THE MESSAGE.

To the Senate and House of Representatives:

There are few transactions in the administration of the Government that are even temporarily held in the confidence of those charged with the conduct of the public business. Every step taken is under the observation of an intelligent and watchful people. The state of the Union is known from day to day, and suggestions as to needed legislation find an earlier voice than that which speaks in these annual communications of the President to Congress.

Good will and cordiality have characterized our relations and correspondence with other governments during the year just past, and leaves few international questions of importance remaining unadjusted. No obstacle is believed to exist that can long postpone the consideration and adjustment of the still pending questions upon satisfactory and honorable terms. The dealings of this Government with other States have been and should always be marked by frankness and sincerity, our purposes avowed, and our methods free from intrigue. This course has borne rich fruit in the past, and it is our duty as a nation to preserve the heritage of good repute which a century of right dealing with foreign governments has secured to us.

It is a matter of high significance, and no less of congratulation, that the first year of the second century of our constitutional existence finds, as honored guests within our borders, the representatives of all the independent States of North and South America, met together in earnest conference touching the best methods of perpetuating and expanding the relations of mutual interest and friendliness extended among them. That the opportunity thus afforded for promoting closer international relations and the increased prosperity of the States represented will be used for the mutual good of all, I can not permit myself to doubt. Our people will await with interest and confidence the results to flow from so auspicious a meeting of allied, and in large part, identical interests. The recommendations of this international conference of enlightened statesmen will have the attention of Congress and its co-operation in the removal of unnecessary barriers to beneficial intercourse between the nations of America, but while the commercial results which it is hoped will follow this conference are worthy of pursuit and of the great interest they have excited, it is believed that the crowning benefit will be found in the better securities which may be devised for the maintenance of peace among all American nations and settlement of all contention by methods that a Christian civilization can approve. While viewing with interest our National resources and products, the delegates will, I am sure, find a higher satisfaction in the evidences of unselfish friendship which everywhere attend the intercourse with our people.

Another international conference, having great possibilities for good, has lately assembled, and is now in session at this capital. An invitation was extended by the Government, under the Act of Congress of July 9, 1888, to all maritime nations to send delegates to confer, touching the revision and amendment of the rules and the regulations governing vessels and to adopt a uniform system of marine signals. The response to this invitation has been very general and very cordial. Delegates from twenty-six nations are present in the conference, and they have entered upon their useful work with great zeal and with an evident appreciation of its importance so far as the agreement to be reached may require legislation to give it effect. The co-operation of Congress is confidently relied upon. It is an interesting and unprecedented fact that the two international conferences have brought here the accredited representatives of thirty-three nations. Bolivia, Ecuador and Honduras are now represented by resident envoys of the plenipotentiary grade. All the States of the American system now maintain diplomatic representation at this capital.

In this connection it may be noted that all the nations of the Western Hemisphere, with one exception, send to Washington envoys extraordinary and ministers plenipotentiary, being the highest grade accredited to this Government. The United States, on the other hand, sends envoys of lower grade to some of our sister republics. Our representative in Paraguay and Uruguay is a minister resident, while to Bolivia we send a minister resident and a Consul-General. In view of the importance of our relations with States of the American system, our diplomatic agents in those countries should be of the uniform rank of envoy extraordinary and minister plenipotentiary. Certain missions were so elevated by the last Congress with happy effect, and I recommend the completion of the reform thus begun with the inclusion also of Hawaii and Hayti in view of their relation to the American system of States. I also recommend that timely provision be made for extending to Hawaii an invitation to be represented in the international conference now sitting at this capital.

Our relations with China have the attentive consideration which their magnitude and interest demand. The failure of the treaty negotiated under the administration of my predecessor for the further and more complete restriction of Chinese labor immigration, and, with it, the legislation of the last session of Congress dependent thereon, leave some questions open, which Congress should now approach in that wise and just spirit, which should characterize the relations of two great and friendly powers. While our supreme interests demand the exclusion of a laboring element which experience has shown to be incompatible with our social life, all steps to compass this imperative need should be accompanied with a recognition of the claim of those strangers now lawfully among us to humane and just treatment. The accession of the young Emperor of China marks, we may hope, an era of progress and prosperity for the great country over which he is called to rule.

