PRESIDENTIAL TALK.

ANNUAL MESSAGE OF PRESIDENT CLEVELAND.

Foreign Affairs Lightly Touched Upon—Relations of United States With Other Nations—A History of the Treasury Difficulty and Efforts Put Forth to Remedy It—Other Subjects Under Discussion.

The President's Message.

WASHINGTON, Dec. 3.—The following is the President's message:

TO THE CONGRESS OF THE UNITED STATES:—The present assemblage of the legislative branch of our government occurs at a time when the interests of our people and the needs of the country give special prominence to the condition of our foreign relations and the exigencies of our national finances. The reports of the several administrative departments of the government fully and plainly exhibit what has been accomplished within the scope of their respective duties and present such recommendations for the betterment of our country's condition as patriotic and intelligent labor and observations suggest.

I therefore deem my executive duty adequately performed at this time by presenting to the Congress the important phases of our situation as related to our intercourse with foreign nations, and a statement of the financial problems which confront us, omitting, except as they are related to these topics, any reference to departmental operations.

I earnestly invite, however, not only the careful consideration, but the severely critical scrutiny of the Congress and my fellow countrymen to the reports concerning these departmental operations. If justly and fairly examined they furnish proof of assiduous and painstaking care for the public welfare. I press the recommendations they contain upon the respectful attention of those charged with the duty of legislation, because I believe their adoption would promote the people's good.

Missionary Riots in China.

The close of the momentous struggle between China and Japan, while relieving the diplomatic agents of this government from the delicate duty they undertook at request of both countries of rendering such service to subjects of either belligerent within the territory limits of the other as our neutral position permitted, developed a domestic condition in the Chinese empire which has caused much anxiety and called for prompt and careful attention. Either as a result of a weak control by the central government over the provincial administrations, following a diminution of traditional governmental authority under the stress of an overwhelming national disaster, or a manifestation upon good opportunity of the aversion of the Chinese population to all foreign ways and undertakings, there have occurred in widely separated provinces of China serious outbreaks of the old fanatical spirit against foreigners, which, unchecked by the local authorities, if not actually connived at by them, have culminated in mob attacks on foreign missionary stations, causing much destruction of property, and attended with personal injuries as well as loss of life. Although but one American citizen was reported to have been actually wounded, and although the destruction of property may have fallen more heavily upon the missionaries of other nationalities than our own, it plainly behooved this government to take the most prompt and decided action to guard against similar or perhaps more dreadful calamities.

The demands of the United States and other powers for the degradation and punishment of the responsible officials of the respective cities and provinces who by neglect or otherwise had permitted up-risings and for the adoption of stern measures by the Emperor's government for the protection of the life and property of foreigners, were followed by the disgrace and dismissal of certain provincial officials found derelict in duty, and the punishment by death of a number of those found guilty of actual participation in the outrages. This government also insisted that a special American commission should visit the province where the first disturbances occurred for the purpose of investigation. This latter commission, formed after much opposition, has gone overland from Tien Tsin accompanied by a suitable Chinese escort, and by its demonstration of the readiness and ability of our government to protect its citizens, will act, it is believed, as a most influential deterrent of any similar outbreaks.

The Waller Case.

The customary cordial relations between this country and France have been undisturbed, with the exception that a full explanation of the treatment of John L. Waller by the expeditionary military authorities of France still remains to be given. Mr. Waller, formerly United States consul to Tamatave, remained in Madagascar after his term of office expired and was apparently successful in procuring business concessions from the Hovas, of greater or less value. After the occupation of Tamatave and the declaration of martial law by the French, he was arrested upon various charges, among them, that of communicating military information to the enemy of France, was tried and convicted by a military tribunal and sentenced to twenty years imprisonment. Following the course justified by abundant precedents, this government demanded from that of France the record of the proceedings of the French tribunal, which resulted in Mr. Waller's condemnation. This request has been complied with to the extent of supplying a copy of the beneficial record from which appear the constitution and organization of the Court, the charges as formulated and the general course and result of the trial and by which it was shown that the accused was tried in open court and was defended by counsel. But the evidence adduced in support of the charges, which was not received by the French minister of foreign affairs until the first week in October, has thus far been withheld, the French government taking the ground that its production in response to our demand would establish a bad precedent. The efforts of our ambassador to procure it, however, though impeded by recent changes in the French ministry have not been relaxed and it is confidently expected that some satisfactory solution of the matter will shortly be reached. Meanwhile it appears that Mr. Waller's confinement has every alleviation which the state of his health and all the other circumstances of the case demand or permit.

Trade Complications With Germany.

