A NATION'S AFFAIRS

Reviewed in Detail by the President.

REFORM IN CURRENCY

One of the Many Recommendations Offered.

Governmental Questions Treated at Great Length—New Treaty Needed with Mexico—Germany's Embargo Against Our Pork—The Blue Fields Incident and the Eastern War—Review of the Great Railroad Strike—Treasury Deficit, Bond Issue, Etc.

Washington, D. C., Dec. 3.—Following is President's Cleveland's message which was read to both houses of Congress to-day:

To the Congress of the United States:

The assemblage within the nation's legislative halls of those charged with the duty of making laws for the benefit of a generous and free people, impressively suggests the exacting obligation and inexorable responsibility involved in their task. At the threshold of such labor now to be undertaken by the congress of the United States and in the discharge of an executive duty enjoined by the constitution, I submit this communication containing a brief statement of the condition of our national affairs and recommending such legislation as seems to me necessary and expedient.

Our Foreign Relations.

The history of our recent dealings with other nations and our peaceful relations with them at this time, additionally demonstrate the advantage of consistently adhering to a firm but just foreign policy, free from envious or ambitious national schemes and characterized by entire honesty and sincerity.

During the past year, pursuant to a law of congress, commissioners were appointed to the Antwerp industrial exposition. Though the participation of American exhibitors fell far short of completely illustrating our national ingenuity and industrial achievements, yet it was quite creditable in view of the brief time allowed for preparation.

I have endeavored to impress upon the Belgian government the needlessness and positive harmfulness of its restrictions upon the importation of certain of our food products, and have strongly urged that the rigid supervision and inspection under our laws are amply sufficient to prevent the exportation from this country of diseased cattle and unwholesome meat.

The termination of the civil war in Brazil has been followed by the general prevalence of peace and order. It appearing at an early stage of the insurrection that its course would call for unusual watchfulness on the part of this government, our naval force in the harbor of Rio de Janeiro was strengthened. This precaution, I am satisfied, tended to restrict the issue to a simple trial of strength between the Brazilian government and the insurgents and to avert complications which at times seemed imminent. Our firm attitude of neutrality was maintained to the end. The insurgents received no encouragement of eventual asylum from our commanders and such opposition as they encountered was for the protection of our commerce and was fully justified by public law.

A serious tension of relations having arisen at the close of the war between Brazil and Portugal, by reason of the escape of the insurgent admiral, Da Gama, and his followers the friendly offices of our representatives to those countries were exerted for the protection of the subjects of either within the territory of the other.

Although the government of Brazil was duly notified that the commercial arrangement existing between the United States and that country based on the third section of the tariff act of 1890, was abrogated on Aug. 28, 1894, by the taking effect of the tariff law now in force, that government subsequently notified us of its intention to terminate such arrangement on the 1st day of January, 1895, in the exercise of the right reserved in the agreement between the two countries. I invite attention to the correspondence between the secretary of state and the Brazilian minister on this subject.

The commission organized under the convention which we had entered into with Chili for the settlement of outstanding claims of each government against the other, adjourned at the end of the period stipulated for its continuance, leaving undetermined a number of American cases which had been duly presented. These claims are not barred, and negotiations are in progress for their submission to a tribunal.

The 17th of March last the new treaty with China, in further regulation, was signed at Washington. On Aug. 13 it received the sanction of the senate. Ratification on the part of China and formal exchange are awaited to give effect to this mutually beneficial convention.

China and Japan.

A gratifying recognition of the uniform impartiality of this country towards all foreign states was manifested by the coincident requests of the Chinese and Japanese governments that the agents of the United States, should within proper limits, afford protection to the subjects of each during the suspension of diplomatic relations due to a state of war. This delicate office was accepted, and a misapprehension which gave rise to the belief that in affording this kindly unofficial protection our agents would exercise the same authority which the withdrawn agents of the belligerents had exercised, was promptly corrected. Although the war between China and Japan endangers no policy of the United States, it deserves our gravest consideration, by reason of its disturbance of our growing commercial interests in the two countries and the increased dangers which may result to our citizens domiciled or sojourning in the interior of China. Acting under a stipulation in our treaty with Corea (the first concluded with a Western power) I felt constrained at the beginning of the controversy to tender our good offices to induce an amicable arrangement of the initial difficulty growing out of the Japanese demands for administrative reforms in Corea; but the unhappy precipitation of actual hostilities defeated this kindly purpose.

Deploring the destructive war between the two most powerful of the Eastern nations and anxious that our commercial interests in those countries may be preserved and that the safety of our citizens there shall not be jeopardized, I would not hesitate to heed any intimation that our friendly aid for the honorable termination of hostilities would be acceptable to both belligerents.

A convention has been finally concluded for the settlement by arbitration of the prolonged dispute with Ecuador, growing out of the proceedings against Emilie Santos, a naturalized citizen of the United States.

