THE REPUBLICAN.

JUDSON HOLCOMB, CHAS. L. TRACY, } PROPRIETORS.

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"Reasonable taxes, honest expenditures, competent officers, and no stealing." — Harpers Weekly.

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THURSDAY, DECEMBER 7, 1882.

To the exclusion of our usual variety of reading matter, we lay before our readers this week, the full text of the Second Annual Message of President Arthur, read before both Houses of Congress on Monday. The document, although somewhat lengthy, is worthy of and will no doubt receive a careful perusal by our readers.

The great electric storm, it seems, was not due to the aurora, but to the sun. The orb of day has been on a regular spree, so to speak. His face has more than a dozen spots on it, one of which was particularly prominent. We should be all tranquil if only something could be found to knock the spots off the sun.

With the approval of the Postmaster General, Superintendent Thompson, of the Railway Mail Service, on Wednesday decided to admit to the mails as fourth class matter dried prunes, compressed tongue, boned turkey, and other canned meats put up in soldered tin cans, not to weigh over four pounds.

It appears from reliable information that the tea produced in British India furnishes fully thirty per cent. of all the consumption of that article in Great Britain and Ireland. This is a large increase within a few years past. The cause of this change is that the India tea is of better quality than the Chinese or Japanese teas, and less liable to adulteration.

Hon. George B. Loring, Commissianer of Agriculture, has submitted his annual report to the President. The several divisions of his department are shown to be in excellent condition. The statistical division estimates the following as the yield of 1882 in bushels; Corn, 1,635,000,000; wheat, 410,000,000; oats, 470,000,000; barley, 45,000,000; rye, 20,000,000, and buckwheat, 12,000,000.

The organization of the State Senate cannot possibly be conceded to the Democrats without a departure from all sound principles of statesmanship on the part of the Republican members of that body. If the Independent Republicans in the Senate wish to secure a proper voice in the administration of Governor Pattison, they cannot possibly hope to do so by giving the control of the Senate into Democratic hands.

We cannot understand says the *North American* upon what principle it is assumed as a matter of course that Mr. Pattison's successor in the office of City Controller ought to be a Democrat, Mr. Pattison was not elected to that office as a Democrat or by Democratic votes. It was distinctly as a reformer, and by the independent votes of citizens who adhere to the party lines upon all other points. In our judgment the question can be very easily settled by Councils.

The Supreme Court of Pennsylvania, after January 1, 1883, will be composed as follows:—Chief Justice Ulysses Mercur (Rep.), Bradford; Isaac G. Gordon (Rep.), Jefferson; Edward M. Paxon (Rep.), Philadelphia; John Trunkey (Dem.), Venango; James P. Sterret (Rep.), Allegheny; Henry Green (Rep.), Northampton; and Silas M. Clark (Dem.), Indiana. Mercur's term will expire in 1887, Gordon's in 1888 and Paxon's in 1895, so that unless this line of succession is broken by death, inability or resignation, it will be thirteen years before a Democrat again occupies the place of Chief Justice, from which Sharswood retires.

The progress of the electric light is generally believed to be much greater and more rapid in general use for public and private purposes in American cities than in Europe. This is a sad mistake. Reliable accounts show clearly that in London, Paris and Berlin the adoption of the electric light is quite common for the illumination of the main streets and of public buildings and places and of large private business establishments.

A report comes from the Indian Territory, says the *North American*, via Sioux City, Iowa, rather a roundabout route, it must be admitted, that the Creek Indians who fought for the Union are asking for pensions. Viewed in the light of recent revelations in regard to pension peculations, it would seem as if some smart attorney has picked up a batch of dusky claims and proposes to prosecute them. It would be interesting to know just how little of the government's generosity would reach the redskins. It might be difficult to figure it out in dollars and cents.

Pension Commissioner Dudley in preparing the tables for his annual report has made the discovery that there are 1,000,000 ex-soldiers yet living in the United States who have never applied for pension. These men are getting along in years, and disorders contracted in the service are manifesting themselves in pensionable disabilities. The prevalent idea that the pension rolls should be decreasing at this time is, he thinks, erroneous. They are, on the contrary, likely to increase for some years. The annual amount for current payments is now about $55,000,000 exclusive of arrears.

A vein of cheerfulness is seen in two classes of Republicans, notwithstanding the cold wave that struck the party on the 7th—those who bet that Mr. Jadwin would receive a larger vote in Bradford county than Col. Overton, and those who bet that Jadwin would receive a larger vote in Overton's town than Overton would receive in Jadwin's county. The first bet was won by 3,595 to 3,273, and the second by 177 to 104. It makes "prestige" look uncommonly seedy, when a bolting candidate walks away with 73 more votes, in the borough where "prestige" has gone to seed, than "prestige" can command in the bolter's entire county.—*Honesdale Citizen.*

PRESIDENT'S MESSAGE.

WASHINGTON, Dec. 4.

