

STATE OF THE UNION ADDRESSES OF GROVER CLEVELAND

GROVER CLEVELAND*

To the Congress of the United States:

Your assembling is clouded by a sense of public bereavement, caused by the recent and sudden death of Thomas A. Hendricks, Vice-President of the United States. His distinguished public services, his complete integrity and devotion to every duty, and his personal virtues will find honorable record in his country's history.

Ample and repeated proofs of the esteem and confidence in which he was held by his fellow-countrymen were manifested by his election to offices of the most important trust and highest dignity; and at length, full of years and honors, he has been laid at rest amid universal sorrow and benediction.

The Constitution, which requires those chosen to legislate for the people to annually meet in the discharge of their solemn trust, also requires the President to give to Congress information of the state of the Union and recommend to their consideration such measures as he shall deem necessary and expedient. At the threshold of a compliance with these constitutional directions it is well for us to bear in mind that our usefulness to the people's interests will be promoted by a constant appreciation of the scope and character of our respective duties as they relate to Federal legislation. While the Executive may recommend such measures as he shall deem expedient, the responsibility for legislative action must and should rest upon those selected by the people to make their laws.

Contemplation of the grave and responsible functions assigned to the respective branches of the Government under the Constitution will disclose the partitions of power between our respective departments and their necessary independence, and also the need for the exercise of all the power intrusted to each in that spirit of comity and cooperation which is essential to the proper fulfillment of the patriotic obligations which rest upon us as faithful servants of the people.

The jealous watchfulness of our constituencies, great and small, supplements their suffrages, and before the tribunal they establish every public servant should be judged.

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It is gratifying to announce that the relations of the United States with all foreign powers continue to be friendly. Our position after nearly a century of successful constitutional government, maintenance of good faith in all our engagements, the avoidance of complications with other nations, and our consistent and amicable attitude toward the strong and weak alike furnish proof of a political disposition which renders professions of good will unnecessary. There are no questions of difficulty pending with any foreign government.

The Argentine Government has revived the long dormant question of the Falkland Islands by claiming from the United States indemnity for their loss, attributed to the action of the commander of the sloop of war Lexington in breaking up a piratical colony on those islands in 1831, and their subsequent occupation by Great Britain. In view of the ample justification for the act of the Lexington and the derelict condition of the islands before and after their alleged occupation by Argentine colonists, this Government considers the claim as wholly groundless.

Question has arisen with the Government of Austria-Hungary touching the representation of the United States at Vienna. Having under my constitutional prerogative appointed an estimable citizen of unimpeached probity and competence as minister at that court, the Government of Austria-Hungary invited this Government to take cognizance of certain exceptions, based upon allegations against the personal acceptability of Mr. Keiley, the appointed envoy, asking that in view thereof the appointment should be withdrawn. The reasons advanced were such as could not be acquiesced in without violation of my oath of office and the precepts of the Constitution, since they necessarily involved a limitation in favor of a foreign government upon the right of selection by the Executive and required such an application of a religious test as a qualification for office under the United States as would have resulted in the practical disfranchisement of a large class of our citizens and the abandonment of a vital principle in our Government. The Austro-Hungarian Government finally decided not to receive Mr. Keiley as the envoy of the United States, and that gentleman has since resigned his commission, leaving the post vacant. I have made no new nomination, and the interests of this Government at Vienna are now in the care of the secretary of legation, acting as charge' d'affaires ad interim.

Early in March last war broke out in Central America, caused by the attempt of Guatemala to consolidate the several States into a single government. In these contests between our neighboring States the United States forebore to interfere actively, but lent the aid of their friendly offices in deprecation of war and to promote peace and concord among the belligerents, and by such counsel contributed importantly to the restoration of tranquillity in that locality.

Emergencies growing out of civil war in the United States of Colombia

demanding of the Government at the beginning of this Administration the employment of armed forces to fulfill its guaranties under the thirty-fifth article of the treaty of 1846, in order to keep the transit open across the Isthmus of Panama. Desirous of exercising only the powers expressly reserved to us by the treaty, and mindful of the rights of Colombia, the forces sent to the Isthmus were instructed to confine their action to "positively and efficaciously" preventing the transit and its accessories from being "interrupted or embarrassed."

The execution of this delicate and responsible task necessarily involved police control where the local authority was temporarily powerless, but always in aid of the sovereignty of Colombia.

The prompt and successful fulfillment of its duty by this Government was highly appreciated by the Government of Colombia, and has been followed by expressions of its satisfaction.

High praise is due to the officers and men engaged in this service. The restoration of peace on the Isthmus by the reestablishment of the constituted Government there being thus accomplished, the forces of the United States were withdrawn.

Pending these occurrences a question of much importance was presented by decrees of the Colombian Government proclaiming the closure of certain ports then in the hands of insurgents and declaring vessels held by the revolutionists to be piratical and liable to capture by any power. To neither of these propositions could the United States assent. An effective closure of ports not in the possession of the Government, but held by hostile partisans, could not be recognized; neither could the vessels of insurgents against the legitimate sovereignty be deemed *hostes humani generis* within the precepts of international law, whatever might be the definition and penalty of their acts under the municipal law of the State against whose authority they were in revolt. The denial by this Government of the Colombian propositions did not, however, imply the admission of a belligerent status on the part of the insurgents.

The Colombian Government has expressed its willingness to negotiate conventions for the adjustment by arbitration of claims by foreign citizens arising out of the destruction of the city of Aspinwall by the insurrectionary forces.

The interest of the United States in a practicable transit for ships across the strip of land separating the Atlantic from the Pacific has been repeatedly manifested during the last half century.

My immediate predecessor caused to be negotiated with Nicaragua a treaty for the construction, by and at the sole cost of the United States, of a canal through Nicaraguan territory, and laid it before the Senate. Pending the action of that body thereon, I withdrew the treaty for reexamination. Attentive consideration of its provisions leads me to withhold it from

resubmission to the Senate.

Maintaining, as I do, the tenets of a line of precedents from Washington's day, which proscribe entangling alliances with foreign states, I do not favor a policy of acquisition of new and distant territory or the incorporation of remote interests with our own.

The laws of progress are vital and organic, and we must be conscious of that irresistible tide of commercial expansion which, as the concomitant of our active civilization, day by day is being urged onward by those increasing facilities of production, transportation, and communication to which steam and electricity have given birth; but our duty in the present instructs us to address ourselves mainly to the development of the vast resources of the great area committed to our charge and to the cultivation of the arts of peace within our own borders, though jealously alert in preventing the American hemisphere from being involved in the political problems and complications of distant governments. Therefore I am unable to recommend propositions involving paramount privileges of ownership or right outside of our own territory, when coupled with absolute and unlimited engagements to defend the territorial integrity of the state where such interests lie. While the general project of connecting the two oceans by means of a canal is to be encouraged, I am of opinion that any scheme to that end to be considered with favor should be free from the features alluded to.

The Tehuantepec route is declared by engineers of the highest repute and by competent scientists to afford an entirely practicable transit for vessels and cargoes, by means of a ship railway, from the Atlantic to the Pacific. The obvious advantages of such a route, if feasible, over others more remote from the axial lines of traffic between Europe and the Pacific, and particularly between the Valley of the Mississippi and the western coast of North and South America, are deserving of consideration.

Whatever highway may be constructed across the barrier dividing the two greatest maritime areas of the world must be for the world's benefit—a trust for mankind, to be removed from the chance of domination by any single power, nor become a point of invitation for hostilities or a prize for warlike ambition. An engagement combining the construction, ownership, and operation of such a work by this Government, with an offensive and defensive alliance for its protection, with the foreign state whose responsibilities and rights we would share is, in my judgment, inconsistent with such dedication to universal and neutral use, and would, moreover, entail measures for its realization beyond the scope of our national polity or present means.

The lapse of years has abundantly confirmed the wisdom and foresight of those earlier Administrations which, long before the conditions of maritime intercourse were changed and enlarged by the progress of the age, proclaimed the vital need of interoceanic transit across the American

Isthmus and consecrated it in advance to the common use of mankind by their positive declarations and through the formal obligation of treaties. Toward such realization the efforts of my Administration will be applied, ever bearing in mind the principles on which it must rest, and which were declared in no uncertain tones by Mr. Cass, who, while Secretary of State, in 1858, announced that "what the United States want in Central America, next to the happiness of its people, is the security and neutrality of the interoceanic routes which lead through it."

The construction of three transcontinental lines of railway, all in successful operation, wholly within our territory, and uniting the Atlantic and the Pacific oceans, has been accompanied by results of a most interesting and impressive nature, and has created new conditions, not in the routes of commerce only, but in political geography, which powerfully affect our relations toward and necessarily increase our interests in any transisthmian route which may be opened and employed for the ends of peace and traffic, or, in other contingencies, for uses inimical to both.

Transportation is a factor in the cost of commodities scarcely second to that of their production, and weighs as heavily upon the consumer.

Our experience already has proven the great importance of having the competition between land carriage and water carriage fully developed, each acting as a protection to the public against the tendencies to monopoly which are inherent in the consolidation of wealth and power in the hands of vast corporations.

These suggestions may serve to emphasize what I have already said on the score of the necessity of a neutralization of any interoceanic transit; and this can only be accomplished by making the uses of the route open to all nations and subject to the ambitions and warlike necessities of none.

The drawings and report of a recent survey of the Nicaragua Canal route, made by Chief Engineer Menocal, will be communicated for your information.

The claims of citizens of the United States for losses by reason of the late military operations of Chile in Peru and Bolivia are the subject of negotiation for a claims convention with Chile, providing for their submission to arbitration.

The harmony of our relations with China is fully sustained.

In the application of the acts lately passed to execute the treaty of 1880, restrictive of the immigration of Chinese laborers into the United States, individual cases of hardship have occurred beyond the power of the Executive to remedy, and calling for judicial determination.

The condition of the Chinese question in the Western States and Territories is, despite this restrictive legislation, far from being satisfactory. The recent outbreak in Wyoming Territory, where numbers of unoffending

Chinamen, indisputably within the protection of the treaties and the law, were murdered by a mob, and the still more recent threatened outbreak of the same character in Washington Territory, are fresh in the minds of all, and there is apprehension lest the bitterness of feeling against the Mongolian race on the Pacific Slope may find vent in similar lawless demonstrations. All the power of this Government should be exerted to maintain the amplest good faith toward China in the treatment of these men, and the inflexible sternness of the law in bringing the wrongdoers to justice should be insisted upon.

Every effort has been made by this Government to prevent these violent outbreaks and to aid the representatives of China in their investigation of these outrages; and it is but just to say that they are traceable to the lawlessness of men not citizens of the United States engaged in competition with Chinese laborers.

Race prejudice is the chief factor in originating these disturbances, and it exists in a large part of our domain, jeopardizing our domestic peace and the good relationship we strive to maintain with China.

The admitted right of a government to prevent the influx of elements hostile to its internal peace and security may not be questioned, even where there is no treaty stipulation on the subject. That the exclusion of Chinese labor is demanded in other countries where like conditions prevail is strongly evidenced in the Dominion of Canada, where Chinese immigration is now regulated by laws more exclusive than our own. If existing laws are inadequate to compass the end in view, I shall be prepared to give earnest consideration to any further remedial measures, within the treaty limits, which the wisdom of Congress may devise.

The independent State of the Kongo has been organized as a government under the sovereignty of His Majesty the King of the Belgians, who assumes its chief magistracy in his personal character only, without making the new State a dependency of Belgium. It is fortunate that a benighted region, owing all it has of quickening civilization to the beneficence and philanthropic spirit of this monarch, should have the advantage and security of his benevolent supervision.

The action taken by this Government last year in being the first to recognize the flag of the International Association of the Kongo has been followed by formal recognition of the new nationality which succeeds to its sovereign powers.

A conference of delegates of the principal commercial nations was held at Berlin last winter to discuss methods whereby the Kongo basin might be kept open to the world's trade. Delegates attended on behalf of the United States on the understanding that their part should be merely deliberative, without imparting to the results any binding character so far as the United States were concerned. This reserve was due to the indisposition of this

Government to share in any disposal by an international congress of jurisdictional questions in remote foreign territories. The results of the conference were embodied in a formal act of the nature of an international convention, which laid down certain obligations purporting to be binding on the signatories, subject to ratification within one year. Notwithstanding the reservation under which the delegates of the United States attended, their signatures were attached to the general act in the same manner as those of the plenipotentiaries of other governments, thus making the United States appear, without reserve or qualification, as signatories to a joint international engagement imposing on the signers the conservation of the territorial integrity of distant regions where we have no established interests or control.

This Government does not, however, regard its reservation of liberty of action in the premises as at all impaired; and holding that an engagement to share in the obligation of enforcing neutrality in the remote valley of the Kongo would be an alliance whose responsibilities we are not in a position to assume, I abstain from asking the sanction of the Senate to that general act.

The correspondence will be laid before you, and the instructive and interesting report of the agent sent by this Government to the Kongo country and his recommendations for the establishment of commercial agencies on the African coast are also submitted for your consideration.

The commission appointed by my predecessor last winter to visit the Central and South American countries and report on the methods of enlarging the commercial relations of the United States therewith has submitted reports, which will be laid before you.

No opportunity has been omitted to testify the friendliness of this Government toward Korea, whose entrance into the family of treaty powers the United States were the first to recognize. I regard with favor the application made by the Korean Government to be allowed to employ American officers as military instructors, to which the assent of Congress becomes necessary, and I am happy to say this request has the concurrent sanction of China and Japan.

The arrest and imprisonment of Julio R. Santos, a citizen of the United States, by the authorities of Ecuador gave rise to a contention with that Government, in which his right to be released or to have a speedy and impartial trial on announced charges and with all guaranties of defense stipulated by treaty was insisted upon by us. After an elaborate correspondence and repeated and earnest representations on our part Mr. Santos was, after an alleged trial and conviction, eventually included in a general decree of amnesty and pardoned by the Ecuadorian Executive and released, leaving the question of his American citizenship denied by the Ecuadorian Government, but insisted upon by our own.

The amount adjudged by the late French and American Claims Commission

to be
due from the United States to French claimants on account of injuries
suffered by them during the War of Secession, having been appropriated by
the last Congress, has been duly paid to the French Government.

The act of February 25, 1885, provided for a preliminary search of the
records of French prize courts for evidence bearing on the claims of
American citizens against France for spoliations committed prior to 1801.
The duty has been performed, and the report of the agent will be laid
before you.

I regret to say that the restrictions upon the importation of our pork into
France continue, notwithstanding the abundant demonstration of the absence
of sanitary danger in its use; but I entertain strong hopes that with a
better understanding of the matter this vexatious prohibition will be
removed. It would be pleasing to be able to say as much with respect to
Germany, Austria, and other countries, where such food products are
absolutely excluded, without present prospect of reasonable change.

The interpretation of our existing treaties of naturalization by Germany
during the past year has attracted attention by reason of an apparent
tendency on the part of the Imperial Government to extend the scope of the
residential restrictions to which returning naturalized citizens of German
origin are asserted to be liable under the laws of the Empire. The
temperate and just attitude taken by this Government with regard to this
class of questions will doubtless lead to a satisfactory understanding.

The dispute of Germany and Spain relative to the domination of the Caro-
line
Islands has attracted the attention of this Government by reason of
extensive interests of American citizens having grown up in those parts
during the past thirty years, and because the question of ownership
involves jurisdiction of matters affecting the status of our citizens under
civil and criminal law. While standing wholly aloof from the proprietary
issues raised between powers to both of which the United States are
friendly, this Government expects that nothing in the present contention
shall unfavorably affect our citizens carrying on a peaceful commerce or
there domiciled, and has so informed the Governments of Spain and Germany.

The marked good will between the United States and Great Britain has been
maintained during the past year.

The termination of the fishing clauses of the treaty of Washington, in
pursuance of the joint resolution of March 3, 1883, must have resulted in
the abrupt cessation on the 1st of July of this year, in the midst of their
ventures, of the operations of citizens of the United States engaged in
fishing in British American waters but for a diplomatic understanding
reached with Her Majesty's Government in June last, whereby assurance was
obtained that no interruption of those operations should take place during
the current fishing season.

In the interest of good neighborhood and of the commercial intercourse of adjacent communities, the question of the North American fisheries is one of much importance. Following out the intimation given by me when the extensory arrangement above described was negotiated, I recommend that the Congress provide for the appointment of a commission in which the Governments of the United States and Great Britain shall be respectively represented, charged with the consideration and settlement, upon a just, equitable, and honorable basis, of the entire question of the fishing rights of the two Governments and their respective citizens on the coasts of the United States and British North America. The fishing interests being intimately related to other general questions dependent upon contiguity and intercourse, consideration thereof in all their equities might also properly come within the purview of such a commission, and the fullest latitude of expression on both sides should be permitted.

The correspondence in relation to the fishing rights will be submitted. The arctic exploring steamer *Alert*, which was generously given by Her Majesty's Government to aid in the relief of the Greely expedition, was, after the successful attainment of that humane purpose, returned to Great Britain, in pursuance of the authority conferred by the act of March 3, 1885.

The inadequacy of the existing engagements for extradition between the United States and Great Britain has been long apparent. The tenth article of the treaty of 1842, one of the earliest compacts in this regard entered into by us, stipulated for surrender in respect of a limited number of offenses. Other crimes no less inimical to the social welfare should be embraced and the procedure of extradition brought in harmony with present international practice. Negotiations with Her Majesty's Government for an enlarged treaty of extradition have been pending since 1870, and I entertain strong hopes that a satisfactory result may be soon attained.

The frontier line between Alaska and British Columbia, as defined by the treaty of cession with Russia, follows the demarcation assigned in a prior treaty between Great Britain and Russia. Modern exploration discloses that this ancient boundary is impracticable as a geographical fact. In the unsettled condition of that region the question has lacked importance, but the discovery of mineral wealth in the territory the line is supposed to traverse admonishes that the time has come when an accurate knowledge of the boundary is needful to avert jurisdictional complications. I recommend, therefore, that provision be made for a preliminary reconnoissance by officers of the United States, to the end of acquiring more precise information on the subject. I have invited Her Majesty's Government to consider with us the adoption of a more convenient line, to be established by meridian observations or by known geographical features without the necessity of an expensive survey of the whole.

The late insurrectionary movements in Hayti having been quelled, the Government of that Republic has made prompt provision for adjudicating the losses suffered by foreigners because of hostilities there, and the claims

of certain citizens of the United States will be in this manner determined.

The long-pending claims of two citizens of the United States, Pelletier and Lazare, have been disposed of by arbitration, and an award in favor of each claimant has been made, which by the terms of the engagement is final. It remains for Congress to provide for the payment of the stipulated moiety of the expenses.

A question arose with Hayti during the past year by reason of the exceptional treatment of an American citizen, Mr. Van Bokkelen, a resident of Port-au-Prince, who, on suit by creditors residing in the United States, was sentenced to imprisonment, and, under the operation of a Haytian statute, was denied relief secured to a native Haytian. This Government asserted his treaty right to equal treatment with natives of Hayti in all suits at law. Our contention was denied by the Haytian Government, which, however, while still professing to maintain the ground taken against Mr. Van Bokkelen's right, terminated the controversy by setting him at liberty without explanation.

An international conference to consider the means of arresting the spread of cholera and other epidemic diseases was held at Rome in May last, and adjourned to meet again on further notice. An expert delegate on behalf of the United States has attended its sessions and will submit a report.

Our relations with Mexico continue to be most cordial, as befits those of neighbors between whom the strongest ties of friendship and commercial intimacy exist, as the natural and growing consequence of our similarity of institutions and geographical propinquity.

The relocation of the boundary line between the United States and Mexico westward of the Rio Grande, under the convention of July 29, 1882, has been unavoidably delayed, but I apprehend no difficulty in securing a prolongation of the period for its accomplishment.

The lately concluded commercial treaty with Mexico still awaits the stipulated legislation to carry its provisions into effect, for which one year's additional time has been secured by a supplementary article signed in February last and since ratified on both sides.

As this convention, so important to the commercial welfare of the two adjoining countries, has been constitutionally confirmed by the treaty-making branch, I express the hope that legislation needed to make it effective may not be long delayed.

The large influx of capital and enterprise to Mexico from the United States continues to aid in the development of the resources and in augmenting the material well-being of our sister Republic. Lines of railway, penetrating to the heart and capital of the country, bring the two peoples into mutually beneficial intercourse, and enlarged facilities of transit add to

profitable commerce, create new markets, and furnish avenues to otherwise isolated communities.

I have already adverted to the suggested construction of a ship railway across the narrow formation of the territory of Mexico at Tehuantepec.

With the gradual recovery of Peru from the effects of her late disastrous conflict with Chile, and with the restoration of civil authority in that distracted country, it is hoped that pending war claims of our citizens will be adjusted.

In conformity with notification given by the Government of Peru, the existing treaties of commerce and extradition between the United States and that country will terminate March 31, 1886.

Our good relationship with Russia continues.

An officer of the Navy, detailed for the purpose, is now on his way to Siberia bearing the testimonials voted by Congress to those who generously succored the survivors of the unfortunate Jeannette expedition.

It is gratifying to advert to the cordiality of our intercourse with Spain.

The long-pending claim of the owners of the ship *Masonic* for loss suffered through the admitted dereliction of the Spanish authorities in the Philippine Islands has been adjusted by arbitration and an indemnity awarded. The principle of arbitration in such cases, to which the United States have long and consistently adhered, thus receives a fresh and gratifying confirmation.

Other questions with Spain have been disposed of or are under diplomatic consideration with a view to just and honorable settlement.

The operation of the commercial agreement with Spain of January 2–February 13, 1884, has been found inadequate to the commercial needs of the United States and the Spanish Antilles, and the terms of the agreement are subjected to conflicting interpretations in those islands.

Negotiations have been instituted at Madrid for a full treaty not open to these objections and in the line of the general policy touching the neighborly intercourse of proximate communities, to which I elsewhere advert, and aiming, moreover, at the removal of existing burdens and annoying restrictions; and although a satisfactory termination is promised, I am compelled to delay its announcement.

An international copyright conference was held at Berne in September, on the invitation of the Swiss Government. The envoy of the United States attended as a delegate, but refrained from committing this Government to the results, even by signing the recommendatory protocol adopted. The

interesting and important subject of international copyright has been before you for several years. Action is certainly desirable to effect the object in view; and while there may be question as to the relative advantage of treating it by legislation or by specific treaty, the matured views of the Berne conference can not fail to aid your consideration of the subject.

The termination of the commercial treaty of 1862 between the United States and Turkey has been sought by that Government. While there is question as to the sufficiency of the notice of termination given, yet as the commercial rights of our citizens in Turkey come under the favored-nation guaranties of the prior treaty of 1830, and as equal treatment is admitted by the Porte, no inconvenience can result from the assent of this Government to the revision of the Ottoman tariffs, in which the treaty powers have been invited to join.

Questions concerning our citizens in Turkey may be affected by the Porte's nonacquiescence in the right of expatriation and by the imposition of religious tests as a condition of residence, in which this Government can not concur. The United States must hold in their intercourse with every power that the status of their citizens is to be respected and equal civil privileges accorded to them without regard to creed, and affected by no considerations save those growing out of domiciliary return to the land of original allegiance or of unfulfilled personal obligations which may survive, under municipal laws, after such voluntary return.

The negotiation with Venezuela relative to the rehearing of the awards of the mixed commission constituted under the treaty of 1866 was resumed in view of the recent acquiescence of the Venezuelan envoy in the principal point advanced by this Government, that the effects of the old treaty could only be set aside by the operation of a new convention. A result in substantial accord with the advisory suggestions contained in the joint resolution of March 3, 1883, has been agreed upon and will shortly be submitted to the Senate for ratification.

Under section 3659 of the Revised Statutes all funds held in trust by the United States and the annual interest accruing thereon, when not otherwise required by treaty, are to be invested in stocks of the United States bearing a rate of interest not less than 5 per cent per annum. There being now no procurable stocks paying so high a rate of interest, the letter of the statute is at present inapplicable, but its spirit is subserved by continuing to make investments of this nature in current stocks bearing the highest interest now paid. The statute, however, makes no provision for the disposal of such accretions. It being contrary to the general rule of this Government to allow interest on claims, I recommend the repeal of the provision in question and the disposition, under a uniform rule, of the present accumulations from investment of trust funds.

The inadequacy of existing legislation touching citizenship and naturalization demands your consideration.

While recognizing the right of expatriation, no statutory provision exists providing means for renouncing citizenship by an American citizen, native born or naturalized, nor for terminating and vacating an improper acquisition of citizenship. Even a fraudulent decree of naturalization can not now be canceled. The privilege and franchise of American citizenship should be granted with care, and extended to those only who intend in good faith to assume its duties and responsibilities when attaining its privileges and benefits. It should be withheld from those who merely go through the forms of naturalization with the intent of escaping the duties of their original allegiance without taking upon themselves those of their new status, or who may acquire the rights of American citizenship for no other than a hostile purpose toward their original governments. These evils have had many flagrant illustrations.

I regard with favor the suggestion put forth by one of my predecessors that provision be made for a central bureau of record of the decrees of naturalization granted by the various courts throughout the United States now invested with that power.

The rights which spring from domicile in the United States, especially when coupled with a declaration of intention to become a citizen, are worthy of definition by statute. The stranger coming hither with intent to remain, establishing his residence in our midst, contributing to the general welfare, and by his voluntary act declaring his purpose to assume the responsibilities of citizenship, thereby gains an inchoate status which legislation may properly define. The laws of certain States and Territories admit a domiciled alien to the local franchise, conferring on him the rights of citizenship to a degree which places him in the anomalous position of being a citizen of a State and yet not of the United States within the purview of Federal and international law.

It is important within the scope of national legislation to define this right of alien domicile as distinguished from Federal naturalization.

The commercial relations of the United States with their immediate neighbors and with important areas of traffic near our shores suggest especially liberal intercourse between them and us.

Following the treaty of 1883 with Mexico, which rested on the basis of a reciprocal exemption from customs duties, other similar treaties were initiated by my predecessor.

Recognizing the need of less obstructed traffic with Cuba and Puerto Rico, and met by the desire of Spain to succor languishing interests in the Antilles, steps were taken to attain those ends by a treaty of commerce. A similar treaty was afterwards signed by the Dominican Republic. Subsequently overtures were made by Her Britannic Majesty's Government for a like mutual extension of commercial intercourse with the British West Indian and South American dependencies, but without result.

On taking office I withdrew for reexamination the treaties signed with Spain and Santo Domingo, then pending before the Senate. The result has been to satisfy me of the inexpediency of entering into engagements of this character not covering the entire traffic.

