THE PRESIDENT'S MESSAGE.

WASHINGTON, D. C., Dec. 3.—The president's message was delivered to congress shortly after it had been assembled to-day, and was at once read in both houses. It was as follows:

To the Congress of the United States.

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

Our survival for 100 years is not sufficient to assure us that we no longer have dangers to fear in the maintenance, with all its promised blessings, of a government founded upon the freedom of the people. The time rather, admonishes us to soberly inquire whether in the past we have always closely kept in the course of safety, and whether we have before us a way plain and clear, which leads to happiness and perpetuity. The citizen of our republic, in its early days, rigidly insisted upon full compliance with the letter of this bond, and saw stretching out before him a clear field for individual endeavor. His tribute to the support of his government was measured by the cost of economical maintenance, and he was secure in the enjoyment of the remaining recompense of his steady and contented work. In those days the frugality of the people was stamped upon their government, and was enforced by the free, thoughtful intelligent suffrage of the citizens; combinations, monopolies and aggrivations of capital were either avoided or sternly regulated and restrained. The pomp and glitter of governments less free offered no temptation and presented no delusion to the plain people, who, side by side, in friendly competition, wrought for the ennoblement and dignity of man, for the solution of the problem of free government and for the achievement of the grand destiny awaiting the land which God had given them. A century has passed.

Our cities are the abiding places of wealth and luxury; our manufacturies yield fortunes never dreamed by the fathers of the republic; our business men are madly striving in the race for riches, and immense aggregations of capital outrun the imagination in the magnitude of their undertakings.

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

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

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

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

We view the achievement of aggregated capital; we discover the existence of trusts, combinations and monopolies, while the citizen is struggling far in the rear, or is trampled to death beneath an iron heel. Corporations which should be the carefully restrained creatures of the law and the servants of the people are fast becoming the peoples' masters. Still congratulating ourselves upon the wealth and prosperity of our country and complacently contemplating every incident of change inseparable from the conditions, it is our duty as patriotic citizens to inquire at the present stage of our progress how the bond of the government made with the people, has been kept and performed.

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

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

The people must still be taxed for the support of the government under the operation of tariff laws, but to the extent that the mass of our citizens are inordinately burdened beyond any useful public purpose, and for the benefit of a favored few. The government, under pretext of an exercise of the taxing power, enters gratuitously into partnership with these favorites to their advantage and to the injury of a vast majority of our people. This is not equality before the law. The existing situation is injurious to the health of our entire body politic. It stifles in those, for whose benifit it is permitted all patriotic love of country, and substitutes in its place selfish greed and grasping avarice. Devotion of American citizenship for it own sake and fore what it should accomplish as a motive to our nation's advancement and the happiness of all our people is displaced by the assumption that the government, instead of being the embodiment of equality, is but an instrumentality through which special and individual advantages are to be gained.

The arrogance of this assumption is unconcealed. It appears in the sordid disregard of all but personal interests, in the refusal to abate, for the benefit of others, one jot of selfish advantage, and in combinations to perpetuate such advantages through efforts to control legislation and improperly influence the suffrages of the people. The grievances of those not included within the circle of these benefits, when fully realized, will surely arouse irritation and discontent.

Our farmers, long suffering and patient, struggling in the race of life with the hardest and most unremitting toil, will not fail to see in spite of misrepresentation and misleading fallacies, that they are obliged to accept such prices for their products as are fixed in foreign markets where they compete with the farmers of the world; that their burdens are declining in value while their debts increase, and that without compensating favor they are forced by the action of the government to pay for the benefit of others such enhanced prices for the things they need, that the scant returns of their labor fail to furnish their support or leave no margin for accumulation.

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

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

Communism is a hateful thing and a menace to peace and organized government. But the communism of combined wealth and capital, the outgrowth of overweening cupidity and selfishness, which insidiously undermines the justice and integrity of free institutions, is not less dangerous than the communism of apparent poverty and toil which, exasperated by injustice and discontent, attacks with wild disorder the citadel of rule. He mocks the people who propose that the government shall protect the rich and that they, in turn, will care for the laboring poor. Any intermediary between the people and their government, or the least delegation of the care and protection government owes to the humblest citizen in the land, makes the boast of free institutions a glittering delusion and the pretended boon of American citizenship a shameless imposition.

