

Value of their products. And yet for many of the necessities and comforts of life, which the most scrupulous economy enables them to bring into their homes, and for their implements of husbandry, they are obliged to pay a price largely increased by an unnatural profit which, by the action of the government, is given to the more favored manufacturer. I recommend that, keeping in view all these considerations, the increasing and unnecessary surplus of national income annually accumulating be released to the people by an amendment to our revenue laws which shall cheapen the price of the necessities of life and give freer entrance to such imported materials as by American labor may be manufactured into marketable commodities. Nothing can be accomplished, however, in the direction of this much needed reform, unless the subject is approached in a patriotic spirit of devotion to the interests of the entire country and with a willingness to yield something for the public good.

THE COINAGE.

During the fiscal year ended June 30, 1889, there were coined under the compulsory silver coinage act of 1878 29,838,908 silver dollars, and the cost of the silver used in such coinage was \$23,448,900.01. There had been coined up to the close of the previous fiscal year under the provisions of the law 203,882,754 silver dollars, and on Dec. 1, 1888, the total amount of such coinage was \$247,131,549. The director of the mint reports that at the time of the passage of the law of 1878 directing this coinage, the intrinsic value of the dollars thus coined was 94 1/2 cents each, and that on July 31, 1888, the price of silver reached the lowest stage ever known, so that the intrinsic or bullion price of our standard silver dollar at that date was less than seventy-two cents. The price of silver on Nov. 30 last was such as to make these dollars intrinsically worth seventy-eight cents each. These differences in value of the coins represent the fluctuations in the price of silver, and they certainly do not indicate that compulsory coinage by the government enhances the price of that commodity or secures uniformity in its value. Every fair and legal effort has been made by the treasury department to distribute this currency among the people. The withdrawal of United States treasury notes of small denominations, and the issuing of small silver certificates have been resorted to in the endeavor to accomplish this result in obedience to the will and sentiments of the representatives of the people in the congress. On the 27th day of November, 1888, the people held of these coins, or certificates representing them, the nominal sum of \$188,873,041, and we still had \$79,464,545 in the treasury—as against about \$142,894,055 so in the hands of the people and \$72,895,570 remaining in the treasury one year ago. The director of the mint again urges the necessity of more vault room for the purpose of storing these silver dollars which are not needed for circulation by the people. I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage; and I again urge its suspension on all the grounds contained in my former recommendation, reinforced by the significant increase of our gold exportations during the last year, as appears by the comparative statement herewith presented, and for the further reasons that the more this currency is distributed among the people the greater becomes our duty to protect it from disaster; that we now have abundance for all our needs, and that there seems but little propriety in building vaults to store such currency when the only pretense for its coinage is the necessity of its use by the people as a circulating medium.

DEPARTMENT OF JUSTICE.

The conduct of the department of justice for the last fiscal year is fully detailed in the report of the attorney general, and I invite the earnest attention of the congress to the same and due consideration of the recommendations therein contained. In the report submitted by this officer to the last session of the congress he strongly recommended the erection of a penitentiary for the confinement of prisoners convicted and sentenced in the United States courts; and he repeats the recommendation in his report for the last year. This is a matter of very great importance and should at once receive congressional action. With prisons under its own control, the government could deal with the somewhat vexed question of convict labor, so far as its convicts were concerned, according to a plan of its own adoption, and with due regard to the rights and interests of our laboring citizens, instead of sometimes aiding in the operation of a system which causes among them irritation and discontent. Upon consideration of this subject it might be thought wise to erect more than one of these institutions, located in such places as would best subserve the purposes of convenience and economy in transportation. I again urge a change in the federal judicial system to meet the wants of the people and obviate the delays necessarily attending the present condition of affairs in our courts.

THE PUBLIC DOMAIN.

The recommendations of the secretary of the interior and the commissioner of the general land office looking to the better protection of public lands and of the public surveys, the preservation of national forests, the adjudication of grants to states and corporations and of private land claims, and the increased efficiency of the public land service are commended to the attention of congress. To secure the widest distribution of public lands in limited quantities among settlers for residence and cultivation and thus make the greatest number of individual homes was the primary object of the public land legislation in the early days of the republic. This system was a simple one.