These treaties contemplated the surrender by the United States of large revenues for inadequate considerations. Upon sugar alone duties were surrendered to an amount far exceeding all the advantages offered in exchange. Even were it intended to relieve our consumers, it was evident that so long as the exemption but partially covered our importation such relief would be illusory. To relinquish a revenue so essential seemed highly improvident at a time when new and large drains upon the Treasury were contemplated. Moreover, embarrassing questions would have arisen under the favored-nation clauses of treaties with other nations.

As a further objection, it is evident that tariff regulation by treaty diminishes that independent control over its own revenues which is essential for the safety and welfare of any government. Emergency calling for an increase of taxation may at any time arise, and no engagement with a foreign power should exist to hamper the action of the Government.

By the fourteenth section of the shipping act approved June 26, 1884, certain reductions and contingent exemptions from tonnage dues were made as to vessels entering ports of the United States from any foreign port in North and Central America, the West India Islands, the Bahamas and Bermudas, Mexico, and the Isthmus as far as Aspinwall and Panama. The Governments of Belgium, Denmark, Germany, Portugal, and Sweden and Norway have asserted, under the favored-nation clause in their treaties with the United States, a claim to like treatment in respect of vessels coming to the United States from their home ports. This Government, however, holds that the privileges granted by the act are purely geographical, inuring to any vessel of any foreign power that may choose to engage in traffic between this country and any port within the defined zone, and no warrant exists under the most-favored-nation clause for the extension of the privileges in question to vessels sailing to this country from ports outside the limitation of the act.

Undoubtedly the relations of commerce with our near neighbors, whose territories form so long a frontier line difficult to be guarded, and who find in our country, and equally offer to us, natural markets, demand special and considerate treatment. It rests with Congress to consider what legislative action may increase facilities of intercourse which contiguity makes natural and desirable.

I earnestly urge that Congress recast the appropriations for the maintenance of the diplomatic and consular service on a footing commensurate with the importance of our national interests. At every post where a representative is necessary the salary should be so graded as to

permit him to live with comfort. With the assignment of adequate salaries the so-called notarial extra official fees, which our officers abroad are now permitted to treat as personal perquisites, should be done away with. Every act requiring the certification and seal of the officer should be taxable at schedule rates and the fee therefor returned to the Treasury. By restoring these revenues to the public use the consular service would be self-supporting, even with a liberal increase of the present low salaries.

In further prevention of abuses a system of consular inspection should be instituted.

The appointment of a limited number of secretaries of legation at large, to be assigned to duty wherever necessary, and in particular for temporary service at missions which for any cause may be without a head, should also be authorized.

I favor also authorization for the detail of officers of the regular service as military or naval attaches at legations.

Some foreign governments do not recognize the union of consular with diplomatic functions. Italy and Venezuela will only receive the appointee in one of his two capacities, but this does not prevent the requirement of a bond and submission to the responsibilities of an office whose duties he can not discharge. The superadded title of consul-general should be abandoned at all missions.

I deem it expedient that a well-devised measure for the reorganization of the extraterritorial courts in Oriental countries should replace the present system, which labors under the disadvantage of combining judicial and executive functions in the same office.

In several Oriental countries generous offers have been made of premises for housing the legations of the United States. A grant of land for that purpose was made some years since by Japan, and has been referred to in the annual messages of my predecessor. The Siamese Government has made a gift to the United States of commodious quarters in Bangkok. In Korea the late minister was permitted to purchase a building from the Government for legation use. In China the premises rented for the legation are favored as to local charges. At Tangier the house occupied by our representative has been for many years the property; this Government, having been given for that purpose in 1822 by the Sultan of Morocco. I approve the suggestion heretofore made, that, view of the conditions of life and administration in the Eastern countries, the legation buildings in China, Japan, Korea, Siam, and perhaps Persia, should be owned and furnished by the Government with a view to permanency and security. To this end I recommend that authority be given to accept the gifts adverted to in Japan and Siam, and to purchase in the other countries named, with provision for furniture and repairs. A considerable saving in rentals would result.

The World's Industrial Exposition, held at New Orleans last winter, with

the assistance of the Federal Government, attracted a large number of foreign exhibits, and proved of great value in spreading among the concourse of visitors from Mexico and Central and South America a wider knowledge of the varied manufactures and productions of this country and their availability in exchange for the productions of those regions.

Past Congresses have had under consideration the advisability of abolishing the discrimination made by the tariff laws in favor of the works of American artists. The odium of the policy which subjects to a high rate of duty the paintings of foreign artists and exempts the productions of American artists residing abroad, and who receive gratuitously advantages and instruction, is visited upon our citizens engaged in art culture in Europe, and has caused them with practical unanimity to favor the abolition of such an ungracious distinction; and in their interest, and for other obvious reasons, I strongly recommend it.

The report of the Secretary of the Treasury fully exhibits the condition of the public finances and of the several branches of the Government connected with his Department. The suggestions of the Secretary relating to the practical operations of this important Department, and his recommendations in the direction of simplification and economy, particularly in the work of collecting customs duties, are especially urged upon the attention of Congress.

The ordinary receipts from all sources for the fiscal year ended June 30, 1885, were \$322,690,706.38. Of this sum \$181,471,939.34 was received from customs and \$112,498,725.54 from internal revenue. The total receipts, as given above, were \$24,829,163.54 less than those for the year ended June 30, 1884. This diminution embraces a falling off of \$13,595,550.42 in the receipts from customs and \$9,687,346.97 in the receipts from internal revenue.

The total ordinary expenditures of the Government for the fiscal year were \$260,226,935.50, leaving a surplus in the Treasury at the close of the year of \$63,463,771.27. This is \$40,929,854.32 less than the surplus reported at the close of the previous year.

The expenditures are classified as follows:

The amount paid on the public debt during the fiscal year ended June 30, 1885, was \$45,993,235.43, and there has been paid since that date and up to November 1, 1885, the sum of \$369,828, leaving the amount of the debt at the last-named date \$1,514,475,860.47. There was however, at that time in the Treasury, applicable to the general purposes of the Government, the sum of \$66,818,292.38.

The total receipts for the current fiscal year ending June 30, 1886, ascertained to October 1, 1885, and estimated for the remainder of the year, are \$315,000,000. The expenditures ascertained and estimated for the same time are \$245,000,000, leaving a surplus at the close of the year

estimated at \$70,000,000.

The value of the exports from the United States to foreign countries during the last fiscal year was as follows:

Some of the principal exports, with their values and the percentage they respectively bear to the total exportation, are given as follows:

Our imports during the year were as follows:

The following are given as prominent articles of import during the year, with their values and the percentage they bear to the total importation:

Of the entire amount of duties collected 70 per cent was collected from the following articles of import:

The fact that our revenues are in excess of the actual needs of all economical administration of the Government justifies a reduction in the amount exacted from the people for its support. Our Government is but the means established by the will of a free people by which certain principles are applied which they have adopted for their benefit and protection; and it is never better administered and its true spirit is never better observed than when the people's taxation for its support is scrupulously limited to the actual necessity of expenditure and distributed according to a just and equitable plan.

The proposition with which we have to deal is the reduction of the revenue received by the Government, and indirectly paid by the people, from customs duties. The question of free trade is not involved, nor is there now any occasion for the general discussion of the wisdom or expediency of a protective system.

Justice and fairness dictate that in any modification of our present laws relating to revenue the industries and interests which have been encouraged by such laws, and in which our citizens have large investments, should not be ruthlessly injured or destroyed. We should also deal with the subject in such manner as to protect the interests of American labor, which is the capital of our workingmen. Its stability and proper remuneration furnish the most justifiable pretext for a protective policy.

Within these limitations a certain reduction should be made in our customs revenue. The amount of such reduction having been determined, the inquiry follows, Where can it best be remitted and what articles can best be released from duty in the interest of our citizens?

I think the reduction should be made in the revenue derived from a tax upon the imported necessities of life. We thus directly lessen the cost of living in every family of the land and release to the people in every humble home a larger measure of the rewards of frugal industry.

During the year ended November 1, 1885, 145 national banks were organized, with an aggregate capital of \$16,938,000, and circulating notes have been issued to them amounting to \$4,274,910. The whole number of these banks in existence on the day above mentioned was 2,727.

The very limited amount of circulating notes issued by our national banks, compared with the amount the law permits them to issue upon a deposit of bonds for their redemption, indicates that the volume of our circulating medium may be largely increased through this instrumentality.

Nothing more important than the present condition of our currency and coinage can claim your attention.

Since February, 1878, the Government has, under the compulsory provisions of law, purchased silver bullion and coined the same at the rate of more than \$2,000,000 every month. By this process up to the present date 215,759,431 silver dollars have been coined.

A reasonable appreciation of a delegation of power to the General Government would limit its exercise, without express restrictive words, to the people's needs and the requirements of the public welfare.

Upon this theory the authority to "coin money" given to Congress by the Constitution, if it permits the purchase by the Government of bullion for coinage in any event, does not justify such purchase and coinage to an extent beyond the amount needed for a sufficient circulating medium.

The desire to utilize the silver product of the country should not lead to a misuse or the perversion of this power.

The necessity for such an addition to the silver currency of the nation as is compelled by the silver-coinage act is negated by the fact that up to the present time only about 50,000,000 of the silver dollars so coined have actually found their way into circulation, leaving more than 165,000,000 in the possession of the Government, the custody of which has entailed a considerable expense for the construction of vaults for its deposit. Against this latter amount there are outstanding silver certificates amounting to about \$93,000,000.

Every month two millions of gold in the public Treasury are paid out for two millions or more of silver dollars, to be added to the idle mass already accumulated.

If continued long enough, this operation will result in the substitution of silver for all the gold the Government owns applicable to its general purposes. It will not do to rely upon the customs receipts of the Government to make good this drain of gold, because the silver thus coined having been made legal tender for all debts and dues, public and private, at times during the last six months 58 per cent of the receipts for duties has been in silver or silver certificates, while the average within that

period has been 20 per cent. The proportion of silver and its certificates received by the Government will probably increase as time goes on, for the reason that the nearer the period approaches when it will be obliged to offer silver in payment of its obligations the greater inducement there will be to hoard gold against depreciation in the value of silver or for the purpose of speculating.

This hoarding of gold has already begun.

When the time comes that gold has been withdrawn from circulation, then will be apparent the difference between the real value of the silver dollar and a dollar in gold, and the two coins will part company. Gold, still the standard of value and necessary in our dealings with other countries, will be at a premium over silver; banks which have substituted gold for the deposits of their customers may pay them with silver bought with such gold, thus making a handsome profit; rich speculators will sell their hoarded gold to their neighbors who need it to liquidate their foreign debts, at a ruinous premium over silver, and the laboring men and women of the land, most defenseless of all, will find that the dollar received for the wage of their toil has sadly shrunk in its purchasing power. It may be said that the latter result will be but temporary, and that ultimately the price of labor will be adjusted to the change; but even if this takes place the wage-worker can not possibly gain, but must inevitably lose, since the price he is compelled to pay for his living will not only be measured in a coin heavily depreciated and fluctuating and uncertain in its value, but this uncertainty in the value of the purchasing medium will be made the pretext for an advance in prices beyond that justified by actual depreciation.

The words uttered in 1834 by Daniel Webster in the Senate of the United States are true to-day: The very man of all others who has the deepest interest in a sound currency, and who suffers most by mischievous legislation in money matters, is the man who earns his daily bread by his daily toil. The most distinguished advocate of bimetallism, discussing our silver coinage, has lately written: No American citizen's hand has yet felt the sensation of cheapness, either in receiving or expending the silver-act dollars. And those who live by labor or legitimate trade never will feel that sensation of cheapness. However plenty silver dollars may become, they will not be distributed as gifts among the people; and if the laboring man should receive four depreciated dollars where he now receives but two, he will pay in the depreciated coin more than double the price he now pays for all the necessaries and comforts of life.

Those who do not fear any disastrous consequences arising from the continued compulsory coinage of silver as now directed by law, and who suppose that the addition to the currency of the country intended as its result will be a public benefit, are reminded that history demonstrates that the point is easily reached in the attempt to float at the same time two sorts of money of different excellence when the better will cease to be in general circulation. The hoarding of gold which has already taken place

indicates that we shall not escape the usual experience in such cases. So if this silver coinage be continued we may reasonably expect that gold and its equivalent will abandon the field of circulation to silver alone. This of course must produce a severe contraction of our circulating medium, instead of adding to it.

It will not be disputed that any attempt on the part of the Government to cause the circulation of silver dollars worth 80 cents side by side with gold dollars worth 100 cents, even within the limit that legislation does not run counter to the laws of trade, to be successful must be seconded by the confidence of the people that both coins will retain the same purchasing power and be interchangeable at will. A special effort has been made by the Secretary of the Treasury to increase the amount of our silver coin in circulation; but the fact that a large share of the limited amount thus put out has soon returned to the public Treasury in payment of duties leads to the belief that the people do not now desire to keep it in hand, and this, with the evident disposition to hoard gold, gives rise to the suspicion that there already exists a lack of confidence among the people touching our financial processes. There is certainly not enough silver now in circulation to cause uneasiness, and the whole amount coined and now on hand might after a time be absorbed by the people without apprehension; but it is the ceaseless stream that threatens to overflow the land which causes fear and uncertainty.

What has been thus far submitted upon this subject relates almost entirely to considerations of a home nature, unconnected with the bearing which the policies of other nations have upon the question. But it is perfectly apparent that a line of action in regard to our currency can not wisely be settled upon or persisted in without considering the attitude on the subject of other countries with whom we maintain intercourse through commerce, trade, and travel. An acknowledgment of this fact is found in the act by virtue of which our silver is compulsorily coined. It provides that— The President shall invite the governments of the countries composing the Latin Union, so called, and of such other European nations as he may deem advisable, to join the United States in a conference to adopt a common ratio between gold and silver for the purpose of establishing internationally the use of bimetallic money and securing fixity of relative value between those metals. This conference absolutely failed, and a similar fate has awaited all subsequent efforts in the same direction. And still we continue our coinage of silver at a ratio different from that of any other nation. The most vital part of the silver-coinage act remains inoperative and unexecuted, and without an ally or friend we battle upon the silver field in an illogical and losing contest.

To give full effect to the design of Congress on this subject I have made careful and earnest endeavor since the adjournment of the last Congress.

To this end I delegated a gentleman well instructed in fiscal science to proceed to the financial centers of Europe and, in conjunction with our ministers to England, France, and Germany, to obtain a full knowledge of

the attitude and intent of those governments in respect of the establishment of such an international ratio as would procure free coinage of both metals at the mints of those countries and our own. By my direction our consul-general at Paris has given close attention to the proceedings of the congress of the Latin Union, in order to indicate our interest in its objects and report its action.

It may be said in brief, as the result of these efforts, that the attitude of the leading powers remains substantially unchanged since the monetary conference of 1881, nor is it to be questioned that the views of these governments are in each instance supported by the weight of public opinion.

The steps thus taken have therefore only more fully demonstrated the uselessness of further attempts at present to arrive at any agreement on the subject with other nations.

In the meantime we are accumulating silver coin, based upon our own peculiar ratio, to such an extent, and assuming so heavy a burden to be provided for in any international negotiations, as will render us an undesirable party to any future monetary conference of nations.

It is a significant fact that four of the five countries composing the Latin Union mentioned in our coinage act, embarrassed with their silver currency, have just completed an agreement among themselves that no more silver shall be coined by their respective Governments and that such as has been already coined and in circulation shall be redeemed in gold by the country of its coinage. The resort to this expedient by these countries may well arrest the attention of those who suppose that we can succeed without shock or injury in the attempt to circulate upon its merits all the silver we may coin under the provisions of our silver-coinage act.

The condition in which our Treasury may be placed by a persistence in our present course is a matter of concern to every patriotic citizen who does not desire his Government to pay in silver such of its obligations as should be paid in gold. Nor should our condition be such as to oblige us, in a prudent management of our affairs, to discontinue the calling in and payment of interest-bearing obligations which we have the right now to discharge, and thus avoid the payment of further interest thereon.

The so-called debtor class, for whose benefit the continued compulsory coinage of silver is insisted upon, are not dishonest because they are in debt, and they should not be suspected of a desire to jeopardize the financial safety of the country in order that they may cancel their present debts by paying the same in depreciated dollars. Nor should it be forgotten that it is not the rich nor the money lender alone that must submit to such a readjustment, enforced by the Government and their debtors. The pittance of the widow and the orphan and the incomes of helpless beneficiaries of all kinds would be disastrously reduced. The depositors in savings banks and in other institutions which hold in trust the savings of the poor, when

their little accumulations are scaled down to meet the new order of things, would in their distress painfully realize the delusion of the promise made to them that plentiful money would improve their condition.

We have now on hand all the silver dollars necessary to supply the present needs of the people and to satisfy those who from sentiment wish to see them in circulation, and if their coinage is suspended they can be readily obtained by all who desire them. If the need of more is at anytime apparent, their coinage may be renewed.

That disaster has not already overtaken us furnishes no proof that danger does not wait upon a continuation of the present silver coinage. We have been saved by the most careful management and unusual expedients, by a combination of fortunate conditions, and by a confident expectation that the course of the Government in regard to silver coinage would be speedily changed by the action of Congress.

Prosperity hesitates upon our threshold because of the dangers and uncertainties surrounding this question. Capital timidly shrinks from trade, and investors are unwilling to take the chance of the questionable shape in which their money will be returned to them, while enterprise halts at a risk against which care and sagacious management do not protect.

As a necessary consequence, labor lacks employment and suffering and distress are visited upon a portion of our fellow-citizens especially entitled to the careful consideration of those charged with the duties of legislation. No interest appeals to us so strongly for a safe and stable currency as the vast army of the unemployed.

I recommend the suspension of the compulsory coinage of silver dollars, directed by the law passed in February, 1878.

The Steamboat-Inspection Service on the 30th day of June, 1885, was composed of 140 persons, including officers, clerks, and messengers. The expenses of the service over the receipts were \$138,822.22 during the fiscal year. The special inspection of foreign steam vessels, organized under a law passed in 1882, was maintained during the year at an expense of \$36,641.63. Since the close of the fiscal year reductions have been made in the force employed which will result in a saving during the current year of \$17,000 without affecting the efficiency of the service.

The Supervising Surgeon-General reports that during the fiscal year 41,714 patients have received relief through the Marine-Hospital Service, of whom 12,803 were treated in hospitals and 28,911 at the dispensaries.

Active and effective efforts have been made through the medium of this

service to protect the country against an invasion of cholera, which has prevailed in Spain and France, and the smallpox, which recently broke out in Canada.

The most gratifying results have attended the operations of the Life Saving Service during the last fiscal year. The observance of the provision of law requiring the appointment of the force employed in this service to be made "solely with reference to their fitness, and without reference to their political or party affiliation," has secured the result which may confidently be expected in any branch of public employment where such a rule is applied. As a consequence, this service is composed of men well qualified for the performance of their dangerous and exceptionally important duties

The number of stations in commission at the close of the year was 203. The number of disasters to vessels and craft of all kinds within their field of action was 371. The number of persons endangered in such disasters was 2,439, of whom 2,428 were saved and only 11 lost. Other lives which were imperiled, though not by disasters to shipping, were also rescued, and a large amount of property was saved through the aid of this service. The cost of its maintenance during the year was \$828,474.43.

The work of the Coast and Geodetic Survey was during the last fiscal year carried on within the boundaries and off the coasts of thirty-two States, two Territories, and the District of Columbia. In July last certain irregularities were found to exist in the management of this Bureau, which led to a prompt investigation of its methods. The abuses which were brought to light by this examination and the reckless disregard of duty and the interests of the Government developed on the part of some of those connected with the service made a change of superintendency and a few of its other officers necessary. Since the Bureau has been in new hands an introduction of economies and the application of business methods have produced an important saving to the Government and a promise of more useful results.

This service has never been regulated by anything but the most indefinite legal enactments and the most unsatisfactory rules. It was many years ago sanctioned apparently for a purpose regarded as temporary and related to a survey of our coast. Having gained a place in the appropriations made by Congress, it has gradually taken to itself powers and objects not contemplated in its creation and extended its operations until it sadly needs legislative attention.

So far as a further survey of our coast is concerned, there seems to be a propriety in transferring that work to the Navy Department. The other

duties now in charge of this establishment, if they can not be profitably attached to some existing Department or other bureau, should be prosecuted under a law exactly defining their scope and purpose, and with a careful discrimination between the scientific inquiries which may properly be assumed by the Government and those which should be undertaken by State authority or by individual enterprise.

It is hoped that the report of the Congressional committee heretofore appointed to investigate this and other like matters will aid in the accomplishment of proper legislation on this subject.

The report of the Secretary of War is herewith submitted. The attention of Congress is invited to the detailed account which it contains of the administration of his Department, and his recommendations and suggestions for the improvement of the service.

The Army consisted, at the date of the last consolidated returns, of 2,154 officers and 24,705 enlisted men.

The expenses of the Departments for the fiscal year ended June, 30, 1885, including \$13,164,394.60 for public works and river and harbor improvements, were \$45,850,999.54.

Besides the troops which were dispatched in pursuit of the small band of Indians who left their reservation in Arizona and committed murders and outrages, two regiments of cavalry and one of infantry were sent last July to the Indian Territory to prevent an outbreak which seemed imminent. They remained to aid, if necessary, in the expulsion of intruders upon the reservation, who seemed to have caused the discontent among the Indians, but the Executive proclamation warning them to remove was complied with without their interference.

Troops were also sent to Rock Springs, in Wyoming Territory, after the massacre of Chinese there, to prevent further disturbance, and afterwards to Seattle, in Washington Territory, to avert a threatened attack upon Chinese laborers and domestic violence there. In both cases the mere presence of the troops had the desired effect.

It appears that the number of desertions has diminished, but that during the last fiscal year they numbered 2,927; and one instance is given by the Lieutenant-General of six desertions by the same recruit. I am convinced that this number of desertions can be much diminished by better discipline and treatment; but the punishment should be increased for repeated offenses.

These desertions might also be reduced by lessening the term of first enlistments, thus allowing a discontented recruit to contemplate a nearer discharge and the Army a profitable riddance. After one term of service a reenlistment would be quite apt to secure a contented recruit and a good soldier.

The Acting Judge-Advocate-General reports that the number of trials by general courts-martial during the year was 2,328, and that 11,851 trials took place before garrison and regimental courts-martial. The suggestion that probably more than half the Army have been tried for offenses, great and small, in one year may well arrest attention. Of course many of these trials before garrison and regimental courts-martial were for offenses almost frivolous, and there should, I think, be a way devised to dispose of these in a more summary and less inconvenient manner than by court-martial.

If some of the proceedings of courts-martial which I have had occasion to examine present the ideas of justice which generally prevail in these tribunals, I am satisfied that they should be much reformed if the honor and the honesty of the Army and Navy are by their instrumentality to be vindicated and protected.

The Board on Fortifications or other defenses, appointed in pursuance of the provisions of the act of Congress approved March 3, 1885, will in a short time present their report, and it is hoped that this may greatly aid the legislation so necessary to remedy the present defenseless condition of our seacoasts.

The work of the Signal Service has been prosecuted during the last year with results of increasing benefit to the country. The field of instruction has been enlarged with a view of adding to its usefulness. The number of stations in operation June 30, 1885, was 489. Telegraphic reports are received daily from 160 stations. Reports are also received from 25 Canadian stations, 375 volunteer observers, 52 army surgeons at military posts, and 333 foreign stations. The expense of the service during the fiscal year, after deducting receipts from military telegraph lines, was \$792,592.97. In view of the fact referred to by the Secretary of War, that the work of this service ordinarily is of a scientific nature, and the further fact that it is assuming larger proportions constantly and becoming more and more unsuited to the fixed rules which must govern the Army, I am inclined to agree with him in the opinion that it should be separately established. If this is done, the scope and extent of its operations should, as nearly as possible, be definitely prescribed by law and always capable of exact ascertainment.

The Military Academy at West Point is reported as being in a high state of efficiency and well equipped for the satisfactory accomplishment of the purposes of its maintenance.

The fact that the class which graduates next year is an unusually large one has constrained me to decline to make appointments to second lieutenantcies in the Army from civil life, so that such vacancies as exist in these places may be reserved for such graduates; and yet it is not probable that there will be enough vacancies to provide positions for them all when they leave the military school. Under the prevailing law and usage those not

thus assigned to duty never actively enter the military service. It is suggested that the law on this subject be changed so that such of these young men as are not at once assigned to duty after graduation may be retained as second lieutenants in the Army if they desire it, subject to assignment when opportunity occurs, and under proper rules as to priority of selection.

The expenditures on account of the Military Academy for the last fiscal year, exclusive of the sum taken for its purposes from appropriations for the support of the Army, were \$290,712.07.

The act approved March 3, 1885, designed to compensate officers and enlisted men for loss of private property while in the service of the United States, is so indefinite in its terms and apparently admits so many claims the adjustment of which could not have been contemplated that if it is to remain upon the statute book it needs amendment.

There should be a general law of Congress prohibiting the construction of bridges over navigable waters in such manner as to obstruct navigation, with provisions for preventing the same. It seems that under existing statutes the Government can not intervene to prevent such a construction when entered upon without its consent, though when such consent is asked and granted upon condition the authority to insist upon such condition is clear. Thus it is represented that while the officers of the Government are with great care guarding against the obstruction of navigation by a bridge across the Mississippi River at St. Paul a large pier for a bridge has been built just below this place directly in the navigable channel of the river. If such things are to be permitted, a strong argument is presented against the appropriation of large sums of money to improve the navigation of this and other important highways of commerce.

The report of the Secretary of the Navy gives a history of the operations of his Department and the present condition of the work committed to his charge.

He details in full the course pursued by him to protect the rights of the Government in respect of certain vessels unfinished at the time of his accession to office, and also concerning the dispatch boat *Dolphin*, claimed to be completed and awaiting the acceptance of the Department. No one can fail to see from recitals contained in this report that only the application of business principles has been insisted upon in the treatment of these subjects, and that whatever controversy has arisen was caused by the exaction on the part of the Department of contract obligations as they were legally construed. In the case of the *Dolphin*, with entire justice to the contractor, an agreement has been entered into providing for the ascertainment by a judicial inquiry of the complete or partial compliance with the contract in her construction, and further providing for the assessment of any damages to which the Government may be entitled on account of a partial failure to perform such contract, or the payment of the sum still remaining unpaid upon her price in case a full performance is

adjudged.