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

The necessity of the reduction of our revenue is so apparent as to be generally conceded. But the means by which this end shall be accomplished and the sum of direct benefit which shall result to our citizens, present a controversy of the utmost importance. There should be no scheme accepted as satisfactory by which the burdens of the people are only partly removed. Extravagant appropriations of public money with all their demoralizing consequences, should not be tolerated, either as a means of relieving the treasury of its surplus, or as furnishing pretexts for reaching a proper reduction in tariff rates. Existing evils and injustice should be honestly recognized, boldly met and effectively remedied. There should be no cessation of the struggle until a plan is perfected, fair and conservative toward existing industries, but which will reduce the cost to consumers of the necessaries of life, while it provide for our manufacturers the advantages of free raw materials and permits no injury to the interests of American labor. The cause for which the battle is waged is comprised within lines clearly and distinctly defined. It should never be compromised. It is the people's cause. It cannot be denied that the selfish and private interests which are so persistently heard, when efforts are made to deal in a just and comprehensive manner with our tariff laws are related to, if they are not responsible for, the sentiment largely prevailing among the people that the general government is the foundation of individual and private aid; that it may be expected to relieve with paternal care the distress of citizens and communities, and that from the fullness of its treasury it should upon the slightest possible pretext of promoting the general good apply public funds to the benefit of localities and individuals, nor can it be denied that there is a growing assumption that as against the government and in favor of private claims and interests, the usual rules and limitations of business principles and just dealing should be waived. These ideas have been unhappily much encouraged by legislative acquiescence. Relief from contracts made with the government is easily accorded in favor of the citizens, as the failure to support claims against the government by proof is often supplied by no better consideration than the wealth of the government and the poverty of the claimant. Gratuities in form of pensions are granted upon no other real grounds than the needy condition of the applicant, or for reasons less valid; and large sums are expended for public buildings and other improvements upon representations scarcely claimed to be related to public needs and necessities. The extent to which the consideration of such matters subordinate and postpone action upon subjects of great public importance, but involving no special, private, or partisan interest should arrest attention and lead to reformation.

A few of the numerous illustrations of this condition may be stated. The crowded condition of the calendar of the supreme court, and the delay to suitors and denial of justice resulting there-from, has been strongly urged upon the attention of the congress, with a plan for the relief of the situation approved by those well able to judge of its merits. While this subject remains without effective consideration, many laws have been passed providing for the holding of terms of inferior courts at places to suit the convenience of localities or to lay the foundation of an application for the erection of a new public building.

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

A plan in aid of Indian management, recommended, by those well informed, as containing valuable features in furtherance of the solution of the Indian problem, has thus far failed of legislative sanction, while grants of doubtful expediency to railroad corporations, permitting them to pass through Indian reservations, have greatly multiplied.

The propriety and necessity of the erection of one or more prisons for confinement of United States convicts and a postoffice building in the national capital are not disputed, but these needs yet remain unanswered, while scores of public buildings have been erected where their necessity for public purposes is not apparent. A revision of our pension laws could easily be made which would rest upon just principles and provide for every worthy applicant. But while our general pension laws remain confused and imperfect, hundreds of our private pension laws are annually passed which are the sources of unjust discrimination and popular demoralization. Appropriation bills for the support of the government are defaced by items and provisions to meet private ends, and it is freely asserted by responsible and experienced parties that a bill appropriating money for internal improvement would fail to meet with favor unless it contained more for local and private advantage than for public benefit. These statements can be much emphasized by an ascertainment of the proportion of federal legislation, which either bears upon its face its private character, or which, upon examination, develops such a motive power, and yet the people wait and expect from their chosen representatives such patriotic action as will advance the welfare of the entire country; and this expectation can only be answered by the performance of public duty with unselfish purposes. Our mission among the nations of the earth, and our success in accomplishing the work God has given the American people to do, require of those intrusted with the making and executions of our laws perfect devotion, above all other things, to the public good. This devotion will lead us to strongly resist all importance of constitutional limitations of the federal power, and to persistently check the increasing tendency to extend the scope of federal legislation into the domain of state and local jurisdiction upon the plea of subserving the public welfare. The preservation of the partitions between proper subjects of federal and local care and regulation is of such importance under the constitution, which is the law of our very existence, that no consideration of expediency or sentiment should tempt us to enter upon doubtful ground. We have undertaken to discover and proclaim the richest blessings of a free government, with the constitution as our guide. Let us follow the way it points out. It will not mislead. And surely no one who has taken upon himself the solemn obligation to support and preserve the constitution can find justification or solace for disloyalty in the excuse that he wandered and disobeyed in search of a better way to reach the public welfare than the constitution offers.

