bands have been captured or dispersed by the skill and valor of United States and Mexican soldiers fighting in a common cause.

The convention for the resurvey of the boundary from the Rio Grande to the Pacific having been ratified and exchanged, the preliminary reconnoissance therein stipulated has been effected. It now rests with Congress to make provision for completing the survey and relocating the boundary monuments.

A convention was signed with Mexico on July 13, 1882, providing for the rehearing of the case of Benjamin Weil and the Abra Silver Mining Company, in whose favor awards were made by the late American and Mexican Claims Commission. That convention still awaits the consent of the Senate. Meanwhile, because of those charges of fraudulent awards which have made a new Commission necessary, the Executive has directed the suspension of payments of the distributive quota received from Mexico.

Our geographical proximity to Central America and our political and commercial relations with the States of that country justify, in my judgment, such a material increase of our consular corps as will place at each capital a Consul-General.

The contest between Bolivia, Chili, and Peru has passed from the stage of strategic hostilities to that of negotiation in which the consuls of this Government have been exercised. The demands of Chili for absolute cession of territory have been maintained and accepted by the party of Gen. Iglesias to the extent of concluding a treaty of peace with the Government of Chili in general conformity with the terms of the protocol signed in May last between the Chilian commander and Gen. Iglesias. As a result of the conclusion of this treaty, Gen. Iglesias has been formally recognized by Chili as President of Peru, and his Government installed at Lima, which has been evacuated by the Chilians. A call has been issued by Gen. Iglesias for a representative Assembly to be elected on the 13th of January, and to meet at Lima on the 1st of March next. Pending the provisional Government of Gen. Iglesias has applied for recognition to the principal powers of America and Europe. When the will of the Peruvian people shall be manifested I shall not hesitate to recognize the Government approved by them.

Diplomatic and naval representatives of this Government attended at Caracas the centennial celebration of the birth of the illustrious Bolivar. At the same time the inauguration of the statue of Washington in the Venezuelan capital testified to the veneration in which his memory is there held.

Congress at its last session authorized the Executive to propose to Venezuela a reopening of the awards of the Mixed Commission of Caracas. The departure from this country of the Venezuelan Minister has delayed the opening of negotiations for reviving the Commission. This Government holds that until the establishment of a treaty upon this subject the Venezuelan Government must continue to make the payments provided for in the convention of 1866.

There is ground for believing that the dispute growing out of the unpaid obligations due from Venezuela to France will be satisfactorily adjusted. The French Cabinet has proposed a basis of settlement which meets my approval, but as it involves a recasting of the annual quotas of the foreign debt, it has been deemed advisable to refer the proposal to the judgment of the Cabinets of Berlin, Copenhagen, the Hague, London, and Madrid.

CHINA AND THE ISLANDS OF THE PACIFIC.

At the recent coronation of his Majesty King Kalakaua this Government was represented both diplomatically and by the formal visit of a vessel of war.

The question of terminating or modifying the existing reciprocity treaty with Hawaii is now before the Congress. I am convinced that the charges of abuses and frauds under that treaty have been exaggerated, and I renew the suggestion of last year's message, that the treaty be modified wherever its provisions have proved onerous to legitimate trade between the two countries. I am not disposed to favor the entire cessation of treaty relations which have fostered good will between the countries.

In pursuance of the policy adopted by this Government of extending our commerce with the Eastern nations, legations have, during the past year, been established in Persia, Siam, and Corea. It is probable that permanent missions of those countries will, ere long, be maintained in the United States. A special embassy from Siam is now on its way hither.

Treaty relations with Corea were perfected by the exchange at Seoul, on the 19th of May last, of the ratification of the lately concluded convention, and envoys from the King of Tai Chosen have visited this country and received a cordial welcome. Corea, as yet unacquainted with the methods of western civilization, now invites the attention of those interested in the advancement of our foreign trade, as it needs the implements and products which the United States are ready to supply. We seek no monopoly of its commerce and no advantages over other nations, but as the Chosenese, in reaching for a higher civilization, have confided in this republic, we cannot regard with indifference any encroachment on their rights.

China, by the payment of a money indemnity, has settled certain of the long-pending claims of our citizens, and I have strong hopes that the remainder will soon be adjusted.

Questions have arisen touching the rights of American and other foreign manufacturers in China under the provisions of treaties which permit aliens to exercise their industries in that country. On this a specific point our treaty is silent, but under the operation of the most favored national clause we have like privileges with those of other powers. While it is the duty of the Government to see that our citizens have the full enjoyment of every benefit secured by treaty, I doubt the expediency of leading in a movement to constrain China to admit an interpretation which we have only an indirect treaty right to exact. The transference to China of American capital for the employment there of Chinese labor would, in effect, inaugurate a competition for the control of markets now supplied by our home industries.