The contractor, by reason of his failure in business, being unable to complete the other three vessels, they were taken possession of by the Government in their unfinished state under a clause in the contract permitting such a course, and are now in process of completion in the yard of the contractor, but under the supervision of the Navy Department.

Congress at its last session authorized the construction of two additional new cruisers and two gunboats, at a cost not exceeding in the aggregate \$2,995,000. The appropriation for this purpose having become available on the 1st day of July last, steps were at once taken for the procurement of such plans for the construction of these vessels as would be likely to insure their usefulness when completed. These are of the utmost importance, considering the constant advance in the art of building vessels of this character, and the time is not lost which is spent in their careful consideration and selection.

All must admit the importance of an effective navy to a nation like ours, having such an extended seacoast to protect; and yet we have not a single vessel of war that could keep the seas against a first-class vessel of any important power. Such a condition ought not longer to continue. The nation that can not resist aggression is constantly exposed to it. Its foreign policy is of necessity weak and its negotiations are conducted with disadvantage because it is not in condition to enforce the terms dictated by its sense of right and justice.

Inspired, as I am, by the hope, shared by all patriotic citizens, that the day is not very far distant when our Navy will be such as befits our standing among the nations of the earth, and rejoiced at every step that leads in the direction of such a consummation, I deem it my duty to especially direct the attention of Congress to the close of the report of the Secretary of the Navy, in which the humiliating weakness of the present organization of his Department is exhibited and the startling abuses and waste of its present methods are exposed. The conviction is forced upon us with the certainty of mathematical demonstration that before we proceed further in the restoration of a Navy we need a thoroughly reorganized Navy Department. The fact that within seventeen years more than \$75,000,000 have been spent in the construction, repair, equipment, and armament of vessels, and the further fact that instead of an effective and creditable fleet we have only the discontent and apprehension of a nation undefended by war vessels, added to the disclosures now made, do not permit us to doubt that every attempt to revive our Navy has thus far for the most part been misdirected, and all our efforts in that direction have been little better than blind gropings and expensive, aimless follies.

Unquestionably if we are content with the maintenance of a Navy Department simply as a shabby ornament to the Government, a constant watchfulness may prevent some of the scandal and abuse which have found their way into our

present organization, and its incurable waste may be reduced to the minimum. But if we desire to build ships for present usefulness instead of naval reminders of the days that are past, we must have a Department organized for the work, supplied with all the talent and ingenuity our country affords, prepared to take advantage of the experience of other nations, systematized so that all effort shall unite and lead in one direction, and fully imbued with the conviction that war vessels, though new, are useless unless they combine all that the ingenuity of man has up to this day brought forth relating to their construction.

I earnestly commend the portion of the Secretary's report devoted to this subject to the attention of Congress, in the hope that his suggestions touching the reorganization of his Department may be adopted as the first step toward the reconstruction of our Navy.

The affairs of the postal service are exhibited by the report of the Postmaster-General, which will be laid before you.

The postal revenue, whose ratio of gain upon the rising prosperity of 1882 and 1883 outstripped the increasing expenses of our growing service, was checked by the reduction in the rate of letter postage which took effect with the beginning of October in the latter year, and it diminished during the two past fiscal years \$2,790,000, in about the proportion of \$2,270,000 in 1884 to \$520,000 in 1885. Natural growth and development have meantime increased expenditure, resulting in a deficiency in the revenue to meet the expenses of the Department of five and a quarter million dollars for the year 1884 and eight and a third million in the last fiscal year. The anticipated and natural revival of the revenue has been oppressed and retarded by the unfavorable business condition of the country, of which the postal service is a faithful indicator. The gratifying fact is shown, however, by the report that our returning prosperity is marked by a gain of \$380,000 in the revenue of the latter half of the last year over the corresponding period of the preceding year.

The change in the weight of first-class matter which may be carried for a single rate of postage from a half ounce to an ounce, and the reduction by one-half of the rate of newspaper postage, which, under recent legislation, began with the current year, will operate to restrain the augmentation of receipts which otherwise might have been expected to such a degree that the scale of expense may gain upon the revenue and cause an increased deficiency to be shown at its close. Yet, after no long period of reawakened prosperity, by proper economy it is confidently anticipated that even the present low rates, now as favorable as any country affords, will be adequate to sustain the cost of the service.

The operation of the Post-Office Department is for the convenience and benefit of the people, and the method by which they pay the charges of this useful arm of their public service, so that it be just and impartial, is of less importance to them than the economical expenditure of the means they provide for its maintenance and the due improvement of its agencies, so

that they may enjoy its highest usefulness.

A proper attention has been directed to the prevention of waste or extravagance, and good results appear from the report to have already been accomplished.

I approve the recommendation of the Postmaster-General to reduce the charges on domestic money orders of \$5 and less from 8 to 5 cents. This change will materially aid those of our people who most of all avail themselves of this instrumentality, but to whom the element of cheapness is of the greatest importance. With this reduction the system would still remain self-supporting.

The free-delivery system has been extended to 19 additional cities during the year, and 178 now enjoy its conveniences. Experience has commended it to those who enjoy its benefits, and further enlargement of its facilities is due to other communities to which it is adapted. In the cities where it has been established, taken together the local postage exceeds its maintenance by nearly \$1,300,000. The limit to which this system is now confined by law has been nearly reached, and the reasons given justify its extension, which is proposed.

It was decided, with my approbation, after a sufficient examination, to be inexpedient for the Post-Office Department to contract for carrying our foreign mails under the additional authority given by the last Congress. The amount limited was inadequate to pay all within the purview of the law the full rate of 50 cents per mile, and it would have been unjust and unwise to have given it to some and denied it to others. Nor could contracts have been let under the law to all at a rate to have brought the aggregate within the appropriation without such practical prearrangement of terms as would have violated it.

The rate of sea and inland postage which was proffered under another statute clearly appears to be a fair compensation for the desired service, being three times the price necessary to secure transportation by other vessels upon any route, and much beyond the charges made to private persons for services not less burdensome.

Some of the steamship companies, upon the refusal of the Postmaster-General to attempt, by the means provided, the distribution of the sum appropriated as an extra compensation, withdrew the services of their vessels and thereby occasioned slight inconvenience, though no considerable injury, the mails having been dispatched by other means.

Whatever may be thought of the policy of subsidizing any line of public conveyance or travel, I am satisfied that it should not be done under cover of an expenditure incident to the administration of a Department, nor should there be any uncertainty as to the recipients of the subsidy or any discretion left to an executive officer as to its distribution. If such

gifts of the public money are to be made for the purpose of aiding any enterprise in the supposed interest of the public, I can not but think that the amount to be paid and the beneficiary might better be determined by Congress than in any other way.

The international congress of delegates from the Postal Union countries convened at Lisbon, in Portugal, in February last, and after a session of some weeks the delegates signed a convention amendatory of the present postal-union convention in some particulars designed to advance its purposes. This additional act has had my approval and will be laid before you with the departmental report.

I approve the recommendation of the postmaster-General that another assistant be provided for his Department. I invite your consideration to the several other recommendations contained in his report.

The report of the Attorney-General contains a history of the conduct of the Department of Justice during the last year and a number of valuable suggestions as to needed legislation, and I invite your careful attention to the same.

The condition of business in the courts of the United States is such that there seems to be an imperative necessity for remedial legislation on the subject. Some of these courts are so overburdened with pending causes that the delays in determining litigation amount often to a denial of justice. Among the plans suggested for relief is one submitted by the Attorney-General. Its main features are: The transfer of all the original jurisdiction of the circuit courts to the district courts and an increase of judges for the latter where necessary; an addition of judges to the circuit courts, and constituting them exclusively courts of appeal, and reasonably limiting appeals thereto; further restrictions of the right to remove causes from the State to Federal courts; permitting appeals to the Supreme Court from the courts of the District of Columbia and the Territories only in the same cases as they are allowed from State courts, and guarding against an unnecessary number of appeals from the circuit courts.

I approve the plan thus outlined, and recommend the legislation necessary for its application to our judicial system.

The present mode of compensating United States marshals and district attorneys should, in my opinion, be changed. They are allowed to charge against the Government certain fees for services, their income being measured by the amount of such fees within a fixed limit as to their annual aggregate. This is a direct inducement for them to make their fees in criminal cases as large as possible in an effort to reach the maximum sum permitted. As an entirely natural consequence, unscrupulous marshals are found encouraging frivolous prosecutions, arresting people on petty charges of crime and transporting them to distant places for examination and trial, for the purpose of earning mileage and other fees; and district attorneys

uselessly attend criminal examinations far from their places of residence for the express purpose of swelling their accounts against the Government. The actual expenses incurred in these transactions are also charged against the Government.

Thus the rights and freedom of our citizens are outraged and public expenditures increased for the purpose of furnishing public officers pretexts for increasing the measure of their compensation.

I think marshals and district attorneys should be paid salaries, adjusted by a rule which will make them commensurate with services fairly rendered.

In connection with this subject I desire to suggest the advisability, if it be found not obnoxious to constitutional objection, of investing United States commissioners with the power to try and determine certain violations of law within the grade of misdemeanors. Such trials might be made to depend upon the option of the accused. The multiplication of small and technical offenses, especially under the provisions of our internal-revenue law, render some change in our present system very desirable in the interests of humanity as well as economy. The district courts are now crowded with petty prosecutions, involving a punishment in case of conviction, of only a slight fine, while the parties accused are harassed by an enforced attendance upon courts held hundreds of miles from their homes. If poor and friendless, they are obliged to remain in jail during months, perhaps, that elapse before a session of the court is held, and are finally brought to trial surrounded by strangers and with but little real opportunity for defense. In the meantime frequently the marshal has charged against the Government his fees for an arrest, the transportation of the accused and the expense of the same, and for summoning witnesses before a commissioner, a grand jury, and a court; the witnesses have been paid from the public funds large fees and traveling expenses, and the commissioner and district attorney have also made their charges against the Government.

This abuse in the administration of our criminal law should be remedied; and if the plan above suggested is not practicable, some other should be devised.

The report of the Secretary of the Interior, containing an account of the operations of this important Department and much interesting information, will be submitted for your consideration.

The most intricate and difficult subject in charge of this Department is the treatment and management of the Indians. I am satisfied that some progress may be noted in their condition as a result of a prudent administration of the present laws and regulations for their control.

But it is submitted that there is lack of a fixed purpose or policy on this subject, which should be supplied. It is useless to dilate upon the wrongs of the Indians, and as useless to indulge in the heartless belief that because their wrongs are revenged in their own atrocious manner, therefore

they should be exterminated.

They are within the care of our Government, and their rights are, or should be, protected from invasion by the most solemn obligations. They are properly enough called the wards of the Government; and it should be borne in mind that this guardianship involves on our part efforts for the improvement of their condition and the enforcement of their rights. There seems to be general concurrence in the proposition that the ultimate object of their treatment should be their civilization and citizenship. Fitted by these to keep pace in the march of progress with the advanced civilization about them, they will readily assimilate with the mass of our population, assuming the responsibilities and receiving the protection incident to this condition.

The difficulty appears to be in the selection of the means to be at present employed toward the attainment of this result.

Our Indian population, exclusive of those in Alaska, is reported as numbering 260,000, nearly all being located on lands set apart for their use and occupation, aggregating over 134,000,000 acres. These lands are included in the boundaries of 171 reservations of different dimensions, scattered in 21 States and Territories, presenting great variations in climate and in the kind and quality of their soils. Among the Indians upon these several reservations there exist the most marked differences in natural traits and disposition and in their progress toward civilization. While some are lazy, vicious, and stupid, others are industrious, peaceful, and intelligent; while a portion of them are self-supporting and independent, and have so far advanced in civilization that they make their own laws, administered through officers of their own choice, and educate their children in schools of their own establishment and maintenance, others still retain, in squalor and dependence, almost the savagery of their natural state.

In dealing with this question the desires manifested by the Indians should not be ignored. Here again we find a great diversity. With some the tribal relation is cherished with the utmost tenacity, while its hold upon others is considerably relaxed; the love of home is strong with all, and yet there are those whose attachment to a particular locality is by no means unyielding; the ownership of their lands in severalty is much desired by some, while by others, and sometimes among the most civilized, such a distribution would be bitterly opposed.

The variation of their wants, growing out of and connected with the character of their several locations, should be regarded. Some are upon reservations most fit for grazing, but without flocks or herds; and some on arable land, have no agricultural implements. While some of the reservations are double the size necessary to maintain the number of Indians now upon them, in a few cases, perhaps, they should be enlarged.

Add to all this the difference in the administration of the agencies. While

the same duties are devolved upon all, the disposition of the agents and the manner of their contact with the Indians have much to do with their condition and welfare. The agent who perfunctorily performs his duty and slothfully neglects all opportunity to advance their moral and physical improvement and fails to inspire them with a desire for better things will accomplish nothing in the direction of their civilization, while he who feels the burden of an important trust and has an interest in his work will, by consistent example, firm yet considerate treatment, and well-directed aid and encouragement, constantly lead those under his charge toward the light of their enfranchisement.

The history of all the progress which has been made in the civilization of the Indian I think will disclose the fact that the beginning has been religious teaching, followed by or accompanying secular education. While the self-sacrificing and pious men and women who have aided in this good work by their independent endeavor have for their reward the beneficent results of their labor and the consciousness of Christian duty well performed, their valuable services should be fully acknowledged by all who under the law are charged with the control and management of our Indian wards.

What has been said indicates that in the present condition of the Indians no attempt should be made to apply a fixed and unyielding plan of action to their varied and varying needs and circumstances.

The Indian Bureau, burdened as it is with their general oversight and with the details of the establishment, can hardly possess itself of the minute phases of the particular cases needing treatment; and thus the propriety of creating an instrumentality auxiliary to those already established for the care of the Indians suggests itself.

I recommend the passage of a law authorizing the appointment of six commissioners, three of whom shall be detailed from the Army, to be charged with the duty of a careful inspection from time to time of all the Indians upon our reservations or subject to the care and control of the Government, with a view of discovering their exact condition and needs and determining what steps shall be taken on behalf of the Government to improve their situation in the direction of their self-support and complete civilization; that they ascertain from such inspection what, if any, of the reservations may be reduced in area, and in such cases what part not needed for Indian occupation may be purchased by the Government from the Indians and disposed of for their benefit; what, if any, Indians may, with their consent, be removed to other reservations, with a view of their concentration and the sale on their behalf of their abandoned reservations; what Indian lands now held in common should be allotted in severalty; in what manner and to what extent the Indians upon the reservations can be placed under the protection of our laws and subjected to their penalties, and which, if any, Indians should be invested with the right of citizenship. The powers and functions of the commissioners in regard to these subjects should be clearly defined, though they should, in conjunction with the Secretary of the Interior, be

given all the authority to deal definitely with the questions presented deemed safe and consistent.

They should be also charged with the duty of ascertaining the Indians who might properly be furnished with implements of agriculture, and of what kind; in what cases the support of the Government should be withdrawn; where the present plan of distributing Indian supplies should be changed; where schools may be established and where discontinued; the conduct, methods, and fitness of agents in charge of reservations; the extent to which such reservations are occupied or intruded upon by unauthorized persons, and generally all matters related to the welfare and improvement of the Indian.

They should advise with the Secretary of the Interior concerning these matters of detail in management, and he should be given power to deal with them fully, if he is not now invested with such power.

This plan contemplates the selection of persons for commissioners who are interested in the Indian question and who have practical ideas upon the subject of their treatment.

The expense of the Indian Bureau during the last fiscal year was more than six and a half million dollars. I believe much of this expenditure might be saved under the plan proposed; that its economical effects would be increased with its continuance; that the safety of our frontier settlers would be subserved under its operation, and that the nation would be saved through its results from the imputation of inhumanity, injustice, and mismanagement.

In order to carry out the policy of allotment of Indian lands in severalty, when deemed expedient, it will be necessary to have surveys completed of the reservations, and, I hope that provision will be made for the prosecution of this work.

In May of the present year a small portion of the Chiricahua Apaches on the White Mountain Reservation, in Arizona, left the reservation and committed a number of murders and depredations upon settlers in that neighborhood. Though prompt and energetic action was taken by the military, the renegades eluded capture and escaped into Mexico. The formation of the country through which these Indians passed, their thorough acquaintance with the same, the speed of their escape, and the manner in which they scattered and concealed themselves among the mountains near the scene of their outrages put our soldiers at a great disadvantage in their efforts to capture them, though the expectation is still entertained that they will be ultimately taken and punished for their crimes.

The threatening and disorderly conduct of the Cheyennes in the Indian Territory early last summer caused considerable alarm and uneasiness. Investigation proved that their threatening attitude was due in a great measure to the occupation of the land of their reservation by immense herds

of cattle, which their owners claimed were rightfully there under certain leases made by the Indians. Such occupation appearing upon examination to be unlawful notwithstanding these leases, the intruders were ordered to remove with their cattle from the lands of the Indians by Executive proclamation. The enforcement of this proclamation had the effect of restoring peace and order among the Indians, and they are now quiet and well behaved.

By an Executive order issued on February 27, 1885, by my predecessor, a portion of the tract of country in the territory known as the Old Winnebago and Crow Creek reservations was directed to be restored to the public domain and opened to settlement under the land laws of the United States, and a large number of persons entered upon those lands. This action alarmed the Sioux Indians, who claimed the territory as belonging to their reservation under the treaty of 1868. This claim was determined, after careful investigation, to be well founded, and consequently the Executive order referred to was by proclamation of April 17, 1885, declared to be inoperative and of no effect, and all persons upon the land were warned to leave. This warning has been substantially complied with.

The public domain had its origin in cessions of land by the States to the General Government. The first cession was made by the State of New York, and the largest, which in area exceeded all the others, by the State of Virginia. The territory the proprietorship of which became thus vested in the General Government extended from the western line of Pennsylvania to the Mississippi River. These patriotic donations of the States were encumbered with no condition except that they should be held and used "for the common benefit of the United States." By purchase with the common fund of all the people additions were made to this domain until it extended to the northern line of Mexico, the Pacific Ocean, and the Polar Sea. The original trust, "for the common benefit of the United States," attached to all. In the execution of that trust the policy of many homes, rather than large estates, was adopted by the Government. That these might be easily obtained, and be the abode of security and contentment, the laws for their acquisition were few, easily understood, and general in their character. But the pressure of local interests, combined with a speculative spirit, have in many instances procured the passage of laws which marred the harmony of the general plan and encumbered the system with a multitude of general and special enactments which render the land laws complicated, subject the titles to uncertainty, and the purchasers often to oppression and wrong. Laws which were intended for the "common benefit" have been perverted so that large quantities of land are vesting in single ownerships. From the multitude and character of the laws, this consequence seems incapable of correction by mere administration.

It is not for the "common benefit of the United States" that a large area of the public lands should be acquired, directly or through fraud, in the hands of a single individual. The nation's strength is in the people. The nation's prosperity is in their prosperity. The nation's glory is in the equality of her justice. The nation's perpetuity is in the patriotism of

all her people. Hence, as far as practicable, the plan adopted in the disposal of the public lands should have in view the original policy, which encouraged many purchases of these lands for homes and discouraged the massing of large areas. Exclusive of Alaska, about three-fifths of the national domain has been sold or subjected to contract or grant. Of the remaining two-fifths a considerable portion is either mountain or desert. A rapidly increasing population creates a growing demand for homes, and the accumulation of wealth inspires an eager competition to obtain the public land for speculative purposes. In the future this collision of interests will be more marked than in the past, and the execution of the nation's trust in behalf of our settlers will be more difficult. I therefore commend to your attention the recommendations contained in the report of the Secretary of the Interior with reference to the repeal and modification of certain of our land laws.

The nation has made princely grants and subsidies to a system of railroads projected as great national highways to connect the Pacific States with the East. It has been charged that these donations from the people have been diverted to private gain and corrupt uses, and thus public indignation has been aroused and suspicion engendered. Our great nation does not begrudge its generosity, but it abhors speculation and fraud; and the favorable regard of our people for the great corporations to which these grants were made can only be revived by a restoration of confidence, to be secured by their constant, unequivocal, and clearly manifested integrity. A faithful application of the undiminished proceeds of the grants to the construction and perfecting of their roads, an honest discharge of their obligations, and entire justice to all the people in the enjoyment of their rights on these highways of travel are all the public asks, and it will be content with no less. To secure these things should be the common purpose of the officers of the Government, as well as of the corporations. With this accomplishment prosperity would be permanently secured to the roads, and national pride would take the place of national complaint.

It appears from the report of the Commissioner of Pensions that there were on the 1st day of July, 1885, 345,125 persons borne upon the pension rolls, who were classified as follows: Army invalids, 241,456; widows, minor children, and dependent relatives of deceased soldiers, 78,841; navy invalids, 2,745; navy widows, minor children, and dependents, 1,926; survivors of the War of 1812, 2,945; and widows of those who served in that war, 17,212. About one man in ten of all those who enlisted in the late war are reported as receiving pensions, exclusive of the dependents of deceased soldiers. On the 1st of July, 1875, the number of pensioners was 234,821, and the increase within the ten years next thereafter was 110,304.

While there is no expenditure of the public funds which the people more cheerfully approve than that made in recognition of the services of our soldiers living and dead, the sentiment underlying the subject should not be vitiated by the introduction of any fraudulent practices. Therefore it is fully as important that the rolls should be cleansed of all those who by fraud have secured a place thereon as that meritorious claims should be

speedily examined and adjusted. The reforms in the methods of doing the business of this Bureau which have lately been inaugurated promise better results in both these directions.

The operations of the Patent Office demonstrate the activity of the inventive genius of the country. For the year ended June 30, 1885, the applications for patents, including reissues, and for the registration of trade-marks and labels, numbered 35,688. During the same period there were 22,928 patents granted and reissued and 1,429 trade-marks and labels registered. The number of patents issued in the year 1875 was 14,387. The receipts during the last fiscal year were \$ 1,074,974.35, and the total expenditures, not including contingent expenses, \$934,123.11.

There were 9,788 applications for patents pending on the 1st day of July, 1884, and 5,786 on the same date in the year 1885. There has been considerable improvement made in the prompt determination of applications and a consequent relief to expectant inventors.

A number of suggestions and recommendations are contained in the report of the Commissioner of patents which are well entitled to the consideration of Congress.

In the Territory of Utah the law of the United States passed for the suppression of polygamy has been energetically and faithfully executed during the past year, with measurably good results. A number of convictions have been secured for unlawful cohabitation, and in some cases pleas of guilty have been entered and a slight punishment imposed, upon a promise by the accused that they would not again offend against the law, nor advise, counsel, aid, or abet in any way its violation by others.

The Utah commissioners express the opinion, based upon such information as they are able to obtain, that but few polygamous marriages have taken place in the Territory during the last year. They further report that while there can not be found upon the registration lists of voters the name of a man actually guilty of polygamy, and while none of that class are holding office, yet at the last election in the Territory all the officers elected, except in one county, were men who, though not actually living in the practice of polygamy, subscribe to the doctrine of polygamous marriages as a divine revelation and a law unto all higher and more binding upon the conscience than any human law, local or national. Thus is the strange spectacle presented of a community protected by a republican form of government, to which they owe allegiance, sustaining by their suffrages a principle and a belief which set at naught that obligation of absolute obedience to the law of the land which lies at the foundation of republican institutions.

The strength, the perpetuity, and the destiny of the nation rest upon our homes, established by the law of God, guarded by parental care, regulated

by parental authority, and sanctified by parental love.

These are not the homes of polygamy.

The mothers of our land, who rule the nation as they mold the characters and guide the actions of their sons, live according to God's holy ordinances, and each, secure and happy in the exclusive love of the father of her children, sheds the warm light of true womanhood, unperturbed and unpolluted, upon all within her pure and wholesome family circle.

These are not the cheerless, crushed, and unwomanly mothers of polygamy.

The fathers of our families are the best citizens of the Republic. Wife and children are the sources of patriotism, and conjugal and parental affection beget devotion to the country. The man who, undefiled with plural marriage, is surrounded in his single home with his wife and children has a stake in the country which inspires him with respect for its laws and courage for its defense.

These are not the fathers of polygamous families.

There is no feature of this practice or the system which sanctions it which is not opposed to all that is of value in our institutions.

There should be no relaxation in the firm but just execution of the law now in operation, and I should be glad to approve such further discreet legislation as will rid the country of this blot upon its fair fame.

Since the people upholding polygamy in our Territories are reenforced by immigration from other lands, I recommend that a law be passed to prevent the importation of Mormons into the country.

The agricultural interest of the country demands just recognition and liberal encouragement. It sustains with certainty and unfailing strength our nation's prosperity by the products of its steady toil, and bears its full share of the burden of taxation without complaint. Our agriculturists have but slight personal representation in the councils of the nation, and are generally content with the humbler duties of citizenship and willing to trust to the bounty of nature for a reward of their labor. But the magnitude and value of this industry are appreciated when the statement is made that of our total annual exports more than three-fourths are the products of agriculture, and of our total population nearly one-half are exclusively engaged in that occupation.

The Department of Agriculture was created for the purpose of acquiring and diffusing among the people useful information respecting the subjects it has in charge, and aiding in the cause of intelligent and progressive farming, by the collection of statistics, by testing the value and usefulness of new seeds and plants, and distributing such as are found desirable among agriculturists. This and other powers and duties with which

this Department is invested are of the utmost importance, and if wisely exercised must be of great benefit to the country. The aim of our beneficent Government is the improvement of the people in every station and the amelioration of their condition. Surely our agriculturists should not be neglected. The instrumentality established in aid of the farmers of the land should not only be well equipped for the accomplishment of its purpose, but those for whose benefit it has been adopted should be encouraged to avail themselves fully of its advantages.

The prohibition of the importation into several countries of certain of our animals and their products, based upon the suspicion that health is endangered in their use and consumption, suggests the importance of such precautions for the protection of our stock of all kinds against disease as will disarm suspicion of danger and cause the removal of such an injurious prohibition.

If the laws now in operation are insufficient to accomplish this protection, I recommend their amendment to meet the necessities of the situation; and I commend to the consideration of Congress the suggestions contained in the report of the Commissioner of Agriculture calculated to increase the value and efficiency of this Department .

The report of the Civil Service Commission, which will be submitted, contains an account of the manner in which the civil-service law has been executed during the last year and much valuable information on this important subject.

I am inclined to think that there is no sentiment more general in the minds of the people of our country than a conviction of the correctness of the principle upon which the law enforcing civil-service reform is based. In its present condition the law regulates only a part of the subordinate public positions throughout the country. It applies the test of fitness to applicants for these places by means of a competitive examination, and gives large discretion to the Commissioners as to the character of the examination and many other matters connected with its execution. Thus the rules and regulations adopted by the Commission have much to do with the practical usefulness of the statute and with the results of its application.

