mer years. The number of banks organized during the year is 261, the greatest number organized during any year since 1865. They exist in every State and organized Territory of the Union. The capital of the newly organized banks is $28,654,350, and the circulation $7,969,150, which is about one-fourth of the capital, showing that the banks have taken advantage of section 5 of the act of July 12, 1882, which authorizes banks of $150,000 capital and under to be organized upon the deposit of bonds to the amount of one-fourth of the capital. Returns made on Oct. 2 of this year show an aggregate national bank capital of $509,-699,787, an increase of $26,595,574 during the year; a circulation of $314,931,575, a surplus of $102,000,482, and individual deposits of $1,049,-437,700, both of which are in decrease; loans of $1,303,450,799, and specie of $107,817,983, both of which are in increase.

The national banks hold, as security for circulation, $352,877,300 of United States bonds, a reduction of $9,613,350 during the year. They hold $201,327,750 of United States 3 per cent. bonds as a basis of circulation. All of the latter are likely to be called for payment during the next four or five years, unless the surplus revenue of the country is diminished. There is little or no profit on circulation based upon 4 and 4½ per cent. bonds, at the present premiums therefor. A continued payment of the 3 per cents will probably result in a large reduction of the bank circulation, unless some counter stimulus is applied.

HOW SHALL BANK NOTE CIRCULATION BE INSURED?

The public mind is naturally turned to the inquiry: How shall the national bank notes be kept in circulation? What shall be taken as a safe foundation therefor, and yet be so low in price as that the banks can afford to buy and deposit, or what can be proposed which will give to the banks safeguard against loss in taking and issuing circulating notes? I am not in favor of anything but the interest-bearing obligations of the United States Government. I recommend that the internal revenue tax upon circulation be taken off in whole or in part. This is one per cent. per annum, and amounts to about three millions and a quarter each year.

The expense of carrying on the Bureau of the Comptroller of the Currency was last year $194,955.07, of which $16,820 is to be reimbursed by the national banks. All other expenses, such as printing and furnishing notes, and the like, were $141,363.90; of which $54,600 were for plates which is to be reimbursed by the banks. The net expense to the Government was $173,-896.97. The gain to the Government from the loss of notes, is, at a low estimate, $4,000,000 for every period of twenty years, or $200,000 per year. Then the tax may be taken off entirely, and the Government not be a loser. It may be taken off in part, and the Government receive more by reason of this circulation than it expends to keep it in existence. I further recommend that this department be authorized to allow to the banks circulation to the amount of 90 per cent. of bonds upon the average market value for the twelve months prior to the deposit of the United States bonds deposited on security. Thus a bank would be enabled to obtain circulation upon the premium it paid for bonds, as well upon the par value of them. Had United States bonds never risen above par, no one would have doubted but that a note circulation, based upon them at a ratio of 90 per cent., would have been amply secured. Why should any one doubt that the same ratio of their market value would be safe? The fright the circulation furnished to shift in amount to the side of safety as the market value swings to and fro?

I think that a retrospect of the twenty-three years last past will descry two things. First, that the civil war could not have been carried on and brought to a desirable result had not the bonds of the United States been issued and found acceptation with moneyed men. Second, that they would not have found that acceptation had it not been for the lead and the effort of the national banks. Now, if the bonds have been held a prime quality of value in those bonds that they have, by law of the United States, been exempt from taxation by State or municipality. Such is the law of the creation of them. That law has effect when they are in the hands of individuals and of many corporations, and there they are invulnerable by such taxation; but when held by national banks the law fails of its purpose. Though owned by the banks as a part of their capital or their assets, and used by them in their business, even in their relations with the Government, State legislation has found a way to reach them. It is roundabout and evasive, but it is effectual. The stockholder of a national bank is made to pay a tax on the value of his share in the capital and assets, though they consist largely of the bonds of the United States. I submit that this is not equal taxation, and that it is especially unjust and ungrateful in view of the two statements of fact with which I began this paragraph. Legislation by Congress could forbid such exercise of taxing power, and thereby make the holding of United States bonds, and the use of them for a basis of circulation, more desirable to the banks.

There are collateral measures which will give aid to the banks without detriment elsewhere, and may be taken by them in lieu of, all or in aid of scant profit on circulation. They may not now loan on real estate or take security thereon as collateral to a personal liability. This restriction might be removed. It has been suggested that the requirement for a reserve might be removed or made less in amount. This is of doubtful expediency. The injunction for a reserve is meant as a restraint on during or negligent management, and as a safeguard against forced suspension or the need of sharp contractions.

OVERCERTIFICATION OF CHECKS.

The further legislation by Congress at its last session, to stop the overcertification by the national banks, of checks drawn upon them, has not been kindly acquiesced in and observed. Directly or indirectly, it has been disobeyed, or evasion of it sought.

PUBLIC MONEYS.