Our relation with the states of the German empire are in some aspects typical of a condition of things elsewhere found in a country whose production and trade are similar to our own. The close rivalry of competing industries; the influence of the delusive doctrine that the internal development of a nation is promoted and its wealth increased by a policy which, in undertaking to reserve its own markets for the exclusive use of its own producers, necessarily obstructs their sales in foreign markets and prevents free access to markets of the world; the desire to retain trade in time-worn ruts, regardless of the inexorable laws of new needs and changed conditions of demand and supply, and our own halting tardiness in inviting a free exchange of commodities and by this means imperiling our footing in the external markets naturally open to us, have created a situation somewhat injurious to American export interest, not only in Germany, where they are perhaps most noticeable, but in adjacent countries.

The exports affected are largely American cattle and other food products, the reason assigned for unfavorable discrimination being that their consumption is deleterious to the public health. This is all the more irritating in view of the fact that no European State is as jealous of the excellence and wholesomeness of its exported food supplies as the United States are so easily able on account of inherent soundness, to guarantee those qualities. Nor are these difficulties confined to our food products designed for exportation. Our great insurance companies, for example having built up a vast business abroad and invested a large share of their gains in foreign countries in compliance with the local laws and regulations then existing, now find themselves within a narrowing circle of onerous and unforeseen conditions, and are confronted by the necessity of retirement from a field these made unprofitable, if indeed they are not summarily expelled, as some of them have lately been in Prussia. It is not to be forgotten that international trade can not be one-sided. Its currents are alternating and its movements should be honestly reciprocal. Without this it almost necessarily degenerates into a device to gain advantage or a contrivance to secure benefits with only the semblance of a return. In our dealings with other nations, we ought to be open-handed and scrupulously fair.

This should be our policy as a producing nation, and it plainly becomes us as a people who love generosity and the moral aspects of national good faith and reciprocal forbearance. These considerations should not, however, constrain us to submit to unfair discrimination nor to silently acquiesce in vexatious hindrances to the enjoyment of our share of the legitimate advantages of proper trade relations. If an examination of the situation suggests such measures on our part as would involve restrictions similar to those from which we suffer, the way to such course is easy; it should, however, by no means be lightly entered upon, since the necessity for the inauguration of such a policy would be regretted by the best sentiment of our people, and because it naturally and logically might lead to consequences of the gravest character.

The Behring Sea Matter.

Our relations with Great Britain, always intimate and important, have demanded, during the past year, even a greater share of consideration than is usual. Several vexatious questions were left undetermined by the decision of the Behring sea arbitration tribunal. The application of the principles laid down by the august body has not been followed by the results they were intended to accomplish, either because the principles themselves lacked in breadth and definiteness or because their execution has been more or less imperfect. The understanding by which the United States was to pay and Great Britain to receive a lump sum of $(21,000 in full settlement of all British claim for damages arising from our seizure of British sealing vessels unauthorized under the award of the Paris tribunal of arbitration was not confirmed by the last Congress, which declined to make the necessary appropriation. I am still of the opinion that this arrangement was a judicious and advantageous one for the government, and I earnestly recommend that it be again considered and sanctioned. If, however this does not meet with the favor of Congress, it certainly will hardly dissent from the proposition that the government is bound to every consideration of honor and good faith to provide for the speedy adjustment of these claims by arbitration as the only other alternative. A treaty of arbitration has, therefore, been agreed upon and will be immediately laid before the Senate so that, in one of the modes suggested, a final settlement may be reached.

The Venezuela Issue.

It being apparent that the boundary dispute between Great Britain and the Republic of Venezuela, concerning the limits of British Guinea, was approaching an acute stage, a definite statement of the interest and policy of the United States as regards the controversy seemed to be required both on its own account and in view of its relations with the friendly powers directly concerned. In July last, therefore, a dispatch was addressed to our ambassador at London for communication to the British government in which the attitude of the United States was fully and distinctly set forth. The general conclusions there reached and formulated are in substance that the traditional and established policy of this government is firmly opposed to a forcible increase by any European power of its territorial possessions on this continent; that this policy is as well founded in principle as it is strongly supported by numerous precedents; that as a consequence the United States is bound to protest against the encroachment of the area of British Guinea in derogation of the rights and against the will of Venezuela; that, considering the disparity in strength of Great Britain and Venezuela, the territorial dispute between them can be easily settled only by friendly and impartial arbitration and that the resort to such arbitration should include the whole controversy and is not satisfied if one of the powers concerned is permitted to draw an arbitrary line through the territory in debate and to declare that it will submit to arbitration only the portion lying on one side of it. In view of these conclusions the dispatch in question called upon the British government for a definite answer to the question whether it would or would not submit the territorial controversy between itself and Venezuela in its entirety to impartial arbitration. The answer of the British government has not yet been received, but is expected shortly when further communication on the subject will probably be made to congress.

The Hawaiian Matter.

