

THE PRESIDENT'S MESSAGE.

To the Congress of the United States:

Your assembling is clouded by a sense of public bereavement, caused by the recent and sudden death of Thomas A. Hendricks, Vice-President of the United States. His distinguished public services, his complete integrity and devotion to every duty, and his personal virtues will find honorable record in his country's history.

Ample and repeated proof of the esteem and confidence in which he was held by his fellow-countrymen, were manifested by his election to offices of the most important trust and highest dignity; and at length, full of years and honors, he has been laid at rest amid universal sorrow and benediction.

The Constitution which requires those chosen to legislate for the people to annually meet in the discharge of their solemn trust also requires the President to give to Congress information of the state of the Union, and recommend to their consideration such measures as he shall deem necessary and expedient. At the threshold of a compliance with these constitutional directions, it is well for us to bear in mind that our usefulness to the people's interests will be promoted by a constant appreciation of the scope and character of our respective duties as they relate to Federal legislation. While the Executive may recommend such measures as he shall deem expedient, the responsibility for legislative action must and should rest upon those selected by the people to make their laws.

Contemplation of the grave and responsible functions assigned to the respective branches of the government under the Constitution will disclose the partitions of power between our respective departments and their necessary independence, and also the need, for the exercise of all the power intrusted to each, in that spirit of comity and co-operation which is essential to the proper fulfillment of the patriotic obligations which rest upon us as faithful servants of the people. The jealous watchfulness of our constitutions, great and small, supplements their safeguards, and before the tribunal they establish, every public servant should be judged.

It is gratifying to announce that the relations of the United States with all foreign powers continue to be friendly. Our position after nearly a century of successful constitutional government, maintenance of good faith in all our engagements, the avoidance of complications with other nations, and our consistent and amicable attitude toward the strong and weak alike, furnish proof of a political disposition which is a guarantee of good will and necessary. There are no questions of difficulty pending with any foreign government.

THE OUTBREAK AT PANAMA.

Early in March last war broke out in Central America, caused by the desire of Guatemala to consolidate the several States into a single government. In those contests between our neighboring States the United States have never been actively, but lent the aid of their friendly offices to prevent the aid of war and to promote peace and concord among the belligerents, and by such conduct contributed importantly to the restoration of tranquillity.

Emergencies growing out of civil war in the United States of Colombia demanded of the government at the beginning of this administration the employment of armed force to fulfill its obligations under the thirty-fifth article of the treaty of 1846, in order to keep the transit open across the Isthmus of Panama. Desirous of exercising only the powers expressly reserved to us by the treaty, and mindful of the rights of the forces sent to the Isthmus were instructed to confine their action to "positively and efficiently" preventing the transit and its accessories from being interrupted or embarrassed.

The execution of this duty required considerable task necessarily involved police control where the local authority was temporarily powerless, but always in aid of the sovereignty of Colombia. The prompt and successful fulfillment of its duty by the government of Colombia, and has been followed by expressions of its satisfaction. High praise is due to the Government of Colombia for its service. The restoration of peace in this service, the re-establishment of the constituted government there being accomplished, the forces of the United States were withdrawn.

Tending this emergency a question of much importance was presented by the Government of Colombia, proclaiming the closure of certain ports then in the hands of the insurgents, and declaring vessels held by the revolutionists to be piratical and to be captured by any power. To neither of these propositions could the United States assent. An effective closure of ports not in the possession of the government, but held by hostile parties, would not be recognized, neither could the vessels of insurgents against the legitimate sovereignty be deemed hostile humani generis within the limits of international law, whatever might be the definition of their status under the municipal law of the State against whose authority they were in revolt. The denial by this government of the Colombian propositions did not, however, imply the admission of a belligerent status on the part of the insurgents. The Colombian government has expressed its willingness to negotiate conventions for the adjustment by arbitration of claims by foreign citizens arising out of the destruction of the city of Aspinwall by the insurrectionary forces.

THE NICARAGUA CANAL.

The interest of the United States in a practical transit for ships across the strip of land separating the Atlantic from the Pacific has been repeatedly manifested during the last half century. My immediate predecessor caused to be negotiated with Nicaragua a treaty for the construction, by and at the sole cost of the United States, of a canal through Nicaraguan territory, and laid it before the Senate. Pending the action of that body thereon, I withdrew the treaty for re-examination. Attentive consideration of its provisions leads me to withhold from re-submission to the Senate.

