

First Annual Report of Secretary Manning.

Receipts and Expenditures—Silver and Tariff Questions.

The annual report of the secretary of the treasury embraces fifty-eight pages of printed matter, and is accompanied by a special report of fifty-six pages on the collection of customs duties.

The ordinary revenues of the government for the fiscal year 1885 were \$320,000,000, and the ordinary expenditures (including sinking fund, \$45,000,000) were \$305,830,970, leaving a surplus of \$14,169,030. As compared with the preceding year there was a decrease of \$24,822,163 in revenue and an increase of \$16,100,000 in expenditures.

The estimated revenue of the year 1886 are \$315,000,000, and the estimated expenditures, including sinking fund, \$309,750,000. For the year 1877, the revenue was \$245,000,000, and the revenue remaining at \$215,000,000, and the expenditures reaching \$230,500,000.

This estimated increase of \$49,000,000 in expenditures, and \$100,000,000 in revenue, is the balance in the treasury of assets over liabilities has been increased \$58,000,000 since March 1, 1885, of which \$20,000,000 is silver coin, \$10,000,000 gold coin, and \$28,000,000 legal tender notes.

Eighteen months ago the secretary's report gave to the theoretical and historical discussion of the silver question. The secretary argues that the continued coinage of silver dollars by arbitrary law, and the consequent demand for such dollars must eventually make the United States a silver mono-metallic nation, and put us out of harmony with the commercial world, and tend to depress the price of our products.

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and regimental courts-martial were for offences among privates, and there should, I think, be no long period of these proceedings, but a summary and less inconvenient manner than by court-martial.

If some of the proceedings of courts-martial which I have had occasion to examine present the idea of justice which generally prevail in these tribunals, I am satisfied that they should be much reformed, if the honor and the honesty of the army and navy by their instrumentality to be vindicated and protected.

The board on fortification or other defenses appointed in pursuance of the provisions of the act of Congress approved March 3, 1885, will report in a few days, and it is hoped that this may greatly aid the legislation so necessary to remedy the defenseless condition of our sea coasts.

There should be a general law of Congress prohibiting the construction of bridges over navigable waters in such manner as to obstruct navigation, with provisions for preventing the same. It seems that under existing statutes the government cannot intervene to prevent such a construction when entered upon without its consent, though when such consent is asked and granted upon condition, the authority to insist upon such condition is denied. Thus it is represented that while the officers of the government are with great care guarding against the obstruction of navigation by a bridge across the Mississippi river at St. Paul, a large pile of bridges has been built just below this place directly in the navigable channel of the river.

If such things are to be permitted a strong argument is presented against the appropriation of large sums of money to improve the navigation of this and other important high-ways of commerce.

THE NAVY. The report of the secretary of the navy gives a history of the operations of his department during the past year, and the work committed to his charge.

He details in full the course pursued by him to protect the rights of the government in respect of certain vessels, and also concerning the dispatch boat Dolphin, claimed to be completed and awaiting the acceptance of the department. No one can fail to be struck by the care and vigilance with which the principles have been insisted upon in the treatment of these subjects, and that whatever controversy has arisen was caused by the exacting nature of the compensation contract obligations as they were legally construed. In the case of the Dolphin, with entire justice to the contractor, an agreement has been entered into providing for the complete or partial compliance with the contract in her construction, and further providing for the assessment of any damages to which the government might be liable by the completion of a partial compliance with the contract, or the payment of the sum still remaining unpaid upon her price, in case a full performance is adjudged. The contractor, by reason of these provisions, is not to be held liable to complete the other three vessels, they were taken possession of by the government in their unfinished state under a clause in the contract permitting such a course, and are now being completed by the contractor, but under the supervision of the navy department.

Congress at its last session authorized the construction of two additional new cruisers, and two gunboats, at a cost not exceeding in the aggregate \$2,000,000. The appropriation for this purpose having become available on July 1 last, steps were at once taken for the procurement of such vessels, and the construction of these vessels as would be likely to insure their usefulness when completed. These are of the utmost importance, considering the constant advance in the art of building iron-hulled vessels, and the progress of the lost which is spent in their careful consideration and selection.

All must admit the importance of an effective navy to a nation like ours, having such an extensive coast, and being so near to a power that have not a single vessel of war that could keep the seas against a first-class vessel of any important power. Such a condition ought not longer to continue. The nation that cannot protect its coast is constantly exposed to it. Its foreign policy is of necessity weak, and its negotiations are conducted with disadvantages, because it is not in condition to enforce the terms dictated by its sense of right.