What has been said is deemed not inappropriate at a time when, from a century's height, we view the way already trod by the American people and attempt to discover their future paths. The seventh president of the United States—the soldier and statesman, and at all times the firm and brave friend of the people—in vindication of his course as the protector of the popular rights and the champion of true American citizenship, declared: "The ambition which leads me on is an anxious desire and a fixed determination to restore to the people unimpaired the sacred trust they have confided to my charge; to heal the wounds of the constitution and to prevent violation; to persuade my countrymen, so far as I may, that it is not in a splendid government, supported by powerful and aristocratic establishments, that they will find happiness or their liberties protected, but in a plain system, void of pomp—protecting all and granting favors to none, dispensing its blessings like the dew of heaven, unseen and unfelt, save in the freshness and beauty they contribute to produce. It is such a government that the genius of our people requires—such an one only under which our states may remain for ages to come united, prosperous and free."

The State of the Union.

In pursuance of a constitutional provision requiring the president from time to time to give to the congress information of the state of the Union, I have the satisfaction to announce that the close of the year finds the United States in the enjoyment of domestic tranquility and at peace with all the nations. Since my last annual message our foreign relations have been strengthened and improved by the performance of international good offices, and by new and renewed treaties of amity, commerce and reciprocal extradition of criminals. Those international questions which still await settlement are all reasonably within the domain of amicable negotiation, and there is no existing subject of dispute between the United States and any foreign power that is not susceptible of satisfactory arrangement by frank diplomatic treatment. The questions between Great Britain and the United States, relating to the rights of

AMERICAN FISHERMEN

under treaty and international comity in the territorial waters of Canada and Newfoundland, I regret to say are not yet satisfactorily adjusted. Those matters were fully treated in my message to the senate of February 20, 1888, together with which a convention, concluded under my authority with her majesty's government on the 10th of February last, for the removal of all causes of misunderstanding, was submitted by me for the approval of the senate. This treaty having been rejected by the senate I transmitted a message to the congress on the 23d of August last, reviewing the transactions and submitting for consideration certain recommendations for legislation concerning the important questions involved. Afterwards, on the 12th of September, in response to a resolution of the senate, I again communicated, fully all the information in my possession as to the action of the government of Canada, affecting the commercial relation between the Dominion and the United States, including the treatment of American fishing vessels on the ports and waters of British America. The communications have all been published and therefore opened to the knowledge of both houses of congress, although two were addressed to the senate alone. Comment upon, or repetition of their contents, would be superfluous, and I am not aware that anything has occurred which should be added to the facts therein stated. Therefore, I merely repeat, as applicable to the present time, the statement which will be found in my message to the senate of September 12, last, "That since March 3, 1887, no case has been reported in the department of state, wherein complaint has been made of unfriendly or unlawful treatment of American fishing vessels on the part of the Canadian authorities, in which reparation was not promptly and satisfactorily obtained by the United States consul general at Halifax.

Having essayed, in the discharge of my duty, to procure by negotiation the settlement of a longstanding cause of dispute and to remove a constant menace to the good relations of the two countries, and continuing to the opinion that the treaty of February last, which failed to receive the approval of the senate, did supply "a satisfactory practical and final adjustment on a basis honorable and just to both parties to the difficult and vexed question to which it related," and having subsequently and unavailingly recommended other legislation to congress, which I hoped would suffice to meet the emergency created by the rejection of the treaty, I now again invoke the earnest and immediate attention of the congress to the condition of this important question as it now stands before them and the country, and for the settlement of which I am deeply solicitous.

THE SACKVILLE INCIDENT.