The people may well trust the Commission to execute the law with perfect fairness and with as little irritation as is possible. But of course no relaxation of the principle which underlies it and no weakening of the safeguards which surround it can be expected. Experience in its administration will probably suggest amendment of the methods of its execution, but I venture to hope that we shall never again be remitted to the system which distributes public positions purely as rewards for partisan service. Doubts may well be entertained whether our Government could survive the strain of a continuance of this system, which upon every change of Administration inspires an immense army of claimants for office to lay siege to the patronage of Government, engrossing the time of public

officers with their importunities, spreading abroad the contagion of their disappointment, and filling the air with the tumult of their discontent.

The allurements of an immense number of offices and places exhibited to the voters of the land, and the promise of their bestowal in recognition of partisan activity; debauch the suffrage and rob political action of its thoughtful and deliberative character. The evil would increase with the multiplication of offices consequent upon our extension, and the mania for office holding, growing from its indulgence, would pervade our population so generally that patriotic purpose, the support of principle, the desire for the public good, and solicitude for the nation's welfare would be nearly banished from the activity of our party contests and cause them to degenerate into ignoble, selfish, and disgraceful struggles for the possession of office and public place.

Civil-service reform enforced by law came none too soon to check the progress of demoralization.

One of its effects, not enough regarded, is the freedom it brings to the political action of those conservative and sober men who, in fear of the confusion and risk attending an arbitrary and sudden change in all the public offices with a change of party rule, cast their ballots against such a chance.

Parties seem to be necessary, and will long continue to exist; nor can it

be now denied that there are legitimate advantages, not disconnected with office holding, which follow party supremacy. While partisanship continues bitter and pronounced and supplies so much of motive to sentiment and action, it is not fair to hold public officials in charge of important trusts responsible for the best results in the performance of their duties, and yet insist that they shall rely in confidential and important places upon the work of those not only opposed to them in political affiliation, but so steeped in partisan prejudice and rancor that they have no loyalty to their chiefs and no desire for their success. Civil-service reform does not exact this, nor does it require that those in subordinate positions who fail in yielding their best service or who are incompetent should be retained simply because they are in place. The whining of a clerk discharged for indolence or incompetency, who, though he gained his place by the worst possible operation of the spoils system, suddenly discovers that he is entitled to protection under the sanction of civil-service reform, represents an idea no less absurd than the clamor of the applicant who claims the vacant position as his compensation for the most questionable party work.

The civil-service law does not prevent the discharge of the indolent or incompetent clerk, but it does prevent supplying his place with the unfit party worker. Thus in both these phases is seen benefit to the public service. And the people who desire good government, having secured this statute, will not relinquish its benefits without protest. Nor are they unmindful of the fact that its full advantages can only be gained through the complete good faith of those having its execution in charge. And this they will insist upon.

I recommend that the salaries of the Civil Service Commissioners be increased to a sum more nearly commensurate to their important duties.

It is a source of considerable and not unnatural discontent that no adequate provision has yet been made for accommodating the principal library of the Government. Of the vast collection of books and pamphlets gathered at the Capitol, numbering some 700,000, exclusive of manuscripts, maps, and the products of the graphic arts, also of great volume and value, only about 300,000 volumes, or less than half the collection, are provided with shelf room. The others, which are increasing at the rate of from twenty-five to thirty thousand volumes a year, are not only inaccessible to the public, but are subject to serious damage and deterioration from other causes in their present situation.

A consideration of the facts that the library of the Capitol has twice been destroyed or damaged by fire, its daily increasing value, and its importance as a place of deposit of books under the law relating to copyright makes manifest the necessity of prompt action to insure its proper accommodation and protection.

My attention has been called to a controversy which has arisen from the condition of the law relating to railroad facilities in the city of Washington, which has involved the Commissioners of the District in much annoyance and trouble. I hope this difficulty will be promptly settled by appropriate legislation.

The Commissioners represent that enough of the revenues of the District are now on deposit in the Treasury of the United States to repay the sum advanced by the Government for sewer improvements under the act of June 30, 1884. They desire now an advance of the share which ultimately should be borne by the District of the cost of extensive improvements to the streets of the city. The total expense of these contemplated improvements is estimated at \$1,000,000, and they are of the opinion that a considerable sum could be saved if they had all the money in hand, so that contracts for the whole work could be made at the same time. They express confidence that if the advance asked for should be made the Government would be reimbursed the same within a reasonable time. I have no doubt that these improvements could be made much cheaper if undertaken together and prosecuted according to a general plan.

The license law now in force within the District is deficient and uncertain

in some of its provisions and ought to be amended. The Commissioners urge, with good reason, the necessity of providing a building for the use of the District government which shall better secure the safety and preservation of its valuable books and records.

The present condition of the law relating to the succession to the Presidency in the event of the death, disability, or removal of both the President and Vice-President is such as to require immediate amendment. This subject has repeatedly been considered by Congress, but no result has been reached. The recent lamentable death of the Vice-President, and vacancies at the same time in all other offices the incumbents of which might immediately exercise the functions of the presidential office, has caused public anxiety and a just demand that a recurrence of such a condition of affairs should not be permitted.

In conclusion I commend to the wise care and thoughtful attention of Congress the needs, the welfare, and the aspirations of an intelligent and generous nation. To subordinate these to the narrow advantages of partisanship or the accomplishment of selfish aims is to violate the people's trust and betray the people's interests; but an individual sense of responsibility on the part of each of us and a stern determination to perform our duty well must give us place among those who have added in their day and generation to the glory and prosperity of our beloved land.

State of the Union Address
Grover Cleveland
December 6, 1886

To the Congress of the United States:

In discharge of a constitutional duty, and following a well-established precedent in the Executive office, I herewith transmit to the Congress at its reassembling certain information concerning the state of the Union, together with such recommendations for legislative consideration as appear necessary and expedient.

Our Government has consistently maintained its relations of friendship toward all other powers and of neighborly interest toward those whose possessions are contiguous to our own. Few questions have arisen during the past year with other governments, and none of those are beyond the reach of settlement in friendly counsel.

We are as yet without provision for the settlement of claims of citizens of the United States against Chile for injustice during the late war with Peru and Bolivia. The mixed commissions organized under claims conventions concluded by the Chilean Government with certain European States have developed an amount of friction which we trust can be avoided in the convention which our representative at Santiago is authorized to

negotiate.

The cruel treatment of inoffensive Chinese has, I regret to say, been repeated in some of the far Western States and Territories, and acts of violence against those people, beyond the power of the local constituted authorities to prevent and difficult to punish, are reported even in distant Alaska. Much of this violence can be traced to race prejudice and competition of labor, which can not, however, justify the oppression of strangers whose safety is guaranteed by our treaty with China equally with the most favored nations.

In opening our vast domain to alien elements the purpose of our lawgivers was to invite assimilation, and not to provide an arena for endless antagonism. The paramount duty of maintaining public order and defending the interests of our own people may require the adoption of measures of restriction, but they should not tolerate the oppression of individuals of a special race. I am not without assurance that the Government of China, whose friendly disposition toward us I am most happy to recognize, will meet us halfway in devising a comprehensive remedy by which an effective limitation of Chinese emigration, joined to protection of those Chinese subjects who remain in this country, may be secured.

Legislation is needed to execute the provisions of our Chinese convention of 1880 touching the opium traffic.

While the good will of the Colombian Government toward our country is manifest, the situation of American interests on the Isthmus of Panama has at times excited concern and invited friendly action looking to the performance of the engagements of the two nations concerning the territory embraced in the interoceanic transit. With the subsidence of the Isthmian disturbances and the erection of the State of Panama into a federal district under the direct government of the constitutional administration at Bogota, a new order of things has been inaugurated, which, although as yet somewhat experimental and affording scope for arbitrary exercise of power by the delegates of the national authority, promises much improvement.

The sympathy between the people of the United States and France, born during our colonial struggle for independence and continuing today, has received a fresh impulse in the successful completion and dedication of the colossal statue of "Liberty Enlightening the World" in New York Harbor—the gift of Frenchmen to Americans.

A convention between the United States and certain other powers for the protection of submarine cables was signed at Paris on March 14, 1884, and has been duly ratified and proclaimed by this Government. By agreement between the high contracting parties this convention is to go into effect on the 1st of January next, but the legislation required for its execution in the United States has not yet been adopted. I earnestly recommend its enactment.

Cases have continued to occur in Germany giving rise to much correspondence in relation to the privilege of sojourn of our naturalized citizens of German origin revisiting the land of their birth, yet I am happy to state that our relations with that country have lost none of their accustomed cordiality.

The claims for interest upon the amount of tonnage dues illegally exacted from certain German steamship lines were favorably reported in both Houses of Congress at the last session, and I trust will receive final and favorable action at an early day.

The recommendations contained in my last annual message in relation to a mode of settlement of the fishery rights in the waters of British North America, so long a subject of anxious difference between the United States and Great Britain, was met by an adverse vote of the Senate on April 13 last, and thereupon negotiations were instituted to obtain an agreement with Her Britannic Majesty's Government for the promulgation of such joint interpretation and definition of the article of the convention of 1818 relating to the territorial waters and inshore fisheries of the British Provinces as should secure the Canadian rights from encroachment by the United States fishermen and at the same time insure the enjoyment by the latter of the privileges guaranteed to them by such convention.

The questions involved are of long standing, of grave consequence, and from time to time for nearly three-quarters of a century have given rise to earnest international discussions, not unaccompanied by irritation.

Temporary arrangements by treaties have served to allay friction, which, however, has revived as each treaty was terminated. The last arrangement, under the treaty of 1871, was abrogated after due notice by the United States on June 30, 1885, but I was enabled to obtain for our fishermen for the remainder of that season enjoyment of the full privileges accorded by the terminated treaty.

The joint high commission by whom the treaty had been negotiated, although invested with plenary power to make a permanent settlement, were content with a temporary arrangement, after the termination of which the question was relegated to the stipulations of the treaty of 1818, as to the first article of which no construction satisfactory to both countries has ever been agreed upon.

The progress of civilization and growth of population in the British Provinces to which the fisheries in question are contiguous and the expansion of commercial intercourse between them and the United States present to-day a condition of affairs scarcely realizable at the date of the negotiations of 1818.

New and vast interests have been brought into existence; modes of intercourse between the respective countries have been invented and multiplied; the methods of conducting the fisheries have been wholly changed; and all this is necessarily entitled to candid and careful consideration in the adjustment of the terms and conditions of intercourse and commerce between the United States and their neighbors along a frontier of over 3,500 miles.

This propinquity, community of language and occupation, and similarity of political and social institutions indicate the practicability and obvious wisdom of maintaining mutually beneficial and friendly relations.

Whilst I am unfeignedly desirous that such relations should exist between us and the inhabitants of Canada, yet the action of their officials during the past season toward our fishermen has been such as to seriously threaten their continuance.

Although disappointed in my efforts to secure a satisfactory settlement of the fishery question, negotiations are still pending, with reasonable hope that before the close of the present session of Congress announcement may be made that an acceptable conclusion has been reached.

As at an early day there may be laid before Congress the correspondence of the Department of State in relation to this important subject, so that the history of the past fishing season may be fully disclosed and the action and the attitude of the Administration clearly comprehended, a more extended reference is not deemed necessary in this communication.

The recommendation submitted last year that provision be made for a preliminary reconnoissance of the conventional boundary line between Alaska and British Columbia is renewed.

I express my unhesitating conviction that the intimacy of our relations with Hawaii should be emphasized. As a result of the reciprocity treaty of 1875, those islands, on the highway of Oriental and Australasian traffic, are virtually an outpost of American commerce and a stepping-stone to the growing trade of the Pacific. The Polynesian Island groups have been so absorbed by other and more powerful governments that the Hawaiian Islands are left almost alone in the enjoyment of their autonomy, which it is important for us should be preserved. Our treaty is now terminable on one year's notice, but propositions to abrogate it would be, in my judgment, most ill advised. The paramount influence we have there acquired, once relinquished, could only with difficulty be regained, and a valuable ground of vantage for ourselves might be converted into a stronghold for our commercial competitors. I earnestly recommend that the existing treaty stipulations be extended for a further term of seven years. A recently signed treaty to this end is now before the Senate.

The importance of telegraphic communication between those islands and the United States should not be overlooked.

The question of a general revision of the treaties of Japan is again under discussion at Tokyo. As the first to open relations with that Empire, and as the nation in most direct commercial relations with Japan, the United States have lost no opportunity to testify their consistent friendship by supporting the just claims of Japan to autonomy and independence among nations.

A treaty of extradition between the United States and Japan, the first concluded by that Empire, has been lately proclaimed.

The weakness of Liberia and the difficulty of maintaining effective sovereignty over its outlying districts have exposed that Republic to encroachment. It can not be forgotten that this distant community is an offshoot of our own system, owing its origin to the associated benevolence of American citizens, whose praiseworthy efforts to create a nucleus of civilization in the Dark Continent have commanded respect and sympathy everywhere, especially in this country. Although a formal protectorate over Liberia is contrary to our traditional policy, the moral right and duty of the United States to assist in all proper ways in the maintenance of its integrity is obvious, and has been consistently announced during nearly half a century. I recommend that in the reorganization of our Navy a small vessel, no longer found adequate to our needs, be presented to Liberia, to be employed by it in the protection of its coastwise revenues.

The encouraging development of beneficial and intimate relations between the United States and Mexico, which has been so marked within the past few years, is at once the occasion of congratulation and of friendly solicitude. I urgently renew my former representation of the need or speedy legislation by Congress to carry into effect the reciprocity commercial convention of January 20, 1883.

Our commercial treaty of 1831 with Mexico was terminated, according to its provisions, in 1881, upon notification given by Mexico in pursuance of her announced policy of recasting all her commercial treaties. Mexico has since concluded with several foreign governments new treaties of commerce and navigation, defining alien rights of trade, property, and residence, treatment of shipping, consular privileges, and the like. Our yet unexecuted reciprocity convention of 1883 covers none of these points, the settlement of which is so necessary to good relationship. I propose to initiate with Mexico negotiations for a new and enlarged treaty of commerce and navigation.

In compliance with a resolution of the Senate, I communicated to that body on August 2 last, and also to the House of Representatives, the correspondence in the case of A. K. Cutting, an American citizen, then imprisoned in Mexico, charged with the commission of a penal offense in Texas, of which a Mexican citizen was the object.

After demand had been made for his release the charge against him was

amended so as to include a violation of Mexican law within Mexican territory.

This joinder of alleged offenses, one within and the other exterior to Mexico, induced me to order a special investigation of the case, pending which Mr. Cutting was released.

The incident has, however, disclosed a claim of jurisdiction by Mexico novel in our history, whereby any offense committed anywhere by a foreigner, penal in the place of its commission, and of which a Mexican is the object, may, if the offender be found in Mexico, be there tried and punished in conformity with Mexican laws.

This jurisdiction was sustained by the courts of Mexico in the Cutting case, and approved by the executive branch of that Government, upon the authority of a Mexican statute. The appellate court in releasing Mr. Cutting decided that the abandonment of the complaint by the Mexican citizen aggrieved by the alleged crime (a libelous publication) removed the basis of further prosecution, and also declared justice to have been satisfied by the enforcement of a small part of the original sentence.

The admission of such a pretension would be attended with serious results, invasive of the jurisdiction of this Government and highly dangerous to our citizens in foreign lands. Therefore I have denied it and protested against its attempted exercise as unwarranted by the principles of law and international usages.

A sovereign has jurisdiction of offenses which take effect within his territory, although concocted or commenced outside of it; but the right is denied of any foreign sovereign to punish a citizen of the United States for an offense consummated on our soil in violation of our laws, even though the offense be against a subject or citizen of such sovereign. The Mexican statute in question makes the claim broadly, and the principle, if conceded, would create a dual responsibility in the citizen and lead to inextricable confusion, destructive of that certainty in the law which is an essential of liberty.

When citizens of the United States voluntarily go into a foreign country, they must abide by the laws there in force, and will not be protected by their own Government from the consequences of an offense against those laws committed in such foreign country; but watchful care and interest of this Government over its citizens are not relinquished because they have gone abroad, and if charged with crime committed in the foreign land a fair and open trial, conducted with decent regard for justice and humanity, will be demanded for them. With less than that this Government will not be content when the life or liberty of its citizens is at stake.

Whatever the degree to which extraterritorial criminal jurisdiction may have been formerly allowed by consent and reciprocal agreement among certain of the European States, no such doctrine or practice was ever known

to the laws of this country or of that from which our institutions have mainly been derived.

In the case of Mexico there are reasons especially strong for perfect harmony in the mutual exercise of jurisdiction. Nature has made us irrevocably neighbors, and wisdom and kind feeling should make us friends.

The overflow of capital and enterprise from the United States is a potent factor in assisting the development of the resources of Mexico and in building up the prosperity of both countries.

To assist this good work all grounds of apprehension for the security of person and property should be removed; and I trust that in the interests of good neighborhood the statute referred to will be so modified as to eliminate the present possibilities of danger to the peace of the two countries.

The Government of the Netherlands has exhibited concern in relation to certain features of our tariff laws, which are supposed by them to be aimed at a class of tobacco produced in the Dutch East Indies. Comment would seem unnecessary upon the unwisdom of legislation appearing to have a special national discrimination for its object, which, although unintentional, may give rise to injurious retaliation.

The establishment, less than four years ago, of a legation at Teheran is bearing fruit in the interest exhibited by the Shah's Government in the industrial activity of the United States and the opportunities of beneficial interchanges.

Stable government is now happily restored in Peru by the election of a constitutional president, and a period of rehabilitation is entered upon; but the recovery is necessarily slow from the exhaustion caused by the late war and civil disturbances. A convention to adjust by arbitration claims of our citizens has been proposed and is under consideration.

The naval officer who bore to Siberia the testimonials bestowed by Congress in recognition of the aid given to the Jeannette survivors has successfully accomplished his mission. His interesting report will be submitted. It is pleasant to know that this mark of appreciation has been welcomed by the Russian Government and people as befits the traditional friendship of the two countries.

Civil perturbations in the Samoan Islands have during the past few years been a source of considerable embarrassment to the three Governments—Germany, Great Britain, and the United States—whose relations and extraterritorial rights in that important group are guaranteed by treaties. The weakness of the native administration and the conflict of opposing interests in the islands have led King Malietoa to seek alliance or protection in some one quarter, regardless of the distinct engagements whereby no one of the three treaty powers may acquire any paramount or

exclusive interest. In May last Malietoa offered to place Samoa under the protection of the United States, and the late consul, without authority, assumed to grant it. The proceeding was promptly disavowed and the overzealous official recalled. Special agents of the three Governments have been deputed to examine the situation in the islands. With a change in the representation of all three powers and a harmonious understanding between them, the peace, prosperity, autonomous administration, and neutrality of Samoa can hardly fail to be secured.

It appearing that the Government of Spain did not extend to the flag of the United States in the Antilles the full measure of reciprocity requisite under our statute for the continuance of the suspension of discriminations against the Spanish flag in our ports, I was constrained in October last to rescind my predecessor's proclamation of February 14, 1884, permitting such suspension. An arrangement was, however, speedily reached, and upon notification from the Government of Spain that all differential treatment of our vessels and their cargoes, from the United States or from any foreign country, had been completely and absolutely relinquished, I availed myself of the discretion conferred by law and issued on the 27th of October my proclamation declaring reciprocal suspension in the United States. It is most gratifying to bear testimony to the earnest spirit in which the Government of the Queen Regent has met our efforts to avert the initiation of commercial discriminations and reprisals, which are ever disastrous to the material interests and the political good will of the countries they may affect.

The profitable development of the large commercial exchanges between the United States and the Spanish Antilles is naturally an object of solicitude. Lying close at our doors, and finding here their main markets of supply and demand, the welfare of Cuba and Puerto Rico and their production and trade are scarcely less important to us than to Spain. Their commercial and financial movements are so naturally a part of our system that no obstacle to fuller and freer intercourse should be permitted to exist. The standing instructions of our representatives at Madrid and Havana have for years been to leave no effort unessayed to further these ends, and at no time has the equal good desire of Spain been more hopefully manifested than now.

The Government of Spain, by removing the consular tonnage fees on cargoes shipped to the Antilles and by reducing passport fees, has shown its recognition of the needs of less trammelled intercourse.

An effort has been made during the past year to remove the hindrances to the proclamation of the treaty of naturalization with the Sublime Porte, signed in 1874, which has remained inoperative owing to a disagreement of interpretation of the clauses relative to the effects of the return to and sojourn of a naturalized citizen in the land of origin. I trust soon to be able to announce a favorable settlement of the differences as to this interpretation.

It has been highly satisfactory to note the improved treatment of American missionaries in Turkey, as has been attested by their acknowledgments to our late minister to that Government of his successful exertions in their behalf.

The exchange of ratifications of the convention of December 5, 1885, with Venezuela, for the reopening of the awards of the Caracas Commission under the claims convention of 1866, has not yet been effected, owing to the delay of the Executive of that Republic in ratifying the measure. I trust that this postponement will be brief; but should it much longer continue, the delay may well be regarded as a rescission of the compact and a failure on the part of Venezuela to complete an arrangement so persistently sought by her during many years and assented to by this Government in a spirit of international fairness, although to the detriment of holders of bona fide awards of the impugned commission.

I renew the recommendation of my last annual message that existing legislation concerning citizenship and naturalization be revised. We have treaties with many states providing for the renunciation of citizenship by naturalized aliens, but no statute is found to give effect to such engagements, nor any which provides a needed central bureau for the registration of naturalized citizens.

Experience suggests that our statutes regulating extradition might be advantageously amended by a provision for the transit across our territory, now a convenient thoroughfare of travel from one foreign country to another, of fugitives surrendered by a foreign government to a third state. Such provisions are not unusual in the legislation of other countries, and tend to prevent the miscarriage of justice. It is also desirable, in order to remove present uncertainties, that authority should be conferred on the Secretary of State to issue a certificate, in case of an arrest for the purpose of extradition, to the officer before whom the proceeding is pending, showing that a requisition for the surrender of the person charged has been duly made. Such a certificate, if required to be received before the prisoner's examination, would prevent a long and expensive judicial inquiry into a charge which the foreign government might not desire to press. I also recommend that express provision be made for the immediate discharge from custody of persons committed for extradition where the President is of opinion that surrender should not be made.

The drift of sentiment in civilized communities toward full recognition of the rights of property in the creations of the human intellect has brought about the adoption by many important nations of an international copyright convention, which was signed at Berne on the 18th of September, 1885.

Inasmuch as the Constitution gives to the Congress the power "to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries," this Government did not feel warranted in becoming a signatory pending the action of Congress upon measures of international

copyright now before it; but the right of adhesion to the Berne convention hereafter has been reserved. I trust the subject will receive at your hands the attention it deserves, and that the just claims of authors, so urgently pressed, will be duly heeded.

Representations continue to be made to me of the injurious effect upon American artists studying abroad and having free access to the art collections of foreign countries of maintaining a discriminating duty against the introduction of the works of their brother artists of other countries, and I am induced to repeat my recommendation for the abolition of that tax.

Pursuant to a provision of the diplomatic and consular appropriation act approved July 1, 1886, the estimates submitted by the Secretary of State for the maintenance of the consular service have been recast on the basis of salaries for all officers to whom such allowance is deemed advisable. Advantage has been taken of this to redistribute the salaries of the offices now appropriated for, in accordance with the work performed, the importance of the representative duties of the incumbent, and the cost of living at each post. The last consideration has been too often lost sight of in the allowances heretofore made. The compensation which may suffice for the decent maintenance of a worthy and capable officer in a position of onerous and representative trust at a post readily accessible, and where the necessaries of life are abundant and cheap, may prove an inadequate pittance in distant lands, where the better part of a year's pay is consumed in reaching the post of duty, and where the comforts of ordinary civilized existence can only be obtained with difficulty and at exorbitant cost. I trust that in considering the submitted schedules no mistaken theory of economy will perpetuate a system which in the past has virtually closed to deserving talent many offices where capacity and attainments of a high order are indispensable, and in not a few instances has brought discredit on our national character and entailed embarrassment and even suffering on those deputed to uphold our dignity and interests abroad.

In connection with this subject I earnestly reiterate the practical necessity of supplying some mode of trustworthy inspection and report of the manner in which the consulates are conducted. In the absence of such reliable information efficiency can scarcely be rewarded or its opposite corrected.

Increasing competition in trade has directed attention to the value of the consular reports printed by the Department of State, and the efforts of the Government to extend the practical usefulness of these reports have created a wider demand for them at home and a spirit of emulation abroad. Constituting a record at the changes occurring in trade and of the progress of the arts and invention in foreign countries, they are much sought for by all interested in the subjects which they embrace.

The report of the Secretary of the Treasury exhibits in detail the condition of the public finances and of the several branches of the

Government related to his Department. I especially direct the attention of the Congress to the recommendations contained in this and the last preceding report of the Secretary touching the simplification and amendment of the laws relating to the collection of our revenues, and in the interest of economy and justice to the Government I hope they may be adopted by appropriate legislation.

The ordinary receipts of the Government for the fiscal year ended June 30, 1886, were \$336,439,727.06. Of this amount \$192,905,023.41 was received from customs and \$116,805,936.48 from internal revenue. The total receipts, as here stated, were \$13,749,020.68 greater than for the previous year, but the increase from customs was \$11,434,084.10 and from internal revenue \$4,407,210.94, making a gain in these items for the last year of \$15,841,295.04, a falling off in other resources reducing the total increase to the smaller amount mentioned.

The expense at the different custom-houses of collecting this increased customs revenue was less than the expense attending the collection of such revenue for the preceding year by \$490,608, and the increased receipts of internal revenue were collected at a cost to the Internal-Revenue Bureau \$155,944.99 less than the expense of such collection for the previous year.

The total ordinary expenses of the Government for the fiscal year ended June 30, 1886, were \$242,483,138.50, being less by \$17,788,797 than such expenditures for the year preceding, and leaving a surplus in the Treasury at the close of the last fiscal year of \$93,956,588.56, as against \$63,463,771.27 at the close of the previous year, being an increase in such surplus of \$30,492,817.29.

The expenditures are compared with those of the preceding fiscal year and classified as follows:

For the current year to end June 30, 1887, the ascertained receipts up to October 1, 1886, with such receipts estimated for the remainder of the year, amount to \$356,000,000.