Early in January last an uprising against the government of Hawaii was promptly suppressed. Martial law was forthwith proclaimed and numerous arrests were made of persons suspected of being in sympathy with the Royalist party. Among these were several citizens of the United States, who were either convicted by a military court and sentenced to death, imprisonment or fine, or were deported without trial. The United States, while denying protection to those who had taken the Hawaiian oath of allegiance, insisted that martial law, though altering the forms of justice, could not supersede justice itself, and demanded a stay of execution until the proceedings had been submitted to this government and knowledge obtained therefrom that our citizens had received fair trial. The death sentences were subsequently commuted or were remitted on condition of leaving the islands. The cases of certain Americans arrested and expelled by arbitrary order, without formal charge or trial, have had attention, and in some instances have been found to justify remonstrance and a claim for indemnity, which Hawaiia has thus far not conceded. Mr. Thurston, the Hawaiian Minister, having furnished this government abundant reason for asking that he be recalled, that course was pursued and his successor has lately been received.

Lynching of Italians in Colorado.

The deplorable lynching of several Italian laborers in Colorado was naturally followed by international representation and I am happy to say that the best efforts of the State in which these outrages occurred have been put forth to discover and punish the authors of this atrocious crime. The dependent families of some of the unfortunate victims invite by their deplorable condition gracious provision for their needs. These manifestations against helpless aliens may be traced through successive stages of the vicious padroni system which unchecked by our immigration and contract labor statutes, controls these workers from the moment of landing on our shore, and farms them out in distant and often rude regions where their cheapening competition in the fields of broad winning toil brings them in collision with other labor late exiles. While welcoming, as we should, those who seek our shores to merge themselves in our body politic and win personal competence by honest effort, we can not regard such assemblages as distinctively alien laborers, hired out in the mass to the profit of alien speculators and shipped hither and thither as the prospect of gain may dictate, as otherwise than repugnant to the right of our civilization deterrent to individual advancement and hindrances to the building up of stable communities resting upon the wholesome ambitions of the citizen and constituting the prime factor in the prosperity and progress of our nation. If legislation can reach this growing evil it certainly should be attempted.

Congratulations for Japan.

Japan has furnished abundant evidence of her vast gain in every trait and characteristic that constitutes a nation's greatness. We have reason for congratulation in the fact that the government of the United States, by the exchange of liberal treaty stipulations with the new Japan, was the first to recognize her wonderful advancement and to extend to her the consideration and confidence due to her national enlightenment and progressive character.

Samoan Arrangement Unsatisfactory.

In my last two annual messages I called the attention of the Congress to the position we occupied as one of the parties to a treaty or agreement by which we became jointly bound with England and Germany to so interfere with the government and control of Samoa as in effect to assume the management of its affairs. On the 9th day of May, 1894, I transmitted to the senate a special message with accompanying documents giving information on the subject and emphasizing the opinion I have at all times entertained that our situation on this matter was inconsistent with the mission and traditions of our government in violation of the principles we profess and in all its phases mischievous and vexatious. I again press this subject upon the attention of Congress and ask for such legislative action or expression as will lead the way to our relief from obligations both irksome and unnatural.

The Cuban Rebellion.

Cuba is again gravely disturbed, an insurrection in some respects more active than the last preceding revolt, which continued from 1868 to 1878, now exists in a large part of the Eastern interior of the island, menacing even some populations on the coast. Besides dangering the commercial exchanges of the island, of which our country takes the predominant share, this flagrant condition of hostilities by a rousing sentimental sympathy and inciting adventurous support among our people, has entailed earnest effort on the part of this government to enforce obedience to our neutrality laws and to prevent the territory of the United States from being abused as a vantage ground from which to aid those in arms against Spanish sovereignty. Whatever may be the traditional sympathy of our countrymen, as individuals with people who seem to be struggling for larger autonomy and greater freedom deepened as such sympathy naturally must be in behalf of our neighbor. Yet the plain duty of their government is to observe in good faith the recognized obligations of international relationship. The performance of this duty should not be made more difficult by a disregard on part of our citizens of the obligations growing out of their allegiance to their country which should restrain them from violating as individuals the neutrality which the nation of which they are members is bound to observe in its relations to friendly sovereign States. Though neither the warmth of our people's sympathy with the Cuban insurgents nor our loss and material damage consequent upon the futile endeavors thus far made to restore peace and order, nor any shock our humane sensibilities may have received from the cruelties which appear to especially characterize this sanguinary and fiercely conducted war, have in the least shaken the determination of the government to honestly fulfill every international obligation; yet, it is to be earnestly hoped, on every grounds, that the devastation of armed conflict may speedily be stayed and order and quiet restored to the distracted island, bringing in their train the activity and thrift of peaceful pursuits.

The Turkish Troubles.