Our relations with the republic of France continue to be such as should exist between nations so long bound together by friendly sympathy and similarity in their form of government. The recent cruel assassination of the president of this sister republic called forth such universal expressions of sorrow and condolence from our people and government as to leave no doubt of the depth and sincerity of our attachment. The resolutions passed by the senate and house of representatives on the occasion, have been communicated to the widow of President Carnot.

Differences With Germany.

Acting on the reported discovery of Texas fever in cargoes of American cattle, the German prohibition against importations of live stock and fresh meats from this country has been revived. It is hoped that Germany will soon become convinced that the prohibition is as needless as it is harmful to mutual interests.

The German government has protested against that provision of the customs tariff act which imposes a discriminating duty of one-tenth of 1 cent a pound on sugars coming from countries paying an export bounty thereon, claiming that the exaction of such a duty is in contravention of Articles V and IX of the treaty of 1828 with Prussia. In the interests of the commerce of both countries and to avoid even the accusation of treaty violation, I recommend the repeal of so much of the statute as imposes that duty, and I invite attention to the accompanying report of the secretary of state containing a discussion of the questions raised by the German protests.

Behring Sea Award.

Early in the present year an agreement was reached with Great Britain concerning instructions to be given to the naval commanders of the two governments in Behring sea and the contiguous North Pacific ocean for their guidance in the execution of the award of the Paris tribunal of arbitration and the enforcement of the regulations therein prescribed for the protection of seal life in the waters mentioned. An understanding has also been reached for the payment by the United States of $425,000 in full satisfaction of all claims which may be made by Great Britain for damages growing out of the controversy as to fur seals in Behring sea, or the seizure of British vessels engaged in taking seals in these waters. The award and findings of the Paris tribunal to a great extent determined the facts and principles upon which these claims should be adjusted, and they have been submitted by both governments to a thorough examination upon the principles as well as the facts which they involved. I am convinced that a settlement upon the terms mentioned would be an equitable and advantageous one and I recommend that provision be made for the prompt payment of the stated sum.

Thus far, only France and Portugal have signified their willingness to adhere to the regulations established under the award of the Paris Tribunal of Arbitration.

Preliminary surveys of the Alaskan boundary and a preparatory examination of the question of protection of food fish in the contiguous waters of the United States and the Dominion of Canada are in progress. The boundary of British Guiana still remains in dispute between Great Britain and Venezuela. Believing that its early settlement, on some just basis alike honorable to both parties, is in the line of our established policy to remove from this hemisphere all causes of difference with powers beyond the sea, I shall renew the efforts heretofore made to bring about a restoration of diplomatic relations between the disputants and induce a reference to arbitration, a resort which Great Britain so conspicuously favors in principle and respects in practice, and which is earnestly sought by her weaker adversary.

Recognition of Hiwaiian Republic.

Since communicating the voluminous correspondence in regard to Hawaii, and the action taken by the senate and house of representatives on certain questions submitted to the judgment and wider discretion of congress, the organization of a government in place of the provisional arrangement which followed the deposition of the queen has been announced with evidence of its effective operation. The recognition usual in such cases has been accorded the new government.

Under our present treaties of extradition with Italy, miscarriages of justice have occurred, owing to the refusal of that government to surrender its own subjects. Thus far, our efforts to negotiate an amended convention obviating this difficulty have been unavailing.

The New Japan Treaty.

Apart from the war, in which the Island empire is engaged, Japan attracts increasing attention in this country by her evident desire to cultivate more liberal intercourse with us and to seek our kindly aid in furtherance of her laudable desire for complete autonomy in her domestic affairs and full equality in the family of nations. The Japanese empire of to-day is no longer the Japan of the past, and our relations with this progressive nation should not be less broad and liberal than those with other powers.

Good will fostered by many interests in common has marked our relations with our nearest Southern neighbors. Peace being restored along her northern frontier, Mexico has asked the punishment of the late disturbers of her tranquility. There ought to be a new treaty of commerce and navigation with that country to take the place of the one which terminated thirteen years ago. The friendliness of the intercourse between the two countries is attested by the fact that during this long period the commerce of each has steadily increased under the rule of mutual consideration, being neither trammeled by conventional arrangements nor retarded by jealousies or selfish distrust. An indemnity tendered by Mexico, as a gracious act, for the murder in 1887 of Leon Baldwin, an American citizen, by a band of marauders in Durango, has been accepted, and is being paid in installments. The problem of the storage and use of the waters of the Rio Grande for irrigation should be solved by concurrent action of the two interested countries. Rising in the Colorado heights, the stream flows intermittently, yielding little water during the dry months to the irrigating channels already constructed along its course. This scarcity is often severely felt in the regions where the river forms a common boundary. Moreover, the frequent changes in its course through level sands often raise embarrassing questions of territorial jurisdiction.

The Disturbances in Bluefields.