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

It is provided by the constitution that the president shall, from time to time, give congress information of the state of the union, and recommend to their consideration such measures as he shall judge necessary and expedient. In reviewing the events of the year which has elapsed since the commencement of your sessions, I first call your attention to the gratifying condition of our

FOREIGN RELATIONS.

Our intercourse with the other powers has continued to be of a most friendly character. Such slight differences as have arisen during the year have been already settled, or are likely to reach an early adjustment. The arrest of citizens of the United States in Ireland under the recent laws which owe their origin to the disturbed condition of that country, has led to a somewhat extended correspondence with the Government of Great Britain, and a disposition to respect our rights has been practically manifested by the release of the arrested parties.

The claim of this nation in regard to the supervision and control of any inter-oceanic canal across the American isthmus has continued to be the subject of correspondence. It is likely time be more powerful than discussion in removing the divergence between the two nations, whose friendship is so closely cemented by the intimacy of their relations, and the community of their interests.

Our long-established friendliness with Russia has remained unbroken and it has prompted me to proffer the earnest counsel of this government that measures may be adopted for suppressing the persecution which the Hebrew race in that country has lately suffered. It has not transpired that any American citizen has been subjected to arrest or injury; but our courteous remonstrance, nevertheless, has been courteously received. There is reason to believe that the time is not far distant when Russia will be able to secure toleration to all faiths within her borders. At the international conventional, held in Paris in 1880 and attended by representatives of the United States an agreement was reached in respect to the protection of trade-marks, patented articles and the rights of manufacturing firms and corporations; formulating into treaties of recommendations thus adopted it is receiving the attention which it merits. The protection of the sub-marine cables is a subject now under consideration by the international conference at Paris. Believing it is clearly the true policy of this government to favor neutralization in this means of intercourse, I requested our minister to France to attend the convention as a delegate. I also designated two of our eminent scientists to attend as our representatives at the meeting of the international committee at Paris for considering the adoption of a common unit to measure electric force. In view of the frequent occurrence of conferences for the consideration of important matters of common interest to civilized nations, I respectfully suggest that the executive be invested by congress with discretionary power to send delegates to such conventions, and that provision be made to defray the expenses incident thereto.

The difference between the United States and Spain, as to the effect of a judgment and certificate of naturalization, has not yet been adjusted, but it is hoped and believed the negotiations now in progress will result in the establishment to this government of so reasonable and just a measure. I have already called the attention of congress to the fact that in parts of Spain and its colonies onerouf fines have lately been imposed upon vessels of the United States for trivial, technical offences against local regulations. Efforts for the abatement of these exactions have thus far proved unsuccessful. I regret to inform you, also, that the fees demanded by the Spanish consuls in American ports are in some cases so large, when compared with the value of the cargo, as to amount in effect to a considerable export duty, and that remonstrances in this regard have not as yet received the attention they seem to deserve.

The German government has invited the United States to participate in an international exhibition of domestic cattle to be held in Hamburg, in July, 1883. If this country is to be represented it is important that in the early days of this session congress should make a suitable appropriation for that purpose.

The death of Mr. Marsh, our late minister to Italy, has evoked from that government expressions of profound regret for his exalted character and for his honorable career in the diplomatic service of his country. The Italian government has raised a question as to the propriety of recognizing, in his dual capacity, the representative of this country, recently accredited both as secretary of legation and consul-general at Rome. He has been received as secretary, but his exequatur as consul-general has thus far been withheld.

The extradition convention with Belgium, which has been in operation since 1874, has been lately supplanted by another, and the senate has signified its approval and ratifications have been duly exchanged between the contracting countries. To a list of extraditable crimes has been added that of assassination or an attempt at assassination of the chief of state. Negotiations have been opened with Switzerland, looking to a settlement by treaty of the question whether its citizens can renounce their allegiance and become citizens of the United States without obtaining the consent of the Swiss government. I am glad to inform you that the immigration of paupers and criminals from certain cantons of Switzerland has substantially ceased and is no longer sanctioned by the authorities. The consideration of this subject prompts the suggestion that the act of August 3d, 1882, which has for its object the return of foreign convicts to their own country, should be so modified as not to be open to the interpretation that it effects the extradition of criminals on preferred charges of crime.

The Ottoman porte has not yet assented to the interpretation this government has put upon the treaty of 1830, relative to its jurisdictional rights in Turkey. It may be well, however, as this difference will be adjusted by a general revision of the system of the jurisdiction of the United States in the countries of the east, a subject to which your attention has already been called by the secretary of state.

In the interest of justice toward China and Japan I trust the question as to the return of the indemnity fund to the governments of those countries will reach, at the present session, the satisfactory solution which I have already recommended and which has recently been foreshadowed by congressional discussion. The treaty lately concluded with Corea awaits the action of the senate. During the late disturbance in Egypt the timely presence of American vessels served as a protection to the persons and property of many of our own citizens, and to citizens of other countries whose governments have expressed thanks for this assistance.