Maintaining, as I do, the tenets of a line of precedents from Washington's day, which prescribe entangling alliances with foreign States, I do not favor a policy of acquisition of new and distant territory, or the incorporation of remote interests with our own. The laws of progress are vital and organic, and we must be conscious of that irresistible tide of commercial expansion which, as the concomitant of our active civilization, day by day is being urged onward by the increasing facilities of production, transportation, and communication to which steam and electricity have given birth. In our duty as the present instructive to address ourselves mainly to the development of the vast resources of the great area committed to our charge, and to the cultivation of the arts of peace within our borders. I deem it hazardous to be involved in the political problems and complications of distant governments. Therefore I am unable to recommend proposals involving permanent privileges of ownership or right outside of our territory, when coupled with absolute

and unlimited engagements to defend the territorial integrity of the State which such interests lie. While the general project of connecting the two oceans by means of a canal is to be encouraged, I am of opinion that any such project should be carried out with favor should be free from the features alluded to.

The Tehuantepec route is declared by engineers of the highest repute and by competent scientists to afford a more practicable transit for vessels and cargoes, by means of a ship-railway, from the Atlantic to the Pacific. The obvious advantage of such a route, if feasible, over others more remote from the axial lines of traffic between Europe and the Pacific, and particularly between the valley of the Mississippi and the western coast of North and South America, are deserving of consideration.

Whatever highway may be constructed across the barriers dividing the two greatest maritime areas of the world must be for the benefit of mankind, and to be removed from the chance of a domination by any single power, nor become a point of invitation for hostilities or a prize for warlike ambition. An engagement combining the ownership, control and operation of such work by this government, with an offensive and defensive alliance for its protection, with the foreign State whose responsibilities and rights we would share, is, in my judgment, inconsistent with such declaration to universal and neutral use, and would, moreover, entail measures for its realization beyond the scope of our national policy or present means.

These proposals are abundantly confirmed by the wisdom and foresight of those earlier administrations which, long before the conditions of maritime intercourse were changed and enlarged by the progress of the age, proclaimed the vital need of an unobstructed transit across the American isthmus and consecrated it in advance to the common use of mankind by their positive declarations and contracts, and by the formal obligation of treaties.

Toward such realization the efforts of my administration will be applied, ever bearing in mind the principles on which it must rest, and which were declared in no uncertain terms by Mr. Cass, who, as secretary of State, in 1852, announced that "What the United States want in Central America, next to the happiness of its people, is the security and neutrality of the interoceanic routes which lead through it."

THE CHINESE QUESTION.

In the application of the acts lately passed to execute the treaty of 1880, restricting the immigration of Chinese laborers into the United States, individual cases of hardship have occurred beyond the power of the Executive to remedy, and calling for judicial determination.

The condition of the Chinese question in the Western States and Territories is, despite this restrictive legislation, far from being satisfactory. The recent outbreak in Wyoming Territory, where a number of Chinese laborers, indisputably within the protection of the treaty and the law, were murdered by a mob, and the more recent threatened outbreak of the same character in Washington Territory, are fresh in the minds of all, and there is apprehension lest the bitterness of feeling against the Mongolian race on the Pacific coast may find vent in similar lawless demonstrations. All the power of this government should be exerted to maintain the amicable good faith toward China in the treatment of the law in bringing the wrong-doers to justice should be insisted upon.

Every effort has been made by this government to prevent those violent outbreaks against the representatives of China in their investigations of these outrages; and it is but just to say that they are traceable to the lawlessness of men not citizens of the United States engaged in competition with Chinese labor.

Race prejudice is the chief factor in originating these disturbances, and it exists in a large part of our domain, jeopardizing our domestic peace and the good relationship we seek to maintain with China.

The admitted right of a government to prevent the influx of elements hostile to its internal peace and security may not be questioned in those cases where there is no treaty stipulation on that subject. The Chinese laborer is demanded in other countries where like conditions prevail, is strongly evidenced in the Dominion of Canada, where Chinese immigration is now regulated by laws more exclusive than our own. If existing laws are inadequate to compass the end in view I shall be prepared to give earnest consideration to any further remedial measures, within the scope of national legislation, which the wisdom of Congress may devise.

I regret to say that the restrictions upon the importation of our pork into France continue to be maintained, notwithstanding the demonstration of the absence of sanitary danger in its use; but I entertain strong hopes that with a better understanding of the matter, this vexatious prohibition will be removed. It is our anxious desire to be able to say as much with respect to Germany, Austria and other countries, where such food-products are also entirely excluded, without present prospect of reasonable change.

