

THE AFFAIRS OF STATE.

As Fully Set Forth in the Annual Message of President Arthur.

Relations of This Government With Foreign Nations of an Amicable Nature.

Our Interests at Home and Abroad Freely, Fully and Interestingly Discussed.

FOREIGN AFFAIRS.

To the Congress of the United States: At the threshold of your deliberation I congratulate you upon the favorable aspect of the domestic and foreign affairs of this government.

THE FISHERIES.

Notice of the termination of the fisheries articles of the treaty of Washington was duly given to the British government. The privileges and exemptions of the British government, and the privileges and exemptions of the treaty will accordingly close on July 1, 1885.

PAUPER IMMIGRATION.

A question has arisen touching the importation to the United States from the British islands by governmental or municipal aid of persons unable there to gain a living, and equally a burden on the community here.

THE AMERICAN HOG ABROAD.

The legislation of France against the importation of prepared swine produce has been repealed. The result has been no less due to the friendly representations of this government than to the growing conviction in France that the restriction is not demanded by any real danger to health.

THE RUSSIAN BEAR.

The coronation of the czar at Moscow afforded to this government an occasion for testifying its continued friendship by sending a special envoy—a representative of the navy—to attend the ceremony.

CUBA AND PORTO RICO.

It is understood that measures for the removal of the restrictions which now burden our trade with Cuba and Porto Rico are under consideration by the Spanish government.

SWITZERLAND.

The Helvetic confederation has proposed

the inauguration of a class of international treaties for the deferment of arbitration of grave questions between nations. This government has assented to the proposed negotiations of such a treaty with Switzerland.

BULGARIA.

As the United States have no distinct conventional relations with that country, and are not a party to the treaty, they should, in my opinion, maintain diplomatic representation at Sofia for the improvement of intercourse, and the proper protection of the many American citizens who resort to that country as missionaries and strangers.

TURKEY AND EGYPT.

The United States are now participating in a revision of the tariffs of the Ottoman empire. They have assented to the application of a license tax of foreigners doing business in Turkey, but have opposed the oppressive storage tax upon petroleum entering the port of that country.

RELATIONS WITH MEXICO.

At no time in our national history has there been more manifest need of close and lasting negotiations with a neighboring state than now exists with respect to Mexico. The rapid influx of our capital and enterprise into that country shows what has been accomplished by the vast reciprocal advantages which must attend the progress of its internal developments.

The convention for the resturvey of the boundary from the Rio Grande to the Pacific, having been ratified and exchanged, the preliminary reconnaissance therein stipulated has been effected, and it now rests with congress to make provision for completing the survey and resetting the boundary monuments.

CENTRAL AMERICA, BOLIVIA, CHILI AND PERU.

Our geographical proximity to Central America and our political and commercial relations with the states of that country justify, in my judgment, such a material increase of our consular corps as will place at each capital a consul-general. The contest between Bolivia, Chili and Peru has passed from the stage of strategic hostilities to that of negotiation, in which the counsels of this government have been exercised.

VENEZUELA.

Congress at its last session authorized the executive to propose to the Venezuelan government, a reopening of the awards of the mixed commission of Caracas. The departure from this country of the Venezuelan minister has delayed the opening of negotiations for reviewing the commission.

SANDWICH ISLANDS.

At the recent coronation of his majesty, King Kalakaua, this government was represented both diplomatically and by the formal visit of a vessel of war.

PERDIA, SIAM AND COREA.

In pursuance of the policy declared by this government of extending our intercourse with the eastern nations, negotiations have, during the past year, been established with Persia, Siam, and Corea.

the United States. A special embassy from Siam is on its way hither. Treaty relations with Corea were perfected by the exchange at Seoul, on the 19th of May last, of the ratifications of the lately concluded convention and envoys from the king of Siam have visited this country and received a cordial welcome.

CHINA AND JAPAN.

China, by the payment of a money indemnity, has settled certain of the long pending claims of our citizens, and I have strong hopes that the remainder will soon be adjusted. Questions having arisen touching the rights of American and other foreign manufacturers in China, under the provisions of treaties which permit aliens to exercise their industries in that country, and on this specific point our own treaty is silent, but under the operation of the "most favored nations clause," we have like privileges with those of other nations, and it is the duty of the government to see that our citizens have the full enjoyment of every benefit secured by treaty.