Occurrences in Turkey have continued to excite concern. The reported massacres of Christians in Armenia and the development there, and in other districts, of the spirit of fanatic hostility to Christian influences, naturally excited apprehension for the safety of the devoted men and women who, as dependents of the foreign missionary societies in the United States, and reside in Turkey under the guarantee of law and usage and in the legitimate performance of their educational and religious mission. No efforts have been spared in their behalf and their protection in person and property has been earnestly and vigorously enforced by every means within our power. I regret, however, that an attempt on our part to obtain better information concerning the true condition of affairs in the disturbed quarter of the Ottoman empire by sending the United States consul at Sivas to make investigation and report, was thwarted by the objections of the Turkish government. This movement on our part was in no sense meant as a gratuitous entanglement of the United States in the so-called Eastern question, nor as an officious interference with the right and duty which belong by treaty to certain great European powers calling for their intervention in political matters affecting the good government and religious freedom of the non-Mussulman subjects of the Sultan, but it arose solely from our desire to have an accurate knowledge of the conditions in our efforts to care for those entitled to our protection.

The presence of our naval vessels which are now in the vicinity of the disturbed localities afford opportunities to acquire a measure of familiarity with the condition of affairs and will enable us to take suitable steps for the protection of any interests of our countrymen within reach of our ships that might be found imperiled. The Ottoman government has lately issued an imperial Irade exempting forever from taxation an American college for girls at Scutari. Repeated assurances have also been obtained by our envoy at Constantinople that similar institutions maintained and administered by our countrymen shall be secured in the enjoyment of all rights and that our citizens throughout the empire shall be protected.

On the demand of our minister orders have been issued by the Sultan that Turkish soldiers shall guard and escort to the coast American refugees and those orders have been carried out, and our latest intelligence gives assurance of the present personal safety of our citizens and missionaries. Though thus far no lives of American citizens have been sacrificed, there can be no doubt that serious loss and destruction of mission property have resulted from riotous conflicts and outrageous attacks.

By treaty several of the most powerful European powers have secured a right and assumed a duty not only in behalf of their own citizens and in furtherance of their own interests, but as agents of the Christian world. Their right is to enforce such conduct of the Turkish government as will restrain fanatical brutality, and in fact, their duty is to interfere so as to insure against such dreadful occurrences in Turkey as lately shocked civilization. The powers declare this right and this duty to be theirs alone, and it is earnestly hoped that effective action on their part will not be delayed.

OUR FINANCES.

A Subject of the Greatest Importance to the American People.

As we turn from a review of our foreign relations to the contemplation of our national financial situation we are immediately aware that we approach a subject of domestic concern, more important than any other that can engage our attention, and one at present in such a perplexing and delicate predicament as to require prompt and wise treatment.

We may well be encouraged to earnest effort in this direction when we recall the steps already taken toward improving our economic and financial situation, and when to appreciate how well the way has been prepared for further progress by an aroused and intelligent popular interest in these subjects. By command of the people, a custom revenue system, designed for the protection and benefit of favored classes at the expense of the great majority of our countrymen and which, while inefficient for the purpose of revenue, curtailed our trade relations and impeded our exchange to the markets of the world, has been superceded by a tariff policy which, in principle, is based upon a denial of the right of the government to obstruct the avenues of our people's cheap living or lessen their comfort and contentment, for the sake of according special advantages to favorites, and which, while encouraging our intercourse and trade with other nations, recognize the fact that American self-reliance, thrift and economy, can build up our country's industries and develop its resources more surely than enervating paternalism. The compulsory purchase and coinage of silver by the government unchecked and unregulated by business conditions and heedless of our currency needs, which for more than fifteen years diluted our circulating medium, undermined confidence abroad in our financial ability and at last culminated in distress and panic at home has been recently stopped by the repeal of the laws which forced this reckless scheme upon the country. The things thus accomplished notwithstanding their extreme importance and beneficient effects, fall far short of curing the monetary evils from which we suffer as a result of long indulgence in ill advised financial expedients. The currency denominated United States notes and commonly known as green-backs was issued in large volumes during the late civil war and intended originally to meet the emergencies of that period. It will be seen by a reference to the debates in congress at the time laws were passed authorizing the issue of these notes, that their advocates declared they were intended for only temporary use and to meet the emergency of war. In almost, if not all, the laws relating to them, some provision was made contemplating their voluntary or compulsory retirement. A large quantity of them, however, were kept on foot and mingled with the currency of the country, so that at the close of the year 1874 they amounted to $382,000,000. Immediately after that date and in January, 1875, a law was passed providing for the resumption of specie payment by which the Secretary of the Treasury was required, whenever additional circulation was issued to National banks, to retire United States notes in equal amount to 80 per cent of such additional National bank circulation until such notes were reduced to $300,000,000. This law further provides that on and after the last day of January, 1879, the United States notes then outstanding, should be redeemed in coin, and in order to provide and prepare for such redemption the secretary of the treasury was authorized not only to use any surplus revenues of the government, but to issue bonds of the United States and dispose of them for coin and to use the proceeds for the purposes contemplated by the statute.

