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MESSAGE.

To the Congress of the United States:

In the discharge of a constitutional duty and following a well established precedent in the executive office, I herewith transmit to the congress at its reassembling certain information concerning the state of the union, together with such recommendations for legislative consideration as appears necessary and expedient.

OUR FOREIGN RELATIONS.

Our government has consistently maintaine its relations of friendship towards all other powers and of neighborly interest towards those whose possessions are contiguous to our own. Few questions have arisen during the past year with other governments, and none of these are beyond the reach of settlement in council.

We are as yet without a provision for the settlement of claims of citizens of the United States against Chili for injuries during the late war with Peru and Bolivia. The mixed commission organized under the claims convention concluded by the Chili government with certain European states have developed an amount of friction which we trust can be avoided in the convention which our reppresentative at Santiago is authorized to negotiate.

THE CHINESE.

The cruel treatment of the inoffensive Chinese has, I regret to say, been repeated in some of the far west states and territories and actions and acts of violence against these people beyond the power of the local constituted authorities to prevent and difficult to punish at the reported even in distant Alaska much of this violence can be traced to race prejudice and competition of labor which cannot, however, justify the oppression of strangers which safety is guaranteed by our treaty with China, equally with the most favored nations.

In opening our vast domain to all departments the purpose of our law givers was to invite assimilation and not provide an arena for endless antagonisms. The paramount duty of maintaining public order and defending the interests of our people may require the adoption of measures of retribution but they should not tolerate the oppression of individuals of a special race.

CHINESE IMMIGRATION.

I am not without assurance that the government of China, whose friendly disposition towards us I am happy to recognize, will meet us half way in devising a comprehensive remedy by which an effective limitation of Chinese emigration, joined to protection of their Chinese subjects who remain in this country, may be secured. Legislation is needed to execute the provisions of our Chinese convention of 1880 to check the opium traffic. While the good will of the Columbian government towards our country is manifest the, the situation of American interests on the Isthmus of Panama has at times excited concern and invited friendly action looking to the performance of the two nations concerning the territory embraced in the inter-oceanic transit. With the subsidence of the isthusmian disturbances and erection of the state of Panama into a federal district under the direct government of America administered at Bogota, a new order of things has been inaugurated which although as yet somewhat experimental and affording scope for the arbitrary exercise of power by the delegates of the national authority, promises much improvement.

The sympathy between the people of the United States and France, born during our colonial struggle for independence and continuing today, has received a fresh impulse in the successful completion and dedication of the colossal statue of Liberty Enlightening the World in New York harbor, the gift of Frenchmen to Americans.

A convention between the United States and certain other powers for the protection of sub-marine cables was signed at Paris on March 14, 1884, and has been duly ratified and proclaimed by this government. By agreement between the high contracting parties this convention is to go into effect the first of January next by the legislation required for its execution in the United States, has not been adopted. I earnestly recommend its enactment. Cases have continued to occur in Germany, giving rise to much correspondence in relation to the privilege of sojourn of our naturalized citizens of German origin revisiting the land of their birth. Yet I am happy to state that our relations with that country have lost none of their accustomed cordiality. The claims for interest upon the amount of tonnage dues illegally exacted from certain German steamship lines were favorably reported in both houses of congress at the last session, and I trust will receive final and favorable action at an early day.

THE FISHERY QUESTION.