Prominent among the questions of the year was the Bluefields incidents, in what is known as the Mosquito Indian strip, bordering on the Atlantic ocean, and within the jurisdiction of Nicaragua. By the treaty of 1860 between Great Britain and Nicaragua, the former government expressly recognized the sovereignty of the latter over the strip, and a limited form of self-government was guaranteed to the Mosquito Indians, to be exercised according to their customs, for themselves and other dwellers within its limits. The so-called native government, which grew to be largely made up of aliens, for many years disputed the sovereignty of Nicaragua over the strip, and claimed the right to maintain therein a practically independent municipal government. Early in the past year, efforts of Nicaragua to maintain sovereignty over the Mosquito territory led to serious disturbances, culminating in the suppression of the native government and the attempted substitution of an impracticable composite administration in which Nicaraguan and alien residents were to participate. Failure was followed by an insurrection, which, for a time, subverted Nicaraguan rule, expelling her officers and restoring the old organization. This, in turn, gave place to the existing local government established and upheld by Nicaragua. Although the alien interests arrayed against Nicaragua in these transactions have been largely American, and the commerce of that region for some time has been and still is chiefly controlled by our citizens, we cannot, for that reason challenge the rightful sovereignty of Nicaragua over this important part of her domain.

For some months on and during part of the time two of our naval ships have been stationed at Bluefields, for the protection of all legitimate interests of our citizens. In September last, the government at Managua expelled from its territory twelve or more foreigners, including two Americans, for alleged participation in the seditious or revolutionary movements against the republic at Bluefields already mentioned; but through the earnest remonstrance of this government, the two Americans have been permitted to return to the peaceful management of their business. Our naval commanders at the scene of these disturbances, by their constant exhibition of firmness and good judgment, contributed largely to the prevention of more serious consequences and to the restoration of quiet and order.

I regret that in the midst of these occurrences, there happened a most grave and irritating failure of Nicaraguan justice. An American citizen named Wilson, residing at Rama, in the Mosquito territory, was murdered by one Arguello, the acting governor of the town. After some delay the murderer was arrested, but so insecurely confined or guarded that he escaped, and notwithstanding our repeated demands, it is claimed that his recapture has been impossible by reason of his flight beyond Nicaraguan jurisdiction.

The Nicaraguan authorities having given notice of the forfeiture of their concession to a canal company on grounds purely technical and not embraced in the contract, have receded from that position.

Peru, I regret to say, shows symptoms of domestic disturbance due probably to the slowness of her recuperation from the distresses of the war of 1881. Weakened in resources, her difficulties in facing international obligations invite our kindly sympathy and justify our forbearance in pressing our long pending claims. I have felt constrained to testify this sympathy in connection with certain demands urgently preferred by other powers.

Relations With Russia.

The recent death of the czar of Russia called forth appropriate expressions of sorrow and sympathy on the part of our government with his bereaved family and the Russian people.

As a further demonstration of respect and friendship, our minister at St. Petersburg was directed to represent our government at the funeral ceremonies.

The sealing interests of Russia in Behring sea are second only to our own. A modus vivendi has therefore been concluded with the imperial government restrictive of poaching on the Russian rookeries and of sealing in waters which were not comprehended in the protected area defined in the Paris award.

Occasion has been found to urge upon the Russian government equality of treatment for our great life insurance companies whose operations have been extended throughout Europe. Admitting as we do foreign corporations to transact business in the United States, we naturally expect no less tolerance for our own in the ample fields of competition abroad.

But few cases of interference with naturalized citizens returning to Russia have been reported during the current year. One Kizeminski was arrested last summer in a Polish province on a reported charge of unpermitted renunciation of Russian allegiance, but it transpired that the proceedings originated in alleged malfeasance committed by Kizeminski while an imperial official a number of years ago. Efforts for his release, which promised to be successful, were in progress when his death was reported.

Gen Ezeta's Extradition.

The government of Salvador, having been overthrown by an abrupt popular outbreak, certain of its military and civil officers, while hotly pursued by infuriated insurgents, sought refuge on board the United States warship Bennington, then lying in a Salvadorean port. Although the practice of asylum is not favored by this government, yet in view of the imminent peril which threatened the fugitives, and solely from consideration of humanity, they were afforded shelter by our naval commander, and, when afterwards demanded under our treaty of extradition with Salvador for trial on charges of murder, arson and robbery, I directed that such as had not voluntarily left the ship be conveyed to one of our nearest ports, where a hearing could be had before a judicial officer in compliance with the terms of the treaty. On their arrival at San Francisco such a proceeding was promptly instituted before the United States district judge, who held that the acts constituting the alleged offenses were political, and discharged all the accused except one, Cienfuegos, who was held for an attempt to murder. Thereupon I was constrained to direct his release for the reason that an attempt to murder was not one of the crimes charged against him, and upon which his surrender to the Salvadorean authorities had been demanded.

Vexatious Differences With Spain.

Unreasonable and unjust fines imposed by Spain on the vessels and commerce of the United States have demanded from time to time during the last twenty years earnest remonstrance on the part of our government. In the immediate past, exorbitant penalties have been imposed upon our vessels and goods by customs authorities of Cuba and Porto Rico for clerical errors of the most trivial character in the manifests or bills of lading. In some cases fines amounting to thousands of dollars have been levied upon cargoes of the carrying vessels when the goods in question were entitled to free entry. Fines have been exacted even when the error had been detected and the Spanish authorities notified before the arrival of the goods in port. This conduct is in strange contrast with the considerate and liberal treatment extended the Spanish vessels and cargoes in our ports in like cases. No satisfactory settlement of these vexatious questions has yet been reached.