In May, 1878, and before the date thus appointed for the redemption and retirement of these notes, another statute was passed forbidding their further cancellation and retirement. Some of them had, however, been previously redeemed and cancelled upon the issue of additional national bank circulation, as permitted by the law of 1875, so that the amount outstanding at the time of the passage of the act forbidding their further retirement was $346,681,016. The law of 1878 did not stop at distinct prohibition but contained in addition the following provision, "And when any of said notes may be redeemed or be received into the treasury under any law, from any source whatever, and shall belong to the United States, they hall not be retired, cancelled, or destroyed, but they shall be re-issued and paid out again and kept in circulation." This was the condition of affairs on the 1st day of January, 1879, which had been fixed upon four years before as the date for entering upon the redemption and retirement of all these notes, and for which such abundant means had been provided. The government was put in the anomolous situation of owing to the holders of its notes, debts payable in gold on demand which could neither be retired by receiving such notes in discharge of obligations due the government nor cancelled by actual payment in gold. It was forced to redeem without redemption and to pay without acquittance.

There has been issued and sold $95,500,000 of the bonds authorized by the resumption act of 1875, the proceeds of which, together with other gold in the treasury, created a gold fund deemed sufficient to meet the demands which might be made upon it for the redemption of the outstanding United States notes. This fund, together with such other gold as might be from time to time in the treasury available for the same purpose, has been since called our gold reserve and $100,000,000 has been regarded as an adequate amount to accomplish its object. This fund amounted on the 1st day of January 1879, to $114,196,136 and though thereafter constantly fluctuating, it did not fall below that sum in July, 1892. In April, 1893, for the first time since its establishment this reserve amounted to less than $100,000,000, containing at that date only $67,011,333.

The Bond Contract.

The message reviews at great length the lowering of the gold reserve, the shipment of gold, the issuing of bonds, the entering into the bond contract with capitalists, and his messages to Congress for relief. Continuing, the President says:

The Congress having declined to grant the necessary authority to secure this saving the contract unmodified was carried out, resulting in a gold reserve amounting to $107,571,250 on the 8th day of July, 1895. The performance of this contract not only restored the reserve but checked for a time the withdrawals of gold and brought on a period of restored confidence and such peace and quiet in business circles as were of the greatest possible value to every interest that affects our people. I have never had the slightest misgiving concerning the wisdom or propriety of this arrangement, and am quite willing to answer for my full share of responsibility for its promotion.

I believe it averted a disaster, the imminence of which is fortunately not at this time generally understood by our people. Though the contract mentioned stayed for a time the tide of gold withdrawal, its good results could not be permanent. Recent withdrawals have reduced the reserve from $107,571,250 on the 8th day of July, 1895, to $79,533,946. How long it will remain large enough to render its increase unnecessary is only matter of conjecture, though quite large withdrawals for shipment in the immediate future are predicted in well informed quarters. About $18,000,000 has been withdrawn during the month of November.

The foregoing statement of events and conditions develop the fact that after increasing our interest bearing bonded indebtedness more than $162,000,000 to save our gold reserve, we are nearly where we started, having now in such reserve $79,533,946, as against $65,438,377, in February 1894, when the first bonds were issued. Though the amount of gold drawn from the treasury appears to be very large, as gathered from the facts and figures herein present it actually was much larger, considerable sums having been acquired by the treasury within the several periods stated without the issue of bonds.

On the 28th of January, 1895, it was reported by the secretary of the treasury that more than $172,000,000 of gold had been withdrawn for hoarding or shipment during the year preceeding. He now reports that from January 1, 1879, to July 14, 1890, a period of more than 10 years, only a little over $25,000,000 was withdrawn and that between July 14, 1890, the date of the passage of the law for an increased purchase of silver, and the first day of December, 1894, or within less than five and a half years, there was withdrawn nearly $315,000,000, making the total of more than $400,000,000 drawn from the treasury in gold since January 1st., 1879, the date fixed in 1875 for the retirement of the United States notes.

Nearly $327,000,000 of the gold thus withdrawn have been paid out on these United States notes, and yet every one of the $346,000,000 is still uncancelled and ready to do service in future gold depletions. More than $76,000,000 in gold has since their creation in 1890 been paid out from the treasury upon the notes given on the purchase of silver by the government; and yet the whole, amounting to $154,000,000, except a little more than $16,000,000 which have been retired by exchanges for silver at the request of the holders, remain outstanding and prepared to join their older and more experienced allies in future raids upon the treasury's gold reserve.

