specie resumption. Too much stress can not be laid upon this question, and I hope Congress may be induced, at the earliest day practicable, to insure the consummation of the act of the last Congress, at its last session, to bring about specie resumption "on and after the 1st of January, 1879," at furthest. It would be a great blessing if this could be consummated even at an earlier day.

Nothing seems to me more certain than that a full, healthy, and permanent reaction can not take place in favor of the industries and financial welfare of the country until we return to a measure of values recognized throughout the civilized world. While we use a currency not equivalent to this standard the world's recognized standard, specie, becomes a commodity like the products of the soil, the surplus seeking a market wherever there is a demand for it.

Under our present system we should want none, nor would we have any, were it not that customs dues must be paid in coin and because of the pledge to pay interest on the public debt in coin. The yield of precious metals would flow out for the purchase of foreign productions and leave the United States "hewers of wood and drawers of water," because of wiser legislation on the subject of finance by the nations with whom we have dealings. I am not prepared to say that I can suggest the best legislation to secure the end most heartily recommended. It will be a source of great gratification to me to be able to approve any measure of Congress looking effectively toward securing "resumption."

Unlimited inflation would probably bring about specie payments more speedily than any legislation looking to redemption of the legal-tenders in coin; but it would be at the expense of honor. The legal-tenders would have no value beyond settling present liabilities, or, properly speaking, repudiating them. They would buy nothing after debts were all settled.

There are a few measures which seem to me important in this connection and which I commend to your earnest consideration:

A repeal of so much of the legal-tender act as makes these notes receivable for debts contracted after a date to be fixed in the act itself, say not later than the 1st of January, 1877. We should then have quotations at real values, not fictitious ones. Gold would no longer be at a premium, but currency at a discount. A healthy reaction would set in at once, and with it a desire to make the currency equal to what it purports to be. The merchants, manufacturers, and tradesmen of every calling could do business on a fair margin of profit, the money to be received having an unvarying value. Laborers and all classes who work for stipulated pay or salary would receive more for their income, because extra profits would no longer be charged by the capitalists to compensate for the risk of a downward fluctuation in the value of the currency.

Second. That the Secretary of the Treasury be authorized to redeem, say, not to exceed \$2,000,000 monthly of legal-tender notes, by issuing in their stead a long bond, bearing interest at the rate of 3.65 per cent per annum, of denominations ranging from \$50 up to \$1,000 each. This would in time reduce the legal-tender notes to a volume that could be kept afloat without demanding redemption in large sums suddenly.

Third. That additional power be given to the Secretary of the Treasury to accumulate gold for final redemption, either by increasing revenue, curtailing expenses, or both (it is preferable to do both); and I recommend that reduction of expenditures be made wherever it can be done without impairing Government obligations or crippling the due execution thereof. One measure for increasing the revenue—and the only one I think of—is the restoration of the duty on tea and coffee. These duties would add probably \$18,000,000 to the present amount received from imports, and would in no way increase the prices paid for those articles by the consumers.

These articles are the products of countries collecting revenue from exports, and as we, the largest consumers, reduce the duties they proportionately increase them. With this addition to the revenue, many duties now collected, and which give but an insignificant return for the cost of collection, might be remitted, and to the direct advantage of consumers at home.

I would mention those articles which enter into manufactures of all sorts. All duty paid upon such articles goes directly to the cost of the article when manufactured here, and must be paid for by the consumers. These duties not only come from the consumers at home, but act as a protection to foreign manufacturers of the same completed articles in our own and distant markets.

I will suggest or mention another subject bearing upon the problem of "how to enable the Secretary of the Treasury to accumulate balances." It is to devise some better method of verifying claims against the Government than at present exists through the Court of Claims, especially those claims growing out of the late war. Nothing is more certain than that a very large percentage of the amounts passed and paid are either wholly fraudulent or are far in excess of the real losses sustained. The large amount of losses proven—on good testimony according to existing laws, by affidavits of fictitious or unscrupulous persons—to have been sustained on small farms and plantations are not only far beyond the possible yield of those places for any one year, but, as everyone knows who has had experience in tilling the soil and who has visited the scenes of these spoliations, are in many instances more than the individual claimants were ever worth, including their personal and real estate.

The report of the Attorney-General, which will be submitted to Congress at an early day, will contain a detailed history of awards made and of claims pending of the class here referred to.