The monetary transactions of the Government have been conducted through the offices of the United States Treasurer, those of nine assistant treasurers, and through 139 national bank depositories.

The gross receipts of the Government, amounting during the fiscal year, as shown by warrants, to $954,239,145.95 ($555,942,564 of which were on account of loans), were deposited as follows:

In independent Treasury offices	$389,500,439 12
In national bank depositories	144,038,706 83

An amount of United States gold coin is received every year in the Sub-Treasury offices, which, by abrasion in use has reached the least tolerated weight, and therefore cannot be again paid out. There is no limit of tolerance for silver coins, but a large number of them are redeemed each year under the provisions of the act approved June 9, 1879, which are unfit to be again paid out, being more or less mutilated or defaced. These coins, gold and silver, are carried in the cash at their nominal value, but are unavailable until reissued. They cannot be reissued without some loss. My judgment is that this amount of coin be made available, it is recommended that a sufficient sum be appropriated each year to pay for the cost of the recoinage of such coins.

It often happens that counterfeits of, or altered or sweated, United States coins, are offered to the officers charged with the receipt or disbursement of public money. It is recommended that an act be passed akin to that of 1864, which shall give power to those officers over fraudulent coins or tokens to break or stamp a false coin or token offered to them, or otherwise make known by mark upon it that it is not genuine.

That there is likely to be a continuing surplus in the Treasury over the ordinary expenses of the Government, so long as the present revenue laws remain, is seen by those attentive to fiscal affairs. This has called out propositions for the disposal of surplus of public moneys, two of which may be noticed. One is, that the surplus be parceled out among the States of the Union. This, though it has been ingeniously argued, has not so approved itself to the common sense of the people as now to call for elaborate statement of reasons why it should not be adopted.

Another proposition is of a payment from the surplus to certain of the States which have not had their full proportion of money under the distribution act of 1836. This comes with dignity of presentation, inasmuch as two powerful States of the Union, Virginia and Arkansas, have seriously worked for with persistent, making formal demand therefor. Following in the practice of this department, payment to those States from the existing surplus has been withheld, and will continue to be, until Congress directs another course.

CUSTOMS.

The revenue from customs for the fiscal year ending June 30, 1882, was	$220,410,730 25
That for the last fiscal year was	214,706,496 93
A decrease of	$5,704,233 32

There was a decrease in the value of dutiable imports of $11,575,983; and in that of free goods of $3,868,692.

The duties collected at the port of New York during the last fiscal year were $147,082,333.23; at all other ports $67,624,163.70.

The table gives the value of imports entered for consumption during the years ended June 30, 1882 and 1883, respectively:

	1882.	1883.
Dutiable	$605,491,997	$593,915,384
Free	210,721,951	206,853,289
Total	$716,213,948	$700,829,673

The following are the amounts of duty collected on the articles named during these years:

	1882.	1883.
1. Sugar, molasses, and confectionery	$49,207,270	$46,172,378
2. Wool and manufactures of	29,223,016	32,329,893
3. Silk, manufactures of	22,633,137	19,954,946
4. Iron and steel, and manufactures of	24,175,547	16,590,504
5. Cotton, manufactures of	12,227,103	12,294,371
6. Wines and spirits and cordials	6,771,483	12,368,977

SANDWICH ISLAND SUGAR.

Charges of fraud and irregularity in the administration of the law enacted to carry out the treaty with Hawaii so far as concerns the exemption of sugars from duty, having been made both in public bodies and in the public prints, I appointed a Commission of three trustworthy persons (one of whom was nominated by a prominent representatives of the sugar trade at New York) to go to San Francisco and Portland, Oregon, and, if necessary, to the Hawaiian Islands, to fully investigate the matter. Their report, which will be duly transmitted to Congress, fails to show that such charges have any foundation.

The consolidation of districts and diminution of ports of entry are called for by sound business considerations, and may be accomplished without increasing smuggling or withdrawing proper facilities for documenting vessels.

The issuing of papers to vessels and the collection of hospital dues may as well be done by subordinates, and the unproductive districts abolished, saving expense and promoting the efficiency of the service. Owing to the inequalities in the present compensation of collectors and surveyors, and to the nature of some of these offices, sinecure, almost, it was found impracticable to adopt any uniform rule for fixing salaries of collectors and surveyors under the present organization.

ANNUAL SALARIES RECOMMENDED.

I further recommend a repeal of section 2,648 of United States Revised Statutes, authorizing a charge for blanks by the collectors and surveyors on the northern, northeastern, and northwestern frontiers, and of all laws allowing commissions, fees, and charges for storage.

I also recommend that, in lieu of present salaries and all moieties and perquisites and commissions on disbursements received by collectors, naval officers, and surveyors, there be an annual salary. To prepare for an occasion requiring the change of an salary in the recess of Congress, the law might provide that one, not beyond a maximum named by law, might be fixed by the President, to be reported to Congress at the next session after his action, subject to its approval or change. I also recommend that section 3,657, United States Revised Statutes, be repealed.