The recommendation contained in my last annual message in relation to a mode of settlement of the fishery rights in the waters of British North America, so long a subject of anxious difference between the United States and Great Britain, was met by an adverse vote of the senate on April 13th, last, and thereupon negotiations were instituted to obtain an agreement with her Britanic majesty's government for the promulgation of such joint interpretation and definition of the article of the joint convention of 1818, relating to the territorial waters and inshore fisheries of the British provinces as should secure the Canadian rights from encroachment by the United States fishermen, and, at the same time, insure the injoyment by the latter of the privileges guaranteed to them by such convention. The questions involved are of long standing and of great consequence, and from time to time for nearly three-quarters of a century have given rise to earnest international discussions, not unaccompanied by irritation. Temporary arrangements by treaties have served to allay friction which, however, has revived as each treaty was terminated. The last arrangement under the treaty of 1871 was abrogated after due notice by the United States on June 30, 1885, but I was enabled to obtain for our fishermen for the remainder of the season enjoyment of the full privileges accorded by the terminal treaty. The joint high commission, by whom the treaty had been negotiated, although invested with preliminary power to make a permanent settlement, were content with a temporary arrangement after the termination, after which the question was relegated to the stipulations of the treaty of 1818 as to the first article of which no construction satisfactory to both countries have ever been agreed upon. The progress of civilization and growth of population in the British provinces to which the fisheries in question are contiguous and the expansion of commercial intercourse between them and the United States, present today a condition of affairs scarcely realizable at the state of the negotiations of 1818. New and vast interests have been brought into existence; modes of intercourse between the respective countries have been invented and multiplied; the methods of conducting the fisheries have been wholly changed, and they are necessarily entitled to candid and careful consideration in the adjustment of the terms and conditions of intercourse and commerce between the United States and their neighbors along a frontier of over 3,500 miles. This propinquity, community of landare and occupation and similarity of political and social institutions indicate the practicability and obvious wisdom of maintaining mutually beneficial social and friendly relations. While I am unfeignedly desirous that such relations should exist between us and the inhabitants of Canada, yet the action of their officials during the past season towards our fishermen were such as to seriously threaten their continuance. Although disappointed in my efforts to secure a satisfactory settlement of the fishery question. Negotiations are still pending with reasonable hopes that before the close of the present session of congress announcement may be made that an acceptable conclusion has been reached, as at an early day there may be laid before congress the correspondence of the department of state in relation to this important subject, so that the history of the past fishery season may be fully disclosed and the action and the attitude of the administration clearly comprehended. A more extended reference is not deemed necessary in this communication to the recommendation submitted last year, that provision be made for The preliminary reconnaissance of the conventional boundary line between Alaska and British Columbia is renewed, I express my hesitating conviction that the intimacy of our relations with Hawaii should be emphasized as a result of the reciprocity treaty of 1875. Those islands, in the highway of Oriental and Australian traffic are virtually an outpost of American commerce and a stepping stone to the growing trade of the Pacific. The Polynesian island groups have been so absorbed by other and more powerful governments that the Hawaiian islands are left almost alone in the enjoyment of their autonomy, which it is important for us, should be preserved. Our treaty is now terminal on one year's notice, but propositions to abrogate it would be in my judgment most advisable. The influence we have there acquired once relinquished could only wish difficulty be regained and a valuable ground of advantage for ourselves might be converted into a strong hold for our commercial competitors. I earnestly recommend that the existing treaty be extended for a further term of seven years. A recently signed treaty to this end is before the senate. The importance of telegraphic communication between these islands and the United States should not be overlooked.

AS TO OTHER NATIONS.

The question of a general revision of the treaties of Japan is again under discussion at Tokio as the first to open relations with the empire and as the nation in most direct commercial relation with Japan, the United States have lost no opportunity to testify their consistent friendship by supporting the just aims of Japan to autonomy and independence among nations. A treaty of extradition between the United States and Japan, the first concluded by that empire, has been lately proclaimed.

The weakness of Liberia and the difficulty of maintaining effective sovereignity over its outlying districts have exposed that republic to encroachment. It cannot be forgotten that this distant community is an offshoot of our own system, owing its origin to the associated benevolence of American citizens whose praiseworthy efforts to create a nucleus of civilization in the dark continent have commanded respect and sympathy everywhere, especially in this country. Although a formal protectorate over Liberia is contrary to our traditional policy, the moral right and duty of the United States to assist in all proper ways in the maintenance of its integrity are obvious and have been consistently announced during half a century.

I recommend that in the reorganization of our navy a small vessel no longer found adequate to our needs be presented to Liberia to be employed by it in the protection of its coastwise revenues.

The encouraging development of beneficial and intimate relations between the United States and Mexico, which has been so marked within the past few months, is at once the occasion of congratulation of of friendly solicitude. I urgently renew my former representation of the need of speedy legislation by congress to carry into effect the reciprocity commercial convention of January 20th, 1883. Our commercial treaty of 1831 with Mexico was terminated according to its provisions in 1881. Upon notification given by Mexico in pursuance of her announced policy of re-casting all her commercial treaties, Mexico has since concluded with several foreign governments new treaties of commerce and navigation, defining alien rights of property and residence treatment of shipping, consular privileges and the like. Our yet unexecuted reciprocity convention of 1883 covers none of these points, the settlement of which is so necessary to good relationship. I propose to initiate with Mexico negotiations for a new and enlarged treaty of commerce and navigation.

