

leaving that government confessedly

(what there is the best reason for sup-

posing always to have been in fact) a gov-

ernment merely on paper. Were the

Spanish armies able to meet their an-

tagonists in the open or in pitched battle,

prompt and decisive results might be look-

ed for, but they are called upon to face a

foe that shuns general engagements, that

can choose, and does choose, its own

ground, and it is obvious that there is

engage the serious attention of the gov-

ernment and the people of the United

States in any circumstances. In point

of fact, they have a concern which

is by no means of a wholly sentimental

or philanthropic character. It lies so near

to us as to be hardly separated from our

territory. Our actual pecuniary interest

are invested in plantations and in rail-

road, mining and other business enter-

prises on the island. The volume of trade

between the United States and Cuba,

which in 1889 amounted to about \$64,000,-

000, rose in 1893 to about \$103,000,000,

ly \$98,000,000. Besides this large pe-

cuniary stake in the fortunes of Cuba, the

ways, both vexatious and costly. Many

frequent and more deplorable.



To the Congress of the United States: As representatives of the people in the legislative branch of their government, you have assembled at a time when the strength and excellence of our free institutions and the fitness of our citizens to enjoy popular rule have been again made manifest. A political contest involvingmomentous consequences fraught with apprehension, and creating aggressive- in it is second only to that of the people ness so intense as to approach bitterness and government of Spain. It is reasonand passion, has been waged throughout ably estimated that at least from \$30,000,our land, and determined by the decree 000 to \$50,000,000 of American capital of free and independent suffrage, without disturbance of our tranquillity or the least sign of weakness in our national structure.

When we consider these incidents, and contemplate the peaceful obedience and manly submission which have succeeded and in 1894, the year before the present a heated clash of political opinions, we insurrection broke out, amounted to neardiscover abundant evidence of a determination on the part of our countrymen to abide by every verdict of the popular United States finds itself inextricably inwill and to be controlled at all times by volved in the present contest in other an abiding faith in the agencies established for the direction of the affairs of their Cubans reside in this country and ingovernment. Thus our people exhibit a directly promote the insurrection through patriotic disposition which entitles them the press, by public meetings, by the purto demand of those who undertake to chase and shipment of arms, by the raismake and execute their laws such faith- ing of funds and by other means, which ful and unselfish service in their behalf the spirit of our institutions and the as can only be prompted by a serious ap- tenor of our laws do not permit to be preciation of the trust and confidence made the subject of criminal prosecuwhich the aceptance of public duty in- tions of a friendly power. It follows from vites.

ment I herein submit to the Congress cer- of seacoast against unlawful expeditions, revenue an increase of \$3,584,537.91. tain information concerning national af- the escape of which the utmost vigila

lated to us, saved from complete devastasuch action as will subserve the interests that, at the demand of the Commanderthus involved and at the same time promin-chief of the insurgent army, the putaise to Cuba and its inhabitants an opportive Cuban Government has now given tunity to enjoy the blessings of peace. up all attempts to exercise its functions,

Other Foreign Matters,

Negotiations for a treaty of general active banks. The number of existing arbitration for all differences between | banks organized under State laws is Great Britain and the United States are 5,708. far advanced and promise to reach a successful consummation at an early date.

The scheme of examining applicants for certain consular positions, to test their competency and fitness, adopted under an executive order issued on Sept. 20, 1895, has fully demonstrated the usefulness of this innovation.

hardly a limit to the time during which The inspection of consular offices prohostilities of this sort may be prolonged. vided for by an appropriation for that Meanwhile, as in all cases of protracted purpose at the last session of the Congress civil strife, the passions of the comhas been productive of such wholesale batants grow more and more inflamed. effects that I hope this important work and excesses on both sides become more will in the future be continued. I know of nothing that can be done with the The spectacle of the utter ruin of an adsame slight expense so improving to the joining country, by nature one of the most service. fertile and charming on the globe, would

We have during the last year labored faithfully, and against unfavorable conditions, to secure better preservation of seal life in the Behring Sea. Both the United States and Great Britain have lately dispatched commissioners to these waters to study the habits and condition of the seal herd and the causes of their rapid decrease. Upon the reports of these commissioners, soon to be submitted, and with the exercise of patience and good sense on the part of all interested partles, it is earnestly hoped that hearty cooperation may be secured for the protection against threatened extinction of seal life in the Northern Pacific and Behring Sea.