The act, approved March 3, 1883, entitled "An act to prevent the importation of adulterated and spurious teas," has been productive of good effects. It needs amendment in some particulars, to give officers full power to achieve the results intended.

THE NEW TARIFF.

The tariff enacted March 3, 1883, while it has given rise to some troublesome questions of administration, but fewer than were expected from a new law of this kind, has simplified official work. The schedules for cotton and silk fabrics are much plainer than those formerly existing on the same subject. The mode adopted for collecting duties on sugar according to its saccharine strength seems to have given general satisfaction, and has removed the opportunity formerly existing for evading the revenue by artificial coloring.

If there be legislation on the tariff at this session, an improvement might be made in the provision regarding third-class or carpet wools, either by fixing one rate of duty for them, regardless of value, or by having a broader contrast between the higher and lower classes. Now the duty is two and a half, or five, cents a pound, according as the value of the wool is over or under twelve cents a pound; and where the market value is close to twelve cents, as it is now, the temptation is strong to undervalue the wool, so as to bring it in at the lower rate of duty.

UNDERVALUATIONS.

In connection herewith it should be said that changes in the modes of business have made undervaluations more frequent and difficult of prevention. It is found that foreign manufacturers of, or wholesale dealers in, many classes of merchandise continue to sell or to furnish price lists to American merchants. It turns out that these manufacturers or dealers have established business houses, or agencies, or special consignees in this country, to whom they make shipments exclusively. It is suspected—it might be said that it is found out—that in many cases the goods sent over to these representatives are invoiced below their actual value abroad. There is no risk in this of mercantile loss to the foreign consignor, as the interest is mutual in him and his representative; the intent is to secure to the invoiced value, but accounts at the actual selling price, in which both have an interest. It is not easy for the Government Appraiser to learn in all cases the real market value abroad, for price lists have been withheld and actual sales are supplanted by this process, and it is hard to maintain criminal or civil actions for fraud against the consignee, for it is not easy to prove that he had a hand in the fraudulent undervaluation. Legislation aimed at these practices is needed.

INTERNAL REVENUE.

From the various objects of taxation under the internal revenue laws, as reported by the Commissioner of Internal Revenue, the receipts for the fiscal year ended June 30, 1882 and 1883, were as follows:

Objects of taxation.	Fiscal year ended June 30, 1882.	1883.
Distilled spirits	$81,627,458 18	$73,336,777 20
Tobacco	47,301,988 91	42,104,240 79
Fermented liquors	16,155,922 42	16,990,015 81
Banks and bankers	5,258,458.47	3,749,994 00
Adhesive stamps:		
Bank checks	2,318,455 14	1,946,272 19
Friction matches	3,272,238 00	2,920,545 20
Patent medicines, &c.	1,978,595.56	2,180,296 16
Penalties	189,839 04	300,883 57
Collections not otherwise provided for	81,559 00	71,852 43
Total	$146,588,273 72	$144,553,344 86

The cost of collecting the internal revenue for the fiscal year was $5,113,734.88. The estimated cost for the same work for the current year is $4,999,190.

PRODUCTION OF SPIRITS.

The quantity of spirits produced and deposited in distillery warehouses during the fiscal year ended June 30, 1883, is less than the production of 1882 by 31,839,853, and of 1881 by 43,714,812 gallons.

The decrease in production of the fiscal year 1883, as compared with that of the fiscal year 1882, is distributed among the different kinds known to the trade, as follows:

	Gallons.
Decrease in production of—	
Bourbon whiskey	20,913,422
Rye whiskey	4,440,123
Alcohol	4,482,006
Gin	23,369
Highwines	2,520,128
Miscellaneous	241,305
Total decrease	32,361,089
Increase in production of—	
Rum	97,876
Pure neutral or cologne spirits	423,360
Total	521,836
Net decrease	31,839,853

There were remaining in distillery warehouses on the 30th of June, 1883, and the 30th of June, 1882, respectively, distilled spirits as follows:

	Gallons.
June 30, 1883	80,499,593
June 30, 1882	80,939,243

There should, under the present law, come out of bonded warehouse and pay tax distilled spirits as follows:

	Gallons.
By June 6, 1884	26,404,581
By July 6, 1884	3,495,412
Total	29,899,993

On which the tax would be $26,609,038.70. The whole quantity in bonded warehouse to come out, and pay tax by July 6, 1883, is 80,499,993 gallons, at a tax of 90 cents a gallon.

REDUCTION OF TAXATION.

The only United States bonds which are now payable at the pleasure of the Government are the 3 per cents, being $305,529,000; these which next become redeemable are the $250,-000,000 of 4½ per cents, on Sept. 1, 1891. The $737,626,750 of 4 per cents and the $235,852,000 refunding certificates are redeemable July 1, 1907.