There is good reason to believe that the law restricting immigration of Chinese has been violated, intentionally or otherwise, by the officials of China upon whom is devolved the duty of certifying that the immigrants belong to the excepted class.

Measures have been taken to ascertain the facts incident to this supposed infraction, and it is believed that the Government of China will cooperate with the United States in securing the faithful observance of the law.

The same considerations which prompted Congress at its last session to return to Japan the Simonoseki indemnity seems to me to require at its hands like action in respect to the Canton indemnity fund, now amounting to $300,000.

The question of the general revision of the foreign treaties of Japan has been considered in an international conference held at Tokio, but without definite results as yet. This Government is disposed to concede the requests of Japan to determine its own tariff duties, to provide such proper judicial tribunals as may commend themselves to the Western powers for the trial of causes to which foreigners are parties, and to assimilate the terms and conditions of its treaties to those of other civilized States.

OUR INTERESTS IN AFRICA.

Through our Ministers at London and at Monrovia, the Government has endeavored to aid Liberia in its differences with Great Britain touching the northwestern boundary of that republic. There is a prospect of adjustment of the dispute by the adoption of the Mannah River as the line. This arrangement is a compromise of the conflicting territorial claims, and takes from Liberia no country over which it has maintained effective jurisdiction.

The rich and populous valley of the Congo is being opened to commerce by a society called the International African Association, of which the King of the Belgians is the President, and a citizen of the United States the chief executive officer. Large tracts of territory have been ceded to the association by native chiefs. Roads have been opened, steamboats placed on the river, and the flag of States established at twenty-two stations under one flag, which offers freedom to commerce and prohibits the slave trade. The objects of the society are philanthropic. It does not aim at permanent political control, but seeks the neutrality of the valley. The United States cannot be indifferent to this work, nor to the interests of their citizens involved in it. It may become advisable for us to cooperate with other commercial powers in promoting the rights of trade and residence in the Congo valley, free from the interference or political control of any one nation.

In view of the frequency of invitations from foreign Governments to participate in social and scientific congresses for the discussion of important matters of general concern, I repeat the suggestion of my last message, that provision be made for the exercise of discretionary power by the Executive in appointing delegates to such congresses. Able specialists are ready to serve the national interests in such capacity without personal profit or other compensation than the defrayment of expenses actually incurred, and this a comparatively small annual appropriation would suffice to meet.

I have alluded in my previous messages to the injurious and vexatious restrictions suffered by our trade in the Spanish West Indies. Brazil, whose natural outlet for its great national staple, coffee, is in and through the United States, imposes a heavy export duty upon that product. Our petroleum exports are hampered in Turkey and in other eastern ports by restrictions as to storage and by onerous taxation.

For these mischiefs adequate relief is not always afforded by reciprocity treaties, like that with Hawaii, or that lately negotiated with Mexico and now awaiting the action of the Senate. Is it not advisable to provide some measure of equitable retaliation in our relations with Governments which discriminate against our own?

If, for example, the Executive were empowered to apply to Spanish vessels and cargoes from Cuba and Puerto Rico the same rules of treatment and scale of penalties for technical faults which are applied to our vessels and cargoes in the Antilles, a resort to that course might not be barren of good results.

NATIONAL FINANCES.

The report of the Secretary of the Treasury gives a full and interesting exhibit of the financial condition of the country. It shows that the ordinary revenues from all sources for the fiscal year ended June 30, 1883, amounted to $398,287,581.95, whereof there was received from customs, $214,706,496.93; from internal revenue, $144,720,368.98; from sales of public lands, $7,955,884.42; from tax on circulation and deposits of national banks, $9,111,008.85; from profits on coinage, bullion, deposits, and assays, $1,465,205.17; from other sources, $17,333,637.60. Total, $398,287,581.95.

For the same period the ordinary expenditures were: For civil expenses, $22,343,285.76; for foreign intercourse, $2,419,275.24; for Indians, $7,392,590.34; for pensions, $66,012,573.64; for the military establishment, including river and harbor improvements and arsenals, $48,911,382.93; for the naval establishment, including vessels, machinery, and improvements at navy yards, $15,288,437.17; for miscellaneous expenditures, including public buildings, lighthouses, and collecting the revenue, $40,098,432.73; for expenditures on account of the District of Columbia, $3,517,028.48; for interest on the public debt, $59,160,131.25; total, $265,408,137.54; leaving a surplus revenue of $132,879,444.41, which, with an amount drawn from the cash balance in the Treasury of $1,299,312.55, making $134,178,756.96, was applied to the redemption of bonds for the sinking fund, $44,850,700; of fractional currency for the sinking fund, $46,556.96; of funded loan of 1881, continued at 3½ per cent., $65,330,250; of loan of July and August, 1861, continued at 3½ per cent., $20,554,600; of funded loan of 1962, $1,413,850; of funded loan of 1881, $719,150; of loan of February, 1861, $18,000; of loan of July and August, 1861, $266,000; of loan of March, 1863, $116,850; of loan of July, 1882, $16,650; of five-twenties of 1862, $16,300; of five-twenties of 1864, $7,050; of five-twenties of 1865, $9,600; of ten-forties of 1864, $133,550; of consols of 1865, $40,800; of consols of 1867, $235,700; of consols of 1868, $154,650; of Oregon war debt, $5,450; of outstanding certificates, $109,150; of old demand, compound, interest and other notes, $13,300. Total, $134,178,756.96.

