

THE ADVERTISER.

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THE MESSAGE.

President Arthur's First Annual Message to Congress.

To the Senate and House of Representatives of the United States:

An appalling calamity has befallen the American people since their chosen Representatives last met in the halls where you are now assembled. We might also recall with unalloyed content the prosperity with which, throughout the year, the Nation has been blessed. Its harvests have been plentiful, its varied industries have thriven, the health of its people has been preserved. It has maintained with our Government the undisturbed relations of amity and peace. For these manifestations of His favor, we owe to Him who holds our destiny in His hand the tribute of our grateful devotion. To that mysterious Providence which has taken from us the loved and illustrious citizen who was but lately the head of the Nation, we bow in sorrow and submission. The memory of his character, of his noble achievements and of his patriotic life will be treasured forever as a sacred possession of the whole people. The announcement of his death from a sudden stroke, his noble achievements, his tributes of sympathy and sorrow which history will record as signal tokens of the kinship of nations and the federation of mankind.

GREAT BRITAIN. The feeling of good-will between our own Government and that of Great Britain was never more marked than at present. In recognition of this pleasing fact, I directed on the occasion of my visit to the United Kingdom that a salute be given to the British flag.

THE ISTHMIAN CANAL. In relation to the canal across the Isthmus of Panama, little has occurred worthy of mention in the diplomatic relations of the country. Early in the year the Fortune Hay claims were satisfactorily settled by the British Government paying in full the sum of \$13,000, most of which has already been distributed. As the terms of the settlement included compensation for injuries suffered by our fishermen and others, the Nation has been relieved from the gross award a sum which is deemed adequate for these claims.

THE AUSTRALIAN EXPOSITION. The participation of Americans in the exhibitions of Melbourne will be profitably mentioned in the reports of the two exhibitions, soon to be presented to Congress. They will disclose the readiness of our countrymen to take part in such international and distant fields of enterprise.

NEGOTIATIONS FOR AN INTERNATIONAL COPYRIGHT CONVENTION are in progress.

SURRENDER OF SITTING BULL and his forces, upon the Canadian frontier, has allayed all apprehension, although bodies of British Indians still cross the border in quest of sustenance. Upon this subject a correspondence has been opened which promises an adequate understanding. Our troops have avoided, meanwhile, all collisions with the Indians.

THE FRENCH GUESTS. The presence at the Yorktown Celebration of the representatives of the descendants of Lafayette and of his gallant compatriots, who were our allies in the Revolutionary struggle, to strengthen the spirit of good-will which has always existed between the two Nations.

METALLIC CONFERENCE. You will remember the proceedings of the Bimetall Conference, held during the summer at the city of Paris. No accord was reached, but a valuable interchange of views was had, and the conference will next year be renewed.

ELECTRICAL EXPOSITION. At the Electrical Exhibition and Congress, also held at Paris, our country was creditably represented by eminent specialists. In the absence of an appropriation, generously lent their efficient aid, at the instance of the State Department. While our exhibitors in this almost exclusively American exposition have won several awards, I recommend that Congress provide for the repayment of the personal expenses incurred in the public interest by the honorable commissioners and delegates.

OUR NATURALIZED CITIZENS IN GERMANY have risen during the year, and causes of the present excellent condition of the liberal action of the Imperial Government in accepting our often expressed views on the subject. The application of the treaty of 1868 to the lately acquired Reichsland has received very earnest attention. A definite and lasting agreement on this point is confidently expected. The participation of the descendants of Baron von Steuben in the Yorktown festivities, and their subsequent reception by their American kinsmen, strikingly evinced the ties of good-will which unite the German people and ours.