The present state of affairs in respect to the Samoan islands is encouraging. The conference which was held in this city in the summer of 1887 between the representatives of the United States, Germany and Great Britain have been adjourned because of the persistent divergence of views, which was developed in its deliberations. The subsequent course of events in the Islands gave rise to questions of a serious character. On the 4th of February last, the German Minister at the capital, in behalf of his government, proposed a resumption of the conference at Berlin. This proposition was accepted as Congress in February last was informed. Pursuant to the understanding thus reached, commissioners were appointed by me, by and with the advice and consent of the Senate, who proceeded to Berlin, where the conference was renewed. The deliberations extended through several weeks, and resulted in the conclusion of a treaty, which will be submitted to the Senate for its approval. I trust that the efforts which have been made to effect an adjustment of this question will be productive of the permanent establishment of law and order in Samoa upon a basis of the maintenance of the rights and interests of the natives. The questions which have arisen during the past few years between Great Britain and the United States are in abeyance or in course of adjustment.

On the part of the government of the Dominion of Canada an effort has been apparent during the season just ended to administer the laws and regulations applicable to the fisheries with as little occasion for friction as was possible, and the temperate representations of this Government in respect of cases of undue hardship or of harsh interpretations have been in most cases met with measures of transitory relief. It is trusted that the attainment of our just rights under existing treaties and in virtue of the concurrent legislation of the two contiguous countries will not be long deferred; and that all existing causes of difference may be equitably adjusted. I recommend that provision be made by an international agreement for visibly marking the water boundary between the United States and Canada in the narrow channels that join the Great Lakes. The conventional line therein traced by the northwestern boundary survey years ago is not in all cases readily ascertainable for the settlement of jurisdictional questions.

A just and acceptable enlargement of the list of offenses for which extradition may be claimed and granted is most desirable between this country and Great Britain. The territory of neither should become a secure harbor for the evil-doers of the other through any avoidable short-coming in this regard. A new treaty on this subject between the two powers has been recently negotiated and will soon be laid before the Senate.

The importance of the commerce of Cuba and Porto Rico with the United States, their nearest and principal market, justifies the expectation that the existing relations may be beneficially extended. The impediments resulting from varying dues on navigation, and from the vexatious treatment of our vessels on merely technical grounds of complaint in West India ports, should be removed. The progress toward an adjustment of pending claims between the United States and Spain is not as rapid as could be desired.

Questions affecting American interests in connection with railways constructed and operated by our citizens in Peru have claimed the attention of this Government. It is urged that other governments, in pressing Peru to the payment of their claims, have disregarded the property rights of American citizens. The matter will be carefully investigated with a view to securing a proper and equitable adjustment. A similar issue is now pending with Portugal. The Delagoa Bay railway in Africa was constructed under a concession by Portugal to an American citizen. When nearly completed the road was seized by the agents of the Portuguese Government. A formal protest has been made through our Minister at Lisbon against this act, and no proper effort will be spared to secure relief.

In pursuance of the charter granted by Congress and under the terms of its contract with the government of Nicaragua, the Inter-Oceanic Canal Company has begun the construction of the important waterway between the two oceans, which its organization contemplates. Grave complications for a time seemed imminent in view of a supposed conflict of jurisdiction between Nicaragua and Costa Rica in regard to the necessary privileges to be conceded by the latter republic toward the construction of works on the San Juan river, of which the right bank is Costa Rican territory. I am happy to learn that a friendly arrangement has been effected between the two nations. This Government has held itself ready to promote in every proper way the adjustment of all conditions that might present obstacles to the completion of the work of such transcendent importance to the commerce of this country, and, indeed, to the commercial interests of the world.

The traditional good feeling between this country and the French Republic has received additional testimony in the participation of our Government and people in the international exposition held at Paris during last summer. The success of our exhibitors has been gratifying. The report of the Commission will be laid before Congress in due season.

This Government has accepted, under proper reserve as to its policy in foreign territories, the invitation of the government of Belgium to take part in an international Congress which opened at Brussels on the 16th day of November for the purpose of devising means to promote the suppression of the slave trade in Africa, and to prevent the shipment of slaves by sea. Our interest in the extinction of this crime against humanity, in the regions where it yet survives, has been increased by the results of emancipation within our own borders.