The estimates for the fiscal year ending June 30, 1884, show a surplus revenue of $85,000,000 per annum. This is enough to pay all the three per cents in about three and one-half years, and before the close of the fiscal year ending June 30, 1887. This surplus kept up for the four succeeding years, to Sept. 1, 1891, would be more than $350,000,000, or $100,000,000 more than enough to pay all the bonds then falling due. The same annual surplus until July 1, 1907, would amount, with the $100,000,-000 left after paying the four-and-a-half per cents, to about $1,465,000,000, while the whole amount of the debt then redeemable is less than $740,000,000. The estimated surplus of $85,000,000 a year would pay the whole amount of the interest-bearing debt in about fifteen years. The only authority possessed by the Treasury whereby it can restore to business the surplus moneys thus accumulated is that given to the Secretary by the act of March 3, 1881, by which he may at any time apply the surplus money in the Treasury, not otherwise appropriated, to the purchase or redemption of United States bonds. This can now be done to other than the three per cents only by the payment of a large and increasing premium thereupon. And when it is considered that nearly one-half of the interest-bearing debt of the United States is held by national banks, State banks, savings banks, and trust companies, and much other of it by corporations, associations and other persons acting in a fiduciary capacity, who have no wish to surrender these securities, the difficulty of acting under the provisions cited is manifest. Moreover, it cannot be assumed that the estimated surplus for the current and next years under existing laws will remain at the same rate in succeeding years. The increasing population and swelling business of the country will add to rather than take from the amount of the surplus as now estimated, while the decrease of interest on the public debt, and probably of the amount disbursed by the Pension Bureau as arrears of pensions are paid off, should diminish expenditures.

The estimate of the sinking fund for the current fiscal year is fixed at $15,816,741.47, and the amount required will increase from year to year at the rate of about $1,000,000 until 1891. It is estimated that an average of about $50,-000,000 each year until then will be required for the sinking fund. This will vary according to the amount actually applied in payment beyond the need of the sinking fund.

REDUCING TAXATION.

I consider that in legislating for the future the revenues should not be so far reduced as to prevent the application each year of about $50,000,000 to the sinking fund. Upon the estimate of $85,000,000 as the surplus for the current year, there would a surplus for that period of nearly $40,000,000 not wanted for the regular expenditures of the Government, or for the payment of the national debt through the sinking fund.

The estimated receipts for the current year from all sources are $195,000,000, a reduction of less than $20,000,000. Considering that there has been some depression of business during the past year and current year, it is probable, should business revive, that the revenues from customs under the present laws will in succeeding years increase rather than diminish.

It was estimated by the Senate committee that the repeal of internal revenue taxes proposed by their bill would effect a reduction of $34,790,334. The Commissioner of Internal Revenue estimates that the aggregate amount of reduction made by the act will not be less than $33,000,000 per annum, including the $6,000,000 of taxes on deposits of national banks; but he further estimates that the increase of receipts from distilled spirits will so augment the revenues from that source as to make the aggregate receipts from internal revenue for this year $120,000,000, or about $24,-500,000 less than those for the preceding year. The reduction, therefore, from all sources of internal revenue for the current year appears to be about $10,000,000 less than the reduction expected by the Senate committee. We have, then, a reduction of $30,000,000 less than was sought for and expected.

THE NEW TARIFF.

The new Tariff act went into operation on the 1st day of July, 1883. Wherein the provisions of it lessened the duties upon foreign articles it stimulated importations thereof, immediately before the 1st day of July. The goods were put in bonded warehouse, to be withdrawn at once after that day, on payment of duties at the new rates. Wherein it increased the duties (as it did in some instances), by new provisions to meet the adjudication of courts or the rulings of this department), it stimulated importations prior to the 1st day of July, 1883, with the purpose of taking the benefit of the lower rate prevalent up to that date. These accelerated importations were, as a natural result, followed by diminished importations of the same articles after the law took effect; so that the lasting effects of the application of it to the business of the country may not be known with reliable certainty, either in the general result upon the volume of revenue to be yielded by duties upon imports, or in its particular results upon especial classes of goods and especial branches of domestic industry.

Again, it may be deemed needful to so legislate as to certain industries and businesses as to effect reduction or suspension of the revenue from the taxation upon them. Those making or trading in distilled spirits, or who have made loans or advances of money thereon, will be earnest in endeavor for an extension of the bonded period. It is not unlikely that Congress will listen to their appeal. An extension of the bonded period will effect a reduction of revenue for the length of time thereof. On the whole, then, this department does not recommend an immediate revision of the Tariff act. It adheres, however, to its conviction that ultimately the just and expedient method of relief from taxation, and of limiting the revenues to the needs of an economical Government, must be found in a reduction of the duties on imports.