The Mora case, referred to in my last annual message, remains unsettled. From the diplomatic correspondence on this subject which has been laid before the senate, it will be seen that this government has offered to conclude a convention with Spain for disposal by arbitration of outstanding claims between the two countries, except the Mora claim, which, having been long so adjusted, now only awaits payment as stipulated, and, of course, it could not be included in the proposed convention. It was hoped that this offer would remove parliamentary obstacles encountered by the Spanish government in providing payment of the Mora indemnity. I regret to say that no definite reply to this offer has yet been made and all efforts to secure payment of this settled claim have been unavailing.

Protection of American Citizens.

In my last annual message I adverted to the claim on the part of Turkey of the right to expel, as persons undesirable and dangerous, Armenians naturalized in the United States and returning to Turkish jurisdiction. Numerous questions in this relation have arisen. While this government acquiesces in the asserted right of expulsion it will not consent that Armenians may be imprisoned or otherwise punished for no other reason than having availed themselves of special consent American citizenship. Three of the assailants of Miss Melton, an American teacher in Mosul, have been convicted by the Ottoman courts, and I am advised that an appeal against the acquittal of the remaining five has been taken by the Turkish prosecuting officer.

A convention has been concluded with Venezuela for the arbitration of a long disputed claim growing out of the seizure of certain vessels, the property of citizens of the United States. Although signed, the treaty of extradition with Venezuela is not yet in force, owing to the insistence of that government that, when surrendered, its citizens shall in no case be liable to capital punishment.

The rules for the prevention of collisions at sea, which were framed by the maritime conference held in this city in 1889, having been currently incorporated in the statutes of the United States and Great Britain, have been announced to take effect March 1, 1895, and invitations have been extended to all maritime nations to adhere to them. Favorable responses have thus far been received from Austria, France, Portugal, Spain and Sweden.

Failure of Samoan Policy.

In my last annual message, I referred briefly to the unsatisfactory state of affairs in Samoa under the operation of the Berlin treaty as signally illustrating the policy of entangling alliances with foreign powers, and on May 9, 1894, in response to a resolution of the senate, I sent a special message and documents to that body on the same subject, which emphasized my previously expressed opinions. Later occurrences, the correspondence in regard to which will be laid before congress further demonstrate that the government which was devised by the three powers and forced upon the Samoans against their inveterate hostility can be maintained only by the continued presence of foreign military force at no small sacrifice of life and treasure. The suppression of the Mataafa insurrection by the powers and the subsequent banishment of the leader and eleven other chiefs, as recited in my last message, did not bring lasting peace to the islands. Formidable uprisings continued, and finally a rebellion broke in the capital island, Upolu, headed in Aana, the western district, by the younger Tamasese, and in Atua, the eastern district, by other leaders. The insurgents ravaged the country and fought the government troops up to the very doors of Apia. The king again appealed to the powers for help, and the combined British and German naval force reduced the Atuans to apparent subjection, not, however, without considerable loss to the natives. A few days later, Tamasese and his adherents, fearing the ships and the marines pressed submission.

Reports received from our agents at Apia do not justify the belief that the peace thus brought about will be of long duration. It is their conviction that the natives are hostile to the present government; that such of them as profess loyalty to it do so from fear of the powers, and that it would speedily go to pieces if the warships were withdrawn. In reporting to his government on the unsatisfactory situation since the suppression of the late revolt by foreign armed forces, the German consul at Apia stated: "That peace will be lasting is hardly to be presumed. The lesson given by firing on Atua was not sufficiently sharp and incisive to have a lasting impression on the forgetful Samoan temperament. In fact, conditions are existing which show that peace will not last, and is not seriously intended. Malietoa, the king, and his chiefs, are convinced that the departure of the warships will be a signal for a renewal of the war. The circumstance that the representatives of the villages of all the districts which were opposed to the government have already withdrawn to Atua to hold meetings, and that both Atua and Aana have forbidden inhabitants of those districts which fought on the side of the government to return to their villages, and have already partly burned down the latter, indicates that a real conciliation of the parties is still far off." And in a note of the 10th ult., enclosing a copy of that report for the information of this government, the German ambassador said: "The contents of the report awakened in the imperial government the apprehension that under existing circumstances the peace concluded with the rebels will afford no assurance of the lasting restoration of tranquility in the islands."

The present government has utterly failed to correct, if it has not aggravated, the very evils it was intended to prevent. It has not stimulated our commerce with the islands. Our participation in its establishment against the wishes of our citizens was in plain defiance of the conservative teachings and warnings of the wise and patriotic men who laid the foundations of our free institutions, and I invite an expression of the judgment of congress on the propriety of steps being taken by this government looking to the withdrawal from its engagements with the other powers on some reasonable terms not prejudicial to any of our existing rights.