INTERCOURSE WITH SPAIN has been friendly. An agreement concluded in February last fixes a term for the labors for the Spanish and American Claims Commission. The Spanish Government has been requested to pay the late award of the commission, and will, it is believed, accede to the request as promptly and courteously as on former occasions. The recent legislation which has been imposed upon American shipping in Spanish and colonial ports for slight irregularities in manifests. One case of hardship is specially worthy of attention, the bark Mason, bound for Japan, entered Manila in distress and is there sought to be confiscated under the Spanish revenue laws for an alleged shortage in her transhipped cargo. Though efforts for her relief have thus far proved unavailing, it is expected that the whole will be adjusted in a friendly spirit.

THE CZAR'S ASSASSINATION. The Senate resolutions on the assassination of Czar Alexander II, were appropriately communicated to the Russian Government, which in turn has expressed distinctly in our favor its appreciation. It is desirable that our cordial relations with Russia should be strengthened by proper engagements, assuring to peaceful Americans who visit the Empire the consideration which is due to them as citizens of a friendly State. This is especially needful with respect to American Israelites, whose classification with the native Hebrew has evoked energetic remonstrances from this Government.

ITALY. The consular agreement with Italy has been sanctioned and proclaimed, which puts at rest conflicts of jurisdiction in the case of crimes on shipboard. Several important international conferences have been held in Italy during the year. At the geographical congress of Venice, the Bonfile Congress of Milan, and the Nice Congress of Turin, this country was represented by delegates from branches of the public service or by private citizens, duly accredited to it in an honorary capacity. It is hoped that Congress will give such prominence to the results of their participation as they may see to deserve.

HOLLAND. The abolition of all discriminating duties against Dutch Colonial productions of the Dutch East Indies, as are imported hither from Holland, has been already considered by Congress. I trust that on the present occasion the matter may be favorably concluded.

TURKEY. The insecurity of life and property in many parts of Turkey has given rise to correspondence with the Turkish Government, looking to the better protection of American missionaries in the Empire. The condemned murderer of the eminent missionary, Dr. Justin W. Parsons, has not yet been executed, although this Government has repeatedly demanded that exemplary justice be done again.

SWITZERLAND. The Swiss Government has selected the good offices of our Diplomats and consular agents for the protection of its citizens in countries where it is not itself represented. This request has, within proper limits, been granted. Our agents in Switzerland have been instructed to protest against the conduct of the author-

ities of certain communes in permitting the emigration to this country of criminals, and of other objectionable persons. Several such persons, through the co-operation of the Commissioners of Emigration, have been sent back by the steamers which brought them. A continuance of the course may prove a more effective remedy than diplomatic remonstrance.

THE DANUBIAN STATES. Treaties of commerce and navigation and for the regulation of Consular privileges have been concluded with Roumania and Servia since their admission into the family of European States.

MEXICO. As is natural with contiguous States having like institutions and like aims of advancement and development, the friendship of the United States and Mexico has been constantly maintained. The Government has lost no occasion for encouragement by the Government of the beneficial realization of the mutual advantages which will result from more intimate commercial intercourse, and from the opening of the rich interior of Mexico to railway enterprise. I deem it important that means be provided to restrain the lawlessness so common on the frontier, and to suppress the forays of the frontier and the Indian Indians on either side of the Rio Grande.

CENTRAL AMERICA. The neighboring States of Central America have preserved internal peace, and their outward relations toward us have been those of intimate friendship. There are encouraging signs of their growing disposition to subordinate their local interests to those which are common to the community of the geographical relations. The boundary dispute between Guatemala and Mexico, has afforded this Government an opportunity to exercise its good offices for preventing a rupture between those States, and for procuring a peaceful solution of the question. I cherish a strong hope that, in view of our relations of amity with both countries, our friendly counsels will prevail.

The friendly relations which we have an engagement with Colombia for settling, by arbitration, the boundary question between those countries, providing that the part of the arbitral award which would affect our rights as the King of the Belgians, the King of Spain and the President of the Argentine Confederation. The King of the Belgians has declined to act, but we are not as yet advised of the action of the King of Spain. As we have certain interests in the disputed territory which are protected by our treaty engagement with one of the parties, it is important that the arbitral award should be subject to our consent, affect our rights, and this Government has accordingly thought proper to make its views known to the parties to the agreement, and to intimate them to the Belgian Government.