The revenue for the present fiscal year, actual and estimated, is as follows:

SOURCES.	For the quarter ended Sept. 30, 1883, actual.	For the remaining three-quarters of the year, estimated.
From customs	$57,942,975 07	$137,097,024 93
From internal revenue	29,762,078 60	90,337,921 40
From sales of public lands	2,032,035 17	5,067,964 83
From tax on circulation and deposits of national banks	1,257,800 88	1,542,199 12
From repayment of interest and sinking fund Pacific railway companies	521,059 51	1,478,940 49
From customs fees, fines, penalties, &c.	298,696 78	901,303 22
From fees—consular, letters patent, and lands	863,209 80	2,436,790 20
From proceeds of sales of Government property	112,562 23	167,437 77
From profits on coinage, &c.	950,229 46	3,149,770 54
From deposits for surveying public lands	172,461 31	327,538 69
From revenues of the District of Columbia	256,017 99	1,643,982 01
From miscellaneous sources	1,237,189 63	2,282,810 37
Total receipts	95,916,917 03	247,083,082 97

The actual and estimated expenses for the same period are:

OBJECT.	For the quarter ended Sept. 30, 1883, actual.	For the remaining three-quarters of the year, estimated.
For civil and miscellaneous, including public buildings, lighthouses, and collecting the revenue	$15,285,760 42	$51,114,200 58
For Indians	2,923,590 34	4,468,999 66
For pensions	16,285,204 98	53,714,768 02
For military establishment, including fortifications, river and harbor improvements, and arsenals	13,512,304 33	26,487,795 67
For naval establishment, including vessels and machinery and improvements at navy yards	4,199,299 69	12,999,700 31
For expenditures on account of the District of Columbia	21,138,936 41	2,611,163 59
For interest on the public debt	14,797,297 96	39,702,702 04
Total ordinary expenditures	67,942,093 33	199,057,164 67
Total receipts, actual and estimated		343,000,000 00
Total expenditures, actual and estimated		265,000,000 00
Balance		85,000,000 00
Estimated amount due the Sinking Fund		45,816,741 07
Leaving a balance of		39,183,258 93

If the revenue for the fiscal year which will end on June 30, 1883, be estimated upon the basis of existing laws, the Secretary is of the opinion that for that year the receipts will exceed $60,000,000, the ordinary expenditures including the amount devoted to the sinking fund. Hitherto the surplus as rapidly as it has accumulated has been devoted to the reduction of the national debt.

As a result the only bonds now outstanding which are redeemable at the pleasure of the Government are the three per cents, amounting to about $305,000,000; the four and one-half per cents, amounting to $250,000,000; and the $737,000,000 four per cents are not payable until 1891 and 1907, respectively.

WHAT SHALL BE DONE WITH THE SURPLUS?

If the surplus shall hereafter be as large as the Treasury estimates now indicate, the three per cent. bonds may all be redeemed at least four years before any of the four and one-half per cents can be called in. The latter, at the same rate of accumulation of surplus, can be paid at maturity, and the moneys requisite for the redemption of the four per cents will be in the Treasury many years before those obligations become redeemable.

There are cogent reasons, however, why the national indebtedness should not be thus rapidly extinguished. Chief among them is the fact that only by excessive taxation is such rapidity attainable.

In a communication to the Congress at its last session I recommended that all excise taxes be abolished except those relating to distilled spirits, and that substantial reductions be also made in the revenues from customs. This course has since been intimated by which the annual tax and tariff receipts of the Government have been cut down to the extent of at least fifty or sixty millions of dollars.

While I have no doubt that still further reductions may be wisely made, I do not advise the adoption at this session of any measures for large diminution of the national revenues. The results of the legislation of the last session of the Congress have not as yet become sufficiently apparent to justify any radical revision or sweeping modifications of existing law.

In the interval which must elapse before the effects of the act of March 3, 1883, can be definitely ascertained, a portion at least of the surplus revenues may be wisely applied to the long neglected duty of rehabilitating our navy and providing coast defences for the protection of our harbors. This is a matter to which I shall again advert.

Immediately associated with the financial subject just discussed is the important question, what legislation is needed regarding the national currency.

The aggregate amount of bonds now on deposit in the Treasury to support the national bank circulation is about $350,000,000. Nearly $200,000,000 of this amount consists of three per cents, which, as already stated, are payable at the pleasure of the Government, and are likely to be called in within less than four years, unless, meantime, the surplus revenues shall be diminished.

