THE PRESIDENT'S MESSAGE.

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in the enterprise, having exhausted other means of redress, was compelled to invoke the protection of his Government. This representation, made coincidently with those of the British Government, whose subjects were also largely interested, happily resulted in the recognition by Portugal of the propriety of submitting the claim for indemnity, growt g out of its action, to arbitration. This plan of settlement having been agreed upon, the interested powers readily concurred in the proposal to submit the case to the judgment of three eminent jurists, to be designated by the President of the Swiss Republic, who, upon the joint invitation of the Governments of the United States, Great Britain and Portugal, has selected persons well qualified for the task before them.

The revision of our treaty relations with the Empire of Japan has continued to be the subject of consideration and of correspondence. The questions involved are both grave and delicate, and, while it will be my duty to see that the interests of the United States are not by any changes excluded to undue discrimination, I sincerely hope that such revision as will satisfy the legitimate expectations of the Japanese Government and maintain the present and long-existing friendly relations between Japan and the United States, will be effected.

The friendship between our country and Mexico, born of close neighborhood and strengthened by many considerations of climate intercourse and reciprocal interest, has never been more conspicuous than now, nor more hopeful of increased benefit to both nations. The intercourse of the two countries by rail, already great, is making constant growth. The enfeebled industries and those recently projected, add to the intimacy of traffic and open new channels of access to fresh areas of demand and supply. The importance of the Mexican railway system will be further enhanced, to a degree almost incalculable at present, if it should become a link in the projected intercontinental railway. I recommend that our mission in the City of Mexico be raised to the first class.

The cordial character of our relations with Spain warrants the hope that by the continuance of methods of friendly negotiation much may be accomplished in the direction of an adjustment of pending questions and of the increase of our trade. The extent and development of our trade with the island of Cuba invest the commercial relations of the United States and Spain with a peculiar importance. It is not doubted that a special arrangement in regard to commerce, based upon the reciprocity provision of the tariff act, would operate most beneficially for both Governments. This subject is now receiving attention.

The restoration of the remains of John Ericsson to Sweden afforded a gratifying occasion to honor the memory of the great inventor, to whose genius our country owes so much, and to bear witness to the unbroken friendship which has existed between the land which bore him and our own, which claimed him as a citizen.

On the 2d of September last the Commission appointed to revise the proceedings of the Commission under the Claims Convention between the United States and Venezuela of 1866 brought its labors to a close within the period fixed for that purpose. The proceedings of the late Commission were characterized by a spirit of impartiality and a high sense of justice, and an incident which was for many years the subject of discussion between the two Governments has been disposed of in a manner alike honorable and satisfactory to both parties. The settlement of the claim of the Venezuela Steam Transportation Company, which was the subject of a joint resolution adopted at the last session of Congress, negotiations are still in progress, and their early conclusion is anticipated.

The legislation of the past few years has evinced on the part of Congress a growing realization of the importance of the consular service in fostering our commercial relations abroad and in protecting the domestic revenues. As the service of operation expands, increased provision must be made to keep up the essential standard of efficiency. The necessity of some adequate measure of supervision and inspection has been so often urged that it need only be commend the subject to your attention.

OUR GOVERNMENT'S REVENUES.

The revenues of the Government from all sources for the fiscal year ending June 30, 1890, were $403,080,870.55, and the total expenditures for the same period were $358,618,584.52. The postal receipts have not heretofore been included in the statement of these aggregates, and for the purpose of comparison the sum of $57,882,607.92 should be deducted from both sides of the account. The surplus for the year, including the amount applied to the sinking fund, was $16,962,344,403.63. The receipts for 1889 were $1,050,923,79 and the expenditures $1,739,871 in excess of those of 1888. The customs receipts increased $5,835,842.88 and the receipts from internal revenue $11,725,101.80, while, on the side of expenditures, that for pensions was $15,312,075.90 in excess of the preceding year.