THE INTERNAL REVENUE SYSTEM.

Propositions are made to repeal the whole system of internal revenue. As to this, I repeat my remark of last year: "I see no public sentiment or political action indicating a desire on the part of taxpaying citizens to strike out this class of taxes."

All other internal revenue taxes have been repealed except that on fermented liquors, amounting, as estimated, to $17,960,000, and on the circulation of national banks. The repeal of the tax on bank circulation in whole or in part is recommended. The repeal of the taxes of all internal revenue taxes is a proposition which may be made and pressed, some data are here given. The spirits in bonded warehouse on June 30, 1883, are estimated at more than 80,000,000 gallons. The quantity of distilled spirits in the United States, besides that in customs bonded warehouses, on Oct. 1, 1883, is estimated by the Commissioner of Internal Revenue as follows:

	Gallons.
In distillery and special bonded warehouses	78,847,103
In hands of rectifiers and liquor dealers	13,023,492
In hands of retail liquor dealers	28,180,680
Total	115,049,275

The quantity in bond upon which the tax is payable between Nov. 14, 1883, and June 30, 1884, is 21,997,770 gallons, the tax on which is $19,797,993.

The quantity upon which the tax is payable during the fiscal year ending June 30, 1885, is 37,325,347 gallons, the tax on which is $33,-593,472.

The quantity upon which the tax is payable during the fiscal year ending June 30, 1886, is 15,355,630 gallons, the tax on which is $13,820,427.

A reduction of the tax on whiskey in bond to 50 cents a gallon would reduce the revenue about $7,600,000 for the current year, were the reduction to take effect from Nov. 14, 1883, and about $13,500,000 in the year ending June 30, 1885.

In connection with this subject, it is deemed proper to call attention to the fact that the total number of gallons of distilled spirits produced in the year ended June 30, 1883, is estimated at 71,014,948, about 5,500,000 less than all in bonded warehouse on June 30, 1883.

Owners of spirits in bond declare themselves unable to meet the payment of taxes thereon as they fall due. They have to some extent exported them rather than to pay tax. It is likely that they will address an extension of the time of payment of such taxes. They may ask for a repeal or modification of them.

The estimates of receipts from taxes on distilled spirits adopted in this report include the taxes thereon falling due the current year, amounting to nearly $20,000,000.

FOREIGN COMMERCE.

The foreign commerce of the United States during the last fiscal year, including imports and exports of merchandise and specie, was as follows:

Exports:	Merchandise	$823,946,402
	Specie	31,820,531
Total		$855,766,933
Imports:	Merchandise	$723,188,014
	Specie	28,469,391
Total		$751,657,405
Imports and exports during the year ended June 30, 1883		$1,607,424,340
Imports and exports during the year ended June 30, 1882		1,567,071,700
Increase		$40,258,340

The excess of exports of merchandise over imports thereof during the last eight years is shown as follows:

Year ended June 30—		
1876	$79,643,481 1881	$167,083,912
1877	151,152,036 1882	260,212,671
1878	257,814,264 1882	257,482,883
1879	264,661,609 1883	190,958,488

The value of exports of domestic merchandise during the year ended June 30, 1883, was $804,223,632, as against $733,239,732 during the preceding fiscal year, an increase of $70,983,900.

The value of the imports of merchandise into the United States during the year ended June 30, 1883, amounted to $723,180,914, as against $724,639,574 during the preceding fiscal year, a decrease of $1,458,660. During the fiscal year ended June 30, 1883, the value of the exports of gold and silver coin and bullion amounted to $31,820,531, as against $19,241,479 during the preceding year, a decrease of $17,-597,148, and the imports thereof amounted to $28,469,391, as against $42,472,390 during the preceding year, a falling off of $13,982,999.

There was during the fiscal year just closed an excess of exports over imports of gold and silver coin and bullion amounting to $3,330,942, as against $6,945,089 during the preceding year.

TONNAGE OF VESSELS OF AMERICAN OWNERSHIP.

The tonnage of vessels owned in the United States at the close of the fiscal year 1883, according to the records of the Register of the Treasury, was 4,235,487.25 tons. Of this amount, 1,902,094.65 tons were in 2,174 vessels, registered for the foreign trade, and 2,333,392.60 in 22,043 vessels, enrolled and licensed for the coasting trade and fisheries. There was an increase of 9,800 tons in vessels in the foreign trade, and 59,754 tons in domestic trade.

DISTRIBUTION OF CARRYING TRADE.

Of the merchandise brought in at seaboard, lake, and river ports during the fiscal year 1883, an amount equal in value to $136,002,290 was imported in American vessels, and a value of $564,175,576 in foreign. Of the exports of merchandise, a value of $104,418,210 was shipped in American, and a value of $694,331,-348 in foreign vessels. Of the combined imports and exports of merchandise, 15.54 per cent. was conveyed in American, and 81.55 per cent. in foreign vessels.