Statement of the Finances.

The secretary of the treasury reports that the receipts of the government from all sources of revenue during the fiscal year ended June 30, 1894, amounted to $372,802,498.29, and its expenditures to $442,635,758.87, leaving a deficit of $69,803,260.58. There was a decrease of $15,352,674.66 in the ordinary expenditures of the government, as compared with the fiscal year 1893. There was collected from customs $131,818,530.62, and from internal revenue $147,168,449.70. The balance of the income for the year, amounting to $93,615,517.97, was derived from the sales of lands and other sources.

The value of our total dutiable imports amounted to $275,199,086, being $146,657,625 less than during the preceding year and the importations free of duty amounted to $379,795,536, being $64,748,675 less than during the preceding year. The receipts from customs were $73,536,486.11 less, and from internal revenue $13,826,539.77 less than in 1893. The total tax collected from distilled spirits was $85,259,250.25; on manufactured tobacco $8,617,898.62, and on fermented liquors $31,414,788.04.

Our exports of merchandise, domestic and foreign, amounted during the year to $892,140,572, being an increase over the preceding year of $44,495,378.

The total amount of gold exported during the fiscal year was $76,898,061, as against $108,380,444 during the fiscal year 1893. The amount imported was $72,449,119, as against $21,174,281 during the previous year. The imports of silver were $13,286,552, and the exports were $50,451,265.

The total bounty paid upon the production of sugar in the United States for the fiscal year was $12,160,268.80, being an increase of $2,725,078.01 over the payments made during the preceding year. The amount of bounty paid from July 1, 1894, to Aug. 28, 1894, the time when further payments ceased by operation of law, was $966,185.84. The total expenses incurred in the payment of the bounty upon sugar during the fiscal year was $130,149.85.

An Estimated Deficit of $20,000,000.

It is estimated that upon the basis of our present revenue laws, the receipts of the government during the current fiscal year ending June 30, 1895, will be $424,427,748.44, and its expenditures $444,427,748.44, resulting in a deficit of $20,000,000.

On the first day of November, 1894, the total stock of money of all kinds in the country was $2,240,773,888, as against $2,204,651,000 on the first day of November, 1893, and the money of all kinds in circulation, or not included in the treasury holdings, was $1,672,093,422, or $24.27 per capita upon an estimated population of 68,887,000.

At the same date there was held in the treasury gold bullion amounting to $44,615,177.55, and silver bullion, which was purchased at a cost of $127,779,988. The purchase of silver bullion under the act of July 14, 1890, ceased on the 1st day of November, 1893, and up to that time there had been purchased during the fiscal year 11,917,656.78 fine ounces at a cost of $8,715,321.32, an average cost of $.7313 per fine ounce. The total amount of silver purchased from the time that the law took effect until the repeal of its purchasing clause, on the date last mentioned, was 168,674,682.53 fine ounces, which cost $155,931,002.25, the average price per fine ounce being $.9244. The total amount of standard silver dollars coined at the mints of the United States since the passing of the act of Feb. 28, 1878, is $421,776,408, of which $378,166,793 were coined under the provisions of that act, $38,531,143 under the provisions of the act of July 14, 1890, and $5,078,472 under the act providing for the coinage of trade dollar bullion. The total coinage of all metals at our mints during the last fiscal year consisted of 63,485,220 pieces valued at $106,216,730.06, of which there were $90,474,912.50 in gold coined; $758 in standard silver dollars; $6,024,140.30 in subsidiary silver coin, and $716,919.26 in minor coin.

Production of Precious Metals.

During the calendar year 1893 the production of precious metals in the United States was estimated at 1,739,323 fine ounces of gold, of the commercial and coinage value of $35,953,000, and 60,000,000 fine ounces of silver of the bullion or market value of $46,800,000, and of the coinage value of $77,576,000. It is estimated that on the 1st day of July, 1894 the stock of metallic money in the United States, consisting of coin and bullion, amounted to $1,251,640,958, of which $627,923,201 was gold, and $624,347,757 was silver.

Fifty national banks were organized during the year ended Oct. 31, 1894, with a capital of $5,285,000, and seventy-nine, with a capital of $10,475,000, went into voluntary liquidation. Twenty-one banks, with a capital of $2,770,000 were placed in the hands of receivers. The total number of national banks in existence on the 31st day of October last was 3,756, being forty less than on the 31st day of October, 1893. The capital stock paid in was $672,671,265, being $3,678,494 less than at the same time in the previous year, and the surplus fund and undivided profits, less expenses, taxes paid, amounted to $334,121,082.10, which was $16,089,780 less than on Oct. 31, 1893. The circulation was decreased $1,741,563. The obligations of the banks to each other were increased $117,268,334, and the individual deposits were $277,294,489 less than at the corresponding date in the previous year. Loans and discounts were $101,296,923 more than at the same time the previous year, and checks and other cash items were $36,310,963 more. The total resources of the banks at the date mentioned amounted to $3,473,922,055 as against $3,109,563,284.36 in 1893.