Near the close of the month of October last occurrences of a deeply regretable nature were brought to my knowledge, which made it my painful but imperative duty to obtain, with as little delay as possible, a new personal channel of diplomatic intercourse in this country with the government of Great Britain. The correspondence in relation to this incident will in due course be laid before you, and will disclose the unpardonable conduct of the official referred to in his interference, by advice and counsel, with the suffrages of American citizens in the very crisis of the presidential election then near at hand, and also in his subsequent public declarations to justify his action, superadding impugnment of the executive and senate of the United States in connection with important questions now pending in controversy between the two governments. The offense thus committed was most grave, involving disastrous possibilities to the good relations of the United States and Great Britain, constituting a gross breach of diplomatic privilege, and an invasion of the purely domestic affairs essential to the sovereignty of the government to which the envoy was accredited. Having first fulfilled the just demands of international comity by affording full opportunity for her majesty's government to act in relief of the situation, I considered prolongation of discussion to be unwarranted, and there upon declined to further recognize the diplomatic character of the person whose continuance in such function would destroy that mutual confidence which is essential to the good understanding of the two governments, and was inconsistent with the welfare and self-respect of the government of the United States. The usual interchange of communication has since continued through her majesty's legation in this city.

My endeavors to establish, by national cooperation, measures for the prevention of the extermination of

FUR SEALS IN BEHRING SEA.

have not been relaxed, and I have hopes of being enabled shortly to submit an effective and satisfactory conventional project with the maritime powers for the approval of the senate.

The coast boundary between our Alaska possessions, and British Columbia, I regret to say, has not received the attention demanded by its importance and which on several occasions heretofore I have had the honor to recommend to the congress. The admitted impractibility, if not impossibility, of making an accurate and precise survey and demarkation of the boundary line as it is recited in the treaty with Russia under which Alaska was ceded to the United States, renders it absolutely requisite for the prevention of international jurisdictional complication that adequate appropriation for a reconnoisance and survey to obtain proper knowledge of the locality and the geographical features in the boundary should be authorized by congress with as little delay as possible. Knowledge to be only thus obtained is an essential perquisite for negotiations for ascertaining a common boundary or as preliminary to any other mode of settlement.

It is much to be desired that some agreement should be reached with her majesty's government, by which the damages to life and property on the Great Lakes may be alleviated by removing or humanely regulating the obstacles to reciprocal assistance to wrecked or stranded vessels. The act of June 19, 1878, which offers to Canadian vessels free access to our inland waters in aid of wrecked or disabled vessels, has not yet become effective through concurrent action by Canada.

The due protection of our citizens of French origin or descent from claim of military service in the event of their returning to or visiting France has called forth correspondence which was laid before you at the last session. In the absence of conventional agreement as to naturalization, which is greatly to be desired, this government sees no occasion to recede from the sound position it has maintained, not only with regard to France, but as to all countries with which the United States have not concluded special treaties.

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

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

Foreign Relations.

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

THE CHINESE QUESTION.

In a message accompanying my approval on the 1st day of October last, of a bill for the exclusion of Chinese laborers, I laid before congress full information of all correspondence touching the negotiation of the treaty with China, concluded at this capital on the 12th day of March, 1888, and which, having been confirmed by the senate, with certain amendments, was rejected by the Chinese government. This message contained a recommendation that a sum of money be appropriated as compensation to Chinese subjects who have suffered injuries at the hands of lawless men within our jurisdiction. Such appropriation having been duly made, the fund awaits reception by the Chinese government. It is sincerely hoped that by the cessation of the influx of this class of Chinese subjects, in accordance with the expressed wish of both governments, a cause of unkind feeling has been permanently removed.

HAYTI.

I announce with sincere regret that Hayti has again become the theater of insurrection, disorder and bloodshed. The titular government of President Saloman has been forcibly overthrown and he driven out of the country of France, where he has since died. The tenure of power has been so unstable amid the war of factions that has ensued since the expulsion of President Saloman that no government constituted "by the will of the Haytien people" has been recognized as administering responsibly the affairs of the country. Our representative has been instructed to abstain from interference between the warring factions, and a vessel of our navy has been sent to Haytien waters to sustain our minister and for the protection of persons and property of American citizens. Due precautions have been taken to enforce our neutrality laws and prevent our territory from becoming the base of military supplies for either of the warring factions. Under color of a blockade, of which no reasonable notice had been given, and which does not appear to have been officially maintained, a seizure of vessels under the American flag has been reported, and, in consequence, measures to prevent and redress any molestation of our innocent merchantmen have been adopted.