Treasury Info mation.

The Secretary of the Treasury reports that during the fiscal year ended June 30, 1896, the receipts of the Government from all sources amounted to \$409,475,-408.78. During the same period its expenditures were \$434,678,654.48, the excess of expenditures over receipts thus amounting to \$25,203,245.70. The ordinary expenses during the year were \$4,-015,852.21 less than during the preceding fiscal year. Of the receipts mentioned there was derived from customs the sum of \$180,021,751.67, and from internal revenue \$146,830,615.66. The receipts from customs show an increase of \$7,863,134.22 over those from the same source for the the same causes that the United States is fiscal year ending June 30, 1895, In obedience to a constitutional require- compelled to actively police a long line and the receipts from internal

expression of feeling. But I have deemed preceding the date last mentioned twenit not amiss to remind the Congress that ty-eight national banks, located in fifa time may arise when a correct policy teen different States, of which twelve and care for our interests, as well as a were organized in the Eastern States regard for the interests of other nations, with a capital of \$1,180,000, six in the and their citizens, joined by considera- Western States with a capital of \$875,000 tions of humanity and a desire to see a and ten in the Southern States with a rich and fertile country, intimately re- capital of \$1,190,000. During the year, however, thirty-seven banks voluntarily tion, will constrain our Government to abandoned their franchises under the national law, and in the case of twentyseven others it was found necessary to appoint receivers. Therefore, as compared with the year preceding, there was a decrease of thirty-six in the number of

Immigration.

The number of immigrants arriving in the United States during the fiscal year was 343,267, of whom 340,468 were permtited to land and 2,799 were debarred on various grounds prescribed by law and returned to the countries whence they came at the expense of the steamship companies by which they were brought in. The increase in immigration over the preceding year amounted to S4,731. It is reported that with some exceptions the immigrants of the last year were of a able to earn a support for themselves, and it is estimated that the money \$5,000,000, though it was probably much in excess of that sum, since only those having less than \$30 are required to dismoney to buy land and build homes.

The War Department,

The report of the Secretary of War exhibits satisfactory conditions in the several branches of the public service intrusted to his charge. The limit of our military force as fixed by law is constantly and readily maintained. The present discipline and morale of our army ber ever reported. efficiency are apparent throughout its enern boundary, in which the Mexican but peaceful return, with the consent of

Great Britain, of a band of Cree Indians the army during the year past.

Sea Coast Defense.

During the last year rapid progress has been made toward the completion of the scheme adopted for the erection and armament of fortifications along our seacoast, while equal progress has been made in is estimated that the same amount will be providing the material for submarine defense in connection with these works. This improved situation is largely due ments were found against violators of the to the recent generous response of Congress pension laws. Upon these indictments 167 to the recommendations of the war department. Thus we shall scon have com- other information and observation, the abuschandise during the last fiscal year was plete about one-fifth of the comprehensive es which have been allowed to creep into \$369,757,470, and the value of free goods system, the first step in which was noted harm in demoralizing our people and underin my message to the Congress of Dec. 4, mining good citizenship. I have endeavored 1893. When it is understood that a ma- | within my sphere of official duty to protect At the outset of a reference to the more important matters affecting our relations with foreign powers it would vehement demand in various quarters merchandise, foreign and domestic, gun, but also in every particular serves and worthy of their country's affectionate the purpose and takes the place of the remembrance. When I have seen those who fort of former days, the importance of the pose as the soldiers' friends, active and work accomplished is better compre- less pension expenditure, while nursing selfhended. We should always keep in mind that of of a situation where necessary retrenchall forms of military preparation coast an attack upon pension abuses, so deterdefense alone is essentially pacific in its mined as to overlook the discrimination due nature. While it gives the sense of se- to those who, worthy of a nation's care, curity due to a consciousness of strength, ought to live and die under the protection of a nation's gratitude. it is neither the purpose nor the effect of such permanent fortifications to involve guarantee us against them. They are not Thus they are thoroughly in accord with

and their alienation guarded by better economy and greater prudence. The Indians.