INCREASE OF OUR COMMERCIAL MARINE.

It is not an agreeable reflection that the freightage on 84 per cent. of our commercial imports and exports should be paid to alien shipowners. Can this be helped by the removal of burdens laid by law? Of those now directly imposed by statutes on our vessels sailing foreign, there remain, besides clearance, entry, and admeasurement fees, only the tax of 30 cents per ton, payable once in a year on entry from a foreign port. Vessels in the domestic trade have for many years been exempted from tonnage tax. The income from this tax for the last fiscal year was $1,320,590.90. Of this amount $1,037,961.60 was paid by foreign vessels. Even though so large a proportion is thus paid, it is well deserving of consideration whether it is not advisable to return to the policy adopted in 1831, and entirely abolish the tax.

The burdens imposed by the States in the way of tolls are considerable. The extent of the embarrassments arising to commerce from this cause can be fully understood and remedied only when Congress shall take entire control of the subject, as it is believed it has the power to do.

Against the general abolition of entrance, clearance, and admeasurement fees there exists the objection that a portion of the wages of customs officers at ports of present fees, and their abolition would entail the payment of fixed salaries in the place of payment by perquisites. If my recommendation in another part of this report for a discontinuance of these fees and for payment by prescribed salaries be adopted, this objection will cease.

There appear but two methods by which our foreign shipping can be directly increased, namely, by subsidies, and by allowing the free purchase of foreign ships. Whether either or both of these methods shall be adopted will depend on the judgment of Congress whether it is better to resort to them than to suffer the yearly loss of $4 per cent. of the freightage on exported and imported merchandise.

QUARANTINE OF NEAT CATTLE.

The appropriations, under which this department has established regulations for the quarantine of imported neat cattle, are limited in their use to the prevention of the disease known as pleuro-pneumonia, or lung plague. Quarantine stations have been established for the ports of Portland, Me., Boston, New York city, and Baltimore. Suitable accommodations in sheds and yards have been provided for about 215 full-grown cattle at Portland, 700 at Boston, 450 at New York, and 550 at Baltimore.

REVENUE MARINE.

This service continues to perform satisfactory work. Its vessels, which now number 38, have cruised during the fiscal year an aggregate of 309,889 miles, and have boarded and examined 25,587 vessels, of which 2,240 have been seized, or reported to the proper authorities, for violating the law in some respect.

In relief work they have been particularly efficient, having assisted 224 vessels in distress, with their cargoes, aggregated in value $4,885,175, and on board which were 2,497 persons. Sixty people have been picked out of the water and saved from drowning. One revenue steamer alone assisted 76 merchantmen, valued, with their cargoes, at $1,493,020.

LIFE-SAVING SERVICE.

During the past year this service has made its usual excellent record.

At the close of the year the stations numbered 194. The number of disasters to documented vessels within the field of its operations was 396. On board these vessels there were 3,792 persons, of whom 3,777 were saved; the others were lost. The number of shipwrecked persons succored at the stations was 651, and the number of days relief afforded them in the aggregate was 1,879. The estimated value of property involved was $7,176,540, of which $5,611,800 were saved; the rest was lost. The number of vessels totally lost was 68.

LIGHTHOUSE ESTABLISHMENT.

During the fiscal year the lighthouse establishment has put into operation 8 new light stations, 112 new river lights, 2 new fog signals, operated by steam or hot air, 7 new automatic whistling buoys, 6 new bell buoys, and 48 new buoys of the ordinary kind. It has discontinued three lights which were not needed, and has changed the characteristics of thirteen others, that they may be more useful than heretofore.

COAST AND GEODETIC SURVEY.

The operations of this service have been efficient and successful. The progress of the work is equal with the means given by Congress. Twenty-eight new charts have been published, and hundreds heretofore published have been added to and corrected. The "Coast Pilot" has made progress, tide tables, and a map showing variations of the compass throughout the United States have been published of accuracy and extent beyond what has heretofore been done.

MARINE HOSPITAL SERVICE.

During the last fiscal year 40,195 patients received relief, 13,356 were treated in hospitals, and 26,839 at the dispensaries. The usual number of surgical appliances and orders for transportation were furnished. The receipts from all sources were $429,066.15, and the expenditures $469,966.21. This includes $35,440.92, which were expended on account of extraordinary alterations and repairs to hospital buildings. Of the hospital patients treated 9,019 recovered, 3,850 were improved, 197 remained unaffected by treatment, 502 died. There were 2,686 persons physically examined by officers of the service at relief stations, some of them preliminary to shipment in the merchant marine, revenue marine, and lighthouse services, and to enlistment in the life-saving service. The larger number (2,171) were applicants for pilots' license, examined for color blindness. There have been no objections made to this examination or appeals taken within the year. Sixty-three of the pilots were found to be color blind, and accordingly rejected. The examinations should extend to the hearing as well as vision, inasmuch as ability to recognize the sound of escaping steam and of whistles is a necessary qualification for an efficient pilot.