THE COLOMBIAN QUESTION. The questions growing out of the proposed interoceanic water way across the Isthmus of Panama arise of frequent occurrence. This Government has not been unmindful of the solemn compact of 1846 with Colombia as the independent and sovereign mistress of the territory of Panama, and has endeavored to render them effective by fresh engagements with the Colombian Republic, looking to their practical execution. The negotiations to this end, after they had reached what appeared to be a mutually satisfactory solution, were met in Columbia by a disavowal of the powers which they had assumed and by a proposal for renewed negotiations on a modified basis. It is not until recently that we learned that Colombia had proposed to the European Powers to join in a guarantee of the neutrality of the proposed Panama Canal, a condition which would be in direct contravention of our obligations and the solemn guarantee of the integrity of Colombian territory and of the neutrality of the canal itself. My lamented predecessor felt it his duty to place before the European Powers a statement of the prior guarantee of the United States indispensable, and for which the interference of any foreign guarantee might be regarded as a surrender and an infraction of our obligations.

Enforcing the probable reliance of the British Government on the provisions of the Clayton-Bulwer treaty of 1850, as affording room for a shrewdly conceived guarantee which the United States Government was not disposed to accept before, I have not hesitated to supplement the action of my predecessor by proposing to her Majesty's Government the modification of that treaty, and the substitution of a new clause thereof as do not comport with obligations of the United States toward Colombia, or with the vital needs of the two friendly parties to the compact.

CHILI AND PERU. This Government sees with great concern the continuance of the hostile relations between Chili, Bolivia and Peru. An early peace between these Republics is much to be desired, not only that they may be relieved of their further misery and bloodshed, but because their continued antagonism threatens consequences which are in my judgment dangerous to the interests of the Republics of this continent, and calculated to destroy the best elements of our free and peaceful civilization. As in the present contest the public opinion of the liberal feeling in those countries there has been serious misapprehensions of the position of the United States, and as separate diplomatic negotiations, which each through independent Ministers is somewhat subject to the danger of prompt reciprocal communication, to temporary misunderstanding, I have deemed it judicious at the present time to send a special envoy, vested with ample powers, furnished with general instructions, which will, I trust, enable him to bring these powers into friendly relations.

THE GENEVA AWARD. At its last extra session, the Senate called for the text of the Geneva Convention for the relief of the wounded in war. I trust this action foreshadows such interest in the subject as will result in the admission of the United States to the Convention, which was held at Geneva, June 26, 1864. I regret that the commercial interests between

UNITED STATES AND BRAZIL. From which our citizens have long hoped a year ago, have suffered from the withdrawal of the American line of communication between Brazilian ports and our own.

Through the efforts of our Minister resident at Buenos Ayres and of our Minister at Santiago, a treaty has been concluded between

ARGENTINE REPUBLIC AND CHILE, disposed of the long pending Patagonian boundary question. It is a matter of congratulation that our Government has been afforded the opportunity of successfully exerting its influence for the promotion of the amicable relations between the Republics of the American Continent.

VENEZUELA. Venezuela maintains its attitude of warm friendship, and continues with great regularity its payment of the monthly quota of the diplomatic debt. Without suggesting the direction in which Congress should be directed in the pending questions affecting the distribution of the sums thus far received. The relations between Venezuela and France, growing out of the same debt, have been for some time past in an unsatisfactory state, and this Government, as the neighbor of one of the largest creditors of Venezuela, has interposed itself with the French Government with the view of producing a friendly and honorable adjustment.