The recent legislation restricting the immigration of laborers from China, has given rise to the question whether the Chinese, proceeding to or from another country, may lawfully pass through our own. Construing law of May 6th, 1882, with the treaty of November 7th, 1880, the restriction would seem to be limited to Chinese immigrants coming to the United States as laborers, and would not forbid mere transit across our territory. I ask the attention of congress to the subject for such action, if any, as may be deemed advisable.

This government has recently had occasion to manifest its interest in the republic of Liberia, by seeking to aid in amicable settlement of the boundary dispute between that republic and the British possession of Sierra Leone.

The reciprocity treaty with Hawaii will become terminable after September 9, 1883, on twelve months' notice by either party. While certain provisions of that compact may have proved onerous, its existence has fostered commercial relations which it is important to preserve. I suggest, therefore, that early consideration be given to such modifications of the treaty as seem to be demanded by the interests of our people.

In view of our increasing trade with both Hayti and Santo Domingo, I advise that provision be made for diplomatic intercourse with the latter by enlarging the scope of the mission at Port-au-Prince. I regret that certain claims of American citizens against the government of Hayti have thus far been pressed unavailingly.

A recent agreement with Mexico provides for crossing the frontier by armed forces of either country in pursuit of hostile Indians. In my message last year I called attention to the prevalent lawlessness upon the border and to the necessity of legislation for its suppression. I again invite the attention of Congress to the subject. Partial relief from these mischiefs has been sought in a convention which now awaits the approval of the Senate, as does, also, another touching the establishment of the international boundary between the United States and Mexico. If the latter be ratified, the action of Congress will be required for establishing suitable commissions of survey. The boundary dispute between Mexico and Guatemala, which led this government to proffer its friendly counsels to both parties, has been amicably settled.

No change has occurred in our relation with Venezuela. I again invoke your action in the matter of the pending awards against that republic to which reference was made by a special message from the executive at your last session. Invitation has been received from the government of Venezuela to send representatives in July, 1883 to Caracas for participation in the centennial celebration birth of Bolivar, the founder of South American independence. In connection with this event it is designed to to commence the erection, at Caracas, of a statue of Washington and to conduct an industrial exhibition which shall be open to American products. I recommend that the United States be represented and that suitable provision be made therefor.

The elevation of the grade of our mission in Central America to plenipotentiary rank, which was authorized by Congress at its late session, has since been effected. The war between Peru and Bolivia on one side and Chili on the other, began more than three years ago, on the occupation by Chili in 1880 of all the latteral territory of Bolivia. Negotiations for peace were conducted under the direction of the United States.—The allies refused to concede any territory, but Chili has since become master of the whole coast of both countries and the capital of Peru. A year since—as you have already been advised by the correspondence transmitted you in January last—this government sent a special mission to the belligerent powers to express the hope that Chili would be disposed to accept the money indemnity for the expenses of the war, and to relinquish her demand for a portion of the territory of her antagonist. This recommendation which Chili declined to follow, this government did not assume to enforce. Nor can it be enforced without resort to measures which would be in keeping, neither with the temper of our people nor with the spirit of our institutions. The power of Peru no longer extends over its whole territory, and as in the event of our interfence to dictate peace would need to be supplemented by the armies and navies of the United States, such interference would almost inevitably lead to the establishment of a protectorate, a result utterly at odds with our past policy, injurious to our present interests and full of embarassment for the future. For effecting a termination of hostilities upon terms at once just to the victorious nation and generous to its adversaries, this government has spared no efforts to avoid such as might involve the complications which I have indicated. It is greatly to be deplored that Chili seems resolved to enact such rigorous conditions of peace and indemnity as to preclude arbitration the terms of an amicable settlement. No peace is likely to be lasting that is not sufficiently equitable and just to command the approval of other nations. About a year since invitations were extended to the nations of this continent to send representatives to a peace congress to assemble at Washington in November, 1882. The time of this meeting was fixed at a period then remote in the hope that as the invitation itself declared, in the meantime the disturbances between the South American republics would be adjusted. As that expectation seemed unlikely to be realized, I asked, in April last, for an expression of opinion from the two houses of Congress as to the advisability of holding the proposed convention at the time appointed. This action was prompted, in part, by the doubts which mature reflection had suggested whether the diplomatic usage and tradition of the government did not make it fitting that the executive should consult the representatives of the people before pursuing a line of policy somewhat novel in its character and far-reaching in its possible consequences. In view of the fact that no action was taken by Congress in the premises and no provision had been made for the necessary expenses, I subsequently decided to postpone the convocation and so notified the several governments which had been invited to attend. I am unwilling to dismiss this subject without assuring you of my support of any measures the wisdom of Congress may devise for the promotion of peace on this continent and throughout the world, and I trust the time is near when with the universal assent of all civilized peoples all international differences shall be determined without resort to arms by the benignant processes of arbitration.