The probable effect of such an extensive retirement of the securities which are the basis of the national bank circulation would be such a contraction of the volume of the currency as to produce grave commercial embarrassments.

How can this danger be obviated?

The most effectual plan, and one whose adoption at the earliest practicable opportunity I shall heartily approve, has already been indicated.

If the revenues of the next four years shall be kept substantially commensurate with the expenses, the volume of circulation will not be likely to suffer any material disturbance.

But if, on the other hand, there shall be great delay in reducing taxation, it will become necessary either to substitute some other form of currency in place of the national bank notes, or to make important changes in the laws by which their circulation is now controlled.

In my judgment the latter course is far preferable. I commend to your attention the very interesting and thoughtful suggestions upon this subject which appear in the Secretary's report.

The objections which he urges against the acceptance of any other securities than the obligations of the Government itself as a foundation for national bank circulation seem to me insuperable.

SUGGESTIONS.

For averting the threatened contraction two courses have been suggested, either of which is probably feasible. One is the issuance of new bonds having many years to run bearing a less rate of interest, and exchangeable upon specified terms of those now outstanding. The other course, which commends itself to my own judgment as the better, is the enactment of a law repealing the tax on circulation and permitting the banks to issue notes for an amount equal to ninety per cent. of the market value, instead of, as now, the face value of their deposited bonds. I agree with the Secretary in the belief that the adoption of this plan would afford the necessary relief. The trade dollar was coined for the purpose of traffic in countries where silver passed at its value as ascertained by its weight and fineness. It never had a legal tender quality. Large numbers of these coins entered, however, into the volume of our currency. By common consent their circulation in domestic trade has now ceased, and they have thus become a disturbing element. They should not be longer permitted to embarrass our currency system. I recommend that provision be made for their reception by the Treasury and the mints as bullion at a small percentage above the current market price of silver of like fineness.

The Secretary of the Treasury advises a consolidation of certain of the customs districts of the country, and suggests that the President be vested with such power in relation thereto as is now given him in respect to collectors of internal revenue by section 3,141 of the Revised Statutes. The statistics upon this subject, which are contained in his report, furnish of themselves a strong argument in defence of his views. At the adjournment of Congress the number of internal revenue collection districts was 126. By executive order dated June 25, 1883, I directed that certain of these districts be consolidated. The result has been a reduction of one-third their number, which at present is but eighty-three.

OUR ARMY.

From the report of the Secretary of War it will be seen that in only a single instance has there been any disturbance of the quiet condition of our Indian tribes. A raid from Mexico into Arizona was made in March last by a small party of Indians, which was pursued by Gen. Crook into the mountain regions from which it had come. It is confidently hoped that serious outbreaks will not again occur, and that the Indian tribes which have for so many years disturbed the West will hereafter remain in peaceful submission.

I again call your attention to the present condition of our extended sea coast, upon which are so many large cities, whose wealth and importance to the country would, in time of war, invite attack from modern armed ships, against which our existing defensive works would afford no adequate protection. These works were built before the introduction of modern heavy rifled guns into maritime warfare, and if they are not put in an efficient condition we may easily be subjected to humiliation by a hostile navy greatly inferior to our own. As germane to this subject, I call your attention to the importance of perfecting our submarine torpedo defences. The Board authorized by the last Congress to report upon the method which should be adopted for the manufacture of heavy ordnance adapted to modern warfare has visited the principal iron and steel works in this country and in Europe. It is hoped that its report will soon be made and that Congress will thereupon be disposed to provide suitable facilities and plant for the manufacture of such guns as are now imperatively needed.

On several occasions during the past year officers of the army have, at the request of the State authorities, visited their militia encampments for inspection of the troops. From the reports of these officers I am induced to believe that the encouragement of the State militia organizations by the national Government would be followed by very gratifying results, and would afford it, in sudden emergencies, the aid of a large body of volunteers, educated in the performance of military duties.

OUR NAVY.

The Secretary of the Navy reports that under the authority of the acts of Aug. 5, 1882, and March 3, 1883, the work of strengthening our navy by the construction of modern vessels has been auspiciously begun. Three cruisers are in process of construction—the Chicago of 4,500 tons displacement, and the Boston and Atlanta, each of 2,500 tons. They are to be built of steel, with the tensile strength and ductility prescribed by law, and in the combination of speed, endurance, and armament are expected to compare favorably with the best unarmored war vessels of other nations.

A fourth vessel, the Dolphin, is to be constructed of similar material, and is intended to serve as a fleet despatch boat. The double turreted monitors Puritan, Amphitrite, and Terror have been launched on the Delaware River, and a contract has been made for the supply of their machinery. A similar monitor, the Monadnock, has been launched in California.