It was soon, however, found that the object of the laws was perverted under the system of cash sales, from a distribution of land among the people to an accumulation of land capital by wealthy and speculative persons. To check this tendency a preference right of purchase was given to settlers on the land, a plan which culminated in the general pre-emption act of 1841. The foundation of this system was actual residence and cultivation. Twenty years later the homestead law was devised to more surely place actual homes in the possession of actual cultivators of the soil. The land was given without price, the sole condition being residence, improvement

and cultivation. But in later years these laws through vicious administrative methods and under changed conditions of communication and transportation, have been so evaded and violated that their beneficent purpose is threatened with entire defeat. The rapid appropriation of our public lands without bona fide sentiments or cultivation, and not only without intention of residence, but for the purpose of their aggregation in large holdings, in many cases in the hands of foreigners, invites the serious and immediate attention of the congress. I recommend the repeal of the pre-emption and timber culture acts, and that the homestead laws be so amended as to better secure compliance with their requirements of residence, improvement, and cultivation for the period of five years from the date of entry, without continuation or provision for speculative relinquishment. I also recommend the repeal of the desert-land laws unless it shall be the pleasure of the congress to so amend these laws as to render them less liable to abuse.

The removal of the fences still remaining which inclose public lands will be enforced with all the authority and means with which the executive branch of the government is or shall be invested by the congress for that purpose.

THE NATIONAL DEBT.

The sum paid upon the public debt during the fiscal year ended June 30, 1889, was \$44,551,043.36.

During the twelve months ended Oct. 31, 1888, 3 per cent. bonds were called for redemption amounting to \$137,283,100, of which \$80,643,200 was so called to answer the requirements of the law relating to the sinking fund and \$46,639,900 for the purpose of reducing the public debt by application of a part of the surplus in the treasury to that object. Of the bonds thus called \$102,299,450 became subject under such calls to redemption prior to Nov. 1, 1888. The remainder, amounting to \$35,013,650, matured under the calls after that date.

In addition to the amount subject to payment and cancellation prior to Nov. 1, there were also paid before that day certain of these bonds, with the interest thereon,

amounting to \$5,073,350, which were anticipated as to their maturity, of which \$3,004,850 had not been called. Thus \$107,341,800 had been actually applied prior to Nov. 1, 1888, to the extinguishment of our bonded and interest bearing debt, leaving on that day still outstanding the sum of \$1,153,443,112.

THE POSTAL SERVICE.

The affairs of the postal service show marked and gratifying improvement during the past year. The reduction of the rate of letter postage in 1888, rendering the postal revenues inadequate to sustain the expenditures, and business depression also contributing, resulted in an excess of cost for the fiscal year ended June 30, 1888, of eight and one-third millions of dollars. An additional check upon receipts by doubling the measure of weight in rating sealed correspondence and diminishing one-half the charge for newspaper carriage, was imposed by legislation which took effect with the beginning of the past fiscal year; while the constant demand of our territorial development and growing population, for the extension and increase of mail facilities and machinery, necessitates steady annual advance in outlay; and the careful estimate of a year ago upon the rates of expendable then existing, contemplated the unavoidable augmentation of the deficiency in the last fiscal year by nearly \$2,000,000. The anticipated revenue for the last year failed of realization by about \$94,000, but proper measures of economy have so satisfactorily limited the growth of expenditures that the total deficiency, in fact, fell below that of 1885. At the close of the last fiscal year the expense of transportation on star routes stood at an annual rate of cost less by over \$600,000 than at the close of the previous year, and steamboat and mail messenger service at nearly \$200,000 less. The service has been in the meantime enlarged and extended by the establishment of new offices, increase of routes of carriage, expansion of carrier delivery conveniences and additions to railway mail facilities, in accordance with the growing exigencies of the country and the long established policy of the government. The differences which arose during the year with certain of the steamship companies have terminated by the acquiescence of all in the policy of the government approved by the congress in the postal appropriation at its last session; and the department now enjoys the utmost service afforded by all vessels which sail from our ports upon either ocean—a service generally adequate to the needs of our intercourse. Petitions have, however, been presented to the department by numerous merchants and manufacturers for the establishment of a direct service to the Argentine republic and for semi-monthly dispatches to the empire of Brazil; and the subject is commended to your consideration. I suggest that as distinguished from a grant or subsidy for the mere benefit of any line of trade or travel, whatever outlay may be required to secure additional postal service, necessary and proper and not otherwise attainable, should be regarded as within the limit of legitimate compensation for such service. The extension of the free delivery service as suggested by the postmaster general has heretofore received my sanction, and it is to be hoped a suitable enactment may soon be agreed upon. The request for an appropriation sufficient to enable the general inspection of fourth class offices has my approbation.