Changes have occurred in the diplomatic representation of several foreign powers during the past year. New ministers from the Argentine Republic, the republic of Austro-Hungary, Brazil, Chili, China, Japan, France, Mexico, the Netherlands and Russia have presented their credentials. The missions of Denmark and Venezuela at this capital have been raised in grade.—Switzerland has created a plenipotentiary mission to this government, and the embassy from Madagascar and the minister from Siam will shortly arrive. Our diplomatic intercourse has been enlarged by the establishment of relations with the new kingdom of Servia, by the creation of a mission to Siam and by the restoration of a mission to Greece. The shah of Persia has expressed gratification that a charge d'affaires will shortly be sent to that country, where the rights of our citizens have been hitherto courteously guarded by representatives of Great Britain.

MARITIME RECOMMENDATIONS.

I renew my recommendation for such legislation as will place the United States in harmony with other maritime powers with respect to international rules for the prevention of collisions at sea. In conformity with your joint resolution of the 3d of August last, I have directed the secretary of state to address foreign governments in respect to the proposed conference for considering the subject of the universal adoption of a common prime meridian to be used in reconing longitude and in the regulation of time throughout the civilized world.—Their replies will in due time be laid before you.

INTERCHANGE OF INTERNATIONAL DOCUMENTS.

An agreement was reached in Paris, in 1875, between the principal powers for the interchange of official publications through the medium of their respective foreign departments. The admirable system which has been built up by the enterprise of the Smithsonian institution, affords a practical basis for co-operation in this scheme, and an advancement has been effected by which that institution will perform necessary labors under the direction of the department of state. A reasonable compensation therefore should be provided by law.

THE DIPLOMATIC AND CONSULAR SERVICES.

The clause in the act making appropriations for diplomatic and consular services, contemplates the re-organization of both branches of such services on a salaried basis, leaving the fees to inure to the benefit of the treasury. I cordially favor such a project, as likely to correct the abuses in the present system. The secretary of state will present to you at an early date a plan for such a re-organization. A full and interesting exhibit of the operations of the treasury department is afforded by the report of the secretary.

THE YEAR'S REVENUE.

It appears that the ordinary revenues from all sources for the fiscal year ended with June 30, 1882, were as follows: From customs, $220,410,730.55; from internal revenue, $146,497,595.45; from sales of public lands, $475,314,037; from tax on the circulation and deposits of national banks, $8,956,794.45; from repayment of interest by Pacific railway companies, $840,554.37; from the sinking fund for Pacific railway companies, $796,271.42; from customs, fees, fines, penalties, etc., $1,343,348; from fees, consular letters, patents and lands, $2,638,990.97; from the proceeds of sales of government property, $314,959.85; from the profit on the coinage of bullion, deposits and assays, $4,116,613.73; from Indian trust fund, $5,705,243.22; from deposits by individuals for the surveying of public lands, $2,052,306.36; from the revenue of the District of Columbia, $1,715,176.41; from miscellaneous sources, $3,383,445.43; making the total of ordinary receipts, $403,525,250.28.

GOVERNMENT EXPENDITURES.

The ordinary expenditures for the same period, were, for civil expenses, $18,042,386.42; for foreign intercourse, $1,309,583,192; for military establishments, including river and harbor improvements and arsenals, $4,357,049,418; for naval establishments, including vessel machinery and improvements, at the navy yards, $15,032,046.26; for miscellaneous expenditures, including public buildings, lighthouses and the collecting of revenue, $34,539,237.50; for expenditures on account of the District of Columbia, $3,330,542.87; for interest on the public debt, $71,077,306.79, making the total of ordinary expenditure $257,981,439.57, and leaving a surplus revenue of $145,543,810.71, which, with the amount drawn from the cash balance in the treasury of $20,737,694.84, makes a grand total of $166,281,505.55.

REDEMPTION OF BONDS.

There was applied to the redemption of bonds for the sinking fund, $60,679,150; of fractional currency for the sinking fund, $48,703.55; of the loan of July and August, 1861, $62,572,050; of the loan of March, 1863, $4,472,000; of the funded loan of 1881, $37,194,450; of the loan of 1858, $1,000; of the loan of February, 1861, $303,000; of the 5-30s of 1862, $2,100; of the 5-30s of 1864, $7,400; of 5-20s of 1865, $6,500; of 10-40s of 1864, $254,550; of consols of 1865, $86,450; of consols of 1867, $406,250; of consols of 1868, $1,414; of the Oregon war debt, $675,000; of the old demand, compound interest and other notes, $10,350, making a total of $136,481,505.55.

IMPORTS AND EXPORTS.

The foreign commerce of the United States during the last fiscal year, including imports and exports of merchandise and specie was as follows: Exports in merchandise $750,542,257; specie $40,417,479; total $790,959,736; imports in merchandise, $724,639,624; specie $42,472,360; total $767,111,984. The excess in exports over the imports of merchandise reached $25,902,633. The excess is less than it has been before for any of the previous six years, as appears by the following table! For the year ended with June 30th, the excess in export over the imports in merchandise in 1876 was $79,643,481; 1877, 151,152,090; 1878, $257,814,234; 1879, $264,861,666; 1880, $167,683,912; 1881, $259,712,718; 1882, $25,902,633.