Inspired as I am by the hope, shared by all patriotic citizens, that the day is not very far distant when our navy will be such as befits our standing among the nations, and that we shall be able to take every step that leads in the direction of such a consummation, I deem it my duty to especially direct the attention of Congress to the views of the report of the secretary of the navy, and to the humiliating weakness of the present organization of his department is exhibited, and the startling abuses and waste of its present methods are exposed. The construction of a navy is a matter of mathematical demonstration, that before we proceed further in the restoration of a navy we need a thoroughly reorganized navy department. The fact that within a few years more than \$75,000,000 have been spent in the construction, repair, equipment, and armament of vessels, and the further fact that, instead of an effective and creditable fleet, we have a collection of half-rotten hulks, and that the cost of maintaining our vessels, added to the disclosures now made, do not permit us to doubt that every attempt to revive our navy has this far, for the most part, been nullified, and that the efforts in that direction have been little better than blind groping and expensive, aimless follies.

Unquestionably if we are content with the maintenance of a navy of the present type, a shabby ornament to the government, a constant watchfulness may prevent some of the scandal and abuse which have found their way into our present organization, and its inevitable waste of money, and the minimum. But if we desire to build ships for present usefulness instead of naval reminders of the days that are past, we must have a different organization, and the work, supplied with all the talent and ingenuity our country affords, prepared to take advantage of the experience of other nations, systematized so that all effort shall be directed to the construction of a navy, imbued with the conviction that war vessels, though new, are useless unless they combine all that the ingenuity of man has up to this day brought forth relating to their construction.

I earnestly commend the portion of the secretary's report devoted to this subject to the attention of Congress, in the hope that his suggestions touching the reorganization of his department may be adopted as the first step toward the reconstruction of our navy.

THE POSTAL SERVICE. The affairs of the postal service are exhibited by the report of the postmaster-general, which will be laid before you.

The postal revenue, which has gained upon the rising prosperity of 1882 and 1883, outstripped the increasing expenses of our growing service, was checked by the reduction in the rate of letter postage, which took effect with the beginning of October in the latter year; and it diminished during the two past fiscal years \$2,700,000 in about \$25,000,000 in 1883, and \$20,000,000 in 1884 to \$20,000,000 in 1885. Rural growth and development have meantime increased expenditure, resulting in a deficiency in the revenue to meet the expenses of the department of five and a quarter million dollars for the year 1884, and eight and a third million for the last fiscal year. The anticipated and natural revival of the revenue has been oppressed and retarded by the unfavorable business condition of the country, of which the postal service is a faithful indicator. The gratifying fact is shown, however, by the report, that our returning prosperity is marked by a gain of \$20,000,000 in the revenue of the latter half of the last year over the corresponding period of the preceding year.

The change in the weight of first-class matter which may be carried for a single rate of postage, from a half ounce to an ounce, and the reduction by one-half of the rate of newspaper postage, which took effect in the latter year, began with the current year, will operate to restrain the augmentation of receipts which otherwise might have been expected, to such a degree that the scale of etc.

may gain upon the revenue and cause an increased deficiency to be shown at its close. Of few so long periods of reduced property, by proper economy it is confidently anticipated that even the present low rate, now as favorable as any country affords, will be adequate to sustain the cost of the service.

The operation of the post-office department is for the convenience and benefit of the people, and the method by which they pay the charges of this useful arm of their public service, so that it be just and impartial is of less importance than the economy of its expenditure of the means they provide for its maintenance and the due improvement of its agencies, so that they may enjoy its highest usefulness. A proper attention has been given to the revision of rates or extravagance, and good results appear from the report to have already been accomplished.

I approve the recommendation of the postmaster-general to reduce the charge on letters from eight to five cents. This change will materially aid those of our people who most of all avail themselves of this instrumentality, the great element of comfort and the greatest importance. With this reduction the system will still remain self-supporting.

The free-delivery system has been extended to the operation of additional cities during the year, and 178 now enjoy its conveniences. Experience has commended it to those who enjoy its benefits, and further enlargement of its facilities is due to other communities which have not availed themselves of its advantages. It has been established, taken together, the local postage exceeds its maintenance by nearly \$1,300,000. The limit to which this system is now confined by law has been nearly reached, which is proposed.

It was decided, with my approval, after a sufficient examination, to be inexpedient for the post-office department to accept the offer of our foreign mails under the additional authority given by the last Congress. The amount limited was inadequate to pay all within the purview of the law the full rate of fifty cents per mile, and it would have been unjust and unwise to have given it to so and denied it to others. Nor could contracts have been let under the law to all at a rate to have brought the aggregate charges made to private persons for services rendered by the mails, and the general principle of praiseworthy terms as would have violated it.

The rate of sea and inland postage, which was proffered under another statute, clearly appears to be a compensation for the service, being three times the price necessary to secure transportation by other vessels upon any route, and much beyond the charges made to private persons for services rendered by the mails, and the general principle of praiseworthy terms as would have violated it.

Some of the steamship companies, upon the refusal of the postmaster-general to attempt, by the means provided, the distribution of the same, appear as an excuse for the refusal to throw the responsibility of their vessels and thereby occasioned slight inconvenience, though no considerable injury, the mails having been dispatched by other means.

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claim the public land should be remedied; and if the plan above suggested is not practicable, some other should be devised.

THE INDIANS. The report of the secretary of the interior, containing an account of the operations of this important department, and much interesting information will be submitted for your consideration.