The total Indian population of the United States is 177,235, according to a census made in 1895, exclusive of those within the State of New York and those comprising the five civilized tribes. Of this number there are proximately 38,000 children of school age. During the year 23,393 of these were enrolled in schools. The progress which has attended recent efforts to extend Indian school facilities, and the anticipation of continued liberal appropriations to that end, cannot fail to afford the utmost satisfaction to those who believe that the education of Indian children is a prime factor in the accomplishment of Indian civilization. It may be said in general terms that in every particular the improvement of the Indians under Government care has been most marked and encouraging.

The Secretary, the Commissioner of Indian Affairs and the agents having charge of Indians to whom allotments have been made strongly urge the passage of a law prohibiting the sale of liquor to allottees who have taken their lands in severalty. I earnestly oin in this recommendation.

The condition of affairs among the five civilized tribes, who occupy large tracts of land in the Indian Territory, and who have governments of their own, has assumed such an aspect as to render it almost indispensable that there should be an entire change in the relations of these Indians to the general government. A commission organized and empowered under several recent laws is now negotiating with these Indians for the relinquishment and hardy laboring class, accustomed and the division of their common lands in severalty, and are aiding in the settlement of the troublesome question of tribal membership. The effort should be to save these Inbrought with them amounted to at least | dians from the consequences of their own mistakes and improvidence, and to secure to the real Indian his rights as against intruders and professed friends who profit by his retrogression. As a sincere friend close the exact amount, and it is known of the Indian I am exceedingly anxious that that many brought considerable sums of these reforms should be accomplished with the consent and aid of the tribes, and that no necessity may be presented for radical or drastic legislation.

The Pension Roll.

The diminution of our enormous pension roll and the decrease of pension expenditure, which have been so often confidently foretold, still fail in material realization. The number of pensioners on the rolls at the close of the fiscal year ended June 30, 1896, was 970,67S. This is the largest num-The amount paid exare excellent, and marked progress and clusively for pensions during the year officiency are apparent throughout its entire organization. With the exception of expenditures on account of pensions, inthat of the preceding year, while the total delicate duties in the suppression of slight cluding the cost of maintaining the de-Indian disturbances along our southwest-ern boundary, in which the Mexican sion distribution, amounted to \$142,206,550,59, or within a very small fraction of one-third troops co-operated, and the compulsory of the entire expense of supporting the Government during the same year.

The number of new pension certificates is from Montana to British possessions, no original allowances of claims and 15,878 insued was 90,640. Of these 40,374 represent active operations have been required of creases of existing pensions. The number of persons receiving pensions from the United States, but residing in foreign countries, at the close of the last fiscal year, was 3,781, and the amount paid to them during the year was \$582,735.38. The sum appropriated for the payment of pensions for the current fiscal year ending June 30, 1897, is \$140,000,000, and for the succeeding year it necessary.

> The Commissioner of Pensions reports that during the last fiscal year 339 indict

uninterrupted improvement in the accuracy of its forecasts has greatly increased its efficiency as an aid and protection to all whose occupations are related to weather conditions. Omitting further reference to the operations of the department, I commend the Secretary's report and the suggestions it contains to the careful consideration of Congress.

Civil Service Reform.

The progress made in civil-service reform furnishes a cause for the utmost congratulation. There are now in the competitive classified service upward of eighty-four thousand places. A most radical and sweeping extension was made by executive order dated the 6th day of May, 1896, and if the fourth-class postmasterships be not included in the statement it may be said that practically all positions contemplated by the civil-service law are now classified.

National Finances and the Tariff.