NATIONAL BANKS.

During the year there have been organized 171 national banks, and of these institutions there are now in operation 3,299, a larger number than ever before. The value of their notes in active circulation, July 1st 1882, was $324,658,458. I comment to your attention the secretary's views with respect to the likelihood of the serious contraction of this circulation and to the modes by which that result may, in his judgment, be averted.

THE COINAGE OF SILVER.

In respect to the coinage of silver dollars, and the retirement of silver certificates, I have seen nothing to alter, but much to confirm the sentiments, to which I gave expression last year.

A comparison between the respective amounts of silver dollars in circulation Nov. 1, 1881, and Nov. 1, 1882, shows an increase of one million and a half of dollars, but during the interval there had been in the whole number coined, an increase of $26,000,000 of $128,000,000 thus far minted. Little more than $35,000,000 are in circulation. The mass of accumulated coin has grown so great that the vault room at present available, for storage, is scarcely sufficient to contain it. It is not apparent why it is desirable to continue this coinage, now so enormously in excess of the public demand, as to silver certificates. In addition to the ground which seemed last year to justify their retirement, may be mentioned the effect which is likely to ensue from the supply of gold certificates, for whose issuance, Congress recently made a provision, and which are now in actual circulation. You cannot fail to note with interest the discussion by the secretary, as to the necessity of providing by legislation some mode of freeing the treasury of the excess in assets, in the event that congress fails to reach an early agreement for the reduction of taxation. I heartily approve the secretary's recommendation of the immediate and extensive reductions in the annual revenue of the government.

RELIEF FROM UNNECESSARY TAXATION.

It will be remembered that I urged upon the attention of congress at its last session, the importance of relieving the industry and enterprise of the country from the pressure of unnecessary taxation. It is one of the tritest maxims in political economy, that all taxes are burdensome, however wisely and prudently imposed. Though there has always been among our people a marked difference of sentiment as to the best methods of raising the national revenues, and indeed as to the principles upon which taxation should be based, there has been substantial accord in the doctrine that only such taxes ought to be levied as are necessary for a wise and economical administration of the government. If the late public revenues have far exceeded the limit, and unless checked by appropriate legislation such excess will continue to increase from year to year.

THE SURPLUS REVENUES.

For the fiscal year ended with June 30, 1881, the surplus revenue amounted to $100,000,000. For the fiscal year ended with the 30th of June the last surplus was more than $145,000,000. The report of the secretary shows what disposition has been made of these moneys. They have not only answered the requirements of the sinking fund, but have afforded a large balance, applicable to other reductions of the public debt.

THE REDUCTION OF THE NATIONAL DEBT.

But I renew the expression of my conviction that such rapid extinguishment of the national indebtedness, as is now taking place, is by no means a cause for congratulation. It is a cause rather for serious apprehension. If it continues it must specially be followed by one of the evil results so clearly set forth in the report of the secretary. Either the surplus must be idle in the treasury or the government will be forced to buy, at market rates, its bonds not then redeemable, and which, under such circumstances, cannot fail to commend an enormous premium, or the surplus revenue will be devoted to extravagant expenditure, which as experience has taught, is ever the bane of an overflowing treasury.

It was made apparent in the course of an animated discussion which this question aroused at the last session of congress, that the policy of diminishing the revenue by reducing taxation commanded the general approval of the people of both houses. I regret that, because of conflicting views as to the best methods by which that policy should be made operative, no relief for its benefits as yet have been reaped. In fulfillment of what I deem my constitutional duty, but with little hope that I can make a valuable contribution to this vexed question, I shall proceed to intimate briefly my own views in relation to it:

ABOLITION OF INTERNAL REVENUE TAXES.

Upon showing our financial condition at the close of the last fiscal year, I feel justified in recommending to congress the abolition of internal revenue taxes, except those upon tobacco in its various forms, and upon distilled spirits and fermented liquors, and except, also, the special tax on manufacturers and dealers in such articles. I venture now to suggest that, unless it shall be ascertained that the probable expenditures of the government for the coming year have been underestimated, all internal taxes save those which relate to distilled spirits, can be prudently abrogated.

Such a course, if accompanied by a simplication of the machinery of collection, which would then be easy of accomplishment, might be reasonably expected to result in diminishing the cost of such a collection, by at least $2,500,000 and in the retirement from office of from 1,500 to 2,000 persons. The system of excise duties, has never commended itself to the favor of the American people, and has led to no little vexatious espionage upon trade and the treasury, when by reason of special exigencies, the duties on imports have been proved inadequate for the needs of the government.

The sentiment of the country, doubtless, demands that the present exercise tax shall be abolished as soon as such a course can safely be pursued.

TOTAL ABOLITION AN UNWISE STEP.