On July 1, 1894, more than a year and a half before the first bonds were issued to replenish the gold reserve, there was a net balance in the treasury exclusive of such reserve of less than $10,000,000, but the gold reserve amounted to more than $111,000,000, which was the quieting feature of the situation. It was when the stock of gold began rapidly to fall that fright supervened and our securities held abroad were returned for sale and debts owed abroad were pressed for payment. In the meantime extensive shipments of gold and other unfavorable indications caused restlessness and fright among our people at home.

The act of July 14, 1890, in a still bolder effort increased the amount of silver the Government was compelled to purchase and forced it to become the buyer annually of 54,000,000 ounces, or practically the entire product of our mines. Under both laws silver rapidly and steadily declined in value. The prophecy and the expressed hope and expectation of those in the congress who led in the passage of the last mentioned act that it would re-establish and maintain the former parity between the two metals are still fresh in our memory.

Retirement of Treasury Notes.

In other words, the government has paid in gold more than nine-tenths of its United States notes and still owes them all. It has paid in gold about one-half of its notes given for silver purchases without extinguishing by such payment one dollar of these notes. And added to all this we are reminded that to carry on this astonishing financial system the government has incurred a bonded indebtedness of $262,000,000 in establishing a gold reserve and of $262,315,400 in efforts to maintain it, that an annual interest charge of such bonded indebtedness is more than $11,000,000, that a continuance in our present course may result in further bond issues, and that we have suffered or are threatened with all this for the sake of supplying gold for foreign shipment or facilitating its hoarding at home, a situation is exhibited which certainly ought to arrest attention and provoke immediate legislative relief. I am convinced the only thorough and practicable remedy for our troubles is found in the retirement and cancellation of our United States notes, commonly called greenbacks and the outstanding treasury notes issued by the government in payment of silver purchases under the act of 1890.

I believe this could be quite readily accomplished by the exchange of these notes for U. S. bonds of small as well as large denominations bearing a low rate of interest. They should be long term bonds, thus increasing their desirability as investments and because their payment could be well postponed to a period far removed from present financial burdens and perplexities when with increased prosperity and resources they would be more easily met. To further insure the cancellation of these notes and also provide a way by which gold may be added to our currency in lieu of them, a feature in the plan should be an authority given to the Secretary of the Treasury to dispose of the bonds abroad for gold if necessary, to complete the contemplated redemption and cancellation permitting him use of the proceeds of such bonds to take up and cancel any of the notes that may be in the treasury or that may be received by the government on any account. The increase of our bonded debt involved in this plan would be amply compensated by renewed activity and enterprise in all business circles, the restored confidence at home, the reinstated faith in our monetary strength abroad, and the stimulation of every interest and industry that would follow the cancellation of the gold demand obligations now afflicting us. In any event the bonds proposed would stand for the extinguishment of a troublesome indebtedness, while in the path we now follow there lurks the menace of unending bonds with our indebtedness still undischarged and aggravated in every feature. The obligation necessary to find this indebtedness would not equal in amount those from which we have been relieved since 1884 by anticipation and payment beyond the requirements of the sinking fund out of our surplus revenues. The currency withdrawn by the retirement of the United States notes and treasury notes amounting to probably less than $6,000,000 might be supplied by such gold as would be used on their retirement or by an increase in the circulation of our National banks. Though the aggregate capital of these now in existence amounts to more than $656,000,000, their outstanding circulation based on bond security amounts to only about $190,000,000. They are authorized to issue notes amounting to ninety per cent of the bonds deposited to secure their circulation, but in no event beyond the amount of their capital stock they are obliged to pay one per cent tax on the circulation they issue.

I think they ought to be allowed to issue circulation equal to the par value of the bonds they deposit to secure it, and that the tax on their circulation should be reduced to one-fourth of one per cent, which would undoubtedly meet all the expenses the government would incur on their account. In addition they should be allowed to substitute or deposit in lieu of the bonds now required as security for their circulation those which would be issued for the purpose of retiring the United States notes and treasury notes. The banks already existing, if they desired to avail themselves of the provisions of law thus modified could issue circulation in addition to that already outstanding, amounting to $478,000,000, which would nearly or quite equal the currency proposed to be cancelled. At any rate, I should confidently expect to see the existing national banks or others to be organized avail themselves of the proposed encouragements to issue circulation and promptly fill any vacuum and supply every currency need. It has always seemed to me that the provisions of law regarding the capital of national banks which operate as a limitation to their location fails to make proper compensation for the suppression of state banks, which came near to the people in all sections of the country and readily furnished them with banking accommodations and facilities.

Whatever is attempted should be entered upon fully appreciating the fact that by careless, easy descent, we have reached a dangerous depth and that our ascent will not be accomplished without laborious toil and struggle. We shall be wise if we realize that we are financially ill and that our restoration to health may require heroic treatment.