The Treasury statement for the current fiscal year, partly actual and partly estimated, is as follows: Receipts from all sources, $485,000,000; total expenditures, $385,000,000, leaving a surplus of $52,000,000—not taking the postal receipts into the account on either side. The loss of revenue from customs for the last quarter is estimated at $25,000,000, but from this is deducted a gain of about $16,000,000, realized during the first four months of the year.

For the year 1892 the total estimated receipts are $473,000,000 and the estimated expenditures $375,857,299.41, leaving an estimated surplus of $75,143,700, which, with a cash balance of $52,000,000 at the beginning of the year, will give $67,147,799.58 as the sum available for the redemption of outstanding bonds or other uses. The estimates of receipts and expenditures for the Post-Office Department, being equal, are not included in this statement on either side.

SILVER COINAGE.

The act "directing the purchase of silver bullion and the issue of Treasury notes thereon," approved July 14, 1890, has been administered by the Secretary of the Treasury with an earnest purpose to get into circulation at the earliest possible dates the full monthly amounts of Treasury notes contemplated by its provisions, at the same time to give to the market for silver bullion such support as the law contemplates. The recent depreciation in the price of silver has been observed with regret. The rapid rise in price which anticipated and followed the passage of the act was influenced in some degree by speculation, and the recent reaction is in part the result of the same cause and in part of the recent monetary disturbances. Some months of further trial will be necessary to determine the permanent effect of the recent legislation upon silver values; but it is gratifying to know that the increased circulation secured by the act has exerted and will continue to exert a most beneficial influence upon business and upon general values.

While it has not been thought best to renew formally the suggestion of an international conference looking to an agreement touching the full use of silver for coinage at a uniform ratio, care has been taken to observe closely any change in the situation abroad, and no favorable opportunity will be lost to promote a result which it is confidently believed would confer very large benefits upon the commerce of the world.

The recent monetary disturbances in England are not unlikely to suggest a reexamination of opinions upon this subject. Our very large supply of gold will, if not lost by premature legislation in the supposed interest of silver, give us a position of advantage in promoting a permanent and safe international agreement for the free use of silver as a coin metal.

The efforts of the Secretary to increase the volume of money in circulation by securing down the Treasury surplus to the lowest practicable limit have been unremitting and in a very high degree successful. The tables presented by him, showing the increase of money in circulation during the last two decades, and especially the table showing the increase during the nineteen months he has administered the affairs of the Department, are interesting and instructive. The increase of money in circulation during the nineteen months has been at the rate of $92,806,813, or about $1.50 per capita, and of this increase only $7,100,000 was due to the recent silver legislation. That this substantial and needed aid given to commerce resulted from a judicious reduction of the public debt and of the annual interest charge is matter of increased satisfaction. There have been purchased and redeemed since March 4, 1889, 1 and 4½ per cent. bonds to the amount of $211,852,450, at a cost of $246,720,741, resulting in the reduction of the annual interest charge of $8,907,009 and a total saving of interest of $61,576,706.

It notice with great pleasure the statement of the Secretary that the receipts from internal revenue have increased during the last fiscal year nearly $2,000,000 and that the cost of collecting this larger revenue was less than $90,617 than for the same purpose in the preceding year. The percentage of cost of collecting the customs revenue was less for the last fiscal year than ever before.

CUSTOMS ADMINISTRATION.

The Customs Administration Board provided for by the act of June 10, 1890, was selected with great care, and is composed in part of men whose previous experience in the administration of the old customs regulations had made them familiar with the evils to be remedied, and in part of men whose legal and judicial acquirements and experience seemed to fit them for the work of interpreting and applying the new statute. The order issued by the Board for the guidance of the officers of the law is to secure honest valuations of all dutiable merchandise and to make these valuations uniform at all our ports of entry. It had been made manifest by a Congressional investigation that a system of undervaluation had been long in use by certain classes of importers, resulting not only in great loss of revenue, but in a most intolerable discrimination against honesty. It is not easy to see how the legislation, when it is understood, can be regarded by the citizens of any country having commercial dealings with us as an unfriendly act. If any one is supposed to be excessive let the complaint be lodged here. It will surely not be claimed by any well-disposed people that a remedy may be sought and allowed in a system of quasi smuggling.