It seems to me, however, for various reasons, that so sweeping a measure as the total abolition of internal taxes would for the present be an unwise step. Two of these reasons of a character of special mention. First, it is by no means clear, even if the existing system of duties on imports be continued without modification, that duties alone will yield a sufficient revenue to meet all the needs of the government. It is estimated that $100,000,000 will be required for pensions during the coming year, and it may well be doubted, whether the maximum annual demand for that object has yet been reached. The importance of this question, would almost justify in my judgment, the extention, for the present, of that portion of the system of the internal revenue, which is least objectionable to the people. A second total abolition of excise taxes, would almost inevitably prove a serious, if not an insurmountable obstacle to a thorough revision of the tariff, and to any considerable reduction in import duties.

THE TARIFF SYSTEM.

The present tariff system is in many respect unjust. It makes unequal distributions, both of its burdens and its benefits. This fact was practically recognized by the majority of each house of congress in the passage of the act creating the tariff commission. The report of that commission will be placed before you at the beginning of this session, and will, I trust, afford you such information as to the operation of various duties upon various commercial, agricultural, manufacturing, mining and other interests of the country, and contain such suggestions for statutory revision as will practically aid your action in this important subject.

REVENUE FROM CUSTOMS.

The revenues from customs for the fiscal year ending June 30th, 1877, amounted to $137,000,000. It has in the three succeeding years reached first $186,000,000, then one hundred and ninety-eight million dollars, and finally, as has been already stated, two hundred and twenty million dollars. The income from this source for the fiscal year which will end with June 30th, 1883, will doubtless be considerably in excess of the sum last mentioned. If the tax on domestic spirits is to be retained it is plain therefore, that large reductions from customs revenue are entirely feasible. While recommending this reduction I am far from advising, an abandonment of the policy of discriminating in the adjustment of details, as to afford aid and protection to domestic labor. But the present system should be so revised as to equalize the public burden among all classes, and occupations, and bring it into closer harmony with the present needs of industry. Without entering into minute details, which, under the present circumstances, is quite unnecessary, I recommend the enlargement of the free list, so as to include within it, numerous articles which yield inconsiderable revenue for the simplification of the complexion, and a consistent schedule of duties, upon certain articles used or particularly those of cotton, iron and steel and a substantial reduction of the duties upon those articles and upon sugar, molasses, silk, wool and woolen goods.

If a general revision of the tariff shall be found to be impractical at this session, I express the hope that at least some of the more conspicuous inequalities in the present law may be corrected, before your final adjournment. One of them is specially referred to by the secretary. In view of the recent decision of the supreme court, the necessity of amending the law by which duties as to standard of color, be adopted as a test for the saccharine strength of sugars, is too obvious to require comment.

THE WAR DEPARTMENT.

From the report of the secretary of war, it appears that the only outbreak of Indians during the past year occurred in Arizona and in the southwestern part of New Mexico. They were promptly quelled and the quiet which has prevailed in all parts of the country has permitted such an addition to be made to the military force in the region endangered by Apaches, that there is little reason to apprehend trouble in the future.

Those parts of the secretary's report which relate to our sea-coast defenses and armaments, suggest that the existing fortifications are inadequate to the defense of the great harbors and cities, for whose protection they were built. The question of providing an armament, suited to our present necessities, has been the subject of consideration by the board, whose report was transmitted to congress at the last session. Pending the consideration of that report, the war department has taken no steps for the manufacture or conversion of any heavy cannon, but the secretary expresses the hope that authority and means to begin that important work will soon be provided. I invite the attention of congress to the propriety of making more adequate provision for the arming and equipping of militia, than is afforded by the act of 1806, which is still upon the statute books. The matter has already been the subject of discussion in the senate and a bill, which seeks to supply the deficiencies in the existing laws, is now upon its calendar. The secretary of war calls attention to the embarrassment, growing out of the recent act of congress, making a retirement of the officers of the army compulsory at the age of sixty-four years. The act of 1878 is still in force, which limits to 400, the number of those who can be retired for disability, for upon their own application.

These two acts, when construed together, seems to forbid the relieving, even for absolute incapacity of officers who do not fall within the purview of the latter statute, save at such times, as there chance to be less than 400 names on the retired list. There are now 420. It is not likely that congress intended this result, and I concur with the secretary that the law ought to be amended.

THE RIVER AND HARBOR BILL.