CHINA AND JAPAN. I am glad to inform you that the treaty lately negotiated with China have been ratified on both sides, and the exchange made at Peking. Legislation is necessary to carry into effect. The prompt and friendly relations with which the Government at the request of the United States, conceded the modification of existing treaties, should secure careful regard for the interests and susceptibilities of the Government in the re-enactment of any laws relating to Chinese immigration. These clauses of the treaties which forbid the participation of citizens or vessels of the United States in the opium trade will doubtless receive your approval, and they will attest the sincere interest which our people and Government have in the commendable efforts of the Chinese Government to put a stop to this demoralizing and destructive traffic. In relation both to China and Japan some changes are desirable in our present system of Consular jurisdiction. I hope at some future time to lay before you a scheme for its improvement in the entire East.

The intimacy between our country and Japan, the most advanced of the Eastern Nations, continues to be cordial. The Emperor contemplates the establishment of a constitutional government, and that he has already summoned a Parliamentary Congress for the purpose of effecting a

change. Such a remarkable step toward complete assimilation with Western systems cannot fail to bring Japan into closer and more intimate relations with ourselves, as the chief Pacific power.

A question has arisen in relation to the exercise in that country of the judicial functions of the United States Consuls. The indictment, trial and conviction in the Consular Court at Yokohama, of John Ross, a merchant seaman on board an American vessel, has made it necessary for the Government to institute a revision of the laws to the nature and methods of this jurisdiction. It appears that Ross was regularly shipped under the flag of the United States, but was by mistake a British subject. My predecessor felt it his duty to maintain that jurisdiction, during his service as a regularly shipped seaman on board an American merchant vessel, Ross was subject to the laws of the service and to the jurisdiction of the United States Consular authorities.

I renew the recommendation which has heretofore been urged by the Executive upon the attention of Congress, that after the deduction of such amount as may be found due to American citizens, the balance of the indemnity fund heretofore obtained from China and the Kingdom of Hawaii, be returned to the State Department, be returned to the Governments of those countries.

HAWAII. The King of Hawaii, in the course of his homeward return after a journey around the world, has lately visited this country. While our relations with that Kingdom are friendly, this Government has viewed with concern the reported intention of the King to reduce the population of the islands from outward sources to a degree which may impair the native sovereignty and independence in which the United States has among the first to testify a lively interest.

OTHER NATIONS. Relations of unimpairing amity have been maintained throughout the year with the respective Governments of Austria, Hungary, Belgium, Denmark, Hayti, Paraguay and Uruguay, Portugal, Sweden and Norway, and this may also be said of Greece and Ecuador. Although our relations with those States have for some years been severed by the withdrawal of appropriations for diplomatic representation at Athens and Quito, it seems expedient to restore to their plenitude, on a reduced scale, and I decidedly recommend such a course with regard to Ecuador, which is likely, in the near future, to play an important part among the nations of the Southern Pacific.

THE HIGH SEAS. I invite your attention to the propriety of adopting the new code of international rules which the Convention for the High Seas, and of conforming the domestic legislation of the United States thereto, so that no confusion may arise from the application of conflicting laws to the same subject.

TRADE AND MANUFACTURING REPORTS received from its officers abroad. The success of this course warrants its continuance and such appropriations should be made to meet the rapidly-increasing demand for those publications. With special reference to the Atlanta Cotton Exposition, the October number of the report of the United States Commissioner of Agriculture, and the report of the United States Commissioner of Fish and Fisheries, and the report of the United States Commissioner of the Census, are now generally known and obeyed.

THE INTERNATIONAL SANITARY CONFERENCE, assembled in this city early in January, last, and the sessions were prolonged until March. Although it reached no specific conclusion affecting the future action of the participating States, the conference has been of the most valuable. The full protocols of the sessions have been already presented to the Senate.

It is pertinent to this general subject, I call your attention to the operations of the National Board of Health, established by act of Congress, approved March 3, A. D. 1879. Its report, which has been presented to the Senate, is in the following terms: "By the last named act the Board was required to institute such measures as might be deemed necessary for preventing the introduction of contagious or infectious diseases from foreign countries into the United States, or from one State into another. The execution of the rules and regulations prepared by the Board for the purpose of preventing the introduction of such diseases, and for the purpose of arresting the progress of epidemic disease, and has thus rendered substantial service to the Nation."