NATIONAL BOARD OF HEALTH.

The National Board of Health expended $97,-332.60, of which sum $34,687.67 was for work in progress at the close of the last fiscal year and $62,644.93 are charged back to the appropriation for the fiscal year ending June 30, 1883. While a liberal construction has been given to the laws relating to sanitary work, the Board has been held to strict accountability for all moneys appropriated for its use.

The number of accidents to steam vessels during the year resulting in loss of life was 34:

From explosions	12
Fire	5
Collisions	4
Snags, wrecks, and sinking	6

The number of lives lost from various causes during the year was 284:

Explosions	69
Fire	45
Collisions	82
Snags, wrecks, and sinking	50
Accidental drowning	33
Miscellaneous causes	5

An increase over the previous year of 79. The principal increase is from accidents caused by collisions. Doubts have been expressed whether the laws on this subject are well adapted to secure the result desired. The laws are somewhat prolix, and revision, amendment, and simplification would be of benefit; yet the vigilant and vigorous practical administration of them is what will be of the most service, and diligence should be directed thereto.

COUNT, EXAMINATION, AND DESTRUCTION OF REDEEMED AND UNISSUED SECURITIES.

The redeemed United States notes, national bank currency, and miscellaneous securities received by this office during the fiscal year ended June 30, 1883, for final examination and destruction amounted to $217,285,157, of which United States notes, national bank currency, and other obligations mutilated in printing, and unissued United States bonds and national bank currency received for destruction amounted to $370,376,674, or an aggregate of securities destroyed amounting to $587,659,131.51; of which amount $311,274,800 were for United States bonds, which were no longer required for the purpose of issue.

DISTRICT OF COLUMBIA.

The net expenditures on account of the District of Columbia, for the fiscal year 1883, were $3,817,028.48. The revenues deposited in the Treasury on this account for the same period were $1,970,918.47.

Since Dec. 1, 1882, there has been retired, through the operation of the sinking fund, $186,100 of the bonded indebtedness of the District, reducing the amount annually required for interest $11,265. Since the duties of the Commissioner of the Sinking Fund of the District of Columbia were devolved on the Treasurer of the United States by the act of Congress of June 11, 1878, there has been retired $1,375,350 of the funded debt, causing a reduction in the annual interest charge of $80,853.67.

IMMIGRATION.

The administration of the "act to regulate immigration," approved Aug. 3, 1882, with the general supervision of which this department is charged, has been attended with a reasonable measure of success.

The fund created by the act is derived from a tax on alien passengers, collected at the port at which they land from vessels. The expenditure of it for the main purposes of the act is limited to the ports at which collected. That expenditure is to be made by commissioners designated by State authority and bound by contract with the Secretary of the Treasury.

The provisions of this law which forbid the landing of alien convicts, lunatics, idiots, or persons unable to take care of themselves without becoming a public charge, cannot be properly enforced without penalties for their violation, as the law does not inflict. The act is defective, in that its execution depends entirely upon State officers. Naturally they care for local interests, and act to protect them. The execution of the law should be by Federal officers, under rules and regulations uniform throughout the country. The well-being of the immigrant and the protection of the whole public would be the end sought in all localities. At present there is lack of uniformity in the management and care of the immigrant, and the protection of the immediate public is first in contemplation.

A STATUTE OF LIMITATIONS ON CLAIMS.

The experience of this department from year to year strengthens the conviction that there should be made by law a limitation upon the time wherein claims against the Government may be presented. Claims that, if ever existing, arose fifty years ago, are now pending before auditing officers.

THE PACIFIC RAILROADS.

Difficulties and differences have arisen between this department and the Pacific Railroads in the administration of the laws for the payment of the United States of the moneys directly or indirectly paid by it for their use or benefit. Litigation has ensued, and the courts have adjudicated upon the issues made. It is plain that there is a need of Congressional intervention and of legislation to place the relations of the contracting parties in a condition to benefit them all. The United States Commissioner of Railroads, in his report for 1882, made accurate statements upon this subject, and suggestions of legislation with, in their comprehensiveness, commended themselves to the judgment of this department, and as this department is informed, are acceptable to those corporations. It is understood by the department that the Commissioner will in his report for this year renew his recommendations, and he will submit a bill for the consideration of Congress, designed to remove differences and difficulties, to end litigation and official embarrassment, and to put the pecuniary relations of the parties on a basis satisfactory to all. A draft of the bill has been left at this department. The general aim of it is to liquidate the amount of the debt owing by the corporations, so as to know what sum, payable in a period, the length of which is to be fixed, will fully pay the United States both principal and interest, and to determine what annual payments will accomplish that end.

ALASKA.