THE ARMY.

The report of the Secretary of War exhibits several gratifying results attained during the year by wise and unostentatious methods. The percentage of desertions from the army, an evil for which both Congress and the Department have long been seeking a remedy, has been reduced during the past year 24 per cent., and for the months of August and September, during which time the favorable effects of the act of June 19 were felt, 33 per cent. as compared with the same months of 1889.

The results attained by a reorganization and consolidation of the divisions having charge of the hospital and service records of the volunteer soldiers are very remarkable. This class was effected in July, 1889, and at that time there were 40,000 cases awaiting attention, more than half of these being calls from the Pension Office for information necessary to the adjudication of pension claims. On the 30th day of June last, though over three hundred thousand new calls had come in, there was not a single case that had not been examined and answered.

I concur in the recommendations of the Secretary that adequate and regular appropriations be continued for coast-defense works and ordnance. Plans have been practically agreed upon, and there can be no good reason for delaying the execution of them, while the defenseless state of our seacoast remains but to all your people. Another belt of States stretches from the Atlantic to the Pacific.

The work of the Patent Office has won from all sources very high commendation. The amount accomplished has been very largely increased during the past year. Reports attention is called to the facts connected with the prosecution of violations of the election laws and of offenses against United States juries. The number of convictions secured, very many of them upon pleas of guilty, will, it is hoped, have a salutary restraining influence. There have been several cases where Postmasters appointed by me have been subjected to violent interference in the discharge of their official duties and to the execution of personal violence of the most extreme character. Some of these cases have been dealt with through the Department of Justice, and in some cases the Post-offices have been abolished or suspended. I have directed the Postmaster-General to pursue the course in all cases where other efforts failed to secure for any Postmaster, not himself in fault, an opportunity peacefully to exercise the duties of his office. But such action will not suppose that there is any disposition on the part of the Department of Justice to bring the particular offenders to punishment.

The vacation by judicial decrees of fraudulent certificates of naturalization, upon bills in equity filed by the Attorney-General in the Circuit Courts of the United States, is a new application of a familiar equity jurisdiction. Nearly one hundred such decrees have been taken during the year, the evidence disclosing that a very large number of fraudulent certificates of naturalization have been issued. And in this connection I beg to renew my recommendation that the law be so amended as to require a more full and searching inquiry into all the facts necessary to naturalization before any certificates are granted. It certainly is not too much to require that an application for American citizenship shall be heard with as much care and recorded with as much formality as are given to cases involving the petitions for land.

At the last session I returned, without my approval, a bill entitled "An act to prohibit book-making and Pool-selling in the District of Columbia," and stated my objection to be that it did not prohibit, but in fact, legalized the business it purported to prohibit. An effort will be made under existing laws to suppress this evil, though it is not certain that they will be found adequate.

POST-OFFICE DEPARTMENT.

The report of the Postmaster-General shows the most gratifying progress in the important work committed to his direction. Business methods have been greatly improved, a large economy in expenditure and an increase of four and three-quarter millions in receipts have been realized. The deficiency this year is $5,786,300, as against $6,350,183 last year, notwithstanding the great enlargement of the service. Mail routes have been extended and quickened, and greater accuracy and despatch in distribution and delivery have been attained. The report will be found to be full of interest and suggestion, not only to Congress, but to those thoughtful citizens who may be interested to know what business methods can do for the administration of public affairs which most nearly touches all our people.

The passage of the act to amend certain sections of the Revised Statutes relating to lotteries, approved June 19, 1890, has been received with great and deserved popular favor. The Post-Office Department and the Department of Justice at once entered upon the enforcement of the law with sympathetic vigor, and already the public morals have been greatly freed from the influence and demoralizing appeals and literature emanating from the lottery companies.

OUR NEW NAVY.