In compliance with a resolution of the senate, I communicated to that body on August 2d, last, and also to the house of representatives, the correspondence in the case of A. Cutting, an American citizen, then imprisoned in Mexico, charged with the commission of a penal offense in Texas, in which a Mexican citizen was the object. After demand had been made for his release, the charge against him was amended so as to include a violation of Mexican law within Mexican territory. This joinder of alleged offenses within the other, exterior to Mexico, induced me to order a special investigation of the case, pending which Mr. Cutting was released. The incident has, however, disclosed a claim of jurisdiction by Mexico novel in history, whereby any offense committed anywhere by a foreigner, penal in the place of its commission and of which a Mexican is the object may, if the offender be found in Mexico, be there tried and punished in conformity with Mexican laws. This jurisdiction was sustained by the courts of Mexico in the Cutting case and approved by the executive branch of that government. Upon the authority of a Mexican statue the appellate court in releasing Mr. Cutting decided that the abandonment of the complaint by the American citizen aggrieved by the alleged crime, removed the basis of further prosecution, and also declared justice to have been satisfied by the enforcement of a small part of the original sentence. The administration of such a pretension would be attended with serious results and invasive of the jurisdiction of this government and highly dangerous to our citizens in foreign lands. Therefore I have denied it and protested against its attempted exercise as unwarranted by the principle of law and international usage. A sovereign has jurisdiction of offenses which take effect in her territory, although concentrated or commenced outside of it, but the right is denied of any foreign sovereign to punish a citizen of the United States for an offense committed on our soil in violation of our laws, even though the offense be committed against a citizen of such sover ign. The Mexican statue in question makes the claim broadly and the principle, if conceded, would create a dual responsibility in the citizen and lead to inextricable confusion, destructive of that certainty in the laws, which is an essential of liberty. When citizens of the United States voluntary go into a foreign country they must abide by the laws therein and will not be protected by their own government from the consequence of an offense against the laws committed in such foreign country, but the watchful care and interests of this government over its citizens are not relinquished because they have gone abroad, and if charged with crime committed in the foreign land, a fair and open trial conducted with decent regard for justice and humanity will be demanded for them; with less than that this the government will not be content when life or liberty of its citizens is at stake. Whatever the degree to which extraditionary crimes jurisdiction may have been formally allowed by consent and reciprocal agreement among certain of the European states, no such doctrine or practice was ever known to the laws of the country or of that form which our institutions have mainly derived. In the case of Mexico there are reasons especially strong for perfect harmony in the mutual exercise of jurisdiction. Nature had made us irrevocably neighbors, and wisdom and kind feeling should make us friends. The overflow of capital and enterprise from the United States is an important factor in assisting the development of the resources of Mexico and in building up the prosperity of both countries. To assist this good work all grounds for apprehension for the security of herself and property should be removed, and I trust that in the interests of good neighborhood the statute referred to will be so modified as to eliminate the present possibilities of danger to the peace of the two countries.

The government of the Netherlands has exhibited concern in relation to certain features of our tariff laws which are supposed by them to be aimed at a class of tobacco produced in the Dutch East Indies. Comment would seem unnecessary upon the unwisdom of legislation appearing to have a special national discrimination for its object which, although unintentional, may give rise to injurious retaliation.

The establishment less than four years ago of a legation at Teheran is bearing fruit in the interest exhibited by the shah's government in the industrial activity of the United States and the opportunities of beneficial interchanges.

Staple government is now happily restored in Peru by the election of a constitutional president, and a period of rehabilitation is entered upon, but recovery is necessarily slow from the exhaustion caused by the late war and civil disturbances. A convention to adjust by arbitration claims of our citizens has been promised and is under consideration.

The naval officer who bore to Siberia the testimonials bestowed by congress in recognition of the aid given to the Jeannette survivors has successfully accomplished his mission. His interesting report will be submitted. It is pleasant to know that the mark of appreciation has been welcomed by the Russian government and people as befits the traditions and friendships of the two countries. Civil perturbations in the Samoan islands have during the past few years been a source of considerable embarrassment to the three governments, Germany, Great Britain and the United States, whose relations and extra territorial rights in that important group are guaranteed by treaties, the weakness of the native administration and the conflict of opposing interests in the island have led King Malietoa to seek alliance or protection in some quarter, regardless of the distinct engagements whereby no one of the three treaty powers may acquire any permanent or exclusive interest. In May last, Malietoa offered to place Samoa under the protection of the United States, and the late consul, without authority, assumed to grant it. The proceeding was promptly discovered and the over-zealous official recalled and special agents of the governments have been deputied to examine the situation in the islands with a change in the repre-cantation of all three powers and a harmonious understanding between them to the peace, prosperity and an autonomous administration of neutrality of Samoa can hardly fail to be secured.

THE SPANISH-CUBAN INCIDENT.