I earnestly direct attention to Alaska, yet unorganized as a Territory, and the necessity for the establishment there of civil government. The civilization of the country is retarded and the development of its resources is prevented by the absence of proper laws and officers charged with their enforcement.

The several reports of the heads of offices and bureaus are herewith transmitted.

CHAS. J. FOLGER, Secretary.

To the Honorable the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

THE UNITED STATES AT WAR WITH THE FORESTS.

In the Interest of Manufacturers of Lumber—Damages of Dams.

TO THE EDITOR OF THE SUN—*Sir:* Nine or ten years ago Congress set the War Department at surveying the waters of the Mississippi above the mouth of the Crow Wing, with the professed object of creating a number of reservoirs to hold back the water in the wet season for the benefit of the navigation when the water should otherwise become too low. In 1875 the army engineers reported that they had projected and surveyed seven dams, and estimated the cost of construction, as follows:

1. At the outlet of Lake Winnibigoskish	$50,740.80
2. Leech Lake	55,000.00
3. Mud Lake	31,707.20
4. Mouth of Vermillion	56,245.20
5. Pokegoma Falls	75,334.00
6. Pine River	32,286.00
7. Gull Lake	25,786.20

No appropriation was made for the construction of any of these dams till 1880, when about one-quarter of a million of dollars was added to to estimate of cost, and $75,000 was appropriated for the construction of the Winnibigoskish dam as an experiment.

Without waiting to see how the experiment turned out, whether there was any damage done to wood lands or health by the overflow, or whether the dam would hold water or not, Congress appropriated $150,000 more in 1881 for the dams generally, to be applied where the Secretary of War should see fit, and in 1882 it appropriated $300,000 more. Thus it has appropriated $525,000 without any experimental evidence that the dams will do anything whatever, except to facilitate the floating of saw logs from a larger area of forest to the mills in Minneapolis and higher up the river.

Now all that the very able army engineers have promised is, that if the seven dams are completed and the reservoirs created are kept full till the dry season in the latter part of summer, their contents will make the Mississippi navigable below St. Paul as far down as Lake Pepin. But among the specifications for all these dams are sluice ways for the passage of saw logs. These cannot be used without liberating a good deal of water, which will refuse to run back into the reservoir for the benefit of the future navigation below St. Paul. The lumbermen having the benefit of the impounded water of the lakes and streams, will be sure to use it as soon as the ice melts in the spring, and the practical problem of how much will be left to help navigation in the month of August remains to be solved. One thing is quite certain, that while logs are floated loose, and not in booms, between the falls of Pokegoma and St. Anthony, steamboat navigation between those points will not be helped by the dams. There is nothing a steamboat is more afraid of than breaking its motive organs on a floating log. It is not the log that suffers. Hence, whatever navigation there is above Minneapolis must be destroyed by the dams.

Whether it was constitutional or not, Congress has been very kind and generous to the millers of Minneapolis in helping them since 1870 to the amount of over $900,000—$200,000 of which was wasted in useless work—to prevent their magnificent water power from going up stream out of their reach. Is that a good reason why Congress should spend as much more to aid the lumber manufacturers? They do not need, or to any great extent use, water power to convert logs into boards. Steam, raised by the debris of the logs themselves, does it. Not a log needs to be floated further down the Mississippi than to the Northern Pacific Railroad before it is sawed. And if Congress is not foolishly, not to say unconstitutionally generous, the lumbermen themselves will build all the dams they need without the danger of destroying by overflow living trees, hay, and wild rice, and creating a malaria that will destroy themselves. What Congress has to do, if it does anything, is to prevent the lumbermen from destroying the forests, by obliging them to carry off or burn upon the spot, at a safe time, all the debris of the trees they cut, otherwise the said debris, in a dry time, becomes kindling, which has only to catch to destroy ten or a hundred times as many live pines as the lumbermen have themselves. We have already had in the great pine forests of this country too many Peshtigo fires to make our neglect and abuse of our forests anything less than a national crime.

The limit which Congress set in the appropriation bills to the sums to be paid out of the appropriations for damages by overflow not being more than 10 per cent. of the same, should have prevented the expenditure of a single dollar in construction. If the Leech Lake Indian reservation were the property of white proprietors, the right of flowage of the two reservoirs on that tract could not be purchased of them for less than twice the cost of the dams. Besides destroying the hay meadows and the wild rice, a most excellent and nutritious food which grows spontaneously on hundreds of acres, the reservoirs must drown and kill hundreds of acres of the best wood growing on the forests of the Northwest, and by making the malaria the whole territory to be worthless, except for human graves. The poet Somerville declared that "on the air depend the hunter's hopes;" and the great Beckford, while approaching the subject with much diffidence, thought that much depended on the state of the ground and the temperature "other writers have fancied scent varies much from moisture, and the Arabian Gazel Hamed was much of this opinion. We all know certain conditions under which hounds are as a rule are