The expenditures ascertained and estimated for the same period are \$266,000,000, indicating an anticipated surplus at the close of the year of \$90,000,000.

The total value of the exports from the United States to foreign countries during the fiscal year is stated and compared with the preceding year as follows:

The value of some of our leading exports during the last fiscal year, as compared with the value of the same for the year immediately preceding, is here given, and furnishes information both interesting and suggestive:

Our imports during the last fiscal year, as compared with the previous

year, were as follows:

In my last annual message to the Congress attention was directed to the fact that the revenues of the Government exceeded its actual needs, and it was suggested that legislative action should be taken to relieve the people from the unnecessary burden of taxation thus made apparent.

In view of the pressing importance of the subject I deem it my duty to again urge its consideration.

The income of the Government, by its increased volume and through economies in its collection, is now more than ever in excess of public necessities. The application of the surplus to the payment of such portion of the public debt as is now at our option subject to extinguishment, if continued at the rate which has lately prevailed, would retire that class of indebtedness within less than one year from this date. Thus a continuation of our present revenue system would soon result in the receipt of an annual income much greater than necessary to meet Government expenses, with no indebtedness upon which it could be applied. We should then be confronted with a vast quantity of money, the circulating medium of the people, hoarded in the Treasury when it should be in their hands, or we should be drawn into wasteful public extravagance, with all the corrupting national demoralization which follows in its train.

But it is not the simple existence of this surplus and its threatened attendant evils which furnish the strongest argument against our present scale of Federal taxation. Its worst phase is the exaction of such a surplus through a perversion of the relations between the people and their Government and a dangerous departure from the rules which limit the right of Federal taxation.

Good government, and especially the government of which every American citizen boasts, has for its objects the protection of every person within its care in the greatest liberty consistent with the good order of society and his perfect security in the enjoyment of his earnings with the least possible diminution for public needs. When more of the people's substance is exacted through the form of taxation than is necessary to meet the just obligations of the Government and the expense of its economical administration, such exaction becomes ruthless extortion and a violation of the fundamental principles of a free government.

The indirect manner in which these exactions are made has a tendency to conceal their true character and their extent. But we have arrived at a stage of superfluous revenue which has aroused the people to a realization of the fact that the amount raised professedly for the support of the Government is paid by them as absolutely if added to the price of the things which supply their daily wants as if it was paid at fixed periods into the hand of the tax gatherer.

Those who toil for daily wages are beginning to understand that capital,

though sometimes vaunting its importance and clamoring for the protection and favor of the Government, is dull and sluggish till, touched by the magical hand of labor, it springs into activity, furnishing an occasion for Federal taxation and gaining the value which enables it to bear its burden. And the laboring man is thoughtfully inquiring whether in these circumstances, and considering the tribute he constantly pays into the public Treasury as he supplies his daily wants, he receives his fair share of advantages.

There is also a suspicion abroad that the surplus of our revenues indicates abnormal and exceptional business profits, which, under the system which produces such surplus, increase without corresponding benefit to the people at large the vast accumulations of a few among our citizens, whose fortunes, rivaling the wealth of the most favored in antidemocratic nations, are not the natural growth of a steady, plain, and industrious republic.

Our farmers, too, and those engaged directly and indirectly in supplying the products of agriculture, see that day by day, and as often as the daily wants of their households recur, they are forced to pay excessive and needless taxation, while their products struggle in foreign markets with the competition of nations, which, by allowing a freer exchange of productions than we permit, enable their people to sell for prices which distress the American farmer.

As every patriotic citizen rejoices in the constantly increasing pride of our people in American citizenship and in the glory of our national achievements and progress, a sentiment prevails that the leading strings useful to a nation in its infancy may well be to a great extent discarded in the present stage of American ingenuity, courage, and fearless self-reliance; and for the privilege of indulging this sentiment with true American enthusiasm our citizens are quite willing to forego an idle surplus in the public Treasury.

And all the people know that the average rate of Federal taxation upon imports is to-day, in time of peace, but little less, while upon some articles of necessary consumption it is actually more, than was imposed by the grievous burden willingly borne at a time when the Government needed millions to maintain by war the safety and integrity of the Union.

It has been the policy of the Government to collect the principal part of its revenues by a tax upon imports, and no change in this policy is desirable. But the present condition of affairs constrains our people to demand that by a revision of our revenue laws the receipts of the Government shall be reduced to the necessary expense of its economical administration; and this demand should be recognized and obeyed by the people's representatives in the legislative branch of the Government.

In readjusting the burdens of Federal taxation a sound public policy requires that such of our citizens as have built up large and important

industries under present conditions should not be suddenly and to their injury deprived of advantages to which they have adapted their business; but if the public good requires it they should be content with such consideration as shall deal fairly and cautiously with their interests, while the just demand of the people for relief from needless taxation is honestly answered.

A reasonable and timely submission to such a demand should certainly be possible without disastrous shock to any interest; and a cheerful concession sometimes averts abrupt and heedless action, often the outgrowth of impatience and delayed justice.

Due regard should be also accorded in any proposed readjustment to the interests of American labor so far as they are involved. We congratulate ourselves that there is among us no laboring class fixed within unyielding bounds and doomed under all conditions to the inexorable fate of daily toil. We recognize in labor a chief factor in the wealth of the Republic, and we treat those who have it in their keeping as citizens entitled to the most careful regard and thoughtful attention. This regard and attention should be awarded them, not only because labor is the capital of our workingmen, justly entitled to its share of Government favor, but for the further and not less important reason that the laboring man, surrounded by his family in his humble home, as a consumer is vitally interested in all that cheapens the cost of living and enables him to bring within his domestic circle additional comforts and advantages.

This relation of the workingman to the revenue laws of the country and the manner in which it palpably influences the question of wages should not be forgotten in the justifiable prominence given to the proper maintenance of the supply and protection of well-paid labor. And these considerations suggest such an arrangement of Government revenues as shall reduce the expense of living, while it does not curtail the opportunity for work nor reduce the compensation of American labor and injuriously affect its condition and the dignified place it holds in the estimation of our people.

But our farmers and agriculturists—those who from the soil produce the things consumed by all—are perhaps more directly and plainly concerned than any other of our citizens in a just and careful system of Federal taxation. Those actually engaged in and more remotely connected with this kind of work number nearly one-half of our population. None labor harder or more continuously than they. No enactments limit their hours of toil and no interposition of the Government enhances to any great extent the value of their products. And yet for many of the necessities and comforts of life, which the most scrupulous economy enables them to bring into their homes, and for their implements of husbandry, they are obliged to pay a price largely increased by an unnatural profit, which by the action of the Government is given to the more favored manufacturer.

I recommend that, keeping in view all these considerations, the increasing

and unnecessary surplus of national income annually accumulating be released to the people by an amendment to our revenue laws which shall cheapen the price of the necessaries of life and give freer entrance to such imported materials as by American labor may be manufactured into marketable commodities.

Nothing can be accomplished, however, in the direction of this much-needed reform unless the subject is approached in a patriotic spirit of devotion to the interests of the entire country and with a willingness to yield something for the public good.

The sum paid upon the public debt during the fiscal year ended June 30, 1886, was \$44,551,043.36.

During the twelve months ended October 31, 1886, 3 per cent bonds were called for redemption amounting to \$127,283,100, of which \$80,643,200 was so called to answer the requirements of the law relating to the sinking fund and \$46,639,900 for the purpose of reducing the public debt by application of a part of the surplus in the Treasury to that object. Of the bonds thus called \$102,269,450 became subject under such calls to redemption prior to November 1, 1886. The remainder, amounting to \$25,013,650, matured under the calls after that date.

In addition to the amount subject to payment and cancellation prior to November 1, there were also paid before that day certain of these bonds, with the interest thereon, amounting to \$5,072,350, which were anticipated as to their maturity, of which \$2,664,850 had not been called. Thus \$107,341,800 had been actually applied prior to the 1st of November, 1886, to the extinguishment of our bonded and interest-bearing debt, leaving on that day still outstanding the sum of \$1,153,443,112. Of this amount \$86,848,700 were still represented by 3 per cent bonds. They however, have been since November 1, or will at once be, further reduced by \$22,606,150, being bonds which have been called, as already stated, but not redeemed and canceled before the latter date.

During the fiscal year ended June 30, 1886, there were coined, under the compulsory silver-coinage act of 1878, 29,838,905 silver dollars, and the cost of the silver used in such coinage was \$23,448,960.01. There had been coined up to the close of the previous fiscal year under the provisions of the law 203,882,554 silver dollars, and on the 1st day of December, 1886, the total amount of such coinage was \$247,131,549.

The Director of the Mint reports that at the time of the passage of the law of 1878 directing this coinage the intrinsic value of the dollars thus coined was 94 1/4 cents each, and that on the 31st day of July, 1886, the price of silver reached the lowest stage ever known, so that the intrinsic or bullion price of our standard silver dollar at that date was less than 72 cents. The price of silver on the 30th day of November last was such as to make these dollars intrinsically worth 78 cents each.

These differences in value of the coins represent the fluctuations in the price of silver, and they certainly do not indicate that compulsory coinage by the Government enhances the price of that commodity or secures uniformity in its value.

Every fair and legal effort has been made by the Treasury Department to distribute this currency among the people. The withdrawal of United States Treasury notes of small denominations and the issuing of small silver certificates have been resorted to in the endeavor to accomplish this result, in obedience to the will and sentiments of the representatives of the people in the Congress. On the 27th day of November, 1886, the people held of these coins, or certificates representing them, the nominal sum of \$166,873,041, and we still had \$79,464,345 in the Treasury as against about \$142,894,055 so in the hands of the people and \$72,865,376 remaining in the Treasury one year ago. The Director of the Mint again urges the necessity of more vault room for the purpose of storing these silver dollars which are not needed for circulation by the people.

I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage, and I again urge its suspension on all the grounds contained in my former recommendation, reinforced by the significant increase of our gold exportations during the last year, as appears by the comparative statement herewith presented, and for the further reasons that the more this currency is distributed among the people the greater becomes our duty to protect it from disaster, that we now have abundance for all our needs, and that there seems but little propriety in building vaults to store such currency when the only pretense for its coinage is the necessity of its use by the people as a circulating medium.

The great number of suits now pending in the United States courts for the southern district of New York growing out of the collection of customs revenue at the port of New York and the number of such suits that are almost daily instituted are certainly worthy the attention of the Congress. These legal controversies, based upon conflicting views by importers and the collector as to the interpretation of our present complex and indefinite revenue laws, might be largely obviated by an amendment of those laws.

But pending such amendment the present condition of this litigation should be relieved. There are now pending about 2,500 of these suits. More than 1,100 have been commenced within the past eighteen months, and many of the others have been at issue for more than twenty-five years. These delays subject the Government to loss of evidence and prevent the preparation necessary to defeat unjust and fictitious claims, while constantly accruing interest threatens to double the demands involved.

In the present condition of the dockets of the courts, well filled with private suits, and of the force allowed the district attorney, no greater than is necessary for the ordinary and current business of his office,

these revenue litigations can not be considered.

In default of the adoption by the Congress of a plan for the general reorganization of the Federal courts, as has been heretofore recommended, I urge the propriety of passing a law permitting the appointment of an additional Federal judge in the district where these Government suits have accumulated, so that by continuous sessions of the courts devoted to the trial of these cases they may be determined.

It is entirely plain that a great saving to the Government would be accomplished by such a remedy, and the suitors who have honest claims would not be denied justice through delay.

The report of the Secretary of War gives a detailed account of the administration of his Department and contains sundry recommendations for the improvement of the service, which I fully approve.

The Army consisted at the date of the last consolidated return of 2,103 officers and 24,946 enlisted men.

The expenses of the Department for the last fiscal year were \$36,990,903.38, including \$6,294,305.43 for public works and river and harbor improvements.

I especially direct the attention of the Congress to the recommendation that officers be required to submit to an examination as a preliminary to their promotion. I see no objection, but many advantages, in adopting this feature, which has operated so beneficially in our Navy Department, as well as in some branches of the Army.

The subject of coast defenses and fortifications has been fully and carefully treated by the Board on Fortifications, whose report was submitted at the last session of Congress; but no construction work of the kind recommended by the board has been possible during the last year from the lack of appropriations for such purpose.

The defenseless condition of our seacoast and lake frontier is perfectly palpable. The examinations made must convince us all that certain of our cities named in the report of the board should be fortified and that work on the most important of these fortifications should be commenced at once. The work has been thoroughly considered and laid out, the Secretary of War reports, but all is delayed in default of Congressional action.

The absolute necessity, judged by all standards of prudence and foresight, of our preparation for an effectual resistance against the armored ships and steel guns and mortars of modern construction which may threaten the cities on our coasts is so apparent that I hope effective steps will be taken in that direction immediately.

The valuable and suggestive treatment of this question by the Secretary of

War is earnestly commended to the consideration of the Congress.

In September and October last the hostile Apaches who, under the leadership of Geronimo, had for eighteen months been on the war path, and during that time had committed many murders and been the cause of constant terror to the settlers of Arizona, surrendered to General Miles, the military commander who succeeded General Crook in the management and direction of their pursuit.

Under the terms of their surrender as then reported, and in view of the understanding which these murderous savages seemed to entertain of the assurances given them, it was considered best to imprison them in such manner as to prevent their ever engaging in such outrages again, instead of trying them for murder. Fort Pickens having been selected as a safe place of confinement, all the adult males were sent thither and will be closely guarded as prisoners. In the meantime the residue of the band, who, though still remaining upon the reservation, were regarded as unsafe and suspected of furnishing aid to those on the war path, had been removed to Fort Marion. The women and larger children of the hostiles were also taken there, and arrangements have been made for putting the children of proper age in Indian schools.

The report of the Secretary of the Navy contains a detailed exhibit of the condition of his Department, with such a statement of the action needed to improve the same as should challenge the earnest attention of the Congress.

The present Navy of the United States, aside from the ships in course of construction, consists of—

First. Fourteen single-turreted monitors, none of which are in commission nor at the present time serviceable. The batteries of these ships are obsolete, and they can only be relied upon as auxiliary ships in harbor defense, and then after such an expenditure upon them as might not be deemed justifiable.

Second. Five fourth-rate vessels of small tonnage, only one of which was designed as a war vessel, and all of which are auxiliary merely.

Third. Twenty-seven cruising ships, three of which are built of iron, of small tonnage, and twenty-four of wood. Of these wooden vessels it is estimated by the Chief Constructor of the Navy that only three will be serviceable beyond a period of six years, at which time it may be said that of the present naval force nothing worthy the name will remain.

All the vessels heretofore authorized are under contract or in course of construction except the armored ships, the torpedo and dynamite boats, and one cruiser. As to the last of these, the bids were in excess of the limit fixed by Congress. The production in the United States of armor and gun

steel is a question which it seems necessary to settle at an early day if the armored war vessels are to be completed with those materials of home manufacture. This has been the subject of investigation by two boards and by two special committees of Congress within the last three years. The report of the Gun Foundry Board in 1884, of the Board on Fortifications made in January last, and the reports of the select committees of the two Houses made at the last session of Congress have entirely exhausted the subject, so far as preliminary investigation is involved, and in their recommendations they are substantially agreed.

In the event that the present invitation of the Department for bids to furnish such of this material as is now authorized shall fail to induce domestic manufacturers to undertake the large expenditures required to prepare for this new manufacture, and no other steps are taken by Congress at its coming session, the Secretary contemplates with dissatisfaction the necessity of obtaining abroad the armor and the gun steel for the authorized ships. It would seem desirable that the wants of the Army and the Navy in this regard should be reasonably met, and that by uniting their contracts such inducement might be offered as would result in securing the domestication of these important interests.

The affairs of the postal service show marked and gratifying improvement during the past year. A particular account of its transactions and condition is given in the report of the Postmaster-General, which will be laid before you.

The reduction of the rate of letter postage in 1883, rendering the postal revenues inadequate to sustain the expenditures, and business depression also contributing, resulted in an excess of cost for the fiscal year ended June 30, 1885, of eight and one-third millions of dollars. An additional check upon receipts by doubling the measure of weight in rating sealed correspondence and diminishing one-half the charge for newspaper carriage was imposed by legislation which took effect with the beginning of the past fiscal year, while the constant demand of our territorial development and growing population for the extension and increase of mail facilities and machinery necessitates steady annual advance in outlay, and the careful estimate of a year ago upon the rates of expenditure then existing contemplated the unavoidable augmentation of the deficiency in the last fiscal year by nearly \$2,000,000. The anticipated revenue for the last year failed of realization by about \$64,000, but proper measures of economy have so satisfactorily limited the growth of expenditure that the total deficiency in fact fell below that of 1885, and at this time the increase of revenue is in a gaining ratio over the increase of cost, demonstrating the sufficiency of the present rates of postage ultimately to sustain the service. This is the more pleasing because our people enjoy now both cheaper postage proportionably to distances and a vaster and more costly service than any other upon the globe.

Retrenchment has been effected in the cost of supplies, some expenditures unwarranted by law have ceased, and the outlays for mail carriage have been

subjected to beneficial scrutiny. At the close of the last fiscal year the expense of transportation on star routes stood at an annual rate of cost less by over \$560,000 than at the close of the previous year and steamboat and mail-messenger service at nearly \$200,000 less.

The service has been in the meantime enlarged and extended by the establishment of new offices, increase of routes of carriage, expansion of carrier-delivery conveniences, and additions to the railway mail facilities, in accordance with the growing exigencies of the country and the long-established policy of the Government.

The Postmaster-General calls attention to the existing law for compensating railroads and expresses the opinion that a method may be devised which will prove more just to the carriers and beneficial to the Government; and the subject appears worthy of your early consideration.

The differences which arose during the year with certain of the ocean steamship companies have terminated by the acquiescence of all in the policy of the Government approved by the Congress in the postal appropriation at its last session, and the Department now enjoys the utmost service afforded by all vessels which sail from our ports upon either ocean—a service generally adequate to the needs of our intercourse. Petitions have, however, been presented to the Department by numerous merchants and manufacturers for the establishment of a direct service to the Argentine Republic and for semimonthly dispatches to the Empire of Brazil, and the subject is commended to your consideration. It is an obvious duty to provide the means of postal communication which our commerce requires, and with prudent forecast of results the wise extension of it may lead to stimulating intercourse and become the harbinger of a profitable traffic which will open new avenues for the disposition of the products of our industry. The circumstances of the countries at the far south of our continent are such as to invite our enterprise and afford the promise of sufficient advantages to justify an unusual effort to bring about the closer relations which greater freedom of communication would tend to establish.

I suggest that, as distinguished from a grant or subsidy for the mere benefit of any line of trade or travel, whatever outlay may be required to secure additional postal service, necessary and proper and not otherwise attainable, should be regarded as within the limit of legitimate compensation for such service.

The extension of the free-delivery service as suggested by the Postmaster-General has heretofore received my sanction, and it is to be hoped a suitable enactment may soon be agreed upon.

The request for an appropriation sufficient to enable the general inspection of fourth-class offices has my approbation.

I renew my approval of the recommendation of the Postmaster-General that

another assistant be provided for the Post-Office Department, and I invite your attention to the several other recommendations in his report.

The conduct of the Department of Justice for the last fiscal year is fully detailed in the report of the Attorney-General, and I invite the earnest attention of the Congress to the same and due consideration of the recommendations therein contained.

In the report submitted by this officer to the last session of the Congress he strongly recommended the erection of a penitentiary for the confinement of prisoners convicted and sentenced in the United States courts, and he repeats the recommendation in his report for the last year.

This is a matter of very great importance and should at once receive Congressional action. United States prisoners are now confined in more than thirty different State prisons and penitentiaries scattered in every part of the country. They are subjected to nearly as many different modes of treatment and discipline and are far too much removed from the control and regulation of the Government. So far as they are entitled to humane treatment and an opportunity for improvement and reformation, the Government is responsible to them and society that these things are forthcoming. But this duty can scarcely be discharged without more absolute control and direction than is possible under the present system.

Many of our good citizens have interested themselves, with the most beneficial results, in the question of prison reform. The General Government should be in a situation, since there must be United States prisoners, to furnish important aid in this movement, and should be able to illustrate what may be practically done in the direction of this reform and to present an example in the treatment and improvement of its prisoners worthy of imitation.

With prisons under its own control the Government could deal with the somewhat vexed question of convict labor, so far as its convicts were concerned, according to a plan of its own adoption, and with due regard to the rights and interests of our laboring citizens, instead of sometimes aiding in the operation of a system which causes among them irritation and discontent.

Upon consideration of this subject it might be thought wise to erect more than one of these institutions, located in such places as would best subserve the purposes of convenience and economy in transportation. The considerable cost of maintaining these convicts as at present, in State institutions, would be saved by the adoption of the plan proposed, and by employing them in the manufacture of such articles as were needed for use by the Government quite a large pecuniary benefit would be realized in partial return for our outlay.

I again urge a change in the Federal judicial system to meet the wants of the people and obviate the delays necessarily attending the present

condition of affairs in our courts. All are agreed that something should be done, and much favor is shown by those well able to advise to the plan suggested by the Attorney-General at the last session of the Congress and recommended in my last annual message. This recommendation is here renewed, together with another made at the same time, touching a change in the manner of compensating district attorneys and marshals; and the latter subject is commended to the Congress for its action in the interest of economy to the Government, and humanity, fairness, and justice to our people.

The report of the Secretary of the Interior presents a comprehensive summary of the work of the various branches of the public service connected with his Department, and the suggestions and recommendations which it contains for the improvement of the service should receive your careful consideration.

The exhibit made of the condition of our Indian population and the progress of the work for their enlightenment, notwithstanding the many embarrassments which hinder the better administration of this important branch of the service, is a gratifying and hopeful one.

The funds appropriated for the Indian service for the fiscal year just passed, with the available income from Indian land and trust moneys, amounting in all to \$7,850,775.12, were ample for the service under the conditions and restrictions of laws regulating their expenditure. There remained a balance on hand on June 30, 1886, of \$1,660,023.30, of which \$1,337,768.21 are permanent funds for fulfillment of treaties and other like purposes, and the remainder, \$322,255.09, is subject to be carried to the surplus fund as required by law.

The estimates presented for appropriations for the ensuing fiscal year amount to \$5,608,873.64, or \$442,386.20 less than those laid before the Congress last year.

The present system of agencies, while absolutely necessary and well adapted for the management of our Indian affairs and for the ends in view when it was adopted, is in the present stage of Indian management inadequate, standing alone, for the accomplishment of an object which has become pressing in its importance—the more rapid transition from tribal organizations to citizenship of such portions of the Indians as are capable of civilized life.

When the existing system was adopted, the Indian race was outside of the limits of organized States and Territories and beyond the immediate reach and operation of civilization, and all efforts were mainly directed to the maintenance of friendly relations and the preservation of peace and quiet on the frontier. All this is now changed. There is no such thing as the Indian frontier. Civilization, with the busy hum of industry and the influences of Christianity, surrounds these people at every point. None of the tribes are outside of the bounds of organized government and society,

except that the Territorial system has not been extended over that portion of the country known as the Indian Territory. As a race the Indians are no longer hostile, but may be considered as submissive to the control of the Government. Few of them only are troublesome. Except the fragments of several bands, all are now gathered upon reservations.

It is no longer possible for them to subsist by the chase and the spontaneous productions of the earth.

With an abundance of land, if furnished with the means and implements for profitable husbandry, their life of entire dependence upon Government rations from day to day is no longer defensible. Their inclination, long fostered by a defective system of control, is to cling to the habits and customs of their ancestors and struggle with persistence against the change of life which their altered circumstances press upon them. But barbarism and civilization can not live together. It is impossible that such incongruous conditions should coexist on the same soil.

They are a portion of our people, are under the authority of our Government, and have a peculiar claim upon and are entitled to the fostering care and protection of the nation. The Government can not relieve itself of this responsibility until they are so far trained and civilized as to be able wholly to manage and care for themselves. The paths in which they should walk must be clearly marked out for them, and they must be led or guided until they are familiar with the way and competent to assume the duties and responsibilities of our citizenship.

Progress in this great work will continue only at the present slow pace and at great expense unless the system and methods of management are improved to meet the changed conditions and urgent demands of the service.

The agents, having general charge and supervision in many cases of more than 5,000 Indians, scattered over large reservations, and burdened with the details of accountability for funds and supplies, have time to look after the industrial training and improvement of a few Indians only. The many are neglected and remain idle and dependent, conditions not favorable for progress and civilization.

The compensation allowed these agents and the conditions of the service are not calculated to secure for the work men who are fitted by ability and skill to properly plan and intelligently direct the methods best adapted to produce the most speedy results and permanent benefits.

Hence the necessity for a supplemental agency or system directed to the end of promoting the general and more rapid transition of the tribes from habits and customs of barbarism to the ways of civilization.

With an anxious desire to devise some plan of operation by which to secure the welfare of the Indians and to relieve the Treasury as far as possible from the support of an idle and dependent population, I recommended in my

previous annual message the passage of a law authorizing the appointment of a commission as an instrumentality auxiliary to those already established for the care of the Indians. It was designed that this commission should be composed of six intelligent and capable persons—three to be detailed from the Army—having practical ideas upon the subject of the treatment of Indians and interested in their welfare, and that it should be charged, under the direction of the Secretary of the Interior, with the management of such matters of detail as can not with the present organization be properly and successfully conducted, and which present different phases, as the Indians themselves differ in their progress, needs, disposition, and capacity for improvement or immediate self-support.

By the aid of such a commission much unwise and useless expenditure of money, waste of materials, and unavailing efforts might be avoided; and it is hoped that this or some measure which the wisdom of Congress may better devise to supply the deficiency of the present system may receive your consideration and the appropriate legislation be provided.

The time is ripe for the work of such an agency.

There is less opposition to the education and training of the Indian youth, as shown by the increased attendance upon the schools, and there is a yielding tendency for the individual holding of lands. Development and advancement in these directions are essential, and should have every encouragement. As the rising generation are taught the language of civilization and trained in habits of industry they should assume the duties, privileges, and responsibilities of citizenship.

No obstacle should hinder the location and settlement of any Indian willing to take land in severalty; on the contrary, the inclination to do so should be stimulated at all times when proper and expedient. But there is no authority of law for making allotments on some of the reservations, and on others the allotments provided for are so small that the Indians, though ready and desiring to settle down, are not willing to accept such small areas when their reservations contain ample lands to afford them homesteads of sufficient size to meet their present and future needs.

These inequalities of existing special laws and treaties should be corrected and some general legislation on the subject should be provided, so that the more progressive members of the different tribes may be settled upon homesteads, and by their example lead others to follow, breaking away from tribal customs and substituting therefor the love of home, the interest of the family, and the rule of the state.