The construction and equipment of the new ships for the navy have made very satisfactory progress. Since March 4, 1889, nine new vessels have been put in commission, and during this Winter four more, including one monitor, will be added. The construction of the other vessels authorized is being pushed, both in the Government and private yards, with energy and watched with the most scrupulous care.

The experiments conducted during the year to test the relative resisting power of armor plates have been so valuable as to attract great attention in Europe. The only part of the work upon the new ships that is threatened with serious delay is the armor plating, and every effort is being made to reduce that to the minimum. It is a source of congratulation that the anticipated influence of these modern vessels upon the esprit de corps of the officers and seamen has been fully realized. Confidence and pride in the ship among the crew are equable to a secondary battery. Your favorable consideration is invited to the recommendations of the Secretary.

The report of the Secretary of the Interior exhibits with great fulness and clearness the vast work of that great Department and the satisfactory results attained. The suggestions made by him are earnestly commended to the consideration of Congress, though they cannot all be given particular mention here.

INDIAN AFFAIRS.

The several acts of Congress looking to the reduction of the larger Indian reservations, to the more rapid settlement of the Indians up in individual allotments, and the restoration to the public domain of lands in excess of their needs, have been largely carried into effect, so far as the work was confined to the Executive. Agreements have been concluded since March 4, 1889, involving the cession to the United States of about 14,275,000 acres of land. These contracts have, as required by law, been submitted to Congress for ratification and for the appropriations necessary to carry them into effect. Those with the Sisseton and Wahpeton, Sac and Fox, Iowa, Cottawatomie and Absentee Shawnee, and Cour d'Alene tribes have not yet received the sanction of Congress. Attention is also called to the fact that the appropriations made in the case of the Sioux Indians have not covered all the stipulated payments. This should be promptly corrected. If an agreement is confirmed, all of its terms should be complied with without delay, and full appropriations should be made.

The policy outlined in my last annual message in relation to the patenting of lands to settlers upon the public domain has been carried out in the administration of the Land Office. No general suspicion or imputation of fraud has been allowed to delay the hearing and adjudication of individual cases upon their merits. The purpose has been to relieve the title of honest settlers with such promptness that the value of the entry might not be swallowed up by the expense and extortion to which delay subjected the claimant. The average monthly issue of agricultural patents has been increased about six thousand.

PENSIONS.

The Disability Pension act, which was approved on the 27th of June last, has been put into operation as rapidly as was practicable. The increased clerical force provided was selected and assigned to work, and a considerable part of the force engaged in examinations in the field was recalled and added to the working force of the office. The examination and adjudication of claims have, by reason of improved methods, been more rapid than ever before, and, from economy to the Government in delay, while there is much hardship and injustice to the soldier. The anticipated expenditure, while very large, will not, it is believed, be in excess of the amount estimated for the employment of the new. The liberal enlargement of the general law should suggest a more careful scrutiny of bills for special relief, both as to the cases where relief is granted and as to the amount allowed.

The increasing boldness and influence of the Mormon population in Utah are observed with serious concern. The recent letter of Wilford Woodruff, President of the Mormon Church, in which he avowed his people "to be in no manner interfered with" in marriages forbidden by the laws of the land, has attracted wide attention, and it is hoped that its influence will be highly beneficial in restraining attractions of the laws of the United States. But the fact should not be overlooked that the doctrine of the leaders of the Church that polygamous marriages are rightful and supported by divine revelation remains unchanged. President Woodruff does not renounce the doctrine, but refrains from teaching it, and advises against the practice of it because it is against the law. Now, it is quite true that the law should not attempt to deal with the faith or belief of any one; but it is quite another thing, and the only safe thing, so to deal with the Territory of Utah as that those who believe polygamy to be rightful shall not have the power to make it lawful.

THE NEW STATES.

The admission of the States of Wyoming and Idaho to the Union are events full of interest and congratulation, not only to the people of those States now happily endowed with a full participation in our privileges and securities, but to all our