MEXICO.

The wisdom of concluding a treaty of commercial reciprocity with Mexico has been heretofore stated in my messages to congress, and the lapse of time and the growth of commerce with that close neighbor and sister republic confirm the judgment so expressed. The precise location of our boundary line is needful, and adequate appropriation is now recommended. It is with sincere satisfaction that I am enabled to advert to the spirit of good neighborhood and friendly co-operation and conciliation that has marked the correspondence and action of the Mexican authorities in their share of the task of maintaining law and order about the line of our common boundary.

THE EMPIRE OF BRAZIL

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

The claims of nearly all other countries against

CHILI,

growing out of her war with Bolivia and Peru, have been disposed of, either by arbitration or by a lump settlement. Similar claims of our citizens will continue to be urged upon the Chilian government, and it is hoped will not be subject to further delays.

The Naturalization Laws.

With the rapid increase of immigration to our shores and the facilities of modern travel, abuses of the generous privileges afforded by our naturalization laws call for their careful revision. The easy and unguarded manner in which certificates of American citizenship can now be obtained has induced a class, unfortunately large, to avail themselves of the opportunity to become absolved from allegiance to their native land, and yet by a foreign residence to escape any just duty and contribution of service to the country of their proposed adoption. Thus, while evading the duties of citizenship to the United States they may make prompt claims for its national protection, and demand its intervention in their behalf. International complications of a serious nature arise, and the correspondence of the state department discloses the great number and complexity of the questions which have been raised. Our laws regulating the issue of passports should be carefully revised and the institution of a central bureau of registration at the capital, is again strongly recommended. By this means full particulars of each case of naturalization in the United States would be secured and properly indexed and recorded, and thus many cases of spurious citizenship would be detected, and unjust responsibilities would be avoided.

The reorganization of

THE CONSULAR SERVICE

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

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

The Treasury.

The report of the secretary of the treasury exhibits in detail the condition of our national finances and the operations of the several branches of the government related to his department. The total ordinary revenues of the government for the fiscal year ended June 30, 1888, amounted to $379,266,074.76, of which $219,091,173.63 was received from customs duties and $124,296,871.98 from internal taxes.

The total receipts from all sources, exceeded those for the fiscal year ended June 30, 1887, by $786,279,710. The ordinary expenditures of the fiscal year ending June 30, 1888, were $259,653,558.67, leaving a surplus of $119,612,117.09. The decrease in these expenditures, as compared with the fiscal year ended June 30, 1887, was $827,822,131, notwithstanding the payment of more than $5,000,000 for pensions in excess of what was paid for that purpose in the latter mentioned year. The revenues of the government for the year ending June 30, 1889, ascertained for the quarter ended September 30, 1888, and estimated for the remainder of the time, amount to $377,000,000, and the actual and estimated ordinary expenditures for the same year are $273,000,000, leaving an estimated surplus of $104,000,000.

The estimated receipts for the year ending June 30, 1890, are $377,000,000 and the estimated ordinary expenditures for the same time are $275,767,488.34, showing a surplus of $101,232,511.66. The foregoing statements of surplus do not take into account the sum necessary to be expended to meet the requirements of the sinking fund act amounting to more than $47,000,000 annually. The cost of collecting the customs revenues for the last fiscal year was 2.44 per cent; for the year 1885 it was 3.77 per cent.

The excess of internal revenue taxes collected during the last fiscal year over those collected for the year ended June 30, 1887, was $5,489,174.26, and the cost of collecting this revenue decreased from 3.4 per cent in 1887, to less than 3.2 per cent for the last year. The tax on oleomargarine was $723,948.04 for the year ending June 30, 1887, and $864,139.88 for the following year.