The grounds that impelled me to withhold my signature from the bill, entitled an act for making appropriations for the construction repair and preservation of certain works or rivers and harbors, which became a law near the close of your last session, prompt me to express the hope that no similar measure will be deemed necessary during the present session of congress. Indeed such a measure would now be open to serious objection, in addition to that which was lately urged upon your attention. I am informed by the secretary of war that the greater portion of the sum appropriated for various items, specified in that act, remains unexpended. Of the new works, which it authorized, expenses have been incurred upon two only, for which the total appropriation was $210,000. The present available balance is disclosed by the following table: The amount appropriated by the act of August 2d, 1882, was $18,738,875. The amount of the appropriation by the act of June 19th, 1882, was $10,000. The amount of the appropriation for the payments to J. B. Eads was $304,000. The unexpended balance of the former appropriations was $4,738,263, making a total of $23,791,138, and less the amount drawn from the treasury between July 1st, and November 30th, 1882, $6,056,194; Total, $17,754,944. It is apparent by this exhibit, so far as it concerns most of the items to which the act of August 2d, 1872, relates, there can be no need of further appropriations until after the close of the present session. If, however, any action should seem to be necessary in respect to particular objects, it will be entirely feasible to provide for these objects, by appropriate legislation. It is possible, for example, that delay until the assembling of the next congress, to make additional provision for the Mississippi river improvements, might be attended with serious consequences, if such should appear to be the case. A just bill, relating to that subject, would command my approval. This leads me to offer a suggestion, which I trust will commend itself to the wisdom of congress. Is it not advisable that grants for considerable sums of money, for divers independent schemes of internal improvement, should be made the subjects of separate and distinct legislative enactments? It will scarcely be gainsaid, even by those who favor the most liberal expenditure for such purposes, as are sought to be accomplished by what is commonly called the river and harbor bill.

EVILS OF SUCH A BILL.

That the practice of grouping in such a bill appropriations for a great diversity of objects, widely separated either in their nature or in the locality with which they are concerned, or in both, is one which is much to be deprecated unless it is irremediable. It inevitably tends to secure the success of the bill as a whole, though many of the items separately considered could scarcely fail of rejection. By the adoption of the course I have recommended every member of congress whenever an opportunity should arise for giving his influence and vote for meritorious appropriations, would be enabled so to do, without being called upon to sanction others undeserving his approval, and also would the executive be afforded thereby, full opportunity for the exercise of his constitutional prerogative, of opposing whatever appointments seemed to him objectionable, without imperiling the success of others, which commended themselves to his judgment. It may be urged, in opposition to these suggestions, that the number of works of internal improvement, which are justly entitled to governmental aid, is so great as to render impracticable separate appropriation bills therefor, or even for such as comparatively limited number, as make the disposition of large sums of money. This objection may be well founded, and whether it be or not, the advantages which would be likely to ensue from the adoption of the course I have recommended, may perhaps be more effectively attained by another, which I respectfully submit to congress as an alternative proposition.

It is provided by the constitutions of fourteen of our states, that the executive may disapprove any item or items of a bill appropriating money, whereupon a part of the bill approved shall be a law, and the part disapproved, shall fail to become a law, unless repassed according to the provisions prescribed for the passage of the bills over the veto of an executive.

The states wherein the same such provision as the foregoing is a part of the fundamental law, are Alabama, California, Colorado, Florida, Georgia, Louisiana, Minnesota, Missouri, Nebraska, New Jersey, New York, Pennsylvania, Texas, and West Virginia.

I commend to your careful consideration the question whether an amendment to the federal constitution in this particular indicated, would not afford the best remedy for what is often a grave embarrassment both to the members of congress and the executive, and is sometimes a serious public mischief.

THE NAVY DEPARTMENT.

The report of the secretary of the navy states that the movements of the various squadrons during the year in home and foreign waters, where our officers and seamen, and such ships as we possess, have continued to illustrate the high character and excellent disciplines of naval organization.

On the 21st of December, 1881, information was received that the exploring ship Jeannette, had been crushed and abandoned in the Arctic ocean. The officers and crew, after a journey over ice, embarked in three boats for the coast of Siberia. One of the parties, under the command of Chief Engineer George W. Melville, reached land, and, falling in with natives, was saved; another, under Lieutenant Commander DeLong landed in a barren region near the mouth of Lena river, and after six weeks had elapsed, all but two of the number had died from fatigue and starvation. No tidings has been received from the party in the third boat, under the Command of Lieutenant Chipp, but a long and fruitless investigation leaves little doubt that all its members perished at sea. As a slight tribute to their heroism, I give in this communication the names of the gallant men who sacrificed their lives on this expedition: Lieutenant Commander George W. DeLong; Surgeon, James M. Ambler; Jerome J. Collins; Hans Halmer Erechsen; Henrich H. Knacke; George W. Boyo, Walter Lee, Adolph Dressler, Carl A. Gortz, Nelse Iverson, Cook Sam and Indian Alexy.

The officers and men in the missing boat were Lieutenant Charles W. Chipp, commanding, William Dunbar, Alfred Sweetman, Walter Sharvell, Albert C. Kuehne, Edward Star, Henry D. Warren, and Peter E. Johnson. Lieutenant Giles B. Harber, and Master William H. Scheutze, are now bringing home the remains of DeLong and his comrades. In pursuance of the directions of congress, the Rodgers was fitted out for the relief of the Jeannette, in accordance with an act of congress, March 3d, 1881, and sailed from San Francisco June 16th, under the command of Lieutenant Robert M. Berry. On November 30th she was accidentally destroyed by fire, while in winter quarters in St. Lawrence bay, but her officers and crew succeeded in escaping to the shore. Berry and one of his officers, after making a search for the Jeannette along the coast of Siberia, fell in with Melville's party and returned by way of Europe. The other officers and crew of the Rodgers were brought from St. Lawrence bay by the whaling steamer North Star, Master Charles Putnam, who had been placed in charge of the depot of supplies at Cape Serdze. Returning to this port from St. Lawrence bay, across the ice in a blinding snow storm, he was carried out to sea and lost, notwithstanding all the efforts to rescue him.