The Naval Advisory Board and the Secretary recommend the completion of the monitors, the armor for which is on hand, and also of three additional steel vessels like the Chicago, Boston, and Dolphin. As an important measure of national defence the Secretary urges also the immediate creation of an interior coastline of waterways across the peninsula of Florida, also all the coast from Florida to Hampton Roads, between the Chesapeake Bay and the Delaware River, and through Cape Cod.

I feel bound to impress upon the attention of Congress the necessity of continued progress in the reconstruction of our navy. The condition of the public Treasury, as I have already intimated, makes the present an auspicious time for putting this branch of the service in a state of efficiency.

It is no part of our policy to create and maintain a navy able to cope with that of the other great powers of the world.

We have no wish for foreign conquest, and the peace which we have long enjoyed is in no seeming danger of interruption.

But the country's naval strength should be made adequate for the defence of our harbors, the protection of our commercial interests, and the maintenance of our national honor, is a proposition from which no patriotic citizen can withhold his assent.

THE POST OFFICES.

The report of the Postmaster General contains a gratifying exhibit of the condition and prospects of the interesting branch of the public service committed to his care.

It appears that on June 30, 1883, the whole number of Post Offices was 47,863, of which 1,632 were established during the previous fiscal year. The number of Star route operating under the system of free delivery was 154.

At these latter offices the postage on local matter amounted to $4,195,230.52, a sum exceeding by $1,021,894.01 the entire cost of the carrier service of the country.

The number of drop letters passing through these offices is now fixed by law at two cents per half ounce or fraction thereof. In offices where the carrier system has not been established, the rate is only half as large.

I will be remembered that in 1863, when free delivery was first established by law, the uniform single-rate postage upon local letters was one cent, and so it remained until 1872, when in those cities where carrier service was established it was increased in order to defray the expense of such service.

It seems to me that the old rate may now with propriety be restored, and that, too, even at the risk of diminishing for a time, at least, the receipts from postage upon local letters.

I can see no reason why the particular class of mail matter should be held accountable for the entire cost of not only its own collection and delivery, but the collection and delivery of all other classes; and I am confident, after full consideration of the subject, that the reduction of rates now proposed will be followed by such a growing accession of business as to occasion but slight and temporary loss to the revenues of the Post Office.

The Postmaster-General devotes much of his report to the consideration of the various aspects, of the relations of the Government to the telegraph. Such reflection as I have been able to give to this subject since my last annual message has not led me to change the views which I then expressed in dissenting from the recommendation of the then Postmaster-General, that the Government assume the same control over the telegraph which it has always exercised over the mail.

Admitting that its authority in the premises is as ample as has ever been claimed for it, it would not, in my judgment, be a wise use of that authority to purchase or assume the control of existing telegraph lines, or to construct others with a view of entering into general competition with private enterprises.

The objections which may be justly urged against either of those projects, and indeed against any system which would require an enormous increase in the civil service list, do not, however, apply to a system of postal aids which have lately provoked public comment and discussion. It has been claimed, for example, that Congress might wisely authorize the Postmaster-General to contract with some private person or corporation for the transmission of messages, or of a certain class of messages, at specified rates and under Government supervision. Various such schemes of the same general nature, but widely differing in their special characteristics, have been suggested in the public prints, and the arguments by which they have been supported and opposed have doubtless attracted your attention. It is likely that the whole subject will be considered by you at the present session. In the nature of things, it involves so many questions of detail that your deliberations would probably be aided slightly, if at all, by any particular suggestions which I might now submit. I have, my belief, however, that the Government should be authorized by law to exercise some sort of supervision over inter-State telegraph communication and I express the hope that for attaining that end some measure may be devised which will receive your approbation.

THE DEPARTMENT OF JUSTICE.

The Attorney-General criticises in his report the provisions of existing law fixing the fees of jurors and witnesses in the Federal courts. These provisions are chiefly contained in the act of Feb. 26, 1853, though some of them were introduced into that act from statutes which had been passed many years previous. It is manifest that such compensation as might, when these laws were enacted, have been just and reasonable would in many instances be justly regarded at the present day as inadequate. I concur with the Attorney-General in the belief that the statutes should be revised by which these fees are regulated.

So, too, should the laws which regulate the compensation of District Attorneys and Marshals. They should be paid wholly by salaries, instead of in part by fees as is now the case.

The change would prove to be a measure of economy, and would discourage the institution of needless and oppressive legal proceedings, which, it is to be feared, have in some instances been conducted for the mere sake of personal gain.

PENSION LAWS.

Much interesting and varied information is contained in the report of the Secretary of the Interior. I particularly call your attention to his presentation of certain phases of the Indian question, to his recommendations for the repeal of the Preemption and Timber Culture acts, and for more stringent legislation to prevent frauds under the pension laws. The statutes which prescribe the definition and punishments of crime relating to pensions could, doubtless, be made more effective by certain amendments and additions which are pointed out in the Secretary's report.