The interpretation of our existing treaties of naturalization by Germany during the past year has attracted attention by reason of an apparent tendency on the part of the imperial government to extend the scope of the restrictions to which returned naturalized citizens of German origin are asserted to be liable under the laws of the empire. The temperate and just attitude taken by this government with respect to this question will, without doubt, lead to a satisfactory understanding.

Peru, the existing treaties of commerce and extradition with the United States and that country will terminate March 31, 1888.

Our good relationship with Russia continues. An officer of the navy, detailed for the purpose, is now on his way to Siberia, bearing the testimonials voted by Congress to those who generously secured the survivors of the unfortunate Jeannette expedition.

It is gratifying to advert to the cordiality of our intercourse with Spain. The long pending claims of the owners of the ship *Masonic*, for loss suffered through the admitted dereliction of the Spanish authorities in the Philippine Islands, has been adjusted by arbitration, and an indemnity awarded. The principal of arbitration in such cases, to which the United States have long and consistently adhered, thus receives a fresh and gratifying confirmation. Other questions with Spain have been disposed of or are under diplomatic consideration with a view to just and honorable settlement.

CITIZENSHIP AND NATURALIZATION.

The expediency of existing legislation touching naturalization and citizenship demands your consideration. While recognition of a right of expatriation, no statutory provision exists providing means for renouncing citizenship by an American citizen, native-born, or naturalized, and for terminating and vesting an improper acquisition of citizenship. Even a fraudulent decree of naturalization cannot now be cancelled. The privilege and franchise of American citizenship should be granted only to those who intend in good faith to assume its duties and responsibilities when attaining its privileges and benefits; it should be withheld from those who seek to go through the forms of naturalization with the intent of escaping the duties of their original allegiance without taking upon themselves those of their new status, or who may be induced to enter into such engagements by no other than a hostile purpose against their original governments. These evils have had many flagrant illustrations. I regard with favor the suggestion put forth by one of my predecessors that provision be made for a central bureau of record of the decrees of naturalization granted by the various courts throughout the United States now invested with that power.

The rights which spring from domicile in the United States, especially when coupled with a declaration of intention to become a citizen, are worthy of definition by statute. The stranger entering into such engagements, thereby so to speak, inchoate status which legislation may properly define. The laws of certain States and Territories admit a domiciled alien to the local franchise, conferring on him the rights of citizenship, thereby so to speak, inchoate status which legislation may properly define.

COMMERCIAL TREATIES.

The commercial relations of the United States with their immediate neighbors and with important areas of traffic near our shores suggest especially liberal intercourse between them and us. Following the treaty of 1854, which entered into engagements of a reciprocal exemption from customs duties, other similar treaties were initiated by my predecessor. Recognizing the need of less obstructed traffic with Cuba and Porto Rico, and met by the desire of Spain to signify her assent to a similar treaty, the Dominican Republic, and the Government of the British Majesty's government for a like mutual extension of commercial intercourse with the British West Indian and South American dependencies, I have been pleased to sign the following treaties, which are now pending before the Senate.

On taking office, I withdrew for re-examination the treaties signed with Spain and Santo Domingo, then pending before the Senate. The result has been to satisfy me of the expediency of entering into engagements of this character not covering the entire traffic. These treaties contemplated the surrender by the United States of large revenues for inadequate considerations. Upon sugars alone the duties would be increased by more than one-fifth exceeding all the advantages offered in exchange. Even were it intended to relieve our consumers, it would be a heavy burden on our treasury. The exemption but partially covered our importation, such relief would be illusory. To relinquish a revenue so essential seemed highly imprudent at a time when new and large sources of revenue were being discovered. Moreover, embarrassing questions would have arisen under the favored-nation clauses of treaties with other nations.

A further objection, it is evident that tariff duties on Mexico, which rested on a dependent control over our own revenues which is essential for the safety and welfare of any government. Emergency calling for an increase in the revenue may not be an excuse, and no engagement with a foreign power should exist to hamper the action of the government.