It appearing that the government of Spain did not extend to the flag of the United States in the Antilles the full reciprocity requisite under our statute for the continuance of the suspension of discrimination against the Spanish flag in our ports, I was constrained in October, last, to rescind my predecessor's proclamation of February 14, 1884, permitting such suspension. An arrangement was, however, speedily reached and upon notification from the government of Spain that all differential treatment of our vessels and cargoes from the United States or from any foreign country had been absolutely relinquished, availed myself of the discretion conferred by law and issued, on the 27th of October, my proclamation declaring reciprocal suspension in the United States. It is most gratifying to bear testimony to the earnest spirit in which the government of the queen regent has met our efforts to avert the imitations of commercial discriminations and reprisals which are ever disastrous to the material interests and the political goodwill of the countries they may effect. The profitable development of the large commercial exchanges between the United States and the Spanish Antilles is naturally an object of solicitude. Lying close to our doors and finding here the main markets of supply and demand, the welfare of Cuba and Porto Rico and their production and trade are scarcely less important to us than Spain. Their commercial and financial movements are so naturally a part of our system that no obstacle to fuller, freer intercourse should be permitted to exist. The standing instruction of our representatives at Madrid and Havana have been for years to leave no effort unessayed to further these ends and at no time has the equal good desire of Spain been more hopefully manifested by removing the consular tonnage fees on cargoes shipped to the Antilles, and by reducing past port fees has shown its recognition of its needs of less trammeled intercourse. An effort has been made during the past year to remove the hindrance to the proclamation of the treaty of naturalization with double port, signed in 1874, which has remained inoperative owing to a disagreement of interpretation of the clause to the effects of the return to and sojourn of a naturalized citizen in the land of origin. I trust soon to be able to announce a favorable settlement of the differences as to this interpretation.

It has been highly satisfactory to note the improved treatment of American missionaries in Turkey, as has been attested by their acknowledgment to our state minister to that government of his successful exertions in their behalf.

The exchange of ratification of the convention of December 5th, 1885, with Venezuela for the re-opening of the awards of the Caracas commission under the claims convention of 1886, has not yet been effected, owing to the delay of the executive of that republic in ratifying the measure. I trust that this postponement will be brief, but should it much longer continue the delay may well be regarded as a recission of the compact and a failure on the part of Venezula to complete an arrangement so presistently sought by her during many years and assented to by this government in a spirit of internal unfairness, although to the detriment of holders bona fide towards the impugned commission.

I renew the recommendation of my last annual message that existing legislation concerning citizenship and naturalization be revised. We have treaties with many states providing for the renunciation of citizenship by naturalized aliens, but no statute is found to give effect to such engagement, nor any which provides a needed central bureau for the registration of naturalized citizens. Experience suggests that our statutes regarding extradition might be advantageously amended by a provision for the transit across our territory, now a convenient thoroughfare of travel from one foreign country to another, of fugitives surrendered by a foreign government to a third state. Such provisions are not unusual in the legislation of other countries, and tend to prevent the missionary of justice. It is also desirable in order to remove present uncertainties that authority should be conferred on the secretary of state to issue a certificate in case of an arrest for no purpose of extradition to the officer before whom the proceeding is pending, showing that a requisition for the surrender of the person charged has been duly made. Such a certificate is required to be received before the prisoner's examination, would prevent a long and expensive judicial inquiry into a charge which the foreign government might not desire to press. I also recommend that express provision be made for the immediate discharge from custodav prisoners committed for extradition, where the president is of the opinion that surrender should be made; the dissent of sentiment in civilized communities toward full recognition of rights of property in the creation of human intellect has brought about the adoption by many important nations of an international copyright convention which was signed at Berne on the 18th of September, 1885. Inasmuch as the constitution gives to congress the power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their respective writings and discoveries. This government did not feel warranted in becoming a signatory, pending action of congress, upon measures of international copyright now before it; but the right of adhesion to the Berne convention hereafter has been reserved. I trust the subject will receive at your hands the attention it deserves, and that the just claim of authors, so jointly pressed, will be duly heeded.