I have previously referred to the alarming state of illiteracy in certain portions of the country, and again submit for the consideration of Congress whether some Federal aid should be extended to public primary education, if no other adequate provision therefor has not already been made.

POLYGAMY.

The Utah Commission has submitted to the Secretary of the Interior its second annual report. As a result of its labors in supervising the recent election in that Territory pursuant to the act of March 22, 1882, it appears that the persons by that act disqualified to the number of about 12,000, were excluded from the polls. This fact, however, affords little cause for congratulation, and I fear that it is far from indicating real and substantial progress toward the extirpation of polygamy. All of the members of the Legislature are Mormons. There is grave reason to believe that they are in sympathy with the practices that this Government is seeking to suppress, and that its effort in that regard will be more likely to encounter their opposition than to receive their encouragement and support. Even if this view should happily be erroneous, the law under which the Commissioners have been acting should be made more effective by the incorporation of some such stringent measures as they recommend, as were included in bill No. 2,238 on the calendar of the Senate at its last session.

I am convinced, however, that polygamy has become so strongly intrenched in the Territory of Utah that it is profitless to attack it with any but the strongest weapons which constitutional legislation can fashion. I favor, therefore, the repeal of the act upon which the existing Government depends, the assumption by the National Legislature of the entire political control of the Territory, and the establishment of a commission, with such powers and duties as shall be delegated to it by law.

The Department of Agriculture is accomplishing much in the direction of the agricultural development of the country, and the report of the Commissioner giving the results of his investigations and experiments will be found interesting and valuable. At his instance a convention of those interested in the cattle industry of the country was lately held at Chicago. The prevalence of pleuro-pneumonia and other contagious diseases of animals was one of the chief topics of discussion. A committee of the convention will invite your cooperation in investigating the causes of these diseases and providing methods for their prevention and cure.

ALASKA'S NEEDS.

I trust that Congress will not fail at its present session to put Alaska under the protection of law. Its people have repeatedly remonstrated against our neglect to afford them the civil and political protection so generously guaranteed by the terms of the treaty whereby that Territory was ceded to the United States. For sixteen years they have pleaded in vain for that which they should have received without the asking. They have no law for the collection of debts, the support of education, the conveyance of property, the administration of estates, or the enforcement of contracts; none, indeed, for the punishment of criminals except such as offend against certain customs, commerce, and navigation acts.

The resources of Alaska, especially in fur, mines, and lumber, are considerable in extent, and capable of large development, while its geographical situation is one of political and commercial importance. I urge, therefore, in interest, therefore, as well as considerations of honor and good faith, demand the immediate establishment of civil government in that Territory.

Complaints have lately been numerous and urgent that certain corporations, controlling in whole or in part the facilities for the inter-State carriage of persons and merchandise over the great railroads of the country, have made discriminations in their dealings with the public to divers measures unjust and oppressive in their character.

In some instances the State Governments have attacked and suppressed these evils, but in others they have been unable to afford adequate relief because of the jurisdictional limitations which are imposed upon them by the Federal Constitution.

The question how far the national Government may lawfully interfere in the premises, must wait for its answer upon the exercise of that power by Congress. Its chief merits your careful consideration.

While we cannot fail to recognize the importance of the vast railway systems of the country and their great and beneficent influences upon the development of our material wealth, we should, on the other hand, remember that no individual and no corporation ought to be invested with absolute power over the interest of any other citizen or class of citizens. The rights of these, however, in relations to a fair and profitable return upon their investments, and to reasonable freedom in their regulations, must be recognized. But it seems only just that, so far as its constitutional power may permit, Congress should protect the people at large in their inter-State traffic against acts of injustice which the State Governments are powerless to prevent.

SAVE THE FORESTS.

In my last annual message I called attention to the necessity of protecting by suitable legislation the forests situated upon the public domain. In many portions of the West the pursuit of general agriculture is only made practicable by reason of water furnished by artificial irrigation, which itself is impossible without the aid afforded by forests in contributing to the regularity and constancy of the supply of water.

During the past year severe suffering and great loss of property have been occasioned by profuse floods, followed by periods of unusually low water in many of the great rivers of the country. These irregularities were in great measure caused by the removal from about the sources of the streams of the forests by means of which the water supply had been nourished and protected. The preservation of such portions of the forests on the national domain as essentially contribute to the equable flow of important water courses is of the highest consequence.

Important tributaries of the Missouri, the Columbia, and the Saskatchewan rise in the mountain region of Montana, near the northern boundary of the United States, between the Blackfeet and Piegan Indian reservations. This region is unsuitable for settlement, but upon the rivers which flow from it depends in the future agricultural development of a vast tract of country. The attention of Congress is called to the advisability of withdrawing from public sale this part of the public domain, and establishing there a forest preserve.