PENSIONS.

The report of the commissioner of pensions contains a detailed and most satisfactory exhibit of the operations of the pension bureau during the last fiscal year. The amount of work done was the largest in any year, since the organization of the bureau; and it has been done at less cost than during the previous year in every division. On the 30th day of June, 1888, there were 356,783 pensioners on the rolls of the bureau. Since that time there have been 1,078,735 applications for pensions filed, of which 18,894 were based upon service in the war of 1812. There were 61,751 of these applications allowed, including 60,178 to the soldiers of 1812 and their widows. The total amount paid for pensions since 1861 is \$388,054,811.57. The number of new pensions allowed during the year ended June 30, 1888, is 40,157—a larger number than has been allowed in any year save one since 1861; the names of 7,329 pensioners which had been previously dropped from the rolls were restored during the year, and after deducting those dropped within the same time for various causes, a net increase remains for the

year of 20,725 names. From Jan. 1, 1861, to Dec. 31, 1888, 1,907 private pension acts had been passed. Since the last mentioned date, and during the last session of the congress, 644 such acts became laws. It seems to me that no one can examine our pension establishment and its operations without being convinced that through its instrumentality justice can be very nearly done to all who are entitled under present laws to the pension bounty of the government. But it is undeniable that cases exist, well entitled to relief, in which the pension bureau is powerless to aid. The really worthy cases of this class are such as only lack by misfortune the kind of quantity of proof which the rigid regulations of the bureau require, or which, though their merit is apparent, for some other reason cannot be justly dealt with through general laws. These conditions fully justify application to the congress and special enactments. But resort to the congress for a special pension act to override the deliberate and careful discretion of the pension bureau on the merits or to secure favorable action upon the claim, cannot be expected under the most liberal execution of general laws. It must be admitted, upon the door to the allowance of questionable claims and presents to the legislative and executive branches of the government applications concededly not within the law and plainly devoid of merit, but surrounded by sentiment and patriotic feeling that they are hard to resist. I suppose it will not be denied that many claims for pension are made without merit and that many have been allowed upon fraudulent representations. This has been declared from the pension bureau, not only in this but in prior administrations. The American people, with a patriotic and grateful regard for our ex-soldiers—two broad and too sacred to be monopolized by any special advocates—are not only willing but anxious that equal and exact justice should be done to all honest claimants for pensions. In their sight the friendless and destitute soldier, dependent on public charity, if otherwise entitled, has precisely the same right to share in the provision made for those who fought their country's battles as those better off through friends and influence, to push their claims. Every pension that is granted under our present plan upon any other grounds than actual service and injury or disease incurred in such service, and every instance of the many in which pensions are increased on other grounds than the merits of the claim, work an injustice to the brave and crippled, but poor and friendless soldier, who is entirely neglected or who must be content with the smallest sum allowed under general laws. There are far too many neighborhoods in which are found glaring cases of inequality of treatment in the matter of pensions; and they are largely due to a yielding in the pension bureau to the importunity of the part of those, other than the pensioner, who are especially interested, or they arise from special acts passed for the benefit of individuals. The men who fought side by side should stand side by side when they participate in a grateful nation's kind remembrance. Every consideration of fairness and justice to our ex-soldiers, and the protection of the patriotic instinct of our citizens from perversion and violation, point to the adoption of a pension system broad and comprehensive enough to cover every contingency, and which shall make unnecessary an objectionable volume of special legislation. As long as we adhere to the principle of granting pensions for service, and disability as the result of the service, the allowance of pensions should be restricted to cases presenting these features. Every patriotic heart responds to a tender consideration for those who, having served their country long and well, are reduced to destitution and dependence, not as an incident of their service, but with advancing age or through sickness or misfortune. We are all tempted by the contemplation of such a condition to supply relief, and are often impatient of the hindrance of public duty. Yielding to no one in the desire to indulge this feeling of consideration, I cannot rid myself of the conviction that if these ex-soldiers are to be relieved they and their cause are entitled to the benefit of an enactment, under which relief may be claimed as a right, and that such relief should be granted and under the sanction of law, not in evasion of it; nor should such worthy objects of care, all equally entitled, be permitted to the unequal operation of sympathy or the tender mercies of social and political influence within their unjust discriminations.