LIBERIA AND HAWAII.

Through our ministers at London and Moravia, the government has endeavored to aid Liberia in its differences with Great Britain, touching the northwestern boundaries of that republic. There is a prospect of the adjustment of the dispute by the adoption of the Monrah river as the line.

COLONIZING CENTRAL AFRICA.

The rich and populous valley of the Congo is being opened to commerce by a society called the International African association, of which the king of Belgium is president, and a citizen of the United States the chief executive officer.

INTERNATIONAL SCIENCE CONGRESS.

In view of the frequency of invitation from foreign governments to participate in a social and scientific congress for the discussion of important matters of general concern I repeat that suggestion of my report recommending that provision be made for the exercise of discretionary power by the executive in appointing delegates to such convention.

RESTRICTION ON AMERICAN COMMERCE.

I have alluded in my previous messages to the injurious and vexatious restrictions suffered by our trade in the Spanish West Indies. Brazil, whose natural outlet for its great coffee product is in and through the United States, imposes a heavy import duty on that product.

OUR NATIONAL FINANCES.

The report of the secretary of the treasury gives a full and interesting exhibit of the financial condition of the country. It shows that the ordinary revenues from all sources for the fiscal year ending June 30, 1885, amounted to \$388,287,581.75, whereof there was received:

Table of National Finances showing Total ordinary receipts, Total ordinary expenditures, and Revenue for the present fiscal year.

THE REVENUE.

The revenue for the present fiscal year, actual and estimated, is as follows, for the quarter ending September 30, 1885, and for the three quarters of the year:

Table of Revenue showing Source, Actual, and For remaining three quarters of year.

Actual, For remaining third of year, Estimated.

Table of Revenue for civil and miscellaneous, including public buildings, light houses, and collections of revenue.

If the revenue for the fiscal year which will end on June 30, 1885, be estimated upon the basis of existing laws the secretary is of the opinion that for that year the receipts will exceed by sixty millions the ordinary expenditures, including the amount devoted to the sinking fund.

REDEMPTION OF BONDS.

Hitherto the surplus, as rapidly as it has accumulated, has been directed to the reduction of the national debt, and as a result the only bonds now outstanding which are redeemable at the pleasure of the government are the 3 per cents amounting to about \$305,000,000, the 4 per cents, amounting to \$250,000,000, and the \$727,000,000 of 4 per cents are not payable until 1891 and 1907 respectively.

THE NATIONAL CURRENCY.

Immediately associated with the financial subject just discussed is the important question as to what legislation is needed regarding the national currency. The aggregate amount of bonds now on deposit in the treasury to support the national bank circulation is \$59,000,000.

THE THREATENED CONTRACTION.

If the revenues of the next four years shall be substantially commensurate with the expense, the volume of circulation will not be likely to suffer any material disturbance, but if on the other hand there shall be a great delay in reducing taxation, it will become necessary either to substitute some of the other forms of currency in place of the national bank notes, or to make important changes in the laws by which their circulation is now controlled.

METHODS FOR AWARDING CONTRACTS.

Two courses have been suggested, either of which is probably feasible. One is the issuance of new bonds, having many years to run, bearing a low rate of interest, and exchangeable upon specified terms for those now outstanding.

THE TRADE DOLLAR.

The trade dollar was coined for the purpose of trade in countries where silver passed at its value ascertained by its weight and fineness. It never had a legal tender quality. Large numbers of these coins entered, however, into the volume of our currency by common consent.

THE CUSTOMS DISTRICTS.

The secretary of the treasury advises a consolidation of certain of the customs districts of the country, and suggests that the president be vested with such power in relation thereto as is now given him in respect to collectors of internal revenue by section 3141 of the revised statutes.

INDIAN TROUBLES.

From the report of the secretary of war it will be seen that in only a single instance has there been a disturbance of the quiet condition of our Indian tribes, a raid from Mexico into Arizona by a small party of Indians which was pursued by General Crook into the mountain regions from which it had come.

OUR NATIONAL DEFENCES.

I again call your attention to the present condition of our extended sea coast, upon which are so many large cities whose wealth and importance to the country would, in time of war, invite attack from modern armed ships, against which our existing defensive works could give no adequate protection.

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