THE TREASURY DEPARTMENT. The report of the Secretary of the Treasury, in detail, a highly satisfactory exhibit of the management of the various branches of the public service administered by that department. The ordinary revenues from all sources for the fiscal year ended June 30, 1881, were \$1,800,000,000; from internal revenue, \$1,150,000,000; from public lands, \$222,186,317; from tax on circulation and stamps, \$28,165,275; from payment of interest by Pacific Railway Companies, \$10,828,800; from Sinking Fund for Pacific Railway Companies, \$80,845,154; from fines, penalties, forfeitures, \$1,225,514,800; from letters, patent and lands, \$22,244,984.99; from proceeds of sales of Government property, \$32,211,200; from profits on commerce, \$1,408,485.19; from the District of Columbia, \$2,019,199.23; from miscellaneous sources, \$6,296,880.13; total ordinary receipts, \$390,782,250.

Extraordinary expenditures for the same period were: For civil expenses, \$17,914,177.19; for foreign intercourse, \$1,083,354.92; for Indians, \$6,414,161.09; for pensions, \$60,660,379.62; for military establishment, including the river and harbor improvements, \$40,406,460.55; for the naval establishment, including vessels, machinery and improvements at navy yards, \$15,886,671.96; for miscellaneous expenditures, \$15,886,671.96; for the light-houses and lighthouses, \$1,487,280.57; for expenditures on account of the District of Columbia, \$1,543,012.03; for interest on the public debt, \$82,248,741.28; for premium on bonds purchased, \$1,091,248.78. Total ordinary expenditures, \$297,127,887.50, leaving a surplus of \$93,654,362.75, which was applied as follows: To the redemption of public debt, \$74,371,200; fractional currency for the sinking fund, \$109,001.05; loan of February, 1881, \$7,418,000; 10-40's of 1864, \$2,016,100; 5-20's of 1862, \$18,000; 5-20's of 1864, \$3,000; 2-10's of 1865, \$7,300; consols of 1865, \$143,150,000; consols of 1867, \$95,925,000; consols of 1868, \$37,400; loan indemnity stock, \$400,000; old domestic consols, \$15,380; and to the increase of cash in the Treasury, \$14,630,025.93. Total, \$100,000,000.00.

The requirements of the sinking fund for the year amounted to \$69,519,128.78, which sum included a balance of \$69,519,128.78 not provided for during the previous fiscal year. The sum of \$74,371,200 was applied to this fund, which left a deficit of \$16,238,874.47.

The increase of the revenues for 1881 over those of the previous year was \$20,352,901.10. It is estimated that the receipts during the present year will reach \$1,900,000,000 and the expenditures \$270,000,000, leaving a surplus of \$1,630,000,000, applicable to the sinking fund and the redemption of the public debt.

unnecessary addition to the paper currency; a sufficient amount of which may be readily supplied by the National Banks. In accordance with the act of February 28, 1875, the Treasury Department has monthly caused at least two millions in value of silver bullion to be coined into standard silver dollars; 100,000,000 of these dollars have been coined, while only about 30,000,000 are in circulation, for the reasons which he specifies. I concur in the Secretary's recommendation that the provision for coinage of a fixed amount each month be repealed, and that hereafter only so much be coined as shall be necessary to supply the demand.

The Secretary advises that the issue of gold certificates should not for the present be resumed, and suggests that the National Banks may properly be forbidden by law to retire their currency except upon reasonable notice of their intention so to do. Such a restriction would seem to be justified by the recent action of certain banks on the occasion referred to in the Secretary's report.