Representations continue to be made to me of the injurious effect upon American artists studying abroad and having free access to the art collections of foreign countries, of maintaining a discriminating duty against the introduction of the works of their brother artists, of other countries, and I am induced to repeat my recommendation for the abolition of that tax. Pursuant to a provision of the diplomatic and consular appropriation act, approved July 1, 1886, the estimates submitted by the secretary of state for the maintenance of the consular service, have been recast on the basis of salaries to all officers to whom such an allowance is deemed advisable. Advantage has been taken of this to redistribute the salaries of the officers now appropriated for in accordance with the work performed, the importance of the incumbent and the cost of living at each post. The last consideration has been too often lost sight of in the allowances heretofore made. The compensation which may suffice for the decent maintenance of a worthy and capable officer of onerous and representative trust at a post readily accessible and where the necessaries of life are abunddant and cheap, may prove an inadequate pittance in distant lands where the better part of a year's pay is consumed in reaching the post of duty, and where the comforts of ordinary civilized existence can only be obtained with difficulty and at exorbitant cost. I trust that in considering the submitted schedules no mistaken theory of economy will perpetuate a system which in the past has virtually closed to deserving talent many offices where capacity and attainments of a high order are indispensible, and in not a few instances has brought discredit on our national character and entailed embarrassment, even suffering, on those deputed to uphold our dignity and interests abroad. In conversation with the subject I earnestly reiterate the practical necessity of supplying some mode of trustworthy inspection and report of the manner in which the consulates are conducted. In the absence of such reliable information efficiency can scarcely be rewarded or its opposite corrected. Increasing competition in trade has directed attention to the value of the consular reports printed by the department of state, and the efforts of the government to extend the practical usefulness of these reports, have created a wider demand for them at home and a spirit of emulation abroad. Constituting a record of the changes occurring in trade and of the progress of the arts and invention in foreign countries, they are much sought for by all interested in the subjects which they embrace. The report of the secretary of the treasury exhibits in detail the condition of the public finance, and of the several branches of the government elected to his department. I especially direct the attention of the congress to the recommendations contained in this and the last preceding report of the secretary touching the simplification and amendment of the laws relating to the collection of our revenues, and in the interest of economy and justice to the government. I hope they may be adopted by appropriate legislation.

REVENUES AND EXPENDITURES.

The ordinary receipts of the government for the fiscal year ended June 30, 1886, were $336,643,972,706; of this amount $19,299,593,341 was received from customs and $11,689,593,648 from internal revenue while the total receipts as here stated were $1,374,902,958 greater than for the previous year, but the increase from customs was $11,430,408,419 and from internal revenue $440,721,004, making a gain in these items for the last year of $1,584,139,504; a falling off in other resources reducing the total increase to the smaller amount mentioned. There accrue at the different custom houses of collecting this increased customs revenue was less than the expense attending the collection of such revenue for the preceding year by $409,608 and the increased receipts of internal revenue were collected at a cost to the internal revenue bureau of $15,594,499 less than the expense of such collection for the previous year.

The total ordinary expenses of the government for the fiscal year ending June 30, 1886, were $24,248,313,850, being less by $17,788,797 than such expenditures for the year preceding, and leaving a surplus in the treasury at the close of the last fiscal year of $9,315,658,856, as against $6,343,677,127 at the close of the previous year; being an increase in such surplus of $3,049,281,729. The expenditures are compared with those of the preceding fiscal year and classified as follows:

For civil expenses year ending June 30, 1886, $2,195,560,474; year ending June 30, 1885, $2,382,694,211.

Foreign intercourse, $133,232,088—$543,960,911.

For Indians, $609,915,817—$655,249,263.

For Pensions, $6,340,486,403—$5,610,226,149.

For the military, including river and harbor improvements and arsenals, $3,432,415,274—$4,267,057,847.

For the navy, including vessels, machinery and improvements, $1,390,788,774—$1,602,107,969.

For interests on public debt, $5,058,014,597—$5,138,625,647.

For the District of Columbia, $289,232,189—$244,965,095.

Miscellaneous expenditures, including public buildings, light houses and collecting the revenue, $4,778,668,304—$5,472,805,121.

For the current year to end, June 30, 1887, the ascertained receipts up to October 1, 1886, with such receipts estimated for the remainder of the year amount to $356,000,000.

The expenditures ascertained and estimated for the same period are $266,000,000, indicating an anticipated surplus at the close of the year of $90,000,000.

OUR EXPORTS AND IMPORTS.

The total value of the exports from the United States to foreign countries during the fiscal year is stated and compared with the preceding year, as follows:

Article	1886	1885
Merchandise	$666,594,457,900	$712,688,284,600
Foreign merchandise	1,356,000,100	1,359,680,900
Gold	4,205,279,500	347,594,300
Silver	2,951,140,000	3,613,280,800

The value of some of our leading products exported during the last fiscal year as compared with the value of the same for the year immediately preceding is here given and furnishes information both interesting and suggestive for the year:

Article	1886	1885
Cotton and cotton manufactures	$21,904,557,600	$21,379,904,800
Tobacco and its manufactures	$[illegible]	$ 2,478,703,[illegible]
Bread stuffs	12,594,655,800	16,031,382,100
Provisions	9,042,521,000	10,733,145,600

Our imports during the last fiscal year as compared with previous years were as follows:

Article	1886	1885
Merchandise	$832,543,[illegible],629	$57,958,[illegible],038
Gold	2,015,834,500	2,060,[illegible],600
Silver	1,185,033,[illegible]	1,055,082,300

REVENUE REFORM.