The discharged soldiers and sailors of the country are our fellow-citizens, and interested with us in the passage and faithful execution of wholesome laws. They cannot be estranged from their duty of citizenship by artful appeals to their spirit of brotherhood born of common peril and suffering, nor will they, exact as a test of devotion to their welfare a willingness to neglect public duty in their behalf.

THE PATENT OFFICE.

On the 4th of March, 1888, the current business of the patent office was, on an average, five and a half months in arrears, and in several divisions more than twelve months behind. At the close of the last fiscal year such current work was but three months in arrears, and it is earnestly to be hoped that in the next few months the delay in obtaining an examination of an application for a patent will be but nominal. The number of applications for patents during the last fiscal year, including reissues, designs, trademarks and labels, equa to 4,678, which is considerably in excess of the number received during any preceding year. The receipts of the patent office during the year aggregated \$1,985,166.80, enabling the office to turn into the treasury a surplus revenue, over and above all expenditures, of about \$162,710.30. The number of patents granted during the last fiscal year, including reissues, trademarks, designs and labels, was 25,619—a number which quite largely exceeds that of any preceding year. The part of the commissioner shows the office to be in a prosperous condition and constantly increasing in its business. No increase of fees is asked for. The amount estimated for the fiscal year ending June 30, 1889, was \$890,764. The amount estimated for the year ending June 30, 1887, was \$853,160. The amount estimated for the fiscal year ending June 30, 1888, is \$778,770.

PACIFIC RAILROADS.

The secretary of the interior suggests a change in the plan for the payment of the indebtedness of the Pacific subsidized roads to the government. His suggestion has the unanimous endorsement of the persons selected by the government to act as directors of these roads and I protect the interests of the United States in the board of directors. In considering the plan proposed the sole matters which should be taken into account, in my opinion, are the situation of the government as a creditor, and the surest way to secure the payment of the principal and interest of its debt. By a recent decision of the supreme court of the United States it has been adjudged that the laws of the several states are inoperative to regulate rates of transportation on railroads, if such regulations interfere with the rate of carriage from one state into another. This important field of control and regulation having been thus left entirely unoccupied, the expediency of federal action upon the subject is worthy of consideration.

CAPITAL AND LABOR.

The relations of labor to capital and of laboring men to their employers are of the utmost

concern to every patriotic citizen. When these are strained and distorted, unjustifiable claims are apt to be insisted upon by both interests, and in the controversy which results the welfare of all and the prosperity of the country are jeopardized. Any intervention of the general government, within the limits of its constitutional authority, to avert such a condition should be willingly accorded. In a special message transmitted to the congress at its last session I suggested the enlargement of our present labor bureau and adding to its present functions the power of arbitration in cases where differences arise between employer and employed. When these differences reach such a stage as to result in the interruption of commerce between the states, the application of this remedy by the general government might be regarded as entirely within its constitutional powers. And I think we might reasonably hope that such arbitrators, if carefully selected and if entitled to the confidence of the parties to be affected, would be voluntarily called upon by the settlement of controversies of great extent and not necessarily within the domain of federal regulation. I am of the opinion that this suggestion is worthy the attention of the congress. But after all has been done by the passage of laws, either federal or state, to relieve a situation full of solicitude, much more remains to be accomplished by the reinstatement and cultivation of a true American sentiment which recognizes the equality of American citizenship. This in the light of our traditions and in loyalty to the spirit of our institutions, would teach that a hearty co-operation on the part of all interests is the surest path to national greatness and the happiness of all our people, that capital should, in the brotherhood of our citizenship and in a spirit of American fairness, generously accord to labor its just compensation and consideration, and that contented labor is capital's best protection and faithful ally. It would teach, too, that the diverse situations of our people are inseparable from our civilization; that every citizen should, in his sphere, be a contributor to the general good; that capital does not necessarily lead to the oppression of labor, and that violent disturbances and disorders alienate from their promoters true American sympathy and kindly feeling.