United States Military Forces.

From the report of the secretary of war, it appears that the strength of the army on Sept. 30, 1894, was 2,135 officers and 25,765 enlisted men. Although this is apparently a very slight decrease compared with the previous year, the actual effective force has been increased to the equivalent of nearly two regiments through the reorganization of the system of recruiting and the consequent release to regimental duty of a large force of men hitherto serving at the recruiting depots. The abolition of these depots, it is predicted, will furthermore effect an annual reduction approximating $250,000 in the direct expenditures, besides promoting generally the health, morals and discipline of the troops.

The execution of the policy of concentrating the army at important centers of population and transportation, foreshadowed in the last annual report of the secretary, has resulted in the abandonment of fifteen of the smaller posts, which was effected under a plan which assembles organizations of the same regiments hitherto widely separated. This renders our small forces more readily effective for any service which they may be called upon to perform, increases the extent of the territory under protection without diminishing the security heretofore afforded to any locality, improves the discipline, training and esprit de corps of the army, besides considerably decreasing the cost of its maintenance.

Though the forces of the Department of the East have been somewhat increased, more than three-fourths of the army is still stationed west of the Mississippi. The carefully matured policy, which secures the best and greatest service in the interests of the general welfare from the small force comprising our regular army, should not be thoughtlessly embarrassed by the creation of new and unnecessary posts through acts of congress to gratify the ambitions or interests of localities.

While the maximum legal strength of the army is 25,000 men, the effective strength through various causes is but little over 20,000 men. The purpose of congress does not, therefore, seem to be fully attained by the existing condition. While no considerable increase in the army is, in my judgment, demanded by recent events, the policy of sea coast fortification, in the prosecution of which we have been steadily engaged for some years, has so far developed as to suggest that the effective strength of the army be now made at least equal to the legal strength. Measures taken by the department during the year as indicated have already considerably augmented the effective force, and the secretary of war presents a plan which I recommend to the consideration of congress, to attain the desired end. Economies effected in the department in other lines of its work will offset to a great extent the expenditure involved in the proposition submitted. Among other things this contemplates the adoption of the three battalion formation of regiments, which for several years has been indorsed by the secretary of war and the generals commanding the army. Compact in itself, it provides a skeleton organization ready to be filled out in the event of war, which is peculiarly adapted to our strength and requirements; and the fact that every other nation, with a single exception, has adopted this formation for meet the conditions of modern warfare, should alone secure for the recommendation an early consideration.

The A. R. U. Strike.

It is hardly necessary to recall the fact that in obedience to the commands of the constitution and laws and for the purpose of protecting the property of the United States, aiding the process of federal courts and removing lawless obstructions to the performance by the government of its legitimate functions, it became necessary in various localities during the year to employ a considerable portion of the regular troops. The duty was discharged promptly, courageously and with marked discretion by the officers and men, and the most gratifying proof was thus afforded that the army deserves that complete confidence in its efficiency and discipline which the country has at all times manifested. The year has been free from disturbances by Indians and the chances of further depredations on their part are constantly becoming more remote and improbable.

The total expenditures for the war department for the year ended June 30, 1894, amounted to $56,039,009.34. Of this sum $2,000,604.99 was for salaries and contingent expenses; $25,605,156.16 for the support of the military establishment; $5,091,682.23 for miscellaneous objects, and $25,341,565.96 for public works. This latter sum includes $19,454,637.49 for river and harbor improvements and $5,947,863.56 for fortifications and other works of defense. The appropriations for the current year aggregate $52,429,112.78, and the estimates submitted by the secretary of war for the next fiscal year call for appropriations amounting to $52,318,629.55.

The skill and industry of our ordnance officers and inventors have, it is believed, overcome the mechanical obstacles which have heretofore delayed the armament of our coasts, and this great national undertaking, upon which we have entered, may now proceed as rapidly as congress shall determine. With a supply of finished guns of large caliber already on hand, to which additions should now rapidly follow, the wisdom of providing carriages and emplacements for their mount can not be too strongly urged.

The total enrollment of the militia of the several states is 117,534 officers and enlisted men, an increase of 5,833 over the number reported at the close of the previous year.

The reports by regular army officers show a marked increase in interest and efficiency among the state organizations, and I strongly recommend a continuance of the policy of affording very practical encouragement possible to this important auxiliary of our military establishment.

The condition of the Apache Indians, held as prisoners by the government for eight years at a cost of $500,000 annually, has been changed during the year from captivity to one in which gives them an opportunity to demonstrate their capacity for self-support and, at least, partial civilization. Legislation enacted at the late session of congress gave the War department authority to transfer the survivors, numbering 346, from Mount Vernon barracks, Alabama, to any suitable reservation. The department selected as their future home the military lands near Fort Sill, Indian Territory, where, under military surveillance, the former prisoners have been established in agriculture under conditions favorable to their advancement.