FRACTIONAL CURRENCY. Of the fifteen millions fractional currency still outstanding, only about eighty thousand have been redeemed the past year. The suggestion that the amount may properly be reduced in future statements of the public debt seems worthy of approval; so, also, does the suggestion of the Secretary as to the advisability of relieving the calendar of the Southern District of New York by the transfer to another tribunal of the numerous suits pending there against collectors. The revenues from customs for the past fiscal year were \$191,598,760.20, an increase of \$11,822,611.42 over that of the preceding year; \$38,068,562.30 of this amount was collected at the port of New York, leaving \$153,536,197.90 as the amount collected at all the other ports of the country. Of this sum \$47,977,137.82 was collected on sugar, molasses and molasses; \$27,296,624.78 on wool and its manufactures; \$21,662,531.70 on cotton and woolen manufactures; \$19,038,965.05 on manufactures of silk; \$10,825,115.21 on manufactures of cotton, and \$6,469,643.04 on wines and spirits, making a total revenue from these sources of \$137,088,725.82. The expenses of collection for the same years were \$6,410,345.23, an increase over the preceding year of \$37,410.04. Notwithstanding the increase in revenue from customs over the preceding year, the gross value of the imports, including free goods, was valued at \$25,000,000. The marked decrease in the value of unmanufactured wool, by reason of the increase in that of scrap and pig iron, to \$12,810,671. The value of imports, on the other hand, showed an increase of sugar, \$7,457,474; steel rails, \$4,345,321; barley, \$9,154,204, and steel in bars, ingots, etc., \$62,046. Contracted for and received at the ports of the country: Domestic merchandise, \$90,829,259.47; foreign merchandise, \$18,451,299; total \$109,280,558.46. Imports of merchandise, \$62,664,628, an increase over the imports of the preceding year of \$20,118 in the value of imports. The annual average of increase of merchandise over exports thereof for ten years previous to 1876 was \$19,809,825, but for the last six years there has been an excess of exports over imports of merchandise amounting to \$1,180,968,164, an annual average of \$196,810.77. The specific value of the exports of domestic merchandise was \$70,635,675 in 1870, and \$88,937,947 in 1871, an increase of \$18,302,272, or 25.95 per cent. The value of imports was \$43,058,470 in 1870, and \$52,699,628 in 1871—an increase of \$9,641,158, or forty-seven per cent. During each year from 1867 to 1879, inclusive, the exports of specie have exceeded the imports. The excess of such exports over imports was reached during the year 1868, when it amounted to \$2,294,929, but during the year ended June 30, 1881, the imports of coin and bullion exceeded the exports by \$5,801,331. There have been redeemed at par rate of interest, and the bonds will be paid at par on the last day of July following, or that they might be "continued" at the pleasure of the Government, at a rate of three and a half per cent. per annum. Under this notice \$178,655,150 of the six per cent. bonds were continued at the lower rate, and \$1,653,827.50 redeemed. In the month of May a like notice was given respecting the redemption or continuance of the \$49,841,350 of the five per cent. bonds then outstanding, and of these \$40,404,000 were continued at the rate of three and a half per cent. per annum, and \$8,337,350 redeemed. The six per cent. bonds of the loan of February 8, 1861, and of the Oregon war debt, \$4,625,000, together with \$1,252,500, having matured during the year, the Secretary of the Treasury gave notice of his intention to redeem the same, and such as have been presented have been paid from the surplus revenue. There have also been redeemed at par rate of 100 of the 3 per cent. "continued" bonds, making a total of bonds redeemed, or which have ceased to bear interest, of \$67,579,696. The reduction of the annual interest on the public debt through these transactions is as follows: By reduction of interest to 3 per cent. per annum, \$10,473,352.57; by redemption of the six per cent. bonds, \$1,653,827.50; the 3 per cent. bonds being payable at the pleasure of the Government, are available for the investment of surplus revenue without the payment of premiums.