By the fourteenth section of the shipping act approved June 18, 1884, certain conditions and contingent exemptions from tonnage dues were made as to vessels entering ports of the United States from any foreign port in North and Central America, the West India Islands, and the coast of Mexico, and the Isthmus as far as Aspinwall and Panama. The governments of Belgium, Denmark, Germany, Portugal, and Sweden have, within the scope of national legislation, favored-nation clause in their treaties with the United States, a claim to like treatment in respect of vessels coming to the United States from their home ports. This government has, in the exercise of its sovereign power, granted by the act a purely geographical, ensuring to any vessel of any foreign power that may choose to engage in traffic between this country and any port within the defined zone, and no warrant exists under the most-favored-nation clause for the extension of the privileges in question to vessels sailing to this country from ports outside the limitation of the act.

Undoubtedly the relations of commerce with our near neighbors, whose territories form so long a frontier line difficult to be guarded, and who find in our country, and equally offer to our national markets, demand special and considerate treatment. It rests with Congress to consider what legislative action may increase facilities of intercourse which continuity makes natural and desirable.

THE DIPLOMATIC AND CONSULAR SERVICE.

I earnestly urge that Congress review the appropriations for the maintenance of the diplomatic and consular service on a footing commensurate with the importance of our national interests. At every post where a representative is necessary, the salary should be so graded as to permit him to live with comfort. With the assignment of adequate salaries, the consular service should be restored to its former position, and the fee thereto returned to the treasury, by restoring these revenues to the public use for the consular service would be self-supporting, even with a liberal increase of the present low salaries. In further prevention of abuses a system of consular inspection should be instituted.

THE TREASURY.

The report of the secretary of the treasury

fully exhibits the condition of the public finances and of the several branches of the government connected with the department. The suggestions of the secretary relating to the practical operations of this important department, and his recommendations in the direction of simplification and economy, particularly in the work of the Internal Revenue Service, are especially urged upon the attention of Congress.

The ordinary receipts from all sources for the fiscal year ended June 30, 1885, were \$222,690,706.28. Of this sum \$181,471,639.34 was received from customs and \$112,498,235.54 from internal revenue. The total receipts, as given above, were \$33,829,161.54 less than those for the year ended June 30, 1884. This diminution embraces a falling off of \$15,765,530.42 in the receipts from customs and \$9,067,946.97 in the receipts from internal revenue.

The total ordinary expenditures of the government for the fiscal year were \$291,233,935.50, leaving a surplus in the treasury at the close of the year of \$61,456,771.27. This is \$40,729,834.32 less than the surplus reported at the close of the previous year. The expenditures are classified as follows:

For civil expenses	\$12,896,912.11
For foreign intercourse	5,439,699.11
For pensions	2,939,491.63
For the military, including river and harbor improvements and arsenals	45,679,578.49
For the navy, including vessels, machinery and improvements of navy yards	16,221,079.69
For interest on the public debt	1,384,324.47
For the District of Columbia	3,499,050.95
For the purchase of land, buildings, and collecting the revenues	54,728,056.21

The amount paid on the public debt during the fiscal year ended June 30, 1885, was \$45,788,235.43, and there has been paid since that date and up to November 1, 1885, the sum of \$269,828, leaving the amount of the debt at the last named date \$1,514,477,800.47. There was, however, at that time in the treasury, applicable to the general purposes of the government, the sum of \$26,818,292.38.

The total receipts for the current fiscal year, ending June 30, 1886, ascertained to October 1, 1885, and estimated for the remainder of the year, are \$315,000,000. The expenditure ascertained and estimated for the same time are \$245,000,000, leaving a surplus at the close of the year estimated at \$70,000,000.

The value of the exports from the United States to foreign countries during the last fiscal year was as follows:

Domestic merchandise	\$725,652,916.90
Foreign merchandise	1,696,309.90
Gold	172,139,756.90
Silver	32,723,625.90
Total	\$732,212,609.60

Some of the principal exports, with their values and the percentage they respectively bear to the total exportation, are given as follows:

Cotton and cotton manufactures	Value	Percent.
Tobacco and its manufactures	\$215,799,940	29.47
Wool and its manufactures	160,579,821	22.07
Provisions	107,382,455	14.77
Oils—mineral, vegetable, and animal	54,226,392	7.43
Tobacco and its manufactures	24,767,204	3.41
Wool and its manufactures	21,486,922	2.93
Flax, hemp, jute and their manufactures	23,854,574	3.27
Hides and skins other than fur	28,194,091	3.85
Iron and steel	20,256,448	2.77
Other articles	16,209,627.90	2.21
Total	\$622,222,274.90	85.00

The following are given as prominent articles of importation during the year, with their values and the percentage they bear to the total importation:

Articles	Value	Percent.
Sugar and molasses	\$78,728,719	12.69
Coffee	46,725,318	7.39
Wool and its manufactures	44,656,482	7.22
Chemical, dyes, and drugs	40,398,932	6.39
Iron and steel	35,076,816	5.67
Flax, hemp, jute and their manufactures	34,363,639	5.58
Flax, hemp, jute and their manufactures	33,854,574	5.40
Hides and skins other than fur	28,194,091	4.58
Iron and steel	20,256,448	3.27
Other articles	16,209,627.90	2.57
Total	\$622,222,274.90	100.00

The fact that our revenues are in excess of the actual needs of an economical administration of the government, justifies a reduction in the amount exacted from the people for its support. Our government is the means established by the will of a free people, which have voluntarily for their benefit and protection, and it is never better administered and its true spirit is never better observed than when the people's taxation for its support is scrupulously limited to the actual needs of expenditure, and the duty follows according to a just and equitable plan.

The proposition with which we have to deal is the reduction of the revenue received by the government, and indirectly paid by the people from customs duties. The question of free trade is not involved, nor is there now any occasion for the general discussion of the wisdom or expediency of a protective system. Just and fair trade should be maintained, and our people should be protected and their interests should be protected, and it is never better administered and its true spirit is never better observed than when the people's taxation for its support is scrupulously limited to the actual needs of expenditure, and the duty follows according to a just and equitable plan.

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BANKS AND COINAGE.

During the year ended November 1, 1885, 143 national banks were organized, with an aggregate capital of \$16,958,069, and circulating notes have been issued to them amounting to \$4,274,910. The whole number of these banks in existence on the day above mentioned was 3,727.

The very limited amount of circulating notes issued by our national banks compared with the amount the law permits them to issue, upon a deposit of bonds for their redemption, is a fact which should attract the attention of Congress. Such a condition of affairs, if continued, would be a serious disadvantage to the public, and it is believed that the volume of our circulating medium may be largely increased through this instrumentality.

Nothing more important than the present condition of our currency and coinage can draw your attention. Since February 1878, the government has, under the compulsory provisions of law, purchased silver bullion and coined the same at the rate of more

than \$2,000,000 every month. By this process, up to the present date 219,739,414 silver dollars have been coined. A reasonable appreciation of a delegation of power to the general government would limit its exercise without express restrictive words to the department and the responsibility to the public. Upon this theory and authority, to "coin money" given to Congress by the Constitution, if it permits the purchase by the government of bullion for coinage. In any event, does not justify such purchase and coinage to an extent beyond the amount needed for a sufficient circulating medium.

The desire to utilize the silver product of the country does not lead to a misuse or the perversion of this power. The necessity for such an addition to the silver currency of the nation as is compelled by the silver-coinage act, is negatived by the fact that up to the present time only about fifty millions of the silver dollars so coined have actually found their way into circulation, leaving more than one hundred and sixty-five millions in the possession of the government, the custody of which has entailed a considerable expense for the construction of vaults for its deposit. Against this latter amount there are outstanding silver certificates amounting to about ninety-three millions of dollars.

Every month two millions of gold in the public treasury are paid out for two millions of silver dollars, to be added to the silver already accumulated. If continued long enough, the operation will result in the substitution of silver for all the gold the government owns applicable to its general purposes. It will not do to rely upon the customs receipts of the government to make good this drain of gold, because the silver so coined having been made legal tender for all debts and dues, public and private, of times during the last six months (eighty per cent. of the receipts for duties have been in silver or silver certificates, while the average within that period has been twenty per cent.). The proportion of silver and silver certificates received by the government will probably increase as time goes on, for the reason that the nearer the period approaches when it will be obliged to offer silver in payment of its obligations, the greater the investment there will be to hoard gold against depreciation in the value of silver, or for the purpose of speculation.

The hoarding of gold has already begun. When the coins that gold has been withdrawn from circulation, then will be apparent the difference between the real value of the silver dollar and the dollar in gold, and the two coins will part company. Gold, still the standard of value, and necessary in our dealings with other countries, will be at a premium over silver; silver which has substituted gold for the deposits of its customers may pay them with silver bought with such gold, thus making a handsome profit; rich speculators will sell their hoarded gold to their neighbors who need it to liquidate their foreign debt, at a premium over silver, and the laboring men and women of the land, most defenseless of all, will find that the dollar received for the wage of their toil has sadly depreciated in purchasing power. It is not to be supposed that the latter result will be temporary, and that ultimately the price of labor will be adjusted to the change; but even if it takes place, the wage worker cannot possibly gain, for the inevitable loss since the coin is compelled to pay for his living will not only be measured in a coin heavily depreciated, and fluctuating and uncertain in its value, but the uncertainty in the value of the purchasing medium will be made the pretense for an advance in prices beyond that justified by actual depreciation.