I desire to recur to the statements elsewhere made concerning the Government's receipts and expenditures for the purpose of venturing upon some suggestions touching our present tariff law and its operation. This statute took effect on the 28th day of August, 1894. Whatever may be its shortcomings as a complete measure of tariff reform, it must be conceded that it has opened the way to a freer and greater exchange of commodities between us and other countries, and thus furnished a wider market for our products and manufacturing. The only entire fiscal year during which this law has been in force ended the 30th day of June, 1806. In that year our imports increased over those of the previous year more than \$6,500,000, while the value of the domestic products we exported and which found markets abroad was nearly \$70,000,-

000 more than during the preceding year. The present law, during the only complete fiscal year of its operation, has yielded nearly \$8,000,000 more revenue than was received from tariff duties in the preceding year. There was, nevertheless, a deficit between our receipts and expenditures of a little more than \$25,000,000. This, however, was not unexpected. The situation was such in December last, seven months before the close of the fiscal year, that the Secretary of the Treasury foretold a deficlency of \$17,000,000. The great and increasing apprehension and timidity in business circles and the depression in all activities intervening since that time resulting from causes perfectly well understood and entirely disconnected with our tariff law or its operation, seriously checked the imports we would have otherwise received and readily account for the difference between this estimate of the Secretary and the actual deficlency, as well as for a continued deficit. Indeed, it must be confessed that we could hardly have had a more unfavorable period than the last two years for the collection of tariff revenue. We cannot reasonably hope that our recuperation from this business depression will be sudden, but it has already set in, with a promise of acceleration and

continuance. I believe our present tariff law, if allowed a fair opportunity, will in the near future yield a revenue which, with reasonably economic expenditures, will overcome all deficiencies. Meantime no deficit that has occurred or may occur need excite or disturb us. To meet any such deficit we have in the treasury, in addition to a gold reserve of \$100,000,000, a surplus of more than \$128,000,000 applicable to the payment of the expenses of the Government, and which must, unless expended for that purpose, remain a useless hoard, or, if not extravagantly wasted, must in any event be perverted from the purpose of its exaction from our people. The payment, therefore, of any deficiency in the revenue from this fund is nothing mor than its proper and legitimate use.

It is immeasurably better to appropriate

fairs with the suggestion of such legisla- | will not always suffice to prevent. tion as in my judgment is necessary and expedient.

Outrages in Turkey.

afford me satisfaction if I could assure the Congress that the disturbed condition in Asiatic Turkey had during the last at first proposed that belligerent rights year assumed a less hideous aspect, and should be accorded to the insurgents-a that either as a consequence of the awak- proposition no longer urged because unening of the Turkish Government to the demand of humane civilization, or as the perilous and injurious to our own interresult of decisive action on the part of ests. It has since been and is now somethe great nations having the right by times contended that the independence of treaty to interfere for the protection of the insurgents should be recognized. But those exposed to the rage of mad bigotry | imperfect and restricted as the Spanish and cruel fanaticism, the shocking features of the situation had been mitigated. Instead, however, of welcoming a softened disposition or protective intervention, we have been afflicted by continued and not infrequent reports of the wanton destruction of homes and the bloody butchery of men, women and children, made martyrs to their profession of Christian faith.

While none of our citizens in Turkey have thus far been killed or wounded, though often in the midst of dreadful scenes of danger, their safety in the future is by no means assured. Our government at home and our minister at Constantinople have left nothing undone to protect our missionaries in Ottoman territory, who constitute nearly all the individuals residing there who have a right to claim our protection on the score of American citizenship. Our efforts in this direction will not be relaxed, but the deep feeling and sympathy that have been aroused among our people ought not to so far blind their reason and judgment as to lead them to demand impossible things.

Several naval vessels are stationed in the Mediterramean as a measure of cauand refuge in case of emergency, and we Government for the pillage and destruction of missionary property at Harpoot having arrived at our ports, an order has children of such refugees to join them here. I do not believe that the present dom.