The Indian character and nature are such that they are not easily led while brooding over unadjusted wrongs. This is especially so regarding their lands. Matters arising from the construction and operation of railroads across some of the reservations, and claims of title and right of occupancy set up by white persons to some of the best land within other reservations require legislation for their final adjustment.

The settlement of these matters will remove many embarrassments to progress in the work of leading the Indians to the adoption of our institutions and bringing them under the operation, the influence, and the protection of the universal laws of our country.

The recommendations of the Secretary of the Interior and the Commissioner of the General Land Office looking to the better protection of public lands and of the public surveys, the preservation of national forests, the adjudication of grants to States and corporations and of private land claims, and the increased efficiency of the public-land service are commended to the attention of Congress. To secure the widest distribution of public lands in limited quantities among settlers for residence and cultivation, and thus make the greatest number of individual homes, was the primary object of the public-land legislation in the early days of the Republic. This system was a simple one. It commenced with an admirable scheme of public surveys, by which the humblest citizen could identify the tract upon which he wished to establish his home. The price of lands was placed within the reach of all the enterprising, industrious, and honest pioneer citizens of the country. It was soon, however, found that the object of the laws was perverted, under the system of cash sales, from a distribution of land among the people to an accumulation of land capital by wealthy and speculative persons. To check this tendency a preference right of purchase was given to settlers on the land, a plan which culminated in the general preemption act of 1841. The foundation of this system was actual residence and cultivation. Twenty years later the homestead law was devised to more surely place actual homes in the possession of actual cultivators of the soil. The land was given without price, the sole conditions being residence, improvement, and cultivation. Other laws have followed, each designed to encourage the acquirement and use of land in limited individual quantities. But in later years these laws, through vicious administrative methods and under changed conditions of communication and transportation, have been so evaded and violated that their beneficent purpose is threatened with entire defeat. The methods of such evasions and violations are set forth in detail in the reports of the Secretary of the Interior and Commissioner of the General Land Office. The rapid appropriation of our public lands without bona fide settlements or cultivation, and not only without intention of residence, but for the purpose of their aggregation in large holdings, in many cases in the hands of foreigners, invites the serious and immediate attention of the Congress.

The energies of the Land Department have been devoted during the present Administration to remedy defects and correct abuses in the public-land service. The results of these efforts are so largely in the nature of reforms in the processes and methods of our land system as to prevent adequate estimate; but it appears by a compilation from the reports of the Commissioner of the General Land Office that the immediate effect in leading cases which have come to a final termination has been the restoration to the mass of public lands of 2,750,000 acres; that 2,370,000

acres are embraced in investigations now pending before the Department or the courts, and that the action of Congress has been asked to effect the restoration of 2,790,000 acres additional; besides which 4,000,000 acres have been withheld from reservation and the rights of entry thereon maintained.

I recommend the repeal of the preemption and timber-culture acts, and that the homestead laws be so amended as to better secure compliance with their requirements of residence, improvement, and cultivation for the period of five years from date of entry, without commutation or provision for speculative relinquishment. I also recommend the repeal of the desert-land laws unless it shall be the pleasure of the Congress to so amend these laws as to render them less liable to abuses. As the chief motive for an evasion of the laws and the principal cause of their result in land accumulation instead of land distribution is the facility with which transfers are made of the right intended to be secured to settlers, it may be deemed advisable to provide by legislation some guards and checks upon the alienation of homestead rights and lands covered thereby until patents issue.

Last year an Executive proclamation was issued directing the removal of fences which inclosed the public domain. Many of these have been removed in obedience to such order, but much of the public land still remains within the lines of these unlawful fences. The ingenious methods resorted to in order to continue these trespasses and the hardihood of the pretenses by which in some cases such inclosures are justified are fully detailed in the report of the Secretary of the Interior.

The removal of the fences still remaining which inclose public lands will be enforced with all the authority and means with which the executive branch of the Government is or shall be invested by the Congress for that purpose.

The report of the Commissioner of Pensions contains a detailed and most satisfactory exhibit of the operations of the Pension Bureau during the last fiscal year. The amount of work done was the largest in any year since the organization of the Bureau, and it has been done at less cost than during the previous year in every division.

On the 30th day of June, 1886, there were 365,783 pensioners on the rolls of the Bureau.

Since 1861 there have been 1,018,735 applications for pensions filed, of which 78,834 were based upon service in the War of 1812. There were 621,754 of these applications allowed, including 60,178 to the soldiers of 1812 and their widows.

The total amount paid for pensions since 1861 is \$808,624,811.57.

The number of new pensions allowed during the year ended June 30, 1886, is

40,857, a larger number than has been allowed in any year save one since 1861. The names of 2,229 pensioners which had been previously dropped from the rolls were restored during the year, and after deducting those dropped within the same time for various causes a net increase remains for the year of 20,658 names.

From January 1, 1861, to December 1, 1885, 1,967 private pension acts had been passed. Since the last-mentioned date, and during the last session of the Congress, 644 such acts became laws.

It seems to me that no one can examine our pension establishment and its operations without being convinced that through its instrumentality justice can be very nearly done to all who are entitled under present laws to the pension bounty of the Government.

But it is undeniable that cases exist, well entitled to relief, in which the Pension Bureau is powerless to aid. The really worthy cases of this class are such as only lack by misfortune the kind or quantity of proof which the law and regulations of the Bureau require, or which, though their merit is apparent, for some other reason can not be justly dealt with through general laws. These conditions fully justify application to the Congress and special enactments. But resort to the Congress for a special pension act to overrule the deliberate and careful determination of the Pension Bureau on the merits or to secure favorable action when it could not be expected under the most liberal execution of general laws, it must be admitted opens the door to the allowance of questionable claims and presents to the legislative and executive branches of the Government applications concededly not within the law and plainly devoid of merit, but so surrounded by sentiment and patriotic feeling that they are hard to resist. I suppose it will not be denied that many claims for pension are made without merit and that many have been allowed upon fraudulent representations. This has been declared from the Pension Bureau, not only in this but in prior Administrations.

The usefulness and the justice of any system for the distribution of pensions depend upon the equality and uniformity of its operation.

It will be seen from the report of the Commissioner that there are now paid by the Government 131 different rates of pension.

He estimates from the best information he can obtain that 9,000 of those who have served in the Army and Navy of the United States are now supported, in whole or in part, from public funds or by organized charities, exclusive of those in soldiers' homes under the direction and control of the Government. Only 13 per cent of these are pensioners, while of the entire number of men furnished for the late war something like 20 per cent, including their widows and relatives, have been or now are in receipt of pensions.

The American people, with a patriotic and grateful regard for our

ex-soldiers, too broad and too sacred to be monopolized by any special advocates, are not only willing but anxious that equal and exact justice should be done to all honest claimants for pensions. In their sight the friendless and destitute soldier, dependent on public charity, if otherwise entitled, has precisely the same right to share in the provision made for those who fought their country's battles as those better able, through friends and influence, to push their claims. Every pension that is granted under our present plan upon any other grounds than actual service and injury or disease incurred in such service, and every instance of the many in which pensions are increased on other grounds than the merits of the claim, work an injustice to the brave and crippled, but poor and friendless, soldier, who is entirely neglected or who must be content with the smallest sum allowed under general laws.

There are far too many neighborhoods in which are found glaring cases of inequality of treatment in the matter of pensions, and they are largely due to a yielding in the Pension Bureau to importunity on the part of those, other than the pensioner, who are especially interested, or they arise from special acts passed for the benefit of individuals.

The men who fought side by side should stand side by side when they participate in a grateful nation's kind remembrance.

Every consideration of fairness and justice to our ex-soldiers and the protection of the patriotic instinct of our citizens from perversion and violation point to the adoption of a pension system broad and comprehensive enough to cover every contingency, and which shall make unnecessary an objectionable volume of special legislation.

As long as we adhere to the principle of granting pensions for service, and disability as the result of the service, the allowance of pensions should be restricted to cases presenting these features.

Every patriotic heart responds to a tender consideration for those who, having served their country long and well, are reduced to destitution and dependence, not as an incident of their service, but with advancing age or through sickness or misfortune. We are all tempted by the contemplation of such a condition to supply relief, and are often impatient of the limitations of public duty. Yielding to no one in the desire to indulge this feeling of consideration, I can not rid myself of the conviction that if these ex-soldiers are to be relieved they and their cause are entitled to the benefit of an enactment under which relief may be claimed as a right, and that such relief should be granted under the sanction of law, not in evasion of it; nor should such worthy objects of care, all equally entitled, be remitted to the unequal operation of sympathy or the tender mercies of social and political influence, with their unjust discriminations.

The discharged soldiers and sailors of the country are our fellow-citizens, and interested with us in the passage and faithful execution of wholesome

laws. They can not be swerved from their duty of citizenship by artful appeals to their spirit of brotherhood born of common peril and suffering, nor will they exact as a test of devotion to their welfare a willingness to neglect public duty in their behalf.

On the 4th of March, 1885, the current business of the Patent Office was, on an average, five and a half months in arrears, and in several divisions more than twelve months behind. At the close of the last fiscal year such current work was but three months in arrears, and it is asserted and believed that in the next few months the delay in obtaining an examination of an application for a patent will be but nominal.

The number of applications for patents during the last fiscal year, including reissues, designs, trade-marks, and labels, equals 40,678, which is considerably in excess of the number received during any preceding year.

The receipts of the Patent Office during the year aggregate \$1,205,167.80, enabling the office to turn into the Treasury a surplus revenue, over and above all expenditures, of about \$163,710.30.

The number of patents granted during the last fiscal year, including reissues, trade-marks, designs, and labels, was 25,619, a number also quite largely in excess of that of any preceding year.

The report of the Commissioner shows the office to be in a prosperous condition and constantly increasing in its business. No increase of force is asked for.

The amount estimated for the fiscal year ending June 30, 1886, was \$890,760. The amount estimated for the year ending June 30, 1887, was \$853,960. The amount estimated for the fiscal year ending June 30, 1888, is \$778,770.

The Secretary of the Interior suggests a change in the plan for the payment of the indebtedness of the Pacific subsidized roads to the Government. His suggestion has the unanimous indorsement of the persons selected by the Government to act as directors of these roads and protect the interests of the United States in the board of direction. In considering the plan proposed the sole matters which should be taken into account, in my opinion, are the situation of the Government as a creditor and the surest way to secure the payment of the principal and interest of its debt.

By a recent decision of the Supreme Court of the United States it has been adjudged that the laws of the several States are inoperative to regulate rates of transportation upon railroads if such regulation interferes with the rate of carriage from one State into another. This important field of control and regulation having been thus left entirely unoccupied, the expediency of Federal action upon the subject is worthy of consideration.

The relations of labor to capital and of laboring men to their employers are of the utmost concern to every patriotic citizen. When these are strained and distorted, unjustifiable claims are apt to be insisted upon by both interests, and in the controversy which results the welfare of all and the prosperity of the country are jeopardized. Any intervention of the General Government, within the limits of its constitutional authority, to avert such a condition should be willingly accorded.

In a special message transmitted to the Congress at its last session I suggested the enlargement of our present Labor Bureau and adding to its present functions the power of arbitration in cases where differences arise between employer and employed. When these differences reach such a stage as to result in the interruption of commerce between the States, the application of this remedy by the General Government might be regarded as entirely within its constitutional powers. And I think we might reasonably hope that such arbitrators, if carefully selected and if entitled to the confidence of the parties to be affected, would be voluntarily called to the settlement of controversies of less extent and not necessarily within the domain of Federal regulation.

I am of the opinion that this suggestion is worthy the attention of the Congress.

But after all has been done by the passage of laws, either Federal or State, to relieve a situation full of solicitude, much more remains to be accomplished by the reinstatement and cultivation of a true American sentiment which recognizes the equality of American citizenship. This, in the light of our traditions and in loyalty to the spirit of our institutions, would teach that a hearty cooperation on the part of all interests is the surest path to national greatness and the happiness of all our people; that capital should, in recognition of the brotherhood of our citizenship and in a spirit of American fairness, generously accord to labor its just compensation and consideration, and that contented labor is capital's best protection and faithful ally. It would teach, too, that the diverse situations of our people are inseparable from our civilization; that every citizen should in his sphere be a contributor to the general good; that capital does not necessarily tend to the oppression of labor, and that violent disturbances and disorders alienate from their promoters true American sympathy and kindly feeling.

The Department of Agriculture, representing the oldest and largest of our national industries, is subserving well the purposes of its organization. By the introduction of new subjects of farming enterprise and by opening new sources of agricultural wealth and the dissemination of early information concerning production and prices it has contributed largely to the country's prosperity. Through this agency advanced thought and investigation touching the subjects it has in charge should, among other things, be practically applied to the home production at a low cost of articles of food which are now imported from abroad. Such an innovation will necessarily, of course, in the beginning be within the domain of

intelligent experiment, and the subject in every stage should receive all possible encouragement from the Government.

The interests of millions of our citizens engaged in agriculture are involved in an enlargement and improvement of the results of their labor, and a zealous regard for their welfare should be a willing tribute to those whose productive returns are a main source of our progress and power.

The existence of pleuro-pneumonia among the cattle of various States has led to burdensome and in some cases disastrous restrictions in an important branch of our commerce, threatening to affect the quantity and quality of our food supply. This is a matter of such importance and of such far-reaching consequences that I hope it will engage the serious attention of the Congress, to the end that such a remedy may be applied as the limits of a constitutional delegation of power to the General Government will permit.

I commend to the consideration of the Congress the report of the Commissioner and his suggestions concerning the interest intrusted to his care.

The continued operation of the law relating to our civil service has added the most convincing proofs of its necessity and usefulness. It is a fact worthy of note that every public officer who has a just idea of his duty to the people testifies to the value of this reform. Its staunchest, friends are found among those who understand it best, and its warmest supporters are those who are restrained and protected by its requirements.

The meaning of such restraint and protection is not appreciated by those who want places under the Government regardless of merit and efficiency, nor by those who insist that the selection of such places should rest upon a proper credential showing active partisan work. They mean to public officers, if not their lives, the only opportunity afforded them to attend to public business, and they mean to the good people of the country the better performance of the work of their Government.

It is exceedingly strange that the scope and nature of this reform are so little understood and that so many things not included within its plan are called by its name. When cavil yields more fully to examination, the system will have large additions to the number of its friends.

Our civil-service reform may be imperfect in some of its details; it may be misunderstood and opposed; it may not always be faithfully applied; its designs may sometimes miscarry through mistake or willful intent; it may sometimes tremble under the assaults of its enemies or languish under the misguided zeal of impracticable friends; but if the people of this country ever submit to the banishment of its underlying principle from the operation of their Government they will abandon the surest guaranty of the safety and success of American institutions.

I invoke for this reform the cheerful and ungrudging support of the Congress. I renew my recommendation made last year that the salaries of the Commissioners be made equal to other officers of the Government having like duties and responsibilities, and I hope that such reasonable appropriations may be made as will enable them to increase the usefulness of the cause they have in charge.

I desire to call the attention of the Congress to a plain duty which the Government owes to the depositors in the Freedman's Savings and Trust Company.

This company was chartered by the Congress for the benefit of the most illiterate and humble of our people, and with the intention of encouraging in them industry and thrift. Most of its branches were presided over by officers holding the commissions and clothed in the uniform of the United States. These and other circumstances reasonably, I think, led these simple people to suppose that the invitation to deposit their hard-earned savings in this institution implied an undertaking on the part of their Government that their money should be safely kept for them.

When this company failed, it was liable in the sum of \$2,939,925.22 to 61,131 depositors. Dividends amounting in the aggregate to 62 per cent have been declared, and the sum called for and paid of such dividends seems to be \$1,648,181.72. This sum deducted from the entire amount of deposits leaves \$1,291,744.50 still unpaid. Past experience has shown that quite a large part of this sum will not be called for. There are assets still on hand amounting to the estimated sum of \$16,000.

I think the remaining 38 per cent of such of these deposits as have claimants should be paid by the Government, upon principles of equity and fairness.

The report of the commissioner, soon to be laid before Congress, will give more satisfactory details on this subject.

The control of the affairs of the District of Columbia having been placed in the hands of purely executive officers, while the Congress still retains all legislative authority relating to its government, it becomes my duty to make known the most pressing needs of the District and recommend their consideration.

The laws of the District appear to be in an uncertain and unsatisfactory condition, and their codification or revision is much needed.

During the past year one of the bridges leading from the District to the State of Virginia became unfit for use, and travel upon it was forbidden. This leads me to suggest that the improvement of all the bridges crossing the Potomac and its branches from the city of Washington is worthy the attention of Congress.

The Commissioners of the District represent that the laws regulating the sale of liquor and granting licenses therefor should be at once amended, and that legislation is needed to consolidate, define, and enlarge the scope and powers of charitable and penal institutions within the District.

I suggest that the Commissioners be clothed with the power to make, within fixed limitations, police regulations. I believe this power granted and carefully guarded would tend to subserve the good order of the municipality.

It seems that trouble still exists growing out of the occupation of the streets and avenues by certain railroads having their termini in the city. It is very important that such laws should be enacted upon this subject as will secure to the railroads all the facilities they require for the transaction of their business and at the same time protect citizens from injury to their persons or property.

The Commissioners again complain that the accommodations afforded them for the necessary offices for District business and for the safe-keeping of valuable books and papers are entirely insufficient. I recommend that this condition of affairs be remedied by the Congress, and that suitable quarters be furnished for the needs of the District government.

In conclusion I earnestly invoke such wise action on the part of the people's legislators as will subserve the public good and demonstrate during the remaining days of the Congress as at present organized its ability and inclination to so meet the people's needs that it shall be gratefully remembered by an expectant constituency.

State of the Union Address
Grover Cleveland
December 6, 1887

To the Congress of the United States:

You are confronted at the threshold of your legislative duties with a condition of the national finances which imperatively demands immediate and careful consideration.

The amount of money annually exacted, through the operation of present laws, from the industries and necessities of the people largely exceeds the sum necessary to meet the expenses of the Government.

When we consider that the theory of our institutions guarantees to every citizen the full enjoyment of all the fruits of his industry and enterprise, with only such deduction as may be his share toward the careful and economical maintenance of the Government which protects him, it is

plain that the exaction of more than this is indefensible extortion and a culpable betrayal of American fairness and justice. This wrong inflicted upon those who bear the burden of national taxation, like other wrongs, multiplies a brood of evil consequences. The public Treasury, which should only exist as a conduit conveying the people's tribute to its legitimate objects of expenditure, becomes a hoarding place for money needlessly withdrawn from trade and the people's use, thus crippling our national energies, suspending our country's development, preventing investment in productive enterprise, threatening financial disturbance, and inviting schemes of public plunder.

This condition of our Treasury is not altogether new, and it has more than once of late been submitted to the people's representatives in the Congress, who alone can apply a remedy. And yet the situation still continues, with aggravated incidents, more than ever presaging financial convulsion and widespread disaster.

It will not do to neglect this situation because its dangers are not now palpably imminent and apparent. They exist none the less certainly, and await the unforeseen and unexpected occasion when suddenly they will be precipitated upon us.

On the 30th day of June, 1885, the excess of revenues over public expenditures, after complying with the annual requirement of the sinking-fund act, was \$17,859,735.84; during the year ended June 30, 1886, such excess amounted to \$49,405,545.20, and during the year ended June 30, 1887, it reached the sum of \$55,567,849.54.

The annual contributions to the sinking fund during the three years above specified, amounting in the aggregate to \$138,058,320.94, and deducted from the surplus as stated, were made by calling in for that purpose outstanding 3 per cent bonds of the Government. During the six months prior to June 30, 1887, the surplus revenue had grown so large by repeated accumulations, and it was feared the withdrawal of this great sum of money needed by the people would so affect the business of the country, that the sum of \$79,864,100 of such surplus was applied to the payment of the principal and interest of the 3 per cent bonds still outstanding, and which were then payable at the option of the Government. The precarious condition of financial affairs among the people still needing relief, immediately after the 30th day of June, 1887, the remainder of the 3 per cent bonds then outstanding, amounting with principal and interest to the sum of \$18,877,500, were called in and applied to the sinking-fund contribution for the current fiscal year. Notwithstanding these operations of the Treasury Department, representations of distress in business circles not only continued, but increased, and absolute peril seemed at hand. In these circumstances the contribution to the sinking fund for the current fiscal year was at once completed by the expenditure of \$27,684,283.55 in the purchase of Government bonds not yet due bearing 4 and 41/2 per cent interest, the premium paid thereon averaging about 24 per cent for the former and 8 per cent for the latter. In addition to this, the interest

accruing during the current year upon the outstanding bonded indebtedness of the Government was to some extent anticipated, and banks selected as depositories of public money were permitted to somewhat increase their deposits.

While the expedients thus employed to release to the people the money lying idle in the Treasury served to avert immediate danger, our surplus revenues have continued to accumulate, the excess for the present year amounting on the 1st day of December to \$55,258,701.19, and estimated to reach the sum of \$113,000,000 on the 30th of June next, at which date it is expected that this sum, added to prior accumulations, will swell the surplus in the Treasury to \$140,000,000.

There seems to be no assurance that, with such a withdrawal from use of the people's circulating medium, our business community may not in the near future be subjected to the same distress which was quite lately produced from the same cause. And while the functions of our National Treasury should be few and simple, and while its best condition would be reached, I believe, by its entire disconnection with private business interests, yet when, by a perversion of its purposes, it idly holds money uselessly subtracted from the channels of trade, there seems to be reason for the claim that some legitimate means should be devised by the Government to restore in an emergency, without waste or extravagance, such money to its place among the people.

If such an emergency arises, there now exists no clear and undoubted executive power of relief. Heretofore the redemption of 3 per cent bonds, which were payable at the option of the Government, has afforded a means for the disbursement of the excess of our revenues; but these bonds have all been retired, and there are no bonds outstanding the payment of which we have a right to insist upon. The contribution to the sinking fund which furnishes the occasion for expenditure in the purchase of bonds has been already made for the current year, so that there is no outlet in that direction.

In the present state of legislation the only pretense of any existing executive power to restore at this time any part of our surplus revenues to the people by its expenditure consists in the supposition that the Secretary of the Treasury may enter the market and purchase the bonds of the Government not yet due, at a rate of premium to be agreed upon. The only provision of law from which such a power could be derived is found in an appropriation bill passed a number of years ago, and it is subject to the suspicion that it was intended as temporary and limited in its application, instead of conferring a continuing discretion and authority. No condition ought to exist which would justify the grant of power to a single official, upon his judgment of its necessity, to withhold from or release to the business of the people, in an unusual manner, money held in the Treasury, and thus affect at his will the financial situation of the country; and if it is deemed wise to lodge in the Secretary of the Treasury

the authority in the present juncture to purchase bonds, it should be plainly vested, and provided, as far as possible, with such checks and limitations as will define this official's right and discretion and at the same time relieve him from undue responsibility.

In considering the question of purchasing bonds as a means of restoring to circulation the surplus money accumulating in the Treasury, it should be borne in mind that premiums must of course be paid upon such purchase, that there may be a large part of these bonds held as investments which can not be purchased at any price, and that combinations among holders who are willing to sell may unreasonably enhance the cost of such bonds to the Government.

It has been suggested that the present bonded debt might be refunded at a less rate of interest and the difference between the old and new security paid in cash, thus finding use for the surplus in the Treasury. The success of this plan, it is apparent, must depend upon the volition of the holders of the present bonds; and it is not entirely certain that the inducement which must be offered them would result in more financial benefit to the Government than the purchase of bonds, while the latter proposition would reduce the principal of the debt by actual payment instead of extending it.

The proposition to deposit the money held by the Government in banks throughout the country for use by the people is, it seems to me, exceedingly objectionable in principle, as establishing too close a relationship between the operations of the Government Treasury and the business of the country and too extensive a commingling of their money, thus fostering an unnatural reliance in private business upon public funds. If this scheme should be adopted, it should only be done as a temporary expedient to meet an urgent necessity. Legislative and executive effort should generally be in the opposite direction, and should have a tendency to divorce, as much and as fast as can be safely done, the Treasury Department from private enterprise.

Of course it is not expected that unnecessary and extravagant appropriations will be made for the purpose of avoiding the accumulation of an excess of revenue. Such expenditure, besides the demoralization of all just conceptions of public duty which it entails, stimulates a habit of reckless improvidence not in the least consistent with the mission of our people or the high and beneficent purposes of our Government.

I have deemed it my duty to thus bring to the knowledge of my countrymen, as well as to the attention of their representatives charged with the responsibility of legislative relief, the gravity of our financial situation. The failure of the Congress heretofore to provide against the dangers which it was quite evident the very nature of the difficulty must necessarily produce caused a condition of financial distress and apprehension since your last adjournment which taxed to the utmost all the authority and expedients within executive control; and these appear now to

be exhausted. If disaster results from the continued inaction of Congress, the responsibility must rest where it belongs.

Though the situation thus far considered is fraught with danger which should be fully realized, and though it presents features of wrong to the people as well as peril to the country, it is but a result growing out of a perfectly palpable and apparent cause, constantly reproducing the same alarming circumstances—a congested National Treasury and a depleted monetary condition in the business of the country. It need hardly be stated that while the present situation demands a remedy, we can only be saved from a like predicament in the future by the removal of its cause.

Our scheme of taxation, by means of which this needless surplus is taken from the people and put into the public Treasury, consists of a tariff or duty levied upon importations from abroad and internal-revenue taxes levied upon the consumption of tobacco and spirituous and malt liquors. It must be conceded that none of the things subjected to internal-revenue taxation are, strictly speaking, necessities. There appears to be no just complaint of this taxation by the consumers of these articles, and there seems to be nothing so well able to bear the burden without hardship to any portion of the people.

But our present tariff laws, the vicious, inequitable, and illogical source of unnecessary taxation, ought to be at once revised and amended. These laws, as their primary and plain effect, raise the price to consumers of all articles imported and subject to duty by precisely the sum paid for such duties. Thus the amount of the duty measures the tax paid by those who purchase for use these imported articles. Many of these things, however, are raised or manufactured in our own country, and the duties now levied upon foreign goods and products are called protection to these home manufactures, because they render it possible for those of our people who are manufacturers to make these taxed articles and sell them for a price equal to that demanded for the imported goods that have paid customs duty. So it happens that while comparatively a few use the imported articles, millions of our people, who never used and never saw any of the foreign products, purchase and use things of the same kind made in this country, and pay therefor nearly or quite the same enhanced price which the duty adds to the imported articles. Those who buy imports pay the duty charged thereon into the public Treasury, but the great majority of our citizens, who buy domestic articles of the same class, pay a sum at least approximately equal to this duty to the home manufacturer. This reference to the operation of our tariff laws is not made by way of instruction, but in order that we may be constantly reminded of the manner in which they impose a burden upon those who consume domestic products as well as those who consume imported articles, and thus create a tax upon all our people.