The words uttered in 1834 by Daniel Webster, of the United States, are true to-day: "The very man of all others who has the deepest interest in a sound currency, and who suffers most by mischievous legislation in money matters, is the man who is least likely to be led by his daily talk. The most distinguished advocate of bi-metallicism, discussing our silver coinage, has lately written: 'No American citizen's hand has yet felt the sensation of distress, arising from receiving or expending the Silver Act dollars.' And those who live by labor or legitimate trade will never feel that sensation of distress. However plenty silver may be, because they will not the price of their goods as given to the people; and if the laboring man should receive four depreciated dollars where he now receives but two, he will pay in the depreciated coin more than twice the price he now pays for all the necessities and comforts of life.

Those who do not fear any disastrous consequences arising from the continued compulsory coinage of silver as now directed by law, and who suppose that the addition to the revenue of the country intended as its result, will be a public benefit, are reminded that history demonstrates that the point is easily reached, but it is not easy to return. In two words of money of different excellence, when the better will cease to be in general circulation. The hoarding of gold, which has already taken place, indicates that we shall not escape the usual course in such cases. So, if this silver coinage be continued we may reasonably expect that gold and its equivalent will abandon the field of circulation to silver alone. This, of course, will produce a severe contraction of the circulating medium, instead of adding to it.

It will not be disputed that any attempt on the part of the government to cause the circulation of silver dollars worth eight cents, and to be paid in gold dollars worth 100 cents, even within the limit that legislation does not run counter to laws of trade, to be successful must be seconded by the confidence of the people in the fact that a large share of the purchasing power will be interchangeable at will. A special effort has been made by the secretary of the treasury to increase the amount of our silver coin in circulation, but the fact that a large share of the limited amount thus put out has soon returned to the public treasury in payment of duties, leads to the belief that the people do not desire to keep it in hand; and with the evident disposition to hoard gold, gives rise to the suspicion that already exists a lack of confidence among the people touching our financial processes. There is certainly not enough silver now in circulation to cause uneasiness; and the whole amount coined and now on hand might, after a time, be absorbed by the people without apprehension; but it is the consequence that threatens to overflow the land which causes fear and uncertainty.

What has been thus far submitted upon this subject relates almost entirely to considerations of a home nature, unconnected with the policy which other policies of the world have upon the question. But it is perfectly apparent that a line of action in regard to our currency cannot wisely be settled upon or persisted in, without considering the demands of the subject of other countries with whom we maintain intercourse through commerce, trade, and travel. An acknowledgment of this fact is found in the act by virtue of which our silver is compulsorily coined. It provides that "the President shall invite the governments of the countries composing the Latin Union, so called, and of such other European nations as he may deem advisable, to join the United States in a conference to adopt a common ratio between gold and silver for the purpose of establishing internationally the use of bi-metallic money and securing facility of relative value between these metals."

This conference absolutely failed, and a similar fate has awaited all subsequent efforts in the same direction. And still we continue our coinage of silver at a ratio different from that of any other nation. The most vital part of the silver-coinage act remains inoperative and unexecuted, and, without an ally or

friend, we battle upon the silver field in an illogical and losing contest. To give full effect of the design of Congress on this subject, I have made a careful and earnest endeavor since the adjournment of the last Congress. To this end I delegated a gentleman well instructed in financial science, to proceed to the financial centers of Europe, England, France and Germany, to obtain a full knowledge of the attitude and intent of those governments in respect of the establishment of such an international ratio as would procure free coinage of both metals at the mints of those countries and our own. By my direction our consul-general at Paris has given close attention to the proceedings of the Congress of the Latin Union, in order to indicate our interest in its objects and report its action.

It may be said, in brief, as the result of these efforts, that the attitude of the leading powers remains substantially unchanged since the monetary conference of 1881, nor is it to be questioned that the views of these governments are in each instance supported by the weight of public opinion. The steps taken have therefore only more fully demonstrated the uselessness of further attempts at present, to arrive at any agreement on the subject with other nations.