tries of the world during the same cal-The insurrection in Cuba still contin- ceived why it should not be approved ly recurring deficiency in its revenues and the default above mentioned such executive nes with all its perplexities. It is diffi- by the insurgents. Whatever circumendar year amounted to \$232,701,438 in in view of the fact that we supply the action as will promise to subserve the pubcult to perceive that any progress has stances may arise, our policy and our ingold and \$121,995,219 in silver. The total lic interests and save the Government from best mail service in the world, it seems to thus far been made towards the pacifica- terest would constrain us to object to the the loss threatened by further inaction. coinage at the mints of the United States me it is quite time to correct the abuses tion of the island or that the situation of acquisition of the island or an interferduring the fiscal year ending June 30. Department of Assiculture. that swell enormously our annual deficit. 1896, amounted to \$71,188,468.52, of I recommend that legislation be at once The Department of Agriculture is so inaffairs as depicted in my last annual mes- ence with its control by any other power. timately related to the welfare of our peosage has in the least improved. If Spain | It should be added that it cannot be reawhich \$58,878,490 was in gold coins and enacted to correct these abuses and inple and the prosperity of our nation that still holds Havana and the seaports and onably assumed that the hitherto expect-\$12,309,978.52 in standard silver dollar, it should constantly receive the care and troduce better business ideas in the reguall the considerable towns, the insurgents ant attitude of the United States will be encouragement of the Government, From subsidiary coins and minor coins. lation of our postal rates. This involves small beginnings it has grown to be the censtill roam at will over at least two-thirds | indefinitely maintained. When the ina-National Banks. the following reforms, which I earnestly ter of agricultural intelligence and the of the inland country. If the determina- bility of Spain to deal successfully with source of aid and encouragement to agri-The number of national banks organrecommend: tion of Spain to put down the insurrec- the insurgents has become manifest and cultural efforts. ized from the time the law authorizing The Navy. tion seems but to strengthen with the it is demonstrated that her sovereignty their creation was passed, up to Oct. 31, Under the present management of the de-The work of the Navy Department and partment its usefulness has been enhanced lapse of time, and is evinced by her un- is extinct in Cuba for all purposes of its was 5,051, and of this number 3,679 were its present condition are fully exhibited in every direction, and at the same time strict economy has been enforced to the hesitating devotion of largely increased rightful existence, and when a hopeless at the date last mentioned in active oper- in the report of the Secretary. The conatmost extent permitted by congress mal ac military and haval forces to the task, struggle for its re-establishment has deation, having authorized capital stock of struction of vessels for our new navy has tion. The Secretary reports that the value there is much reason to believe that the generated into a strife which means noth-\$650,014,895, held by 288,902 sharehold- been energetically prosecuted by the presof our exports of farm products during the insurgents have gained in point of num- ing more than the useless sacrifice of last fiscal year amounted to \$670,000,000, an ers, and circulating notes amounting to ent administration upon the general lines increase of \$17,000,000 over those of the year bers and character and resources, and human life and the utter destruction of \$21,412.620. The total outstanding circu- previously adopted, the department havimmediately preceding. This statement is are none the less inflexible in their re- the very subject matter of the conflict, lating notes of all national banks Oct. ing seen no necessity for radical changes not the less welcome because of the fact solve not to succumb without practically a situation will be presented in which our 31, 1896, amounted to \$234,553,807, in- in prior methods under which the work that, notwithstanding such increase, the prosecuring the great objects for which they obligations to the sovereignty of Spain portion of exported agricultural products of cluding unredeemed but fully secured was found to be progressing in a manner fest. took up arms. If Spain has not yet re- will be superceded by higher obligations, our total exports of all descriptions fell durnotes of banks insolvent and in process of highly satisfactory. It has been decided, ing the year. The benefits of an increase established her authority, neither have which we can hardly hesitate to recogliquidation. The increase in national however, to provide in every shipbuilding in agricultural exports being assured, the dethe insurgents yet made good their title | nize and discharge. Deferring the choice bank circulation during the year ending contract that the builder should pay all crease in its proportion to our total exports is to be regarded as an independent state. of ways and methods until the time for on that day was \$21,099,429. Oct. 6, trial expenses, and it has also been de- it is owing to the fact that such total exthe more gratifying when we consider that Indeed, as the contest has gone on, the action arrives, we should make them de-1896, when the condition of national termined to pay no speed premiums in ports for the year increased more than \$75,-future contracts. The premiums recently 000,000. pretense that civil government exists on pend upon the precise conditions then exbanks was last reported, the total refiding fellow countrymen. In my opinion the gratuitous distribution the island except so far as Spain is able isting, and they should not be detersources of the 3,679 active institutions earned and some yet to be decided are features of the contracts made before this conducted, ought to be discontinued. The ~ Clinland to maintain it, has been practically aban- mined upon without giving careful heed was \$3.263,685,313.83, which included \$1.doned. Spain does keep on foot such a to every consideration involving our honor 893.258.839.31 in loans and discounts and conclusion was reached. professed friends of the farmer, and cergovernment, more or less imperfectly, in and interest or the international duty we \$362,165,733.85 in money of all kinds on sinly the farmers themselves, are naturally Interior Affairs. the large towns and their immediate owe to Spain. A contemplation of emerexpected to be willing to rid a department hand. Of their liabilities \$1,597,891, The report of the Secretary of the Interior devoted to the promotion of farming insuburbs, but, that exception being made. gencies that may arise should plainly lead 058.03 was due to individual depositors presents a comprehensive and interesting exterests of a feature which tends so much to the entire country is either given over to us to avoid their creation, either through and \$209,944,019 consisted of outstandhibit of the numerous and important affairs Its discredit. committed to his supervision. I agree with The weather burean, now attached to the anarchy or is subject to the military occu- a careless disregard of present duty or ing circulating notes. the Secretary that the remainder of our pub-Department of Agriculture, has continued pation of one or the other party. It is even an undue stimulation and ill-timed There were organized during the year lic lands should be more carefully dealt. with to extend its sphere of usefulness, and by an anything yet attained.