In my last message to congress attention was directed to the fact that the revenues of the government exceeded its needs and it was suggested that legislative action should be taken to relieve the people from the unnecessary burden of the extra taxation thus made apparent. Thus in view of the pressing importance of the subject, I deem it my duty to again urge its consideration. The income of the government by its increased volume through economies in its collection, is now more than ever in excess of public necessities. The application of the surplus to the payment of such portion of the public debt as is now at our option subject to extinguishment, if continued at the rate which has lately prevailed, would retire that class of indebtedness within less than one year from this date. Thus a continuation of our present revenue system would soon result in the receipt of an annual income much greater than necessary to meet the government expenses with no indebtedness upon it to which it could be applied. We should then be confronted with a vast amount of money—the circulating medium of the people—hoarded in the treasury when it should be in their hands, or we should be drained into wasteful public extravagance with all the corrupting national demoralization which follow in its train. But it is not the simple existence of this surplus and its threatened attendant evils which furnish the strongest argument against our present scale of federal taxation. Its worst phase is the exaction of such a surplus through a perversion of the relation between the people and their government and a dangerous departure from the rules which limit the right of federal taxation. Good government, and especially the government of which every American citizen boasts, has for its object the protection of every person within its care in the greatest liberty consistent with the good order of society and his perfect security in the enjoyment of his earning with the least possible diminution for public needs. When more of the people's sustenance is exacted through the form of taxation than is necessary to meet the just obligations of the government and the expenses of its economical administration, such exaction becomes ruthless extortion and a violation of the fundamental principles of a free government. The indirect manner in which these exactions are made has a tendency to conceal their true character and their extent, but we have arrived at a stage of superfluous revenue which has aroused the people to a realization of the fact that the amount raised professedly for the support of the government is paid by them and so absolutely added to the price of the things which supply their daily wants as if it was paid at fixed periods into the hands of the taxgatherer. Those who toil for daily wages are beginning to understand that capital, though sometimes vaunting its importance and clamouring for the protection and favor of the government, is dull and sluggish till touched by the magical hand of labor it springs into activity, furnishing an occasion for federal taxation and gaining value which enables it to bear its burden, and the laborer begins to think, fully inquiring whether, in these circumstances and considering the tribute he so constantly pays into the public treasury as he supplies his daily wants, he receives his fair share of the advantages. There is also a suspicion already that the surplus of our revenues indicate abnormal and exceptional business profits, which under the system which produces such surplus increase without corresponding benefit to the people at large. The vast accumulations of a few of our citizens whose fortunes rival in the wealth of the most favored in anti-democratic nations, are not the natural growth of a steady, plain and industrious republic. Our farmers, too, and those engaged directly and indirectly in supplying the products of agriculture, see that day by day, as they labor as the daily wants of their households recur, they are forced to pay excessive, needless taxation, while their products struggle in foreign markets with the competition of nations which by allowing a freer exchange of productions than we permit, enable their people to sell for prices which distress the American farmer.

As every patriotic citizen rejoices in the constantly increasing pride of our people in American citizenship and in the glory of our national achievements and progress, a sentiment prevails that the lading strings useful to a nation in its infancy may well, to a great extent, be discarded in the present stage of American ingenuity, courage and self-reliance, and for the privilege of indulging in this sentiment with true American enthusiasm our citizens are quite willing to forego an idle surplus in the public treasury, and all the people know that the average rate of federal taxation upon imports is today, in time of peace, but little less, while upon some articles of necessary consumption it is actually more than was imposed by the grievous burden willingly borne at the time when the government needed millions to maintain by war the safety and integrity of the United States.

It has been the policy of the government to collect the principal part of its revenues by a tax upon imports, and no change in this policy is desirable; but the present condition of affairs constrains our people to demand that by a revision of our revenue laws the receipts of the government shall be reduced to the necessary expense of its economical administration, and this demand should be recognized and obeyed.

The people's representatives in the legislative branch of the government in re-adjusting the burdens of federal taxation as sound public policy requires that such of our citizens as have built up large and important industries under the present conditions should not be suddenly and to their injury deprived of the advantages to which they have adopted their business, but if the public good required it they should be content with such consideration as shall deal fairly and justly with their interests, while the just demand of the people for relief from needless taxation is honestly answered. A reasonable and timely submission to such a demand should certainly be possible without a disastrous shock to any interest. A cheerful concession sometimes averts abrupt and heedless action, often the outgrowth of impatience and delayed justice.