It is not proposed to entirely relieve the country of this taxation. It must be extensively continued as the source of the Government's income; and in a readjustment of our tariff the interests of American labor engaged in manufacture should be carefully considered, as well as the preservation of

our manufacturers. It may be called protection or by any other name, but relief from the hardships and dangers of our present tariff laws should be devised with especial precaution against imperiling the existence of our manufacturing interests. But this existence should not mean a condition which, without regard to the public welfare or a national exigency, must always insure the realization of immense profits instead of moderately profitable returns. As the volume and diversity of our national activities increase, new recruits are added to those who desire a continuation of the advantages which they conceive the present system of tariff taxation directly affords them. So stubbornly have all efforts to reform the present condition been resisted by those of our fellow-citizens thus engaged that they can hardly complain of the suspicion, entertained to a certain extent, that there exists an organized combination all along the line to maintain their advantage.

We are in the midst of centennial celebrations, and with becoming pride we rejoice in American skill and ingenuity, in American energy and enterprise, and in the wonderful natural advantages and resources developed by a century's national growth. Yet when an attempt is made to justify a scheme which permits a tax to be laid upon every consumer in the land for the benefit of our manufacturers, quite beyond a reasonable demand for governmental regard, it suits the purposes of advocacy to call our manufactures infant industries still needing the highest and greatest degree of favor and fostering care that can be wrung from Federal legislation.

It is also said that the increase in the price of domestic manufactures resulting from the present tariff is necessary in order that higher wages may be paid to our workmen employed in manufactories than are paid for what is called the pauper labor of Europe. All will acknowledge the force of an argument which involves the welfare and liberal compensation of our laboring people. Our labor is honorable in the eyes of every American citizen; and as it lies at the foundation of our development and progress, it is entitled, without affectation or hypocrisy, to the utmost regard. The standard of our laborers' life should not be measured by that of any other country less favored, and they are entitled to their full share of all our advantages.

By the last census it is made to appear that of the 17,392,099 of our population engaged in all kinds of industries 7,670,493 are employed in agriculture, 4,074,238 in professional and personal service (2,934,876 of whom are domestic servants and laborers), while 1,810,256 are employed in trade and transportation and 3,837,112 are classed as employed in manufacturing and mining.

For present purposes, however, the last number given should be considerably reduced. Without attempting to enumerate all, it will be conceded that there should be deducted from those which it includes 375,143 carpenters and joiners, 285,401 milliners, dressmakers, and seamstresses, 172,726 blacksmiths, 133,756 tailors and tailoresses, 102,473 masons, 76,241

butchers, 41,309 bakers, 22,083 plasterers, and 4,891 engaged in manufacturing agricultural implements, amounting in the aggregate to 1,214,023, leaving 2,623,089 persons employed in such manufacturing industries as are claimed to be benefited by a high tariff.

To these the appeal is made to save their employment and maintain their wages by resisting a change. There should be no disposition to answer such suggestions by the allegation that they are in a minority among those who labor, and therefore should forego an advantage in the interest of low prices for the majority. Their compensation, as it may be affected by the operation of tariff laws, should at all times be scrupulously kept in view; and yet with slight reflection they will not overlook the fact that they are consumers with the rest; that they too have their own wants and those of their families to supply from their earnings, and that the price of the necessaries of life, as well as the amount of their wages, will regulate the measure of their welfare and comfort.

But the reduction of taxation demanded should be so measured as not to necessitate or justify either the loss of employment by the workingman or the lessening of his wages; and the profits still remaining to the manufacturer after a necessary readjustment should furnish no excuse for the sacrifice of the interests of his employees, either in their opportunity to work or in the diminution of their compensation. Nor can the worker in manufactures fail to understand that while a high tariff is claimed to be necessary to allow the payment of remunerative wages, it certainly results in a very large increase in the price of nearly all sorts of manufactures, which, in almost countless forms, he needs for the use of himself and his family. He receives at the desk of his employer his wages, and perhaps before he reaches his home is obliged, in a purchase for family use of an article which embraces his own labor, to return in the payment of the increase in price which the tariff permits the hard-earned compensation of many days of toil.

The farmer and the agriculturist, who manufacture nothing, but who pay the increased price which the tariff imposes upon every agricultural implement, upon all he wears, and upon all he uses and owns, except the increase of his flocks and herds and such things as his husbandry produces from the soil, is invited to aid in maintaining the present situation; and he is told that a high duty on imported wool is necessary for the benefit of those who have sheep to shear, in order that the price of their wool may be increased. They, of course, are not reminded that the farmer who has no sheep is by this scheme obliged, in his purchases of clothing and woolen goods, to pay a tribute to his fellow-farmer as well as to the manufacturer and merchant, nor is any mention made of the fact that the sheep owners themselves and their households must wear clothing and use other articles manufactured from the wool they sell at tariff prices, and thus as consumers must return their share of this increased price to the tradesman.

I think it may be fairly assumed that a large proportion of the sheep owned by the farmers throughout the country are found in small flocks, numbering from twenty-five to fifty. The duty on the grade of imported wool which these sheep yield is 10 cents each pound if of the value of 30 cents or less and 12 cents if of the value of more than 30 cents. If the liberal estimate of 6 pounds be allowed for each fleece, the duty thereon would be 60 or 72 cents; and this may be taken as the utmost enhancement of its price to the farmer by reason of this duty. Eighteen dollars would thus represent the increased price of the wool from twenty-five sheep and \$36 that from the wool of fifty sheep; and at present values this addition would amount to about one-third of its price. If upon its sale the farmer receives this or a less tariff profit, the wool leaves his hands charged with precisely that sum, which in all its changes will adhere to it until it reaches the consumer. When manufactured into cloth and other goods and material for use, its cost is not only increased to the extent of the farmer's tariff profit, but a further sum has been added for the benefit of the manufacturer under the operation of other tariff laws. In the meantime the day arrives when the farmer finds it necessary to purchase woolen goods and material to clothe himself and family for the winter. When he faces the tradesman for that purpose, he discovers that he is obliged not only to return in the way of increased prices his tariff profit on the wool he sold, and which then perhaps lies before him in manufactured form, but that he must add a considerable sum thereto to meet a further increase in cost caused by a tariff duty on the manufacture. Thus in the end he is aroused to the fact that he has paid upon a moderate purchase, as a result of the tariff scheme, which when he sold his wool seemed so profitable, an increase in price more than sufficient to sweep away all the tariff profit he received upon the wool he produced and sold.

When the number of farmers engaged in wool raising is compared with all the farmers in the country and the small proportion they bear to our population is considered; when it is made apparent that in the case of a large part of those who own sheep the benefit of the present tariff on wool is illusory; and, above all, when it must be conceded that the increase of the cost of living caused by such tariff becomes a burden upon those with moderate means and the poor, the employed and unemployed, the sick and well, and the young and old, and that it constitutes a tax which with relentless grasp is fastened upon the clothing of every man, woman, and child in the land, reasons are suggested why the removal or reduction of this duty should be included in a revision of our tariff laws.

In speaking of the increased cost to the consumer of our home manufactures resulting from a duty laid upon imported articles of the same description, the fact is not ever looked that competition among our domestic producers sometimes has the effect of keeping the price of their products below the highest limit allowed by such duty. But it is notorious that this competition is too often strangled by combinations quite prevalent at this time, and frequently called trusts, which have for their object the regulation of the supply and price of commodities made and sold by members

of the combination. The people can hardly hope for any consideration in the operation of these selfish schemes.

If, however, in the absence of such combination, a healthy and free competition reduces the price of any particular dutiable article of home production below the limit which it might otherwise reach under our tariff laws, and if with such reduced price its manufacture continues to thrive, it is entirely evident that one thing has been discovered which should be carefully scrutinized in an effort to reduce taxation.

The necessity of combination to maintain the price of any commodity to the tariff point furnishes proof that someone is willing to accept lower prices for such commodity and that such prices are remunerative; and lower prices produced by competition prove the same thing. Thus where either of these conditions exists a case would seem to be presented for an easy reduction of taxation.

The considerations which have been presented touching our tariff laws are intended only to enforce an earnest recommendation that the surplus revenues of the Government be prevented by the reduction of our customs duties, and at the same time to emphasize a suggestion that in accomplishing this purpose we may discharge a double duty to our people by granting to them a measure of relief from tariff taxation in quarters where it is most needed and from sources where it can be most fairly and justly accorded.

Nor can the presentation made of such considerations be with any degree of fairness regarded as evidence of unfriendliness toward our manufacturing interests or of any lack of appreciation of their value and importance.

These interests constitute a leading and most substantial element of our national greatness and furnish the proud proof of our country's progress. But if in the emergency that presses upon us our manufacturers are asked to surrender something for the public good and to avert disaster, their patriotism, as well as a grateful recognition of advantages already afforded, should lead them to willing cooperation. No demand is made that they shall forego all the benefits of governmental regard; but they can not fail to be admonished of their duty, as well as their enlightened self-interest and safety, when they are reminded of the fact that financial panic and collapse, to which the present condition tends, afford no greater shelter or protection to our manufactures than to other important enterprises. Opportunity for safe, careful, and deliberate reform is now offered; and none of us should be unmindful of a time when an abused and irritated people, heedless of those who have resisted timely and reasonable relief, may insist upon a radical and sweeping rectification of their wrongs.

The difficulty attending a wise and fair revision of our tariff laws is not underestimated. It will require on the part of the Congress great labor and care, and especially a broad and national contemplation of the subject and

a patriotic disregard of such local and selfish claims as are unreasonable and reckless of the welfare of the entire country.

Under our present laws more than 4,000 articles are subject to duty. Many of these do not in any way compete with our own manufactures, and many are hardly worth attention as subjects of revenue. A considerable reduction can be made in the aggregate by adding them to the free list. The taxation of luxuries presents no features of hardship; but the necessaries of life used and consumed by all the people, the duty upon which adds to the cost of living in every home, should be greatly cheapened.

The radical reduction of the duties imposed upon raw material used in manufactures, or its free importation, is of course an important factor in any effort to reduce the price of these necessaries. It would not only relieve them from the increased cost caused by the tariff on such material, but the manufactured product being thus cheapened that part of the tariff now laid upon such product, as a compensation to our manufacturers for the present price of raw material, could be accordingly modified. Such reduction or free importation would serve besides to largely reduce the revenue. It is not apparent how such a change can have any injurious effect upon our manufacturers. On the contrary, it would appear to give them a better chance in foreign markets with the manufacturers of other countries, who cheapen their wares by free material. Thus our people might have the opportunity of extending their sales beyond the limits of home consumption, saving them from the depression, interruption in business, and loss caused by a glutted domestic market and affording their employees more certain and steady labor, with its resulting quiet and contentment.

The question thus imperatively presented for solution should be approached in a spirit higher than partisanship and considered in the light of that regard for patriotic duty which should characterize the action of those intrusted with the weal of a confiding people. But the obligation to declared party policy and principle is not wanting to urge prompt and effective action. Both of the great political parties now represented in the Government have by repeated and authoritative declarations condemned the condition of our laws which permit the collection from the people of unnecessary revenue, and have in the most solemn manner promised its correction; and neither as citizens nor partisans are our countrymen in a mood to condone the deliberate violation of these pledges.

Our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. This savors too much of bandying epithets. It is a condition which confronts us, not a theory. Relief from this condition may involve a slight reduction of the advantages which we award our home productions, but the entire withdrawal of such advantages should not be contemplated. The question of free trade is absolutely irrelevant, and the persistent claim made in certain quarters that all the efforts to relieve the people from unjust and unnecessary taxation are schemes of so-called free traders is mischievous and far removed from any consideration for the public good.

The simple and plain duty which we owe the people is to reduce taxation to the necessary expenses of an economical operation of the Government and to restore to the business of the country the money which we hold in the Treasury through the perversion of governmental powers. These things can and should be done with safety to all our industries, without danger to the opportunity for remunerative labor which our workingmen need, and with benefit to them and all our people by cheapening their means of subsistence and increasing the measure of their comforts.

The Constitution provides that the President "shall from time to time give to the Congress information of the state of the Union." It has been the custom of the Executive, in compliance with this provision, to annually exhibit to the Congress, at the opening of its session, the general condition of the country, and to detail with some particularity the operations of the different Executive Departments. It would be especially agreeable to follow this course at the present time and to call attention to the valuable accomplishments of these Departments during the last fiscal year; but I am so much impressed with the paramount importance of the subject to which this communication has thus far been devoted that I shall forego the addition of any other topic, and only urge upon your immediate consideration the "state of the Union" as shown in the present condition of our Treasury and our general fiscal situation, upon which every element of our safety and prosperity depends.

The reports of the heads of Departments, which will be submitted, contain full and explicit information touching the transaction of the business intrusted to them and such recommendations relating to legislation in the public interest as they deem advisable. I ask for these reports and recommendations the deliberate examination and action of the legislative branch of the Government.

There are other subjects not embraced in the departmental reports demanding legislative consideration, and which I should be glad to submit. Some of them, however, have been earnestly presented in previous messages, and as to them I beg leave to repeat prior recommendations.

As the law makes no provision for any report from the Department of State, a brief history of the transactions of that important Department, together with other matters which it may hereafter be deemed essential to commend to the attention of the Congress, may furnish the occasion for a future communication.

State of the Union Address
Grover Cleveland
December 3, 1888

To the Congress of the United States:

As you assemble for the discharge of the duties you have assumed as the representatives of a free and generous people, your meeting is marked by an interesting and impressive incident. With the expiration of the present session of the Congress the first century of our constitutional existence as a nation will be completed.

Our survival for one hundred years is not sufficient to assure us that we no longer have dangers to fear in the maintenance, with all its promised blessings, of a government rounded upon the freedom of the people. The time rather admonishes us to soberly inquire whether in the past we have always closely kept in the course of safety, and whether we have before us a way plain and clear which leads to happiness and perpetuity.

When the experiment of our Government was undertaken, the chart adopted for our guidance was the Constitution. Departure from the lines there laid down is failure. It is only by a strict adherence to the direction they indicate and by restraint within the limitations they fix that we can furnish proof to the world of the fitness of the American people for self-government.

The equal and exact justice of which we boast as the underlying principle of our institutions should not be confined to the relations of our citizens to each other. The Government itself is under bond to the American people that in the exercise of its functions and powers it will deal with the body of our citizens in a manner scrupulously honest and fair and absolutely just. It has agreed that American citizenship shall be the only credential necessary to justify the claim of equality before the law, and that no condition in life shall give rise to discrimination in the treatment of the people by their Government.

The citizen of our Republic in its early days rigidly insisted upon full compliance with the letter of this bond, and saw stretching out before him a clear field for individual endeavor. His tribute to the support of his Government was measured by the cost of its economical maintenance, and he was secure in the enjoyment of the remaining recompense of his steady and contented toil. In those days the frugality of the people was stamped upon their Government, and was enforced by the free, thoughtful, and intelligent suffrage of the citizen. Combinations, monopolies, and aggregations of capital were either avoided or sternly regulated and restrained. The pomp and glitter of governments less free offered no temptation and presented no delusion to the plain people who, side by side, in friendly competition, wrought for the ennoblement and dignity of man, for the solution of the problem of free government, and for the achievement of the grand destiny awaiting the land which God had given them.

A century has passed. Our cities are the abiding places of wealth and luxury; our manufactories yield fortunes never dreamed of by the fathers of the Republic; our business men are madly striving in the race for riches,

and immense aggregations of capital outrun the imagination in the magnitude of their undertakings.

We view with pride and satisfaction this bright picture of our country's growth and prosperity, while only a closer scrutiny develops a somber shading. Upon more careful inspection we find the wealth and luxury of our cities mingled with poverty and wretchedness and unremunerative toil. A crowded and constantly increasing urban population suggests the impoverishment of rural sections and discontent with agricultural pursuits. The farmer's son, not satisfied with his father's simple and laborious life, joins the eager chase for easily acquired wealth.

We discover that the fortunes realized by our manufacturers are no longer solely the reward of sturdy industry and enlightened foresight, but that they result from the discriminating favor of the Government and are largely built upon undue exactions from the masses of our people. The gulf between employers and the employed is constantly widening, and classes are rapidly forming, one comprising the very rich and powerful, while in another are found the toiling poor.

As we view the achievements of aggregated capital, we discover the existence of trusts, combinations, and monopolies, while the citizen is struggling far in the rear or is trampled to death beneath an iron heel. Corporations, which should be the carefully restrained creatures of the law and the servants of the people, are fast becoming the people's masters.

Still congratulating ourselves upon the wealth and prosperity of our country and complacently contemplating every incident of change inseparable from these conditions, it is our duty as patriotic citizens to inquire at the present stage of our progress how the bond of the Government made with the people has been kept and performed.

Instead of limiting the tribute drawn from our citizens to the necessities of its economical administration, the Government persists in exacting from the substance of the people millions which, unapplied and useless, lie dormant in its Treasury. This flagrant injustice and this breach of faith and obligation add to extortion the danger attending the diversion of the currency of the country from the legitimate channels of business.

Under the same laws by which these results are produced the Government permits many millions more to be added to the cost of the living of our people and to be taken from our consumers, which unreasonably swell the profits of a small but powerful minority.

The people must still be taxed for the support of the Government under the operation of tariff laws. But to the extent that the mass of our citizens are inordinately burdened beyond any useful public purpose and for the benefit of a favored few, the Government, under pretext of an exercise of its taxing power, enters gratuitously into partnership with these favorites, to their advantage and to the injury of a vast majority of our

people.

This is not equality before the law.

The existing situation is injurious to the health of our entire body politic. It stifles in those for whose benefit it is permitted all patriotic love of country, and substitutes in its place selfish greed and grasping avarice. Devotion to American citizenship for its own sake and for what it should accomplish as a motive to our nation's advancement and the happiness of all our people is displaced by the assumption that the Government, instead of being the embodiment of equality, is but an instrumentality through which especial and individual advantages are to be gained.

The arrogance of this assumption is unconcealed. It appears in the sordid disregard of all but personal interests, in the refusal to abate for the benefit of others one iota of selfish advantage, and in combinations to perpetuate such advantages through efforts to control legislation and improperly influence the suffrages of the people.

The grievances of those not included within the circle of these beneficiaries, when fully realized, will surely arouse irritation and discontent. Our farmers, long suffering and patient, struggling in the race of life with the hardest and most unremitting toil, will not fail to see, in spite of misrepresentations and misleading fallacies, that they are obliged to accept such prices for their products as are fixed in foreign markets where they compete with the farmers of the world; that their lands are declining in value while their debts increase, and that without compensating favor they are forced by the action of the Government to pay for the benefit of others such enhanced prices for the things they need that the scanty returns of their labor fail to furnish their support or leave no margin for accumulation.

Our workingmen, enfranchised from all delusions and no longer frightened by the cry that their wages are endangered by a just revision of our tariff laws, will reasonably demand through such revision steadier employment, cheaper means of living in their homes, freedom for themselves and their children from the doom of perpetual servitude, and an open door to their advancement beyond the limits of a laboring class. Others of our citizens, whose comforts and expenditures are measured by moderate salaries and fixed incomes, will insist upon the fairness and justice of cheapening the cost of necessaries for themselves and their families.

When to the selfishness of the beneficiaries of unjust discrimination under our laws there shall be added the discontent of those who suffer from such discrimination, we will realize the fact that the beneficent purposes of our Government, dependent upon the patriotism and contentment of our people, are endangered.

Communism is a hateful thing and a menace to peace and organized government; but the communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of oppressed poverty and toil, which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule.

He mocks the people who proposes that the Government shall protect the rich and that they in turn will care for the laboring poor. Any intermediary between the people and their Government or the least delegation of the care and protection the Government owes to the humblest citizen in the land makes the boast of free institutions a glittering delusion and the pretended boon of American citizenship a shameless imposition.

A just and sensible revision of our tariff laws should be made for the relief of those of our countrymen who suffer under present conditions. Such a revision should receive the support of all who love that justice and equality due to American citizenship; of all who realize that in this justice and equality our Government finds its strength and its power to protect the citizen and his property; of all who believe that the contented competence and comfort of many accord better with the spirit of our institutions than colossal fortunes unfairly gathered in the hands of a few; of all who appreciate that the forbearance and fraternity among our people, which recognize the value of every American interest, are the surest guaranty of our national progress, and of all who desire to see the products of American skill and ingenuity in every market of the world, with a resulting restoration of American commerce.

The necessity of the reduction of our revenues is so apparent as to be generally conceded, but the means by which this end shall be accomplished and the sum of direct benefit which shall result to our citizens present a controversy of the utmost importance. There should be no scheme accepted as satisfactory by which the burdens of the people are only apparently removed. Extravagant appropriations of public money, with all their demoralizing consequences, should not be tolerated, either as a means of relieving the Treasury of its present surplus or as furnishing pretext for resisting a proper reduction in tariff rates. Existing evils and injustice should be honestly recognized, boldly met, and effectively remedied. There should be no cessation of the struggle until a plan is perfected, fair and conservative toward existing industries, but which will reduce the cost to consumers of the necessaries of life, while it provides for our manufacturers the advantage of freer raw materials and permits no injury to the interests of American labor.

The cause for which the battle is waged is comprised within lines clearly and distinctly defined. It should never be compromised. It is the people's cause.

It can not be denied that the selfish and private interests which are so

persistently heard when efforts are made to deal in a just and comprehensive manner with our tariff laws are related to, if they are not responsible for, the sentiment largely prevailing among the people that the General Government is the fountain of individual and private aid; that it may be expected to relieve with paternal care the distress of citizens and communities, and that from the fullness of its Treasury it should, upon the slightest possible pretext of promoting the general good, apply public funds to the benefit of localities and individuals. Nor can it be denied that there is a growing assumption that, as against the Government and in favor of private claims and interests, the usual rules and limitations of business principles and just dealing should be waived.

These ideas have been unhappily much encouraged by legislative acquiescence. Relief from contracts made with the Government is too easily accorded in favor of the citizen; the failure to support claims against the Government by proof is often supplied by no better consideration than the wealth of the Government and the poverty of the claimant; gratuities in the form of pensions are granted upon no other real ground than the needy condition of the applicant, or for reasons less valid; and large sums are expended for public buildings and other improvements upon representations scarcely claimed to be related to public needs and necessities.

The extent to which the consideration of such matters subordinate and postpone action upon subjects of great public importance, but involving no special private or partisan interest, should arrest attention and lead to reformation.

A few of the numerous illustrations of this condition may be stated.

The crowded condition of the calendar of the Supreme Court, and the delay to suitors and denial of justice resulting therefrom, has been strongly urged upon the attention of the Congress, with a plan for the relief of the situation approved by those well able to judge of its merits. While this subject remains without effective consideration, many laws have been passed providing for the holding of terms of inferior courts at places to suit the convenience of localities, or to lay the foundation of an application for the erection of a new public building.

Repeated recommendations have been submitted for the amendment and change of the laws relating to our public lands so that their spoliation and diversion to other uses than as homes for honest settlers might be prevented. While a measure to meet this conceded necessity of reform remains awaiting the action of the Congress, many claims to the public lands and applications for their donation, in favor of States and individuals, have been allowed.

A plan in aid of Indian management, recommended by those well informed as containing valuable features in furtherance of the solution of the Indian

problem, has thus far failed of legislative sanction, while grants of doubtful expediency to railroad corporations, permitting them to pass through Indian reservations, have greatly multiplied.

The propriety and necessity of the erection of one or more prisons for the confinement of United States convicts, and a post-office building in the national capital, are not disputed. But these needs yet remain answered, while scores of public buildings have been erected where their necessity for public purposes is not apparent.

A revision of our pension laws could easily be made which would rest upon just principles and provide for every worthy applicant. But while our general pension laws remain confused and imperfect, hundreds of private pension laws are annually passed, which are the sources of unjust discrimination and popular demoralization.

Appropriation bills for the support of the Government are defaced by items and provisions to meet private ends, and it is freely asserted by responsible and experienced parties that a bill appropriating money for public internal improvement would fail to meet with favor unless it contained items more for local and private advantage than for public benefit.

These statements can be much emphasized by an ascertainment of the proportion of Federal legislation which either bears upon its face its private character or which upon examination develops such a motive power.

And yet the people wait and expect from their chosen representatives such patriotic action as will advance the welfare of the entire country; and this expectation can only be answered by the performance of public duty with unselfish purpose. Our mission among the nations of the earth and our success in accomplishing the work God has given the American people to do require of those intrusted with the making and execution of our laws perfect devotion, above all other things, to the public good.

This devotion will lead us to strongly resist all impatience of constitutional limitations of Federal power and to persistently check the increasing tendency to extend the scope of Federal legislation into the domain of State and local jurisdiction upon the plea of subserving the public welfare. The preservation of the partitions between proper subjects of Federal and local care and regulation is of such importance under the Constitution, which is the law of our very existence, that no consideration of expediency or sentiment should tempt us to enter upon doubtful ground. We have undertaken to discover and proclaim the richest blessings of a free government, with the Constitution as our guide. Let us follow the way it points out; it will not mislead us. And surely no one who has taken upon himself the solemn obligation to support and preserve the Constitution can find justification or solace for disloyalty in the excuse that he wandered and disobeyed in search of a better way to reach the public welfare than the Constitution offers.

What has been said is deemed not inappropriate at a time when, from a century's height, we view the way already trod by the American people and attempt to discover their future path.

The seventh President of the United States—the soldier and statesman and at all times the firm and brave friend of the people—in vindication of his course as the protector of popular rights and the champion of true American citizenship, declared: The ambition which leads me on is an anxious desire and a fixed determination to restore to the people unimpaired the sacred trust they have confided to my charge; to, heal the wounds of the Constitution and to preserve it from further violation; to persuade my countrymen, so far as I may, that it is not in a splendid government supported by powerful monopolies and aristocratical establishments that they will find happiness or their liberties protection, but in a plain system, void of pomp, protecting all and granting favors to none, dispensing its blessings like the dews of heaven, unseen and unfelt save in the freshness and beauty they contribute to produce. It is such a government that the genius of our people requires—such an one only under which our States may remain for ages to come united, prosperous, and free. In pursuance of a constitutional provision requiring the President from time to time to give to the Congress information of the state of the Union, I have the satisfaction to announce that the close of the year finds the United States in the enjoyment of domestic tranquillity and at peace with all the nations.