These inevitable entanglements of the

United States with the rebellion in Cuba, the large American property interests affor some sort of positive intervention on the part of the United States. It was timely and in practical operation clearly Government of the island may be, no other exists there-unless the will of the a particular district can be dignified as a species of government. It is now also suggested that the United States should buy the island-a suggestion possibly worthy of consideration if there were any evidence of a desire or willingness on the part of Spain to entertain such a pro-

posal. It is urged, finally, that, all other methods failing, the existing interneine strife in Cuba should be terminated by our intervention, even at the cost of a war between the United States and Spain-a war which its advocates confidently prophesy could be neither large in its proportions nor doubtful in its issue. The correctness of this forecast need be neither affirmed nor denied. The United States has nevertheless a character to maintain as a nation, which plainly dictates that right and not might should be the rule of its conduct.

It is in the assumed temper and disposition of the Spanish Government to remedy its grievances, fortified by indications of influential public opinion in Spain | \$2,285,410,590 and the amount in circulathat this Government has hoped to discover the most promising and effective means of ending the present strife tion, and to furnish all possible relief with honor and advantage to Spain and with the achievement of all the reasona- precious metals in the United States durhave made claims against the Turkish ble objects of the insurrection. It was intimated by this Government to the Government of Spain some months ago that | of the value of \$46,610,000, and 55,727,000 and Marash during uprisings at those if a satisfactory measure of home rule places. A number of Armenian refugees | were tendered the Cuban insurgents and would be accepted by them upon a guarlately been obtained from the Turkish anty of its execution, the United States Government permitting the wives and would endeavor to find a way not objectionable to Spain of furnishing such guaranty. While no definite response to | in value, and 169,189,249 fine ounces of somber prospect in Turkey will be long this intimation has yet been received from permitted to offend the sight of Christen- | the Spanish Government, it is believed

The Cuban Rebellion. as already suggested, no reason is perany reason for delaying beyond the date of

The value of our imported dutiable merimported \$409,967,470, being an increase of \$6,523,675 in the value of dutiable goods amounted in value to \$\$\$2,606,938, being an increase over the preceding year of \$75,068,773. The average ad valorem duty paid on dutiable goods imported/during the year was 39.94 per cent. and on free and dutiable goods taken together 20.55 per cent. The cost of collecting our internal revenue was 2,78 per cent., as against 2.81 per cent. for the fiscal year ending June 30, 1895. The total production of distilled spirits, exclusive of fruit brandies, was 86,388,703 taxable gallons, us in foreign complications, but rather to being an increase of 6,639,108 gallons over military officer in temporary command of the preceding year. There was also an temptation to war, but security against it. increase of 1,443,676 gallons of spirits produced from fruit as compared with the all the traditions of our national diplo- 1897, with the amount already matured, macy. preceding year. The number of barrels of beer produced was 35,859,250, as against 33,589,784 produced in the preceding fiscal year, being an increase of 2,269,-466 barrels.