In recognition of the long and distinguished military services and faithful discharge of delicate and responsible civil duties by Maj.-Gen. John M. Schofield, now the general commanding the army, it is suggested to congress that the temporary revival of the grade of lieutenant-general in his behalf, would be a just and gracious act and would permit his retirement, now near at hand, with rank befitting his merits.

Progress Made by Supreme Court.

The report of the attorney general notes the gratifying progress made by the Supreme court in overcoming the arrears of its business and in reaching a condition in which it will be able to dispose of cases as they arise without any unreasonable delay. This result is, of course, very largely due to the successful working of the plan inaugurating Circuit Courts of Appeals. In respect to these tribunals, the suggestion is made in quarters entitled to the highest consideration, that an additional circuit judge for each circuit would greatly strengthen these courts and the confidence reposed in their adjudications, and that such an addition would not create a greater force of judges than the increasing business of such courts requires. I commend the suggestion to the careful consideration of congress.

Other important topics are adverted to in the report accompanied by recommendations, many of which have been treated at large in previous messages, and at this time, therefore, need only be named. I refer to the abolition of the fee system as a measure of compensation to federal officers; the enlargement of the powers of United States commissioners, at least in the territories; the allowance of writs of error in criminal cases on behalf of the United States, and the establishment of degrees in the crime of murder.

A topic dealt with by the attorney-general of much importance is the condition of the administration of justice in the Indian territory. The permanent solution of what is called the Indian problem is probably not to be expected at once, but meanwhile such ameliorations of present conditions as the existing system will admit of, ought not to be neglected. I am satisfied there should be a federal court established for the territory with sufficient judges, and that this court should sit within the territory and have the same jurisdiction as to territorial affairs as is now vested in the federal courts sitting in Arkansas and Texas.

Reorganization of the Union Pacific.

Another subject of pressing moment referred to by the attorney-general is the reorganization of the Union Pacific Railway company on a basis equitable as regards all private interests, and as favorable to the government as existing conditions will permit. The operation of a railroad by a court through a receiver is an anomalous state of things which should be terminated on all grounds, public and private, at the earliest possible moment. Besides, not to enact the needed enabling legislation at the present session postpones the whole matter until the assemblage of a new congress, and inevitably increases all the complications of the situation and could not but be regarded as a signal failure to solve a problem which has practically been before the present congress ever since its organization.

Eight years ago, in my annual message, I urged upon the congress as strongly as I could the location and construction of two prisons for the confinement of United States prisoners. A similar recommendation has been made from time to time since, and a few years ago a law was passed providing for the selection of sites for three such institutions. No appropriation has, however, been made to carry the act into effect and the old and discreditable condition still exists. It is not my purpose at this time to repeat the consideration which makes an impregnable case in favor of the ownership and management by the government of the penal institutions in which federal prisoners are confined. I simply desire to again urge my former recommendations on the subject and to peremptorily call the attention of the congress to that part of the report of the secretary of war in which he stated that the military prison at Fort Leavenworth, Kas., can be turned over to the government as a prison for federal convicts without the least difficulty, and with an actual saving of money from every point of view.

Pending a more complete reform, I hope that by the adoption of the suggestion of the secretary of war, this easy step may be taken in the direction of the proper care of its convicts by the government of the United States.

The Postoffice Department.

The report of the postmaster-general presents a comprehensive statement of the operations of the Postoffice department for the last fiscal year. The receipts of the department during the year amounted to $75,080,479.04, and the expenditures to $84,324,414.15. The transactions of the postal service indicate with barometric certainty the fluctuations in the business of the country. Inasmuch, therefore, as business complications continued to exist throughout the last year to an unforeseen extent, it is surprising that the deficiency of revenue to meet the expenditures of the Postoffice department, which was estimated in advance at about $8,000,000, should be exceeded by nearly $1,250,000. The ascertained revenues of the last year, which were the basis of calculation for the current year, being less than estimated, the deficiency for the current year will be correspondingly greater, though the postmaster-general states that the latest indications are so favorable that he confidently predicts an increase of at least 8 per cent in the revenues of the current year over those of the last year. The expenditures increase steadily and necessarily with the growth and needs of the country, so that the deficiency is greater or less in any year depending upon the volume of receipts. The postmaster-general states that this deficiency is unnecessary, and might be obviated at once if the law regulating rates upon mail matter of the second-class was modified. The rate received for the transmission of this second-class matter is 1 cent a pound, while the cost of such transmission to the government is eight times that amount. In the general terms of the law this rate covers newspapers and periodicals. The extensions of the meaning of these terms from time to time have admitted to the privileges intended for legitimate newspapers and periodicals a surprising range of publications and created abuses the cost of which amount in the aggregate to the total deficiency of the Postoffice department. Pretended newspapers are started by business houses for the mere purpose of advertising goods, complying with the law in form only and discontinuing the publications as soon as the period of advertising is over. "Sample copies" of pretended newspapers are issued in great numbers for a like purpose only. The result is a great loss of revenue to the government, besides its humiliating use as an agency to aid in carrying out the scheme of a business house to advertise its goods by means of a trick upon both both its rival houses and the regular and legitimate newspapers. Paper covered literature, consisting mainly of trashy novels, to the extent of many thousands of tons is sent through the mails at 1 cent a pound, while the publishers of standard works are required to pay eight times that amount in sending their publications. Another abuse consists in the free carriage through the mails of hundreds of tons of seed and grain uselessly distributed through the department of agriculture. The postmaster-general predicts that if the law be so amended as to eradicate these abuses not pay will the Postoffice department show no deficiency, but he believes that in the near future all legitimate newspapers and periodical magazines might be properly transmitted through the mails to their subscribers free of cost. I invite your prompt consideration of this subject, and fully indorse the views of the postmaster-general.