The industrial exhibitions which have been held in the United States during the present year attracted attention in many foreign countries where the improvement of the manufactures had been made public through the foreign agencies of this Government. The Industrial Exhibition at Boston and the Southern Exposition at Louisville were largely attended by foreigners who expressed themselves delighted at the absence of any professional character in those undertakings.

The Centennial Exposition to be held next year at New Orleans in commemoration of the anniversary of the first European settlement within the limits of the United States, bids fair to meet with like gratifying success. Under the act of Congress of the 10th of February, 1883, declaring that Exposition to be national and international in its character, foreign Governments within which the United States maintain diplomatic relations have been invited to participate. The promoters of this important undertaking have already received assurances of the lively interest which it excites abroad.

The accompanying commissioners of the District of Columbia is herewith transmitted. I ask for it your careful attention, especially for those portions which relate to assessments, arrears of taxes, and increase of water supply.

The act to regulate and improve the civil service of the United States," entered promptly upon the discharge of their duties. A series of rules framed in accordance with the spirit of the statute was approved and promulgated by the President.

In some particulars wherein they seemed defective those rules were subsequently amended. It will be perceived that they discountenance any political or religious tests for admission to those offices of the public service to which the statute relates.

The act is almost the only general application to the classified clerkships in the several Executive Departments at Washington (numbering about 5,600), and to similar positions in customs districts and Post Offices where as many as fifty persons are employed.

A classification of the positions analogous to that existing in the Washington offices was duly made before the law went into effect. Eleven customs districts and twenty-three Post Offices were thus brought under the immediate operation of the statute.

The annual report of the Civil Service Commission, which will soon be submitted to Congress, will doubtless afford the means of a more definite judgment than I am now prepared to express as to the merits of the new system. I am persuaded that its effects have thus far proved beneficial. Its practical methods appear to be adequate for the ends proposed, and there has been no serious difficulty in carrying them into effect. Since the 16th of July last no person, so far as I am aware, has been appointed to the public service in the classified portions thereof at any of the departments or at any of the Post Offices and customs districts above named, except those certified by the Commission to be the most competent on the basis of the examinations held in conformity to the rules.

THE PRESIDENTIAL SUCCESSION.

At the time when the present Executive entered upon his office his death, removal, resignation, or inability to discharge his duties would have left the Government without a constitutional head. It is possible, of course, that a similar contingency may again arise unless the wisdom of Congress shall provide against its recurrence. The Senate at its last session, after full consideration, passed an act relating to this subject which will now, I trust, commend itself to the approval of both Houses of Congress.

The clause of the Constitution upon which must depend any law regulating the Presidential succession presents a number of important questions of paramount importance. These questions relate to the proper interpretation of the phrase "inability to discharge the powers and duties of said office," our organic law providing that when the President shall suffer from such inability the Presidential office shall devolve upon the Vice-President, who must himself under like circumstances give place to such officer as Congress may by law appoint to act as President.

I need not here set forth the numerous and interesting inquiries which are suggested by these words of the Constitution. They were fully stated in my first communication to Congress and have since been the subject of frequent deliberations in that body. It is greatly to be hoped that these momentous questions will find speedy solution, lest emergencies may arise when longer delay will be impossible, and any determination, albeit the wisest, may furnish cause for anxiety and alarm.

For the reasons fully stated in my last annual message, I repeat my recommendation that Congress propose an amendment to that provision of the Constitution which prescribes the formalities for the enactment of laws, whereby, in respect to bills for the appropriation of public moneys, the Executive may be enabled, while giving his approval to particular items, to interpose his veto as to such others as do not commend themselves to his judgment.

The Fourteenth Amendment of the Constitution confers the rights of citizenship upon all persons born or naturalized in the United States and subject to the jurisdiction thereof. It was the special purpose of this amendment to insure to members of the colored race the full enjoyment of civil and political rights.

Certain statutory provisions intended to secure the enforcement of those rights have been recently declared unconstitutional by the Supreme Court.

Any legislation whereby Congress may lawfully supplement the guarantees which the Constitution affords for the equal enjoyment by all the citizens of the United States of every right, privilege, and immunity of citizenship will receive my unhesitating approval.

CHESTER A. ARTHUR.

WASHINGTON, Dec. 3, 1883.

Report of the Secretary of the Treasury.

TREASURY DEPARTMENT, WASHINGTON, D. C., Dec. 3, 1883.