Inasmuch as the withdrawal of our gold has resulted largely from fright, there is nothing apparent that will prevent its continuance or recurrence, with its natural consequences, except such a change in our financial methods as will reassure the frightened and make the desire for gold less intense. It is not clear how an increase in revenue, unless it be in gold and satisfactory to those whose only anxiety is to gain gold from the governments store. It can not, therefore, be safe to rely upon increased revenues as a cure for our present troubles. It is possible that the suggestion of increased revenue as a remedy for the difficulties we are considering may have originated in an intimation or distinct allegation that the bonds which have been issued ostensibly to replenish our gold reserve were really issued to supply insufficient revenue. Nothing can be further from the truth. Bonds were issued to obtain gold for the maintenance of our national credit.

Free Silver.

While I have endeavored to make a plain statement of the disordered condition of our currency and the present dangers menacing our prosperity and to suggest a way which leads to a safer financial system I have constantly had in mind the fact that many of my countrymen, whose sincerity I do not doubt, insist that the cure for the ills now threatening us may be found in the single and simple remedy of the free coinage of silver. They contend that our mints shall be at once thrown open to the free and unlimited and independent coinage of both gold and silver dollars of full legal tender quality, regardless of the action of any other government, and in full view of the fact that the ratio between the metals which they suggest calls for one hundred cents worth of gold in the gold dollar at the present standard and only fifty cents in intrinsic worth of silver in the silver dollar.

In the present state of our difficulty it is not easy to understand how the amount of our revenue receipts affects it. The important question is not the quantity of money received in revenue payments, but the kind of money we maintain and our ability to continue in sound financial condition. We are considering the government holding of gold as related to the soundness of our money and as affecting our national credit and monetary strength. If our gold reserve had never been impaired; if no bonds had ever been issued to replenish if there had been no fear and timidity concerning our ability to continue gold payment; if any part of our revenues were now paid in gold, and if we could look to our gold receipts as a means of maintaining a safe reserve the amount of our revenue would be an influential factor in the problem. But unfortunately all the circumstances that might lend weight to this consideration are entirely lacking. In our present predicament no gold is received by the government in payment of revenue charges nor would there be if the revenues were increased. The receipts of the treasury when not in silver certificates, consist of United States notes and treasury notes, issued for silver purchases. These forms of money are only useful to the government in paying its current ordinary expenses and its quantity in government possession does not in the least contribute toward giving us that kind of safe financial standing or condition which is built on gold alone. It is said that these notes if held by the government can be used to obtain gold for our reserve. The answer is easy. The people draw gold from the treasury on demand upon United States notes and treasury notes, but the proposition that the treasury can on demand draw gold from the people upon them would be regarded in these days with wonder and amazement. And even if this could be done, there is nothing to prevent those thus parting with their gold from regaining it the next day or the next hour by the presentation of the notes they received in exchange for it.

The secretary of the treasury might use such notes taken from a surplus revenue to buy gold in the market. Of course he could not do this without paying a premium. Private holders of gold, unlike the government having no parity to maintain, would not be restrained from making the best bargain possible when they furnished gold to the treasury; but the moment the secretary of the treasury bought gold on any terms above par he would establish a general and universal premium upon it, thus breaking down the parity between gold and silver which the government is pledged to maintain, and opening the way to new and serious complications.

In the meantime the premium would not remain stationary and the absurd spectacle might be presented of a dealer selling gold to the Government and with United States notes or treasury notes in his hands immediately clamoring for its return and a resale at a higher premium. It may be claimed that a large revenue and reduced receipts might favorably affect the situation under discussion by affording an opportunity affecting these notes in the treasury when received, and thus preventing their presentation for gold. Such retention to be useful ought to be at least measurably permanent, and this is precisely what is prohibited so far as United States notes are concerned by law of 1878, forbidding their retirement. That the statute in so many words provides that these notes when received into the treasury and belonging to the United States shall be "Paid out again and kept in circulation." It will moreover be readily seen that the government could not refuse to pay out United States notes and treasury notes in current transactions when demanded, and insist on paying out silver alone and still maintain the parity between that metal and the currency representing gold. Besides the accumulation in the treasury of currency of any kind exacted from the people through taxation is justly regarded as an evil and it cannot proceed far without vigorous protest against as unjustifiable retention of money.

Were there infinitely stronger reasons than can be adduced for hoping that such action would secure for us a bimetallic currency moving on lines of parity an experiment so novel and hazardous as that proposed might well stagger those who believe that stability is an imperative condition of sound money. No government, no human contrivance or act of legislation has ever been able to hold the two metals together in free coinage at a ratio appreciably different from that which is established in the markets of the world.