The total amount of gold exported during the last fiscal year was \$112,409,947, which certain Federal officials are comand of silver \$60,541,670, being an in- pensated by salaries instead of fees. The crease of \$45,941,466 of gold and \$13,-246,384 of silver over the exportations of 1896, and already the great economy it | on the part of these companies to the Govthe preceding fiscal year. The imports of enforces, its prevention of abuses, and its ernment as will give it the right to at once gold were \$33,525,065 and of silver \$28,- tendency to a better enforcement of the institute proceedings to foreclose its mort-777,186, being \$2,859,695 less of gold and laws are strikingly apparent. Detailed \$8,566,007 more of silver than during the preceding year. The total stock of delayed but now happily accomplished metallic money in the United States at reform will be found clearly set forth in the close of the last fiscal year ended the the Attorney General's report. 30th day of June, 1896, was \$1,228,326,-

035, of which \$599,597,964 was in gold and \$628,728,071 in silver. On the 1st day of November 1896, the total stock of money of all kinds in the country was tion, not including that in the treasury holdings, was \$1,627,055,641, being \$22.62 per capita upon an estimated population of 71,992,000. The production of the ing the calendar year 1895 is estimated to [have been 2,254,760 fine ounces of gold, ounces of silver, of the commercial value of \$36,445,000 and the coinage value of \$72,051,000. The estimated productionof these metals throughout the world dur- 679,956.19 less than that of the preceding ing the same period was 9,688,821 fine ounces of gold, amounting to \$200,285,700 silver, of the commercial value of \$110,-654,000, and of the coinage value of \$218,-

Fees of Federal Officers.

It is most gratifying to note the satisfactory results that have followed the more than \$6,000,000 of like bonds, issued inauguration of the new system provided for by the act of May 28, 1896, under new plan was put in operation on July 1. evidence of the usefulness of this long-

The Postal Serv ce.

Our Postoffice Department is in good June 30, 1896, if allowance is made for imperfections in the laws applicable to it. portation and credited on their debt to of receipts over the previous year of \$5,-516,080.21, or 7.1 per cent., and an increase of expenditures of \$3,836,124.02.

vear. Our postal service should meet the people at a direct charge upon them so light as perhaps to exclude the idea of our

alert in urging greater laxity and more reckish schemes, I have deprecated the approach

Pacific Rai roads.

The Secretary calls attention to the public interests involved in an adjustment of the obligations of the Pacific railroads to the Government. I deem it to be an important duty to especially present this subject to the consideration of Congress. On Jan. 1, more than \$13,000,000 of the principal of the subsidy bonds issued by the United States in aid of the construction of the Union Pacific Railway, including its Kansas line, and in aid of the Central Pacific Railroad, including those issued to the Western Pacific Railroad Company, will have fallen due and been paid or must on that day be paid by the Government. Without any reference to the application of the sinking fund now in the treasury this will create such a default gage lien. In addition to this indebtedness, which will be due Jan. 1, 1897, there will mature between that date and Jan. 1, 1899 the remaining principal of such subsidy bonds, which must also be met by the Government. These amount to more than \$20,-000,000, on account of the Union Pacific lines, and exceed \$21,000,000 on account of the Central Pacific lines.

The situation of these roads and the concondition, and the exhibit made of its diton of their indebtedness to the Governoperations during the fiscal year ended | ment have been fully set forth in the reports of various committees to the present and prior Congresses. In view of the fact that the Congress has for a number of years alis very satisfactory. The total receipts most constantly had under consideration vaduring the year were \$82,499,208.40. The rious plans for dealing with the conditions total expenditures were \$90,626,296.84, existing between these roads and the Government. I have thus far felt justified in exclusive of \$1,559,898.27, which was withholding action under the statute above earned by the Pacific Railroad for trans- mentioned. In the case of the Union Paclife Company, however, the situation has become especially and immediately urgent. the Government. There was an increase Proceedings have been instituted to foreclose a first mortgage upon those aided parts of the main lines upon which the Government holds a second and subordinate mortgage lien. In consequence of those proor 4.42 per cent. The deficit was \$1,- | ceedings and increasing complications added to the default occurring the 1st day of January, 1897, a condition will be presented