The six per cent. bonds can be funded at a much lower rate of interest than they now bear, I agree with the Secretary of the Treasury that no legislation respecting them is desirable. It is a matter for congratulation that the business of the country has been so prosperous during the past year as to yield by taxation a large surplus of income to the Government. If the laws remain unchanged, this surplus must next year by a few millions of account of the reduction of the public debt and its burden of interest, and because of the rapid increase of our population. In 1869 the ratio of the population to our internal revenue system, our population but slightly exceeded 30,000,000. By the census of 1880 it was found to exceed 50,000,000. It is estimated that even if the annual receipts and expenditures should continue as at present the entire debt could be paid in ten years. In view, however, of the heavy load of taxation which rests upon the people, we may well consider whether it is not wiser to endeavor to reduce the revenue, even if we delay a little the payment of the debt.

INTERNAL REVENUE TAXES. It seems to me that the time has arrived when the people may justly demand some relief from their present enormous burden, and that by due economy in the various branches of the public service this may readily be accomplished. I therefore concur with the Secretary in recommending the abolition of all internal revenue taxes except those upon tobacco in its various forms, and upon distilled spirits and fermented liquors, and except also the special tax upon the manufacturers and dealers in such articles. The retention of the latter tax is desirable as affording the officers of the Government a proper supervision of the management of the public service. I agree with the Secretary of the Treasury that the law imposing a stamp tax on matches, proprietary articles, playing cards, checks and drafts, may, with propriety, be repealed, and the law also by which banks and bankers are assessed upon their capital and deposits. There seems to be a general sentiment in favor of this course. In the present condition of our revenues the tax upon the deposits is especially unjust. It was never imposed in this country until it was demanded by the necessities of war, and was never exacted, I believe, in any other country. Even in its greatest exigencies, bankers are required to secure their circulation by pledging with the Treasurer of the United States bonds of the General Government. The interest upon these bonds, which at the time when the tax was imposed was six per cent, is now, in most instances, three and a half per cent, and besides, the entire circulation was originally limited by law, and no increase was allowable. While the existing banks had practically a monopoly of the business, there was no force in the suggestion that for the franchise to the favored creditor the Government

might very properly exact a tax upon them, but for years the system was maintained, and the revenue of the Government by the public demand. The retention of the tax has been suggested as a means of relieving the Government for the expense of printing and furnishing the circulating notes. If the tax should be repealed, it would be necessary to require the National Banks to pay the amount of such expense to the Comptroller of the Currency. It is not perhaps a very serious burden, but a moderate reduction of the rate of taxation upon liquors and tobacco is advisable, in view of the drain upon the Treasury which must attend the payment of arrears of pensions. A comparison, however, of the amount of revenue collected under the varying rates of taxation which have at different times prevailed suggests the intimation that some reduction may soon be made without diminution of the revenue.

THE TARIFF LAWS also need revision, but that a due regard may be paid to the conflicting interests of our citizens, important changes should be made with caution. If a careful revision cannot be made at this session, a commission, such as was lately approved by the Senate, and is now recommended by the Secretary of the Treasury, would doubtless lighten the labors of Congress whenever this subject shall be brought to its consideration.

THE ACCOMPANYING REPORT of the Secretary of War will make known the operations of that Department for the past year. He suggests means for promoting the efficiency of the army by adding to the number of its officers, and recommends the legislation necessary to increase the number of enlisted men to 50,000, the maximum allowed by law. The Secretary also recommends the reorganization of our ever-shifting frontier, to preserve peace and suppress disorder and to protect our settlers and frontier property against the Indians, and Indians against the encroachments of intruders; and to enable peaceable immigrants to establish homes in the most remote parts of our country. The army is now recruited from the Secretary of the Treasury, and reinforcements must be hurried from many quarters over great distances, and always at heavy cost for transportation of men, horses, wagons and supplies. I concur in the recommendation of the Secretary for increasing the army to the strength of 50,000 enlisted men. It appears by the Secretary's report, in the absence of disturbance on the frontier, the troops have been actively employed in collecting Indians hitherto hostile and locating them on their proper reservations; that 517 convicts are now in the custody of the army at Fort Randall; that the Utes have been moved to their new reservation in Utah; that during the recent outbreak of the Apaches it was necessary to relieve the garrison of Arizona by troops withdrawn from New Mexico, and that some Apaches are now held prisoners for trial, while some have escaped, and the majority of the tribes are in a state of quietness. There is need of legislation to prevent intrusions upon the lands set apart for the Indians. A large military force, at great expense, is required to patrol the vast territory between Kansas and the Indian Territory. The only punishment that at present can be inflicted is the forcible removal of the intruder, and the imposition of a pecuniary fine which, in most cases, it is difficult to collect. There should be a penalty by imprisonment in such cases.