The requirements of the sinking fund act have been met for the year ended June 30, 1888, and for the current year also, by the purchase of bonds. After complying with this law, as positively required, and sufficient for that purpose had been bought at a premium, it was not deemed prudent to further expend the surplus in such purchases until the authority to do so should be made explicit. A resolution, however, having been passed by both houses of congress removing all doubt as to executive authority, daily purchases of bonds were commenced on the 23d day of April, 1888, and have continued until the present time, and by this plan bonds of the government not yet due have been purchased up to and including the 30th day of November, 1888, amounting to $94,700,400, the premium paid thereon amounting to $17,508,613.08. The premium added to the principal of these bonds represents an investment yielding about 2 per cent interest for the time they have to run, and the saving to the government, represented by the difference between the amount of interest at 2 per cent upon the sum paid for principal and premium and what would have been paid for interest at the rate specified in the bonds, if they had run to their maturity, is about $27,165,000. At first sight this would seem to be a profitable and sensible transaction on the part of the government, but, as suggested by the secretary of the treasury, the surplus thus expended for the purchase of bonds was money drawn from the people in excess of any actual need of the government, and was so expended, rather than allow it to remain in the treasury. If this surplus, under the operation of just and equitable laws, had been left in the hands of the people, it would have been worth, in their business, at least, 6 per cent per annum.

Deducting from the amount of interest upon the principal and premium of these bonds for the time they had to run at 6 per cent the saving of 2 per cent made for the people by the purchase of such bonds, the loss will appear to be $55,760,000. This calculation would seem to demonstrate that if excessive and unnecessary taxation is continued and the government is forced to pursue the policy of purchasing its own bonds at the premiums which it will be necessary to pay, the loss to the people will be hundreds of millions of dollars. Since the purchase of bonds was undertaken, as mentioned, nearly all that have been offered were at last accepted. It has been quite apparent that the government was in danger of being subjected to combinations to raise their price, appears by the instance cited by the secretary of the offering of bonds of the par value of $26,000 so often that the aggregate of the sums demanded for their purchase amounted to more than $19,700,000.

THE SURPLUS.

Notwithstanding the sums paid out in the purchase of bonds, the surplus in the treasury on the 30th day of November, 1888, was $52,234,610,01 after deducting about $20,000,000 just drawn out for the payment of pensions.

SILVER COINAGE.

At the close of the fiscal year ended June 30, 1887, there had been coined under the compulsory silver coinage act, $266,988,280 in silver dollars, $55,504,310 of which were in the hands of the people on the 30th day of June, 1888. There had been coined $299,708,790, and of this $55,829,304 was in circulation in coin and $300,387,376 in silver certificates, for the redemption of which silver dollars to that amount were held by the government. On the 30th day of November, 1888, $312,570,990 had been coined; $60,970,990 of the silver dollars were actually in circulation and $237,418,346 in certificates. The secretary recommends the suspension of the further coinage of silver dollars, and in such recommendation I earnestly concur. For further valuable information and timely recommendations, I ask the careful attention of the congress to the secretary's report.

The War Department.

The secretary of war reports that the army, at the date of the last consolidated returns, consisted of 2,189 officers and 24,549 enlisted men. The actual expenditures of the war department for the fiscal year ended June 30, 1888, amounted to $41,165,107.07, of which sum $9,138,514.63 was expended for public works, including river and harbor improvements.

The board of ordinance and fortifications provided for under the act approved September 22, last, was convened October 30, 1888, and plans and specifications for procuring forging for eight, ten and twelve-inch guns, under provision of section 4, and also for procuring twelve-inch breech loading mortars, cast iron, hooped with steel, under the provisions of section 5 of the said act, were submitted to the secretary of war for reference to the board by the ordnance department of the same date. These plans and specifications having been promptly approved by the board of the secretary of war, the necessary authority to publish advertisements inviting proposals in the newspapers throughout the country was granted by the secretary on November 12, and on November 13 the advertisements were sent out to the different newspapers designated. The bids for the steel forgings are to be opened on December 20, 1888, and for the mortars on December 15, 1888.

THE EXAMINATION OF OFFICERS.

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

THE DEATH OF GENERAL SHERIDAN

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

The Navy.

The report of the secretary of the navy demonstrates very intelligent management in that important department and discloses the most satisfactory progress in the work of reconstructing the navy made during the past year. Of the ships in course of construction, five, viz., the Charleston, Baltimore, Yorktown, Vesuvius and Petrel, have in that time been launched and are rapidly approaching completion. And in addition to the above the Philadelphia, the San Francisco, the Newark, the Bennington, the Concord and the Herreshoff, torpedo boats are all under contract for delivery to the department during the next year. The progress already made, and being made, gives good ground for the expectation that these eleven vessels will be incorporated as part of the American navy within the next twelve months.

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

The Postal Department.