THE LABOR QUESTION.

Due regard should be also accorded, in any proposed readjustment, to the interests of American laborers so far as they are involved. We congratulate ourselves that there is among us no laboring class so fixed within unyielding bonds and doomed under all conditions to the inexorable fate of daily toil. We recognize in labor a chief factor, the wealth of the republic, and we treat those who have it in their keeping as citizens entitled to the most careful regard and thoughtful attention. This regard and attention should be awarded them, not only because labor is the capital of our own workingmen justly entitled to its share of government favor, but for the further and not less important reason that the laboring man, surrounded by his family in his humble home as a consumer, is vitally interested in all that cheapens the cost of living and enables him to bring within his domestic circle additional conforts and advantages. This relation of the working man to the revenue laws of the country and the manner in which it probably will influence the question of wages, should not be forgotten in the justifiable prominence given to the proper maintenance of the supply and protection of well paid labor, and these considerations suggest such an arrangement of government revenues as shall reduce the expense of living, while it does not curtail the opportunity for work nor reduce the compensation or affect American labor, and injure its condition and the dignified place it holds in the estimation of our people. But our farmers and agriculturalists, those who from the soil produce the things consumed by all, are perhaps more directly and plainly concerned than any other of our citizens in a just and careful system of federal taxation.

Those actually engaged and more remotely connected with this kind of work number nearly one-half of our population, none labor harder or more continuously than they. No enactments limit their hours of toil and no interposition of the government enhances to any great extent the value of their products, and yet for many of the necessaries and comforts of life which the most scrupulous economy enables them to bring into their homes, and for their implements of husbandry they are obliged to pay a price, largely increased by an unnatural profit which by the action of the government is given to the more favored manufacturer. I recommend that, keeping in view all these considerations, the increasing and unnecessary surplus of national income annually accumulating be released to the people by an amendment to our revenue laws which shall cheapen the price of the necessaries of life and give free entrance to such imported materials as by American labor may be manufactured into marketable commodities. Nothing can be accomplished, however, in the direction of this much needed reform unless the subject is approached in a patriotic spirit of devotion to the interests of the entire community and with a willingness to yield something for the public good.

AS TO THE PUBLIC DEBT.

The sum paid upon the public debt during the fiscal year ended June 30, 1886, was $1,455,704,336. During the twelve months ended October 31, 1886, three per cent. bonds were called for redemption amounting to $1,272,831,000, of which $80,643,300 was so called to answer the requirements of the law relating to the sinking fund and $16,639,900 for the purpose of reducing the public debt by application of a part of the surplus in the treasury to that object. Of the bonds thus called $102,269,450 became subject under such calls to redemption prices to November 1, 1886. The remainder, amounting to $25,013,650 matured under the calls after that date. In addition to the amount subject to payment and cancellation prior to November first there were said to be before that day certain of these bonds with the interest thereon amounting to $5,072,250, which were anticipated as to the maturity of which $2,968,850 had not been called; thus $107,341,800 had been actually applied prior to the first of November, 1886, to the extinguishment of our bonded and interest bearing debt, leaving on that day still outstanding the amount of $1,151,443,117. Of this amount $66,848,700 were still represented by three per cent. bonds. They, however, have been since November 1st, or will at once be, further reduced by $24,646,150, being bonds which have been called as already stated, but not redeemed and cancelled before the latter date.

SILVER COINAGE.

During the fiscal year ended June, 1886, there were coined under the compulsory silver coinage act of 1878, 29,838,203 silver dollars, and the cost of the silver used in such coinage was $2,344,896,061. There had been coined up to the close of the previous fiscal year, under the provisions of the law, 203,582,554 silver dollars. On the first day of December, 1886, the total amount of such coinage was $247,121,549. The director of the mint reports that at the time of the passage of the law of 1878 directing this coinage, the intrinsic value of the dollars thus coined was ninety four and one fourth cents each, and that on the 31st day of July, 1886, the price of silver reached the lowest stage ever known; so that the intrinsic or bullion price of our standard silver dollar at that date was less than seventy two cents. The price of silver on the 30th day of November last was such as to make the dollars intrinsically worth seventy-eight cents each. The differences in the value of the coins represented the fluctuations in the prices of silver; they certainly do not indicate that compulsory coinage by the government enhances the price of that commodity or secures uniformity in its value. Every fair and legal effort has been made to the treasury department to distribute this currency among the people. The withdrawal of United States treasury notes of small denominations and the issuing of small silver certificates have been resorted to in the endeavor to accomplish this result in expedience to the will and sentiments of the representatives of the people in congress. On the 27th day of November, 1886, the people held of these coins or certificates representing them, the nominal sum of $166,873,041 and we still had $79,464,345 in the treasury as against about $142,894,035 in the hands of the people; $74,865,378 remaining in the treasury one year ago the director of the mint urges the necessity of more vault room for storing the silver dollars which are not needed for circulation by the people and I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage, and I again urge its suspension on all the grounds contained in my former recommendation, reinforced by the significant increase of our gold exportations during the last year, as appears by the comparative statement herewith presented, and for the further reasons that the more this currency is distributed among the people, the greater becomes our duty to protect it from disaster, and we have abundance for all our needs and that there seems but little propriety in building vaults to store such currency when the only pretense for its coinage is the necessity of its use by the people as a circulating medium.