It appears by the secretary's report that the available naval force of the United States consists of thirty-seven cruisers, fourteen single-turreted monitors, built during the rebellion, with a large number of smooth bore guns and Parrott rifles and eighty-seven rifled cannon. The cruising vessels should be gradually replaced by iron or steel ships; the monitors by modern armored vessels, and their armament by high power rifled guns.

NAVAL RECONSTRUCTION.

The reconstruction of our navy, which was recommended in my last message, was begun by congress authorizing, in a recent act, the construction of two large unarmored vessels of the character recommended by the naval advisory board and subject to its final approval. A new advisory board is to be organized, as provided by that act. I call your attention to the recommendation of the secretary and the board, that authority be given to construct two more cruisers, of smaller dimensions, and one fleet dispatch vessel, and that appropriations be made for high-power rifled cannon, for the torpedo service and for other harbor defences. Pending the consideration by congress of the policy to be hereafter adopted in conducting the eight large navy yards and their expensive establishments, the secretary has advocated a reduction in expenditures therefor to the lowest possible amounts.

For the purpose of affording the officers and seamen of the navy, opportunities for exercise, and discipline in their profession, under appropriate control and direction, the secretary advises that the lighthouse service and coast survey, be transferred, as now organized from the treasury to the navy department, and he also suggests, for reasons which he assigns, that a similar transfer may wisely be made of the cruising revenue vessels. The secretary forcibly depicts the intimate connection and interdependence of the navy and commercial marine and invites attention to the continued decadence of the latter and the corresponding transfer of our growing commerce to foreign bottoms.

This subject is one of the utmost importance to the national welfare, and the methods of reviving American ship building, and restoring the United States flag in the ocean carrying trade, should receive the immediate attention of congress. We have mechanical skill and abundant material for the manufacture of modern iron steamships, in fair competition with our commercial rivals. Our disadvantage in building ships, is the greater cost of labor and in sailing them, higher taxes and greater interests, on capital, while the ocean highways are already monopolized by our formidable competitors. These obstacles should in some way be overcome, and for our rapid communication with foreign lands we should not continue to depend wholly upon vessels built in the yards of other countries and sailing under foreign flags.

With no United States steamer on the principle ocean lines, or in any foreign part, our facilities for extending our commerce are greatly restricted, while nations which build and sail ships and carry mails and passengers obtain thereby conspicuous advantages in increasing their trade.

THE POSTAL SERVICE.

The report of the post-master general gives evidence of the satisfactory condition of that department, and contains many valuable data and accompanying suggestions which cannot fail to be of interest. The information which affords that the receipts for the fiscal year have exceeded the expenditures, must be very gratifying to congress and to the people of the country. As to matters which may fairly claim particular attention, I refer you to his observations in reference to the advisability of changing the present basis for fixing salaries and allowances, for extending the money order system and enlarging the functions of the postal establishment so as to put under its control the telegraph system of the country, though from this last and most important recommendation, I must withhold my concurrence.

REDUCTION IN LETTER POSTAGE.

At the last session of congress several bills were introduced into the House of representatives for the reduction of letter postage to a rate of two cents per half an ounce. I have given much study and reflection to this subject and am thoroughly persuaded that such reduction would be for the best interests of the public. It has been the policy of the government, from its foundation, to defray, as far as possible, the expenses of carrying the mails by direct taxation in the form of postage. It has never been claimed, however, that this service ought to be productive of a net revenue. As has been stated already, the report of the postmaster-general shows that there is now a very considerable surplus in his department, and that henceforth the receipts are likely to increase at a much greater ratio than the necessary expenditures. Unless some change is made in the existing laws, the profits of the postal service will in a very few years swell the revenues of the government by many millions of dollars. The time seems auspicious therefore for some reduction in the rate of postage. In what shall that reduction consist? Review the legislation which has been had upon this subject

During the last thirty years it has been disclosed that domestic letters constitute the only class of mail matter which has never been favored by a substantial reduction in rates I am convinced that the burden of maintaining the service falls most unequally upon that class, and that, more than any other, it is entitled to present relief. That such a relief may be extended without detriment to other public interests, will be discovered upon reviewing the results and former reductions. Immediately prior to the act of 1845, the postage upon a letter composed of a single sheet, was as follows: If conveyed thirty miles or less, six cents; between thirty and eighty miles, ten cents; between eighty and one hundred and fifty miles, twelve and one-half cents; between one hundred and fifty and four hundred miles, eighteen and three-fourths cents; over four hundred miles, twenty-five cents.

By an act of 1845, the postage upon a single letter conveyed for any distance under three hundred miles, was fixed at five cents, and for any greater distance ten cents.

By the act of 1851, it was provided that a single letter, if prepaid should be carried any distance