In the light of these experiences, which accord with the experiences of other nations, there is certainly no secure ground for the belief that an act of Congress could now bridge an equality of 50 per cent between gold and silver at our present ratio, nor is there the least possibility that our country, which has less than one seventh of the silver money in the world, could by its action raise not only our own, but all silver, to its lost ratio with gold. Our attempt to accomplish this by the free coinage of silver at a ratio differing from the actual relative value would be the signal for complete departure of gold from our circulation, and the collapse of our entire credit system.

Our country's indebtedness whether owing by the government or existing between individuals, has been contracted with reference to our present standard. To decree by act of Congress that these debts shall be payable in less valuable dollars than those within the contemplated and intention of the parties when contracted, would operate to transfer by the flat law and without compensation, an amount of property and a volume of rights and interests almost incalculable. Those who advocate a blind and headlong plunge to free coinage in the name of bimetallism and professing the belief, contrary to all experience, that we could thus establish a double standard and a concurrent circulation of both metals in our coinage are certainly reckoning from a cloudy standpoint. Our present standard of value is the standard of the civilized world, and permits the only bi-metallism now possible or at least that within the independent reach of any single nation, however powerful that nation may be. While the value of gold as a standard is steadied by almost universal commercial and business it does not despise silver nor seek its banishment. Wherever this standard is maintained there is its side in free and unquestioned circulation a volume of silver currency sometimes equaling, and sometimes even exceeding it in amount, both maintained at a parity notwithstanding a depreciation or fluctuation in the intrinsic value of silver.

There is a vast difference between a standard of value and a currency for monetary use. The standard must necessarily be fixed and certain. The currency may be in diverse forms and of various kinds. No silver standard country has a gold currency in circulation but an enlightened and wise system of finance secures the benefits of both gold and silver as currency and circulating medium by keeping the standard stable and all other currency at par with it. Such a system and such a standard also gives free scope for the use and expansion of safe and conservative credit so indispensible to broad and growing commercial transactions and so well substituted for the actual use of money.

The past is full of lessons, teaching not only the economic dangers, but the national immorality that follows in the train of such expedient. I will not believe that the American people can be persuaded, after sober deliberation, to jeopardize their nation's prestige and proud standing by encouraging financial nostrums, nor that they will yield to the false allurements of cheap money, when they realize that it must result in the weakening of that financial integrity and rectitude which thus far on our history has been so devotedly cherished as one of the traits of true Americanism.

I have ventured to express myself on these subjects with earnestness and plainness of speech because I cannot rid myself of the belief that there lurks in the proposition for the free coinage of silver so strongly approved and so enthusiastically advocated by a multitude of my countrymen a serious menace to our prosperity and insidious temptation of our people to wander from the allegiance they owe to public and private integrity. It is because I do not distrust the good faith and sincerity of those who press this scheme that I have imperfectly but with zeal sumbitted my thoughts upon this momentous subject. I cannot restrain from begging them to re-examine their views and beliefs in the light of patriots, reason and familiar experience, and to weigh again and again the consequences of such legislation as their efforts have invited. Even the continued agitation of the subject adds greatly to the difficulties of a dangerous financial situation already forced upon us.

In conclusion I especially entreat the people's representatives in the Congress who are charged with the responsibility of inaugurating measures for the safety and prosperity of our common country to promptly and effectively consider the ills of our critical financial plight. I have suggested a remedy which my judgment approves. I desire, to assure the Congress that I am prepared to co-operate with them in perfecting any other measures promising thorough and practical relief and that I will gladly labor with them in every patriotic endeavor to further the interests and guard the welfare of our countrymen whom in our respective places of duty we have undertaken to serve.

GROVER CLEVELAND.

It Seems Incredible.

Gazpin—How old does a woman have to be before she can vote?

Hazbin—Twenty-one, I believe.

Gazpin—But usually she doesn't vote until she's twice that age.

Hazbin—I know it. You see she has to devote the intervening time to making up her mind how to vote.—Roxbury Gazette.

Heinous Offense.

Mrs. Figg—Tommy put a bent pin in the minister's chair when he was calling this afternoon.

Mr. Figg—Gimme your slipper, quick. A boy who will play such a trick on a man who darsen't swear needs one of the best licking that can be produced.—Indianapolis Journal.

Lids should always be put over saucepans when in use. The steam is usually more beneficial to the dish being prepared than to the kitchen walls.

In London the natural increase of the population, from excess of births over deaths alone, is about 4,000 a month.

Most European nations average for the male 5 feet 6 inches, but the Austrians, Spanish and Portuguese just fall short of this standard.

Unterrified small boys in Portland, Me., a few days ago stole the grave markers from the cemetery for use in making bounds for hockey playing.

The cult known as Christian Science, founded in Boston in 1866 by Dr. Mary Baker Eddy, now has 200 incorporated churches in the United States.

Last month was the most prosperous in the history of the Brooklyn postoffice. The sales from stamps, stamped envelopes, etc., amounted to $92,568.39.