RELIEF FOR THE COURTS.

The great number of suits now pending in the United States courts for the southern district of New York, growing out of the collection of customs revenue at the port of New York and the number of such suits that are almost daily instituted, are certainly worth the attention of congress. The late controversies based upon conflicting views by importers and the collector as to the interpretation of our present complex and indefinite revenue laws might be largely obviated by an amendment of these laws, but pending such amendment the present condition of this litigation should be relieved. There are now pending about 25,000 of these suits more than 1,100 have been commenced within the past eighteen months, and many of the others have been at issue for the past twenty five years. These delays subject the government to loss of evidence and prevent the preparation necessary to defeat unjust and fictitious claims, while constantly accruing interest threatens to double the demands involved. In the present condition of the dockets of the courts there were filed many private suits, and the force allowed the district attorney is no greater than is necessary for the ordinary current business of his office. The revenue ligations cannot be considered in default of the adoption by congress of a plan for the general reorganization of the federal courts as heretofore recommended.

I urge the propriety of passing a law permitting the appointment of an additional court judge in the district where the government suits have accumulated so that by continuous sessions of the courts devoted to the trial of these cases they may be determined. It is plain that a great saving to the government would be accomplished by such a remedy, and the suitors who have honest claims would not be denied justice through delay.

THE ARMY.

The report of the secretary of war gives a detailed account of the administration of his department and gives sundry recommendations for the improvement of the service which annually approve the army consisted at the date of the last consolidated return of 2,031 officers and 24,046 enlisted men. The expenses of the department for the last fiscal year were $36,990,903.38, including $6,294,455.43 for public works and river and harbor improvements. I especially direct the attention of congress to the recommendation that officers be required to submit to an examination as preliminary to their promotion. I see no objection but many advantages in adopting this feature which has operated so beneficially in the navy department, as well as in some branches of the army.

The subject of coast defences and fortification has been fully and carefully treated by the board on fortifications, whose report was submitted at the last session of congress, but no construction work of the kind recommended by the board has been possible during last year from lack of appropriations for such purpose. The defenceless condition of our sea coast and lake frontier is perfectly palpable. The examinations made must convince us all that certain of our cities, named in the report of the board, should be fortified, and that work on the most important of these fortifications should be commenced at once. The work has been thoroughly considered and full, yet the secretary of war reports, but all is delayed in default of congressional legislation. The absolute necessity, judged by all standards of prudence and foresight, of our preparation for an effectual resistance against the armored ships and steel guns and mortars of modern construction which may threaten the cities on our coasts, is so apparent that I hope effective steps will be taken in that direction immediately. The valuable and suggestive treatment of this question by the secretary of war is earnestly commended to the consideration of the congress.

THE INDIANS.

In September and October last the hostile Apaches who, under the leadership of Geronimo, had for eighteen months been on the war path, and during that time had committed many murders and been the cause of constant terror to the settlers of Arizona, surrendered to Gen. Miles, the military commander who succeeded Gen. Crook in the management and direction of their pursuit. Under the terms of their surrender, as then reported, and in view of the understanding which these murderous savages extored to entertain of the assurances given them, it was considered best to imprison them in such manner as to prevent their ever engaging in such outrages again, instead of trying them for murder. Fort Pickens having been selected as a safe place of confinement, all the adult males were sent thither and will be closely guarded as prisoners. In the meantime the residue of the band, although still remaining upon the reservations, were still regarded as unsafe and suspected of furnishing aid to those on the warpath, had been removed to Fort Marion. The women and larger children of the hostiles were also taken there and arrangements have been made for putting children of proper age in schools.

THE NAVY ESTABLISHMENT.

The report of the secretary of the navy

(Continued on Fifth Page.)