The most intricate and difficult subject in charge of this department is the treatment and management of the Indians. I am satisfied that some progress may be noted in their country with the revision of laws and regulations of the present laws and regulations for their control.

But it is submitted that there is lack of a fixed purpose or policy on this subject which is the worst of all. It is useless to dilate upon the wrongs of the Indians, and as useless to indulge in the heartless belief that because their wrongs are revented in their own manner, therefore they should be exterminated.

They are within the care of our government, and their rights are, or should be, protected from invasion by the most solemn obligations of the government. With this reduction the system will still remain self-supporting.

The free-delivery system has been extended to the operation of additional cities during the year, and 178 now enjoy its conveniences. Experience has commended it to those who enjoy its benefits, and further enlargement of its facilities is due to other communities which have not availed themselves of its advantages. It has been established, taken together, the local postage exceeds its maintenance by nearly \$1,300,000. The limit to which this system is now confined by law has been nearly reached, which is proposed.

It was decided, with my approval, after a sufficient examination, to be inexpedient for the post-office department to accept the offer of our foreign mails under the additional authority given by the last Congress. The amount limited was inadequate to pay all within the purview of the law the full rate of fifty cents per mile, and it would have been unjust and unwise to have given it to so and denied it to others. Nor could contracts have been let under the law to all at a rate to have brought the aggregate charges made to private persons for services rendered by the mails, and the general principle of praiseworthy terms as would have violated it.

Some of the steamship companies, upon the refusal of the postmaster-general to attempt, by the means provided, the distribution of the same, appear as an excuse for the refusal to throw the responsibility of their vessels and thereby occasioned slight inconvenience, though no considerable injury, the mails having been dispatched by other means.

After over the rule and the law have been submitted, and the contractor, by reason of these provisions, is not to be held liable to complete the other three vessels, they were taken possession of by the government in their unfinished state under a clause in the contract permitting such a course, and are now being completed by the contractor, but under the supervision of the navy department.

Congress at its last session authorized the construction of two additional new cruisers, and two gunboats, at a cost not exceeding in the aggregate \$2,000,000. The appropriation for this purpose having become available on July 1 last, steps were at once taken for the procurement of such vessels, and the construction of these vessels as would be likely to insure their usefulness when completed. These are of the utmost importance, considering the constant advance in the art of building iron-hulled vessels, and the progress of the lost which is spent in their careful consideration and selection.

All must admit the importance of an effective navy to a nation like ours, having such an extensive coast, and being so near to a power that have not a single vessel of war that could keep the seas against a first-class vessel of any important power. Such a condition ought not longer to continue. The nation that cannot protect its coast is constantly exposed to it. Its foreign policy is of necessity weak, and its negotiations are conducted with disadvantages, because it is not in condition to enforce the terms dictated by its sense of right.

Inspired as I am by the hope, shared by all patriotic citizens, that the day is not very far distant when our navy will be such as befits our standing among the nations, and that we shall be able to take every step that leads in the direction of such a consummation, I deem it my duty to especially direct the attention of Congress to the views of the report of the secretary of the navy, and to the humiliating weakness of the present organization of his department is exhibited, and the startling abuses and waste of its present methods are exposed. The construction of a navy is a matter of mathematical demonstration, that before we proceed further in the restoration of a navy we need a thoroughly reorganized navy department. The fact that within a few years more than \$75,000,000 have been spent in the construction, repair, equipment, and armament of vessels, and the further fact that, instead of an effective and creditable fleet, we have a collection of half-rotten hulks, and that the cost of maintaining our vessels, added to the disclosures now made, do not permit us to doubt that every attempt to revive our navy has this far, for the most part, been nullified, and that the efforts in that direction have been little better than blind groping and expensive, aimless follies.

Unquestionably if we are content with the maintenance of a navy of the present type, a shabby ornament to the government, a constant watchfulness may prevent some of the scandal and abuse which have found their way into our present organization, and its inevitable waste of money, and the minimum. But if we desire to build ships for present usefulness instead of naval reminders of the days that are past, we must have a different organization, and the work, supplied with all the talent and ingenuity our country affords, prepared to take advantage of the experience of other nations, systematized so that all effort shall be directed to the construction of a navy, imbued with the conviction that war vessels, though new, are useless unless they combine all that the ingenuity of man has up to this day brought forth relating to their construction.

I earnestly commend the portion of the secretary's report devoted to this subject to the attention of Congress, in the hope that his suggestions touching the reorganization of his department may be adopted as the first step toward the reconstruction of our navy.

THE POSTAL SERVICE. The affairs of the postal service are exhibited by the report of the postmaster-general, which will be laid before you.

The postal revenue, which has gained upon the rising prosperity of 1882 and 1883, outstripped the increasing expenses of our growing service, was checked by the reduction in the rate of letter postage, which took effect with the beginning of October in the latter year; and it diminished during the two past fiscal years \$2,700,000 in about \$25,000,