The report of the postmaster general shows a marked increase of business in every branch of the postal service. The number of postoffices on July 1, 1888, was 57,376, an increase of 6,124 in three years, and of 2,219 for the last fiscal year. The latter mentioned increase is classified as follows:

New England states	5
Middle states	181
Southern states and Indian Territory	1,406
The states and territories of the Pacific coast	190
The ten states and territories of the West and Northwest	435
District of Columbia	2
Total	2,219

FREE DELIVERY OFFICES

have increased from 189 in the fiscal year ended June 30, 1887, to 358 in the year ended June 30, 1888. In the railway mail service there has been an increase in one year of 168 routes, and in the number of miles traveled per annum an increase of 150,795,917.48. The estimated increase of railroad service for the year was 6,000 miles, but the amount of new railroad service actually put on was 12,764.50 miles.

MONEY ORDERS.

The volume of business in the money order division, including transactions in postal notes, reached the sum of upwards of $143,000,000 for the year.

FOURTH-CLASS POSTMASTERS.

Of the total number of postmasters, 54,876 are of the fourth-class. These, of course, receive no allowances, whatever, for expenses in the service, and their compensation is fixed by percentages on receipts at their respective offices. This rate of compensation may have been, and probably was, at some time, just, but the standard has remained unchanged through the several reductions in the rates of postage. Such reductions have necessarily cut down the compensation of these officials, while it undoubtedly increased the business performed by them. Simple justice requires a mention of this subject, to the end that the fourth-class postmasters may receive at least an equivalent to that which the law itself, fixing the rate intended for them.

THE COST OF SERVICE.

It is gratifying to note from the carefully prepared statistics accompanying the postmastergeneral's report that, notwithstanding the great expansion of the service, the rate of expenditure has been lessened and efficiency has been improved in every branch; that fraud and crime have decreased; that losses from the mails have been reduced, and that the number of complaints of the service made to postmasters and to the department are far less than ever before.

The Department of Justice.

The transactions of the department of justice for the fiscal year ended June 30, 1888, are contained in the report of the attorney general, as well as a number of valuable recommendations, the most of which are repetitions of those previously made, and ought to receive consideration.

It is stated in this report that though judgments in civil suits amounting to $552,021.08 were recovered in favor of the government during the year, only the sum of $132,934 was collected thereon; and that though fines, penalties and forfeitures were imposed amounting to $541,808.43, only $169,648.42 of that sum was paid on account thereof. These facts may furnish an illustration of the sentiment which extensively prevails, that a debt due to the government should cause no inconvenience to the citizen.

POLYGAMY.

It also appears from this report that though prior to March, 1885, there had been but six convictions in the territories of Utah and Idaho under the laws of 1862 and 1882, punishing polygamy and unlawful cohabitation as crimes, there have been since that date nearly 600 convictions under these laws and the statutes of 1887, and the opinion is expressed that under such a firm and vigilant execution of these laws and the advance of ideas opposed to the forbidden practices, polygamy within the United States is virtually at an end.

Suits instituted by the government under the provisions of the act of March 3, 1887, for the termination of the corporations known as the Perpetual Emigrating Fund Company and the Church of Jesus Christ of Latter Day Saints, have resulted in a degree favorable to the government declaring the charters of these corporations forfeited and escheating their property; such property amounting in value to more than $80,000 is in the hands of a receiver, pending further proceedings, an appeal having been taken to the supreme court of the United States.

The Interior.

I cannot too strenuously insist on the importance of proper measures to insure a right disposition of our public lands, not only as a matter of present justice, but in forecast of the consequence to future generations. The broad, rich acres of our agricultural plains have been long preserved by nature to become her untrammeled gift to a people civilized and free upon which should rest, in well distributed ownership, the numerous homes of enlightened, equal and fraternal citizens. We came to national possession with the warning example in our eyes of the entail of inequities of land proprietorships which other countries have permitted and still suffer. We have no excuse for the violation of principles, cogently taught by reason and example, nor for the allowance of pretexts which have sometimes exposed our land to colossal greed. Laws which open a door to fradulent acquisition or administration; which permit favor to rapacious seizure by a favored few of expanded areas that many should enjoy are accessory to offenses against our national welfare and humanity, not to be too severely condemned or punished.