Since my last annual message our foreign relations have been strengthened and improved by performance of international good offices and by new and renewed treaties of amity, commerce, and reciprocal extradition of criminals.

Those international questions which still await settlement are all reasonably within the domain of amicable negotiation, and there is no existing subject of dispute between the United States and any foreign power that is not susceptible of satisfactory adjustment by frank diplomatic treatment.

The questions between Great Britain and the United States relating to the rights of American fishermen, under treaty and international comity, in the territorial waters of Canada and Newfoundland, I regret to say, are not yet satisfactorily adjusted.

These matters were fully treated in my message to the Senate of February 20 1888, together with which a convention, concluded under my authority with Her Majesty's Government on the 15th of February last, for the removal of all causes of misunderstanding, was submitted by me for the approval of the Senate.

This treaty having been rejected by the Senate, I transmitted a message to

the Congress on the 23d of August last reviewing the transactions and submitting for consideration certain recommendations for legislation concerning the important questions involved.

Afterwards, on the 12th of September, in response to a resolution of the Senate, I again communicated fully all the information in my possession as to the action of the government of Canada affecting the commercial relations between the Dominion and the United States, including the treatment of American fishing vessels in the ports and waters of British North America.

These communications have all been published, and therefore opened to the knowledge of both Houses of Congress, although two were addressed to the Senate alone.

Comment upon or repetition of their contents would be superfluous, and I am not aware that anything has since occurred which should be added to the facts therein stated. Therefore I merely repeat, as applicable to the present time, the statement which will be found in my message to the Senate of September 12 last, that— Since March 3, 1887, no case has been reported to the Department of State wherein complaint was made of unfriendly or unlawful treatment of American fishing vessels on the part of the Canadian authorities in which reparation was not promptly and satisfactorily obtained by the United States consul-general at Halifax. Having essayed in the discharge of my duty to procure by negotiation the settlement of a long-standing cause of dispute and to remove a constant menace to the good relations of the two countries, and continuing to be of opinion that the treaty of February last, which failed to receive the approval of the Senate, did supply "a satisfactory, practical, and final adjustment, upon a basis honorable and just to both parties, of the difficult and vexed question to which it related," and having subsequently and unavailingly recommended other legislation to Congress which I hoped would suffice to meet the exigency created by the rejection of the treaty, I now again invoke the earnest and immediate attention of the Congress to the condition of this important question as it now stands before them and the country, and for the settlement of which I am deeply solicitous.

Near the close of the month of October last occurrences of a deeply regrettable nature were brought to my knowledge, which made it my painful but imperative duty to obtain with as little delay as possible a new personal channel of diplomatic intercourse in this country with the Government of Great Britain.

The correspondence in relation to this incident will in due course be laid before you, and will disclose the unpardonable conduct of the official referred to in his interference by advice and counsel with the suffrages of American citizens in the very crisis of the Presidential election then near at hand, and also in his subsequent public declarations to justify his action, superadding impugnement of the Executive and Senate of the United

States in connection with important questions now pending in controversy between the two Governments.

The offense thus committed was most grave, involving disastrous possibilities to the good relations of the United States and Great Britain, constituting a gross breach of diplomatic privilege and an invasion of the purely domestic affairs and essential sovereignty of the Government to which the envoy was accredited.

Having first fulfilled the just demands of international comity by affording full opportunity for Her Majesty's Government to act in relief of the situation, I considered prolongation of discussion to be unwarranted, and thereupon declined to further recognize the diplomatic character of the person whose continuance in such function would destroy that mutual confidence which is essential to the good understanding of the two Governments and was inconsistent with the welfare and self-respect of the Government of the United States.

The usual interchange of communication has since continued through Her Majesty's legation in this city.

My endeavors to establish by international cooperation measures for the prevention of the extermination of fur seals in Bering Sea have not been relaxed, and I have hopes of being enabled shortly to submit an effective and satisfactory conventional projet with the maritime powers for the approval of the Senate.

The coastal boundary between our Alaskan possessions and British Columbia, I regret to say, has not received the attention demanded by its importance, and which on several occasions heretofore I have had the honor to recommend to the Congress.

The admitted impracticability, if not impossibility, of making an accurate and precise survey and demarcation of the boundary line as it is recited in the treaty with Russia under which Alaska was ceded to the United States renders it absolutely requisite for the prevention of international jurisdictional complications that adequate appropriation for a reconnoissance and survey to obtain proper knowledge of the locality and the geographical features of the boundary should be authorized by Congress with as little delay as possible.

Knowledge to be only thus obtained is an essential prerequisite for negotiation for ascertaining a common boundary, or as preliminary to any other mode of settlement.

It is much to be desired that some agreement should be reached with Her Majesty's Government by which the damages to life and property on the Great Lakes may be alleviated by removing or humanely regulating the obstacles to reciprocal assistance to wrecked or stranded vessels.

The act of June 19, 1878, which offers to Canadian vessels free access to our inland waters in aid of wrecked or disabled vessels, has not yet become effective through concurrent action by Canada.

The due protection of our citizens of French origin or descent from claim of military service in the event of their returning to or visiting France has called forth correspondence which was laid before you at the last session.

In the absence of conventional agreement as to naturalization, which is greatly to be desired, this Government sees no occasion to recede from the sound position it has maintained not only with regard to France, but as to all countries with which the United States have not concluded special treaties.

Twice within the last year has the imperial household of Germany been visited by death; and I have hastened to express the sorrow of this people, and their appreciation of the lofty character of the late aged Emperor William, and their sympathy with the heroism under suffering of his son the late Emperor Frederick.

I renew my recommendation of two years ago for the passage of a bill for the refunding to certain German steamship lines of the interest upon tonnage dues illegally exacted.

On the 12th [2d] of April last I laid before the House of Representatives full information respecting our interests in Samoa; and in the subsequent correspondence on the same subject, which will be laid before you in due course, the history of events in those islands will be found.

In a message accompanying my approval, on the 1st day of October last, of a bill for the exclusion of Chinese laborers, I laid before Congress full information and all correspondence touching the negotiation of the treaty with China concluded at this capital on the 12th day of March, 1888, and which, having been confirmed by the Senate with certain amendments, was rejected by the Chinese Government. This message contained a recommendation that a sum of money be appropriated as compensation to Chinese subjects who had suffered injuries at the hands of lawless men within our jurisdiction. Such appropriation having been duly made, the fund awaits reception by the Chinese Government.

It is sincerely hoped that by the cessation of the influx of this class of Chinese subjects, in accordance with the expressed wish of both Governments, a cause of unkind feeling has been permanently removed.

On the 9th of August, 1887, notification was given by the Japanese minister at this capital of the adjournment of the conference for the revision of the treaties of Japan with foreign powers, owing to the objection of his

Government to the provision in the draft jurisdictional convention which required the submission of the criminal code of the Empire to the powers in advance of its becoming operative. This notification was, however, accompanied with an assurance of Japan's intention to continue the work of revision.

Notwithstanding this temporary interruption of negotiations, it is hoped that improvements may soon be secured in the jurisdictional system as respects foreigners in Japan, and relief afforded to that country from the present undue and oppressive foreign control in matters of commerce.

I earnestly recommend that relief be provided for the injuries accidentally caused to Japanese subjects in the island Iki by the target practice of one of our vessels.

A diplomatic mission from Korea has been received, and the formal intercourse between the two countries contemplated by the treaty of 1882 is now established.

Legislative provision is hereby recommended to organize and equip consular courts in Korea.

Persia has established diplomatic representation at this capital, and has evinced very great interest in the enterprise and achievements of our citizens. I am therefore hopeful that beneficial commercial relations between the two countries may be brought about.

I announce with sincere regret that Hayti has again become the theater of insurrection, disorder, and bloodshed. The titular government of president Saloman has been forcibly overthrown and he driven out of the country to France, where he has since died.

The tenure of power has been so unstable amid the war of factions that has ensued since the expulsion of President Saloman that no government constituted by the will of the Haytian people has been recognized as administering responsibly the affairs of that country. Our representative has been instructed to abstain from interference between the warring factions, and a vessel of our Navy has been sent to Haytian waters to sustain our minister and for the protection of the persons and property of American citizens.

Due precautions have been taken to enforce our neutrality laws and prevent our territory from becoming the base of military supplies for either of the warring factions.

Under color of a blockade, of which no reasonable notice had been given, and which does not appear to have been efficiently maintained, a seizure of vessels under the American flag has been reported, and in consequence measures to prevent and redress any molestation of our innocent merchantmen have been adopted.

Proclamation was duly made on the 9th day of November, 1887, of the conventional extensions of the treaty of June 3, 1875, with Hawaii, under which relations of such special and beneficent intercourse have been created.

In the vast field of Oriental commerce now unfolded from our Pacific borders no feature presents stronger recommendations for Congressional action than the establishment of communication by submarine telegraph with Honolulu.

The geographical position of the Hawaiian group in relation to our Pacific States creates a natural interdependency and mutuality of interest which our present treaties were intended to foster, and which make close communication a logical and commercial necessity.

The wisdom of concluding a treaty of commercial reciprocity with Mexico has been heretofore stated in my messages to Congress, and the lapse of time and growth of commerce with that close neighbor and sister Republic confirm the judgment so expressed.

The precise relocation of our boundary line is needful, and adequate appropriation is now recommended.

It is with sincere satisfaction that I am enabled to advert to the spirit of good neighborhood and friendly cooperation and conciliation that has marked the correspondence and action of the Mexican authorities in their share of the task of maintaining law and order about the line of our common boundary.

The long-pending boundary dispute between Costa Rica and Nicaragua was referred to my arbitration, and by an award made on the 22d of March last the question has been finally settled to the expressed satisfaction of both of the parties in interest.

The Empire of Brazil, in abolishing the last vestige of slavery among Christian nations, called forth the earnest congratulations of this Government in expression of the cordial sympathies of our people.

The claims of nearly all other countries against Chile growing out of her late war with Bolivia and Peru have been disposed of, either by arbitration or by a lump settlement. Similar claims of our citizens will continue to be urged upon the Chilean Government, and it is hoped will not be subject to further delays.

A comprehensive treaty of amity and commerce with Peru was proclaimed on November 7 last, and it is expected that under its operation mutual prosperity and good understanding will be promoted.

In pursuance of the policy of arbitration, a treaty to settle the claim of Santos, an American citizen, against Ecuador has been concluded under my authority, and will be duly submitted for the approval of the Senate.

Like disposition of the claim of Carlos Butterfield against Denmark and of Van Bokkelen against Hayti will probably be made, and I trust the principle of such settlements may be extended in practice under the approval of the Senate.

Through unforeseen causes, foreign to the will of both Governments, the ratification of the convention of December 5, 1885, with Venezuela, for the rehearing of claims of citizens of the United States under the treaty of 1866, failed of exchange within the term provided, and a supplementary convention, further extending the time for exchange of ratifications and explanatory of an ambiguous provision of the prior convention, now awaits the advice and consent of the Senate.

Although this matter, in the stage referred to, concerns only the concurrent treaty-making power of one branch of Congress, I advert to it in view of the interest repeatedly and conspicuously shown by you in your legislative capacity in favor of a speedy and equitable adjustment of the questions growing out of the discredited judgments of the previous mixed commission of Caracas. With every desire to do justice to the representations of Venezuela in this regard, the time seems to have come to end this matter, and I trust the prompt confirmation by both parties of the supplementary action referred to will avert the need of legislative or other action to prevent the longer withholding of such rights of actual claimants as may be shown to exist.

As authorized by the Congress, preliminary steps have been taken for the assemblage at this capital during the coming year of the representatives of South and Central American States, together with those of Mexico, Hayti, and San Domingo, to discuss sundry important monetary and commercial topics.

Excepting in those cases where, from reasons of contiguity of territory and the existence of a common border line incapable of being guarded, reciprocal commercial treaties may be found expedient, it is believed that commercial policies inducing freer mutual exchange of products can be most advantageously arranged by independent but cooperative legislation.

In the mode last mentioned the control of our taxation for revenue will be always retained in our own hands unrestricted by conventional agreements with other governments.

In conformity also with Congressional authority, the maritime powers have been invited to confer in Washington in April next upon the practicability of devising uniform rules and measures for the greater security of life and property at sea. A disposition to accept on the part of a number of the

powers has already been manifested, and if the cooperation of the nations chiefly interested shall be secured important results may be confidently anticipated.

The act of June 26, 1884, and the acts amendatory thereof, in relation to tonnage duties, have given rise to extended correspondence with foreign nations with whom we have existing treaties of navigation and commerce, and have caused wide and regrettable divergence of opinion in relation to the imposition of the duties referred to. These questions are important, and I shall make them the subject of a special and more detailed communication at the present session.

With the rapid increase of immigration to our shores and the facilities of modern travel, abuses of the generous privileges afforded by our naturalization laws call for their careful revision.

The easy and unguarded manner in which certificates of American citizenship can now be obtained has induced a class, unfortunately large, to avail themselves of the opportunity to become absolved from allegiance to their native land, and yet by a foreign residence to escape any just duty and contribution of service to the country of their proposed adoption. Thus, while evading the duties of citizenship to the United States, they may make prompt claim for its national protection and demand its intervention in their behalf. International complications of a serious nature arise, and the correspondence of the State Department discloses the great number and complexity of the questions which have been raised.

Our laws regulating the issue of passports should be carefully revised, and the institution of a central bureau of registration at the capital is again strongly recommended. By this means full particulars of each case of naturalization in the United States would be secured and properly indexed and recorded, and thus many cases of spurious citizenship would be detected and unjust responsibilities would be avoided.

The reorganization of the consular service is a matter of serious importance to our national interests. The number of existing principal consular offices is believed to be greater than is at all necessary for the conduct of the public business. It need not be our policy to maintain more than a moderate number of principal offices, each supported by a salary sufficient to enable the incumbent to live in comfort, and so distributed as to secure the convenient supervision, through subordinate agencies, of affairs over a considerable district.

I repeat the recommendations heretofore made by me that the appropriations for the maintenance of our diplomatic and consular service should be recast; that the so-called notarial or unofficial fees, which our representatives abroad are now permitted to treat as personal perquisites, should be forbidden; that a system of consular inspection should be

instituted, and that a limited number of secretaries of legation at large should be authorized.

Preparations for the centennial celebration, on April 30, 1889, of the inauguration of George Washington as President of the United States, at the city of New York, have been made by a voluntary organization of the citizens of that locality, and believing that an opportunity should be afforded for the expression of the interest felt throughout the country in this event, I respectfully recommend fitting and cooperative action by Congress on behalf of the people of the United States.

The report of the Secretary of the Treasury exhibits in detail the condition of our national finances and the operations of the several branches of the Government related to his Department.

The total ordinary revenues of the Government for the fiscal year ended June 30, 1888, amounted to \$379,266,074.76, of which \$219,091,173.63 was received from customs duties and \$124,296,871.98 from internal revenue taxes.

The total receipts from all sources exceeded those for the fiscal year ended June 30, 1887, by \$7,862,797.10.

The ordinary expenditures of the Government for the fiscal year ending June 30, 1888, were \$259,653,958.67, leaving a surplus of \$119,612,116.09.

The decrease in these expenditures as compared with the fiscal year ended June 30, 1887, was \$8,278,221.30, notwithstanding the payment of more than \$5,000,000 for pensions in excess of what was paid for that purpose in the latter-mentioned year.

The revenues of the Government for the year ending June 30, 1889, ascertained for the quarter ended September 30, 1888, and estimated for the remainder of the time, amount to \$377,000,000, and the actual and estimated ordinary expenditures for the same year are \$273,000,000, leaving an estimated surplus of \$104,000,000.

The estimated receipts for the year ending June 30, 1890, are \$377,000,000, and the estimated ordinary expenditures for the same time are \$275,767,488.34, showing a surplus of \$101,232,511.66.

The foregoing statements of surplus do not take into account the sum necessary to be expended to meet the requirements of the sinking-fund act, amounting to more than \$47,000,000 annually.

The cost of collecting the customs revenues for the last fiscal year was 2.44 per cent; for the year 1885 it was 3.77 per cent.

The excess of internal-revenue taxes collected during the last fiscal year over those collected for the year ended June 30, 1887, was \$5,489,174.26,

and the cost of collecting this revenue decreased from 3.4 per cent in 1887 to less than 3.2 per cent for the last year. The tax collected on oleomargarine was \$723,948.04 for the year ending June 30, 1887, and \$864,139.88 for the following year.

The requirements of the sinking-fund act have been met for the year ended June 30, 1888, and for the current year also, by the purchase of bonds. After complying with this law as positively required, and bonds sufficient for that purpose had been bought at a premium, it was not deemed prudent to further expend the surplus in such purchases until the authority to do so should be more explicit. A resolution, however, having been passed by both Houses of Congress removing all doubt as to Executive authority, daily purchases of bonds were commenced on the 23d day of April, 1888, and have continued until the present time. By this plan bonds of the Government not yet due have been purchased up to and including the 30th day of November, 1888, amounting to \$94,700,400, the premium paid thereon amounting to \$17,508,613.08.

The premium added to the principal of these bonds represents an investment yielding about 2 per cent interest for the time they still had to run, and the saving to the Government represented by the difference between the amount of interest at 2 per cent upon the sum paid for principal and premium and what it would have paid for interest at the rate specified in the bonds if they had run to their maturity is about \$27,165,000.

At first sight this would seem to be a profitable and sensible transaction on the part of the Government, but, as suggested by the Secretary of the Treasury, the surplus thus expended for the purchase of bonds was money drawn from the people in excess of any actual need of the Government and was so expended rather than allow it to remain idle in the Treasury. If this surplus, under the operation of just and equitable laws, had been left in the hands of the people, it would have been worth in their business at least 6 per cent per annum. Deducting from the amount of interest upon the principal and premium of these bonds for the time they had to run at the rate of 6 per cent the saving of 2 per cent made for the people by the purchase of such bonds, the loss will appear to be \$55,760,000.

This calculation would seem to demonstrate that if excessive and unnecessary taxation is continued and the Government is forced to pursue this policy of purchasing its own bonds at the premiums which it will be necessary to pay, the loss to the people will be hundreds of millions of dollars.

Since the purchase of bonds was undertaken as mentioned nearly all that have been offered were at last accepted. It has been made quite apparent that the Government was in danger of being subjected to combinations to raise their price, as appears by the instance cited by the Secretary of the offering of bonds of the par value of only \$326,000 so often that the aggregate of the sums demanded for their purchase amounted to more than \$19,700,000.

Notwithstanding the large sums paid out in the purchase of bonds, the surplus in the Treasury on the 30th day of November, 1888, was \$52,234,610.01, after deducting about \$20,000,000 just drawn out for the payment of pensions.

At the close of the fiscal year ended June 30, 1887, there had been coined under the compulsory silver-coinage act \$266,988,280 in silver dollars, \$55,504,310 of which were in the hands of the people.

On the 30th day of June, 1888, there had been coined \$299,708,790; and of this \$55,829,303 was in circulation in coin, and \$200,387,376 in silver certificates, for the redemption of which silver dollars to that amount were held by the Government.

On the 30th day of November, 1888, \$312,570,990 had been coined, \$60,970,990 of the silver dollars were actually in circulation, and \$237,418,346 in certificates.

The Secretary recommends the suspension of the further coinage of silver, and in such recommendation I earnestly concur.

For further valuable information and timely recommendations I ask the careful attention of the Congress to the Secretary's report.

The Secretary of War reports that the Army at the date of the last consolidated returns consisted of 2,189 officers and 24,549 enlisted men.

The actual expenditures of the War Department for the fiscal year ended June 30, 1888, amounted to \$41,165,107.07, of which sum \$9,158,516.63 was expended for public works, including river and harbor improvements.

"The Board of Ordnance and Fortifications" provided for under the act approved September 22 last was convened October 30, 1888, and plans and specifications for procuring forgings for 8, 10, and 12 inch guns, under provisions of section 4, and also for procuring 12-inch breech-loading mortars, cast iron, hooped with steel, under the provisions of section 5 of the said act, were submitted to the Secretary of War for reference to the board, by the Ordnance Department, on the same date.

These plans and specifications having been promptly approved by the board and the Secretary of War, the necessary authority to publish advertisements inviting proposals in the newspapers throughout the country was granted by the Secretary on November 12, and on November 13 the advertisements were sent out to the different newspapers designated. The bids for the steel forgings are to be opened on December 20, 1888, and for the mortars on December 15, 1888.

A board of ordnance officers was convened at the Watervliet Arsenal on October 4, 1888, to prepare the necessary plans and specifications for the

establishment of an army gun factory at that point. The preliminary report of this board, with estimates for shop buildings and officers' quarters, was approved by the Board of Ordnance and Fortifications November 6 and 8. The specifications and form of advertisement and instructions to bidders have been prepared, and advertisements inviting proposals for the excavations for the shop building and for erecting the two sets of officers' quarters have been published. The detailed drawings and specifications for the gun-factory building are well in hand, and will be finished within three or four months, when bids will be invited for the erection of the building. The list of machines, etc., is made out, and it is expected that the plans for the large lathes, etc., will be completed within about four months, and after approval by the Board of Ordnance and Fortifications bids for furnishing the same will be invited. The machines and other fixtures will be completed as soon as the shop is in readiness to receive them, probably about July, 1890.

Under the provisions of the Army bill for the procurement of pneumatic dynamite guns, the necessary specifications are now being prepared, and advertisements for proposals will issue early in December. The guns will probably be of 15 inches caliber and fire a projectile that will carry a charge each of about 500 pounds of explosive gelatine with full-caliber projectiles. The guns will probably be delivered in from six to ten months from the date of the contract, so that all the guns of this class that can be procured under the provisions of the law will be purchased during the year 1889.

I earnestly request that the recommendations contained in the Secretary's report, all of which are, in my opinion, calculated to increase the usefulness and discipline of the Army, may receive the consideration of the Congress. Among these the proposal that there should be provided a plan for the examination of officers to test their fitness for promotion is of the utmost importance. This reform has been before recommended in the reports of the Secretary, and its expediency is so fully demonstrated by the argument he presents in its favor that its adoption should no longer be neglected.

The death of General Sheridan in August last was a national affliction. The Army then lost the grandest of its chiefs. The country lost a brave and experienced soldier, a wise and discreet counselor, and a modest and sensible man. Those who in any manner came within the range of his personal association will never fail to pay deserved and willing homage to his greatness and the glory of his career, but they will cherish with more tender sensibility the loving memory of his simple, generous, and considerate nature.

The Apache Indians, whose removal from their reservation in Arizona followed the capture o£ those of their number who engaged in a bloody and murderous raid during a part of the years 1885 and 1886, are now held as prisoners of war at Mount Vernon Barracks, in the State of Alabama. They numbered on the 31st day of October, the date of the last report, 83 men,

170 women, 70 boys, and 59 girls; in all, 382 persons. The commanding officer states that they are in good health and contented, and that they are kept employed as fully as is possible in the circumstances. The children, as they arrive at a suitable age, are sent to the Indian schools at Carlisle and Hampton.

Last summer some charitable and kind people asked permission to send two teachers to these Indians for the purpose of instructing the adults as well as such children as should be found there. Such permission was readily granted, accommodations were provided for the teachers, and some portions of the buildings at the barracks were made available for school purposes. The good work contemplated has been commenced, and the teachers engaged are paid by the ladies with whom the plan originated.

I am not at all in sympathy with those benevolent but injudicious people who are constantly insisting that these Indians should be returned to their reservation. Their removal was an absolute necessity if the lives and property of citizens upon the frontier are to be at all regarded by the Government. Their continued restraint at a distance from the scene of their repeated and cruel murders and outrages is still necessary. It is a mistaken philanthropy, every way injurious, which prompts the desire to see these savages returned to their old haunts. They are in their present location as the result of the best judgment of those having official responsibility in the matter, and who are by no means lacking in kind consideration for the Indians. A number of these prisoners have forfeited their lives to outraged law and humanity. Experience has proved that they are dangerous and can not be trusted. This is true not only of those who on the warpath have heretofore actually been guilty of atrocious murder, but of their kindred and friends, who, while they remained upon their reservation, furnished aid and comfort to those absent with bloody intent.

These prisoners should be treated kindly and kept in restraint far from the locality of their former reservation; they should be subjected to efforts calculated to lead to their improvement and the softening of their savage and cruel instincts, but their return to their old home should be persistently resisted.

The Secretary in his report gives a graphic history of these Indians, and recites with painful vividness their bloody deeds and the unhappy failure of the Government to manage them by peaceful means. It will be amazing if a perusal of this history will allow the survival of a desire for the return of these prisoners to their reservation upon sentimental or any other grounds.

The report of the Secretary of the Navy demonstrates very intelligent management in that important Department, and discloses the most satisfactory progress in the work of reconstructing the Navy made during the past year. Of the ships in course of construction five, viz, the Charleston, Baltimore, Yorktown, Vesuvius, and the Petrel, have in that

time been launched and are rapidly approaching completion; and in addition to the above, the Philadelphia, the San Francisco, the Newark, the Bennington, the Concord, and the Herreshoff torpedo boat are all under contract for delivery to the Department during the next year. The progress already made and being made gives good ground for the expectation that these eleven vessels will be incorporated as part of the American Navy within the next twelve months.

The report shows that notwithstanding the large expenditures for new construction and the additional labor they involve the total ordinary or current expenditures of the Department for the three years ending June 30, 1888, are less by more than 20 per cent than such expenditures for the three years ending June 30, 1884.

The various steps which have been taken to improve the business methods of the Department are reviewed by the Secretary. The purchasing of supplies has been consolidated and placed under a responsible bureau head. This has resulted in the curtailment of open purchases, which in the years 1884 and 1885 amounted to over 50 per cent of all the purchases of the Department, to less than 11 per cent; so that at the present time about 90 per cent of the total departmental purchases are made by contract and after competition. As the expenditures on this account exceed an average of \$2,000,000 annually, it is evident that an important improvement in the system has been inaugurated and substantial economies introduced.

The report of the Postmaster-General shows a marked increase of business in every branch of the postal service.

The number of post-offices on July 1, 1888, was 57,376, an increase of 6,124 in three years and of 2,219 for the last fiscal year. The latter-mentioned increase is classified as follows:

New England States -

Middle States - 181

Southern States and Indian Territory (41) - 1,406

The States and Territories of the Pacific Coast - 190

The ten States and Territories of the West and Northwest - 435

District of Columbia - 2 -