In the meantime, as we are accumulating silver coin, based upon our own peculiar ratio, to such an extent, and assuming so heavy a burden to be provided for in any international negotiation, as will require us to make a heavy party to any future monetary conference of nations. It is a significant fact that four of the five countries in the Latin Union mentioned in our coinage act, and arranged within their silver currency, have just completed an agreement among themselves, that no more silver shall be coined by their respective governments, and that the silver already coined and in circulation shall be retained in gold by the country of its coinage. The resort to this expedient by those countries may well attract the attention of those who suppose that the silver supply will be exhausted, in the attempt to circulate upon its merits, all the silver we may coin under the provision of our silver coinage act.

The continued compulsory coinage of silver is insisted upon, are not desisted, because they are in debt, and they should not be so ready of a desire to jeopardize the financial safety of the country, in order that they may cancel their present debts by paying the same in depreciated dollars. Nor would it be forgotten that it is not the rich nor the money-lender alone that must submit to such a readjustment, enforced by the government and their debtors. The pitilessness of the widow and the orphan and the income of helpless beneficiaries of all kinds would be disastrously reduced. The depositors in savings banks and in other institutions which hold in trust the savings of the poor, when their little accumulations are cashed down for a new order of things, would, in their distress, painfully realize the delusion of the promise made to them that plentiful money would improve their condition.

We have now on hand all the silver dollars necessary to supply the present needs of the people and to satisfy those who from sentiment wish to see them in circulation; and if their coinage is suspended, it would be obtained by all who desire them. If the need of more is at any time apparent their coinage may be renewed.

That disaster has not already overtaken us, furnishes no proof that danger does not exist upon a continuation of the present silver coinage. We have been saved by the most careful management and unusual expedients, by a combination of the silver coinage, and by a confident expectation that the coinage of the government in regard to silver coinage would be speedily changed by the action of Congress.

Prosperity hesitates upon our threshold because of the dangers and uncertainties surrounding this question. Capital timidly shrinks from trade, and investors are unwilling to take the chance of the questionable shape in which their money will be returned to them, while enterprise laments at a risk against which care and sagacious management do not protect.

As a necessary consequence labor lacks employment, and suffering and distress are visited upon a portion of our fellow-citizens especially entitled to the careful consideration of those charged with the duties of legislation. No interest approved to be so strongly for a safe and stable currency as the vast army of unemployed.

I recommend the suspension of the compulsory coinage of silver dollars directed by the law passed in February, 1878.

THE WAR DEPARTMENT.

The report of the secretary of war is herewith submitted. The attention of Congress is invited to the detailed account which it contains of the administration of his department, and his recommendations and suggestions for the improvement of the service.

The army consisted, at the date of the last consolidated returns, of 2,154 officers, and 24,705 enlisted men. The expenses of the department for the fiscal year ended June 30, 1885, including \$13,364,394.69 for public works, and river and harbor improvements were \$45,500,662.54.

Beside the troops which were dispatched in pursuit of the small bands of Indians who left their reservation in Arizona and committed murders and outrages, two regiments of cavalry and one of infantry were sent last July to the Indian Territory, to prevent an outbreak which seemed imminent. They remained to aid, if necessary, in the expulsion of intruders upon the reservation, who seemed to have caused the discontent among the Indians, but the Executive proclamation warning them to remove was complied with without their interference.

Troops were also sent to Rock Springs, in Wyoming Territory, after the massacre of Chinese there, to prevent further disturbances; and afterwards to Seattle, in Washington Territory, to avert a threatened attack upon Chinese laborers and domestic violence there. In both cases the mere presence of the troops had the desired effect.

It appears that the number of desertions have diminished, but that during the last fiscal year they numbered 2,927; and one instance is given by the lieutenant-general of sins committed by the same recruit. I am convinced that this number of desertions can be much diminished by better discipline and treatment, but the punishment should be increased for repeated offenses. These desertions might also be reduced by lessening the term of enlistments, thus allowing a discharged recruit to contemplate a nearer discharge and the army a probable reinforcement. After one term of service a reenlistment would be quite apt to secure a contented recruit and a good soldier.

The acting judge-advocate-general reports that the number of trials by general courts-martial during the year was 4,328, and that 11,831 trials took place before garrison and regimental courts-martial. The suggestion that probably more than half the army have been tried for offenses, great and small, in the year, may well excite attention, and course many of these trials before garrison