It is gratifying to know that something has been done at last to redress the injuries to our people and check the perilous tendency of the reckless waste of national domain. That over 80,000,000 acres have been wrested from illegal usurpation, improvident grants and fraudulent entries and claims to be taken for the homesteads of honest industry—although less than the greater areas thus unjustly lost—must afford a profound gratification to right feeling citizens, as it is a recompense for the labors and struggles of the recovery.

Our dear experience ought sufficiently to urge the speedy enactment of measures of legislation which will confine the future disposition of our remaining agricultural lands to the use of actual husbandry and genuine homes. Nor should our vast tracts of so-called desert lands be yielded up to the monopoly of corporations or grasping individuals, as appears to be much the tendency under the existing statute. The lands require but the supply of water to become fertile and productive. It is a problem of great moment how more wisely for the public good that factor shall be furnished. I cannot but think it perilous to suffer either those lands or the sources of their irrigation to fall into the hands of monopolies of which by such means may exercise lordship over areas dependent on their treatment for productiveness. Already steps have been taken to secure accurate and scientific information of the conditions which is the prime basis of intelligent action. Until this shall be gained the course of wisdom appears clearly to be in the suspension of further disposal, which only promises to create rights antagonistic to the common interest. No harm can follow this cautionary conduct. The land will remain and the public good presents no demand for hasty dispossession of national ownership and control.

THE INDIANS.

The condition of our Indian population continues to improve, and the proofs multiply that the transforming change so much to be desired, which shall substitute for barbarism enlightment and civilizing education, is in fair progress. Our relations with these people during the year have been disturbed by no serious disorders, but rather marked by a better realization of their true interests and increasing confidence and good will. These conditions testify to the value of the higher tone of consideration and humanity which has governed the latter methods of dealing with them, and commends its continued observance. Allotments in severalty have been made on some reservations until all those entitled to land thereon have had their shares assigned, and the work is still continued. In directing the execution of this duty I have not aimed so much at rapid dispatch as to slow, just and fair arrangements which shall best conduce to the objects of the law by producing satisfaction with the results of the allotments made. No measure of general effect has ever been entered on from which more may be fairly hoped, if it shall be discreetly administered. It proffers opportunity and inducement to that independence of spirit and life which the Indian peculiarly needs while at the same time the inalienability of title affords security against the risks his inexperience of affairs or weakness of character may expose him to in dealing with others. Whenever begun upon any reservation it should be made complete so that all are brought to the same condition and as soon as possible. Community in lands should cease by opening such as remain unallotted to settlement. Contact with the ways of industrious and successful farmers will perhaps add a healthy emulation which will both instruct and stimulate. But no agency for the amelioration of this people appears to me so promising as the extension urged by the secretary of such complete facilities of education as shall at the earliest possible day embrace all teachable Indian youths of both sexes and retain them with a kindly and beneficient hand until their characters are formed and their faculties trained to the sure pursuits of some form of useful industry. Capacity of the Indian no longer needs demonstration. It is established. It remains to make the most of it and when that shall be done the curse will be lifted.

INDIAN SCHOOLS.

The average attendance of the Indian pupils on the schools increased by over 900 during the year, and the total enrollment reached 15,212. The cost of maintenance was not materially raised. The number of teachable Indian youth is now estimated at 40,000, or nearly three times the enrollment of the schools. It is believed the obstacles in the way of instructing are all surmountable, and that the necessary expenditure would be a measure of economy.

PENSIONS.

The number of pensioners added to the rolls during the fiscal year ended June 30, 1888, is 60,252, and increase of pensions was granted in 45,716 cases. The names of 15,730 pensioners were dropped from the rolls during the year for various causes, and at the close of the year the number of persons of all classes receiving pensions was 452,557. Of these, there were 812 survivors of the war of 1812, 10,787 widows of those who served in that war; 16,060 soldiers of the Mexican war, and 5,104 widows of said soldiers. One hundred and two different rates of pensions are paid to these beneficiaries, ranging from $2 to $416.66 per month. The amount paid for pensions during the fiscal year was $78,775,951.92, being an increase over the preceding year of $5,308,280.22. The expenses attending the maintenance and operation of the pension bureau during that period was $3,262,524.67, making the entire expenditures of the bureau $82,038,386.27, being 21½ per cent of the gross income and nearly 31