The total number of postoffices in the United States on the 30th day of June, 1894, was 69,805, an increase of 1,403 over the preceding year. Of these 3,428 were presidential, an increase in that class of sixty-eight over the preceding year. Six hundred and ten cities and towns are provided with free delivery. Ninety-three other cities and towns entitled to the service under the law have not been accorded it on account of insufficient funds. The expense of free delivery for the current fiscal year will be more than $12,300,000, and under existing legislation, this item of expenditure is subject to constant increase. The estimated cost of rural free delivery generally is so very large that it ought not to be considered in the present condition of affairs.

During the year 850 additional domestic money order offices were established. The total number of these offices at the close of the year was 19,264. There were 14,304,041 money orders issued during the year, being an increase over the preceding year of 994,396. The value of these orders amounted to $138,798,579.49, an increase of $11,217,145.84. There were also issued during the year postal notes amounting to $12,649,094.55.

During the year 128 international money order offices were added to those already established, making a total of 2,625 such offices in operation June 30, 1894. The number of international money orders issued during the year was 917,823, a decrease of 138,176, and their value was $13,792,455.31, a decrease in amount of $2,548,382.55. The number of orders paid was 361,189, an increase over the preceding year of 60,263, and their value was $8,568,493.78, an increase of $1,295,118.08. From the foregoing statements it appears that the total issue of money orders and postal notes for the year amounted to $165,235,129.35.

The number of letters and packets mailed during the year for special delivery was 3,436,999. The special delivery stamps used on these letters and packages amounted to $343,637. The messengers' fees paid for their delivery amounted to $261,269.70, leaving a balance in favor of the government of $82,367.30.

The report shows most gratifying results in the way of economies worked out without affecting the efficiency of the postal service. These consist in the abrogation of steamship subsidy contracts, reletting of mail transporting contracts, and in the cost and amount of supplies used in the service, amounting in all to $16,519,047.42. This report also contains a valuable contribution to the history of the Universal Postal union, an arrangement which amounts practically to the establishment of one postal system for the entire civilized world. Special attention is directed to this subject at this time, in view of the fact that the next congress of the union will meet in Washington in 1897, and it is hoped that timely action will be taken in the direction of perfecting preparations for that event.

In the postmaster-general's suggestion made in a previous report that the department organization be increased to the extent of creating a direct district supervision of all postal affairs, I fully concur.

There are now connected with the postoffice establishment 32,661 employees who are in the classified service. This includes many who have been classified upon the suggestion of the postmaster-general. He states that another year's experience at the head of the department serves only to strengthen the conviction as to the excellent working of the Civil Service law in this branch of the public service.

Gratifying Progress Made by Navy.

Attention is called to the report of the secretary of the navy, which shows very gratifying progress in the construction of ships for our new navy. All the vessels now building, including the three torpedo boats authorized at the last session of congress, and excepting the first class battleship Iowa, will probably be completed during the coming fiscal year.

The estimates for the increase of the navy for the year ending June 30, 1896, are large, but they include practically the entire sum necessary to complete and equip all the new ships not now in commission, so that unless new ships are authorized, the appropriations for the navy service for the fiscal year ending June 30, 1897, should fall below the estimates for the coming year by at least $12,000,000. The secretary presents with much earnestness a plea for the authorization of three additional battleships and ten or twelve torpedo boats. While the unarmored vessels heretofore authorized, including those now nearing completion, will constitute a fleet which it is believed is sufficient for ordinary cruising purposes in time of peace, we have now completed and in process of construction but four first-class battleships and but few torpedo boats. If we are to have a navy for warlike operations, offensive and defensive, we certainly ought to increase both the number of battleships and torpedo boats.

The manufacture of armor requires expensive plants and the aggregation of many skilled workmen. All the armor necessary to complete the vessels now building will be delivered before the 1st of June next. If no new contracts are given out, contractors must disband their workmen and their plants must lie idle. Battleships authorized at this time would not be well under way until late in the coming fiscal year, and at least three years and a half from the date of the contract would be required for their completion. The secretary states that no more than 15 per cent. of the cost of such ships need be included in the appropriations for the coming year.

Recommends More Warships.

I recommend that provision be made for the construction of additional battleships and torpedo boats. The secretary recommends the manufacture not only of a reserve supply of ordnance and ordnance material for ships of the navy