DEPARTMENT OF AGRICULTURE.

The department of agriculture, representing the oldest and largest of our national industries, is subserving well the purposes of its organization. By the introduction of new subjects of farming enterprises, and by opening new sources of agricultural wealth and the dissemination of early information concerning production and prices, it has contributed largely to the country's prosperity. Through this agency advanced thought and investigation touching the subjects it has in charge should, among other things, be practically applied to the home production of a low cost of articles of food which are now imported from abroad. Such an innovation will necessarily, of course, in the beginning be within the domain of intelligent experiment, and the subject in every stage should receive all possible encouragement from the government.

The interests of millions of our citizens engaged in agriculture are involved in an enlargement and improvement of the results of their labor, and a zealous regard for their welfare should be a willing tribute to those whose productive returns are a main source of our progress and power. The existence of pleuro-pneumonia among the cattle of various states has led to burdensome and in some cases disastrous restrictions in an important branch of our commerce, threatening to affect the quantity and quality of our food supply. This is a matter of such importance and of such far-reaching consequences that I hope it will engage the serious attention of the congress, to the end that such a remedy may be applied as the limits of a constitutional delegation of power to the general government will permit. I recommend to the consideration of the congress the report of the commissioner and his suggestions concerning the interest intrusted to his care.

CIVIL SERVICE REFORM.

The continued operation of the law relating to our civil service has added the most convincing proofs of its necessity and usefulness. It is a fact worthy of note that every public officer who has a just sense of his duty to the state, identifies the value of this reform. Its staunchest friends are found among those who understand best its nature and its warmest supporters are those who are restrained and protected by its requirements. The meaning of such a reform and protection is not appreciated by those who want places under the government, regardless of merit and efficiency, nor by those who insist that the selection for such places should rest upon a proper credential bearing active partisan work. They mean, if public officers, if not their lives, the only opportunity afforded them to attend to public business, and they mean to the good people of the country the better performance of the work of their government. It is exceedingly strange that the scope and nature of this reform are so little understood, and that so many things not included within its plan are called by its name. When civil yields more fully to examination the system will have large additions to the number of its friends. Our civil service reform may be imperfect in some of its details; it may be misunderstood and opposed; it may not always be faithfully applied; its design may sometimes be misapprehended through error or willful intent; it may sometimes be met under the assaults of its enemies or languish under the misguided zeal of impractical friends; but if the people of this country ever submit to the banishment of its underlying principle from the operation of their government, they will abandon the sacred guarantee of the safety and success of our American institutions. I advise for this reform the cheerful and ungrudging support of congress. I renew my commendation made last year that the salaries of the commissioners be made equal to other officers of the government having like duties and responsibilities, and I hope that such reasonable appropriations may be made as will enable them to increase the usefulness of the cause they have in charge.

THE FREEDMEN'S BANK.

I desire to call the attention of the congress to a plain duty which the government owes to the depositors in the Freedmen's Savings and Trust Company. This company was chartered by the congress for the benefit of the freedmen, and the humble of our people, and with the intention of encouraging in them industry and thrift. Most of its branches were presided over by officers holding the commissions and clothed in the uniform of the United States. These and other circumstances reasonably, I think, led these simple people to suppose that the invitation to deposit their hard earned savings in this institution implied an undertaking on the part of their government that their money should be safely kept for them. When this company failed it was liable in the sum of \$1,300,025.20 to 61,131 depositors. Dividends amounting in the aggregate to 63 per cent. have been declared, and the sum called for and paid of such dividends seems to be \$548,191.32. This sum deducted from the entire amount of deposits leaves \$1,017,445.50 still unpaid. Past experience has shown that quite a large part of this sum will not be called for. There are assets still on hand amounting to the estimated sum of \$16,000. I think the remaining 38 per cent. of such of these deposits as have claimants should be paid by the government, upon principles of equity and fairness.

IN CONCLUSION.

After making certain suggestions regarding the management of District of Columbia affairs the president says: In conclusion I earnestly invoke such wise action on the part of the people's legislators as will subserve the public good and demonstrate during the remaining days of the congress, as at present organized, its ability and inclination to so meet the people's needs that it shall be gratefully remembered by an expectant constituency. GROVER CLEVELAND.

WASHINGTON, Dec. 6, 1888.