at that date, so far as this company is concerned, that must emphasize the mandate wants and even the conveniences of our of the act of 1887 and give to executive duty under its provisions a more imperative aspect. Therefore, unless Congress , shall otherwise direct, or shall have previously

our surplus to the payment of justifiable expenses than to allow it to become an invitation to reckless appropriations and extravagant expenditures. I suppose it will not be denied that under the present law our people obtain the necessaries of a comfortable existence at a cheaper rate than for-merly. This is a matter of supreme importance, since it is the palpable duty of every government to make the burdens of taxation as light as possible. The people should not be required to relinquish this privilege of cheap living except under the stress of their government's necessity made plainly manifest.

The Currency System.

I am more convinced than ever that we can have no assured financial peace and safety until the government currency obligations upon which gold may be demanded from the treasury are withdrawn from circulation and canceled. This might be done, as has been heretofore recommended, but their exchange for long-term bonds bearing a low rate of interest or by their redemption with the proceeds of such bonds. Even if only the United States notes known as greenbacks were thus retired, it is probable that the treasury notes issued in payment of silver purchases under the act of July 14, 1890, now paid in gold when demanded, would not create much disturbance, as they might from time to time when received in the treasury by redemption in gold or otherwise, be gradually and prudently replaced by silver coin.

In default of this plan, however, it would be a step in the right direction if currency obligations redeemable in gold, whenever so redeemed, should be canceled instead of being reissued.

National banks should redeem their own notes. They should be allowed to issue circulation to the par value of bonds deposited as security for its redemption, and the tax on their circulation should be reduced to one-fourth of 1 per cent.

In considering projects for the retirement of United States notes and treasury notes issued under the law of 1890, I am of the opinion that we have placed too much stress upon the danger of contracting the currency and have calculated too little upon the gold that would be added to our circulation if invited to us by better and safer financial methods. It is not so much a contraction of our currency that should be avoided as such unequal distribution. This might be obviated, and any fear of harmful contraction at the same time removed, by allowing the organization of smaller banks and in less populous communities than are now permitted, and authorizing banks to establish branches in small communities under proper restrictions.

The entire case may be presented by the statement that the day of sensible and sound financial methods will not dawn upon us until our government abandons the banking business and the accumulation of funds, and confines its monetary operations to the recelpts of the money contributed by the people for its support, and to the expenditure

of such money for the people's benefit, Our business interests and all good citizens long for rest from feverish agitation, and the inauguration by the Government of a reformed financial polley, which will encourage enterprise and make certain the rewards of labor and industry.

Roast for the rusts.

Another topic in which our people right-738,100 according to our ratio. The cointo be not altogether unwelcome, while, postoffice department being a money-mak- | determined upon a different solution of the fully take a deep interest may here be briefage of these metals in the various couning concern; but in the face of a constant- problem, there will hardly appear to exist ly considered. I refer to the existence of trusts and other huge aggregations of capital, the object of which is to secure the monopoly of some particular branch of trade, industry, or commerce and so stiffe wholesome competition. When these are defended it is usually on the ground that though they increase profits they also reduce prices and thus may benefit the public. It must be remembered, however, that a reduction of prices to the people is not one of the real objects of these organizations, nor is their tendency necessarily in that direction. Their tendency is to crush out individual independence and to hinder or prevent the free use of human faculties and the full development of human character. In concluding this communication, its last words shall be an appeal to the Congress for the most rigid economy in the expendi-ture of the money it holds in trust for the people. The way to perplexing extravagance is easy, but a return to frugality is difficult. When, however, it is considered that those who bear the burdens of taxation have no guaranty of honest care save in the fidelity of their public servants, the duty of all possible retrenchment is plainly mani-When our differences are forgotten and our contests of political opinion are no longer remembered, nothing in the retrospect of our public service will be as fortunate and comforting as the recollection of official duty well performed and the memory of a constant devotion to the interests of our con-A comparison of the great cycle shows of England and America shows that the coming event, to be held at the Chicago Coliseum in January, will be far ahead at