SIGNAL SERVICE. The separate organization of the Signal Service is urged by the Secretary of War, and a full statement of the advantages of such permanent organization is presented in the report of the Chief Signal Officer. The Signal Service of the Army is now organized in the Signal Corps and the Weather Bureau are also given in that report.

THE INDIAN BUREAU. I ask your attention to the statements of the Secretary of War regarding the requisitions frequently made by the Indian Bureau upon the Subsistence Department of the Army for the cost of the National Signal Corps, and the Indian Signal Corps and the Weather Bureau are also given in that report.

THE REPORT of the Chief of Engineers furnishes a detailed account of the operations for the improvement of the navigation of the Mississippi River, the proposed new bridge over the Potomac River at Georgetown, the improvement of navigation on the head of the north wing of the Department building, and other recommendations of the Secretary of War which appear in his report. The actual expenditures for the improvement of the navigation of the Mississippi River in 1881 were \$42,182,301.33. The appropriations for the year 1882 were \$4,889,754.42. The estimates for 1883 are \$44,541,256.91.

THE NAVY DEPARTMENT. The report of the Secretary of the Navy exhibits the condition of that branch of the service, and presents valuable suggestions for its improvement. I call your attention also to the appended report of the Advisory Board which he convened to devise suitable measures for increasing the efficiency of the Navy, and particularly to report as to the character and amount of the necessary expenditure to place it upon a footing commensurate with the necessities of the Government. I cannot too strongly urge upon you my conviction that the Navy is in a state of decay, and that more inconsistent with true public economy than the withholding of the means necessary to accomplish the objects entrusted by the Constitution to the Department of the Navy. Of these objects, and one which is of paramount importance, is declared by our fundamental law to be the provision for the "common defense." Surely nothing is more essential to the defense of the United States and of all our people than the efficiency of our navy. We have for many years maintained with foreign powers, and in our relations of honorable peace, and that such relations are a permanent one desired by every patriotic citizen of the Republic. But if we read the teachings of history, we shall not forget that in the life of every Nation, the only safety lies in a resort to arms can alone save it from dishonor. No danger from abroad now threatens this people, nor have we any cause to distrust our own professional soldiers and sailors. But for avoiding as well as for repelling dangers that may threaten in future, we must be prepared to face any policy which we think wise to adopt. We must be ready to defend our harbors against aggression, to protect by the distribution of our ships of war over the highways of commerce, the varied interests of our foreign trade, and the person and property of our citizens abroad; to maintain everywhere the honor of our flag and the distinguished position which we may rightfully claim among the nations of the world.

THE POST OFFICE DEPARTMENT is a gratifying exhibit of the growth and efficiency of the postal service. The receipts from postage and other ordinary sources during the past fiscal year were \$36,488,816.58. The receipts from the money order business were \$26,811.39, making a total of \$67,788,397.97. The expenditures for the fiscal year were \$92,251,756.16. The deficit supplied out of the general treasury was \$24,473,458.19, or 36 per cent. of the amount. The receipts were \$4,469,916.61 in excess of those of the previous year, and \$4,575,867.97 in excess of the estimate. The estimate was made before the present period of business prosperity had fairly begun.

The whole number of letters mailed in this country in the last fiscal year exceeded 1,500,000,000.

The registry system is reported to be in excellent condition, having been remedied during the past four years with good results. The number of existing banks had on the 1st day of the last fiscal year 272, an increase over the fiscal year ended June 30, 1878, of 450,443.00. The entire number of