SIR: I have the honor to submit the following report:

The ordinary revenues from all sources for the fiscal year ended June 30, 1883, were:

From customs	$214,706,496 93
Internal revenue	144,720,368 98
Sales of public lands	7,955,884 42
Tax on circulation and deposits of national banks	9,111,008 85
Profits on coinage, bullion deposits, and assays	1,465,205 17
Customs fees, fines, penalties, &c.	1,436,230 34
Fees—consular, letters patent, and lands	3,322,361 64
Repayment of interest by Pacific railway companies	1,556,866 90
Sinking fund for Pacific railway companies	1,322,103 11
Deposits by individuals for surveying public lands	1,221,011 76
Proceeds of sales of government property	280,035 92
Profits on sale of Post Office property in New York city	648,694 82
Indian trust funds	121,099 00
Donations towards liquidating the public debt	984,426 87
Japanese indemnity fund	1,839,063 00
Deposits for surveying public lands	251,470 00
Revenues of the District of Columbia	1,970,968 47
Miscellaneous sources	2,413,332 18
Total ordinary receipts	$398,287,581 96

The ordinary expenditures for the same period were:

For civil expenses	$22,343,285 76
Foreign intercourse	2,419,275 24
Indians	7,392,590 34
Pensions	66,012,573 64
Military establishment, including river and harbor improvements and arsenals	48,911,382 93
Naval establishment, including vessels, machinery, and improvements at navy yards	15,283,437 17
Miscellaneous expenditures, including public buildings, lighthouses, and collecting the revenue	40,098,432 73
Expenditures on account of the District of Columbia	3,517,028 48
Interest on the public debt	59,160,131 25
Total ordinary expenditures	$265,408,137 54
Leaving a surplus revenue of	$132,879,444 41
Which, with an amount drawn from the cash balance in the Treasury of	1,299,312 55
Making	$134,178,756 96

Was applied to the redemption:

Of bonds for the sinking fund	44,850,700 00
Fractional currency for the sinking fund	46,556 96
Funded loan of 1881, continued at 3½ per cent	65,330,250 00
Loan of July and August, 1861, continued at 3½ per cent	20,554,600 00
Funded loan of 1907	1,413,850 00
Funded loan of 1881	719,150 00
Loan of February, 1861	18,000 00
Loan of July and August, 1861	266,000 00
Loan of March, 1863	116,850 00
Loan of July, 1882	16,650 00
Five-twenties of 1862	16,300 00
Five-twenties of 1864	7,050 00
Five-twenties of 1865	9,600 00
Ten-forties of 1864	133,550 00
Ten-forties of 1865	40,800 00
Consols of 1867	235,700 00
Consols of 1868	154,650 00
Oregon war debt	5,450 00
Refunding certificates	109,150 00
Old demand, compound interest, and other notes	13,300 00
Total	$134,178,756 96

THE SINKING FUND—RECEIPTS AND DISBURSEMENTS.

The requirements of the sinking fund for the past fiscal year, including a balance of $361,309.15 from the preceding year, have been fully met. It is estimated that the requirement for the present fiscal year will be $45,816,741.07, of which there has been applied during the first four months of the year the sum of $28,786,550, and there was an increase of $9,934,380.05, making a net decrease of $5,287,668.33.

The expenditures show an increase over the previous year of $21,717,930.57, as follows: In the War Department, $5,340,868.74; in the Navy Department, $251,390.91; in pensions, $4,667,379.69, and in civil and miscellaneous, $11,458,271.23. There was a decrease of $4,291,232.60, as follows: In interest on the public debt, $11,917,075.54, and for Indians, $2,374,157.06, making a net increase in the expenditures of $7,426,097.97.

ESTIMATES FOR FISCAL YEAR 1884.

For the present fiscal year the revenue, actual and estimated, is as follows:

SOURCES.	For the quarter ended Sept. 30, 1883. Actual.	For the remaining three-quarters of the year. Estimated.
From customs	$57,942,975 07	$137,097,024 93
Internal revenue	29,762,078 60	90,337,921 40
Sales of public lands	2,032,035 17	5,067,964 83
Tax on circulation and deposits of national banks	1,257,800 88	1,542,199 12
Repayment of interest and sinking fund, Pacific railway companies	521,059 51	1,478,940 49
Customs fees, fines, penalties, &c.	298,696 78	901,303 22
Fees—consular, letters patent, and lands	863,209 80	2,436,790 20
Proceeds of sales of Government property	112,562 23	167,437 77
Profits on coinage, &c.	950,229 46	3,149,770 54
Deposits for surveying public lands	172,461 31	327,538 69
Revenues of the District of Columbia	256,017 99	1,643,982 01
Miscellaneous sources	1,237,189 63	2,282,810 37
Total receipts	95,916,917 03	247,083,082 97

The expenditures for the same period, as estimated, are:

OBJECT.	For the quarter ended Sept. 30, 1883. Actual.	For the remaining three-quarters of the year. Estimated.
For civil and miscellaneous expenses, including public buildings, lighthouses, and collecting the revenue	$15,285,760 42	$51,114,200 58
Indians	2,923,590 34	4,468,999 66
Pensions*	16,285,204 98	53,714,768 02
Military establishment, including river and harbor improvements, and arsenals	13,512,304 33	26,487,795 67