With Germany the most cordial relations continue. The questions arising from the return to the Empire of Germans naturalized in this country are considered and disposed of in a temperate spirit, to the entire satisfaction of both governments.

It is a source of great satisfaction that the internal disturbances of the Republic of Hayti are at last happily ended and that an apparently stable government has been established. It has been duly recognized by the United States.

A mixed commission is now in session in this capital for the settlement of long-standing claims against the Republic of Venezuela, and it is hoped that a satisfactory conclusion will be speedily reached. This Government has not hesitated to express its earnest desire that the boundary dispute now pending between Great Britain and Venezuela may be adjusted amicably and in strict accordance with the historic title of the parties.

The advancement of the Empire of Japan has been evidenced by the recent promulgation of a new constitution, valued for guarantees of liberty and providing for a responsible ministry to conduct the government. It is earnestly recommended that judicial rights and processes in Corea be established on a firm basis by providing the machinery necessary to carry out treaty stipulations in that regard.

The friendliness of the Persian Government continues to be shown by its generous treatment of Americans engaged in missionary labors and by the cordial disposition of the Shah to encourage the enterprise of our citizens in the development of Persian resources.

A discussion is in progress touching the jurisdictional treaty rights of the United States in Turkey. An earnest effort will be made to define those rights to the satisfaction of both governments.

Questions continue to arise in our relations with several countries in respect to the rights of naturalized citizens. Especially is this the case with France, Italy, Russia and Turkey, and to some extent with Switzerland. From time to time earnest efforts have been made to regulate this subject by conventions. An improper use of naturalization should not be permitted, but it is important that those who have been duly naturalized should every where be accorded recognition of the rights pertaining to citizenship of the country of their adoption. The appropriateness of special conventions for that purpose is recognized in treaties this Government has concluded with a number of European States, and it is advisable that the difficulties which now arise in our relations with other countries on the same subject should be similarly adjusted.

The recent revolution in Brazil in favor of the establishment of a republican form of government is an event of great interest to the United States. Our minister at Rio de Janeiro was at once instructed to maintain friendly diplomatic relations with the provisional government, and the Brazilian representatives at this capital were instructed by the provisional government to continue their functions. Our friendly intercourse with Brazil has, therefore, suffered no interruption. Our minister has been further instructed to extend on the part of this Government a formal and cordial recognition of the new republic so soon as the majority of the people of Brazil shall have signified their assent to its establishment and maintenance.

Within our own borders a general condition of prosperity prevails. The harvests of the last summer were exceptionally abundant and the trade conditions now prevailing seem to promise a successful season to the merchant and the manufacturer, and general employment to our working people. The report of the Secretary of the Treasury for the fiscal year ending June 30, 1889, has been prepared, and will be presented to Congress. It presents with clearness the fiscal operations of Government, and I avail myself of it to obtain some facts for use here. The aggregate receipts from all sources for the year were $387,050,058.84, derived as follows:

From customs	$223,832,741.69
From internal revenue	130,881,513.92
From miscellaneous sources	32,335,803.23

The ordinary expenditures for the same period were $281,996,615.60, and the total expenditures, including the sinking fund, were $329,579,929.25. The excess of receipts over expenditures was, after providing for the sinking fund, $57,470,129.59. For the current fiscal year, the total revenues, actual and estimated, are $385,000,000, and the ordinary expenditures, actual and estimated, are $293,000,000, making, with the sinking fund, a total expenditure of $341,321,116.99, leaving an estimated surplus of $43,678,883.01.

During the fiscal year there was applied to the purchase of bonds, in addition to those for the sinking fund, $90,456,172.35, and during the first quarter of the current year the sum of $37,838,937.77, all of which were credited to the sinking fund. The revenues for the fiscal year ending June 30, 1891, are estimated by the Treasury Department at $385,000,000 and the expenditures for the same period, including the sinking fund, at $341,430,477.70. This shows an estimated surplus for that year of $43,569,522.30, which is more likely to be increased than reduced when the actual transactions are written up.

The existence of so large an actual and anticipated surplus should have the immediate attention of Congress with a view to reducing the receipts of the treasury to the needs of the Government as closely as may be. The collection of moneys not needed for public uses imposes an unnecessary burden upon our people, and the presence of so large a surplus in the public vaults is a disturbing element in the conduct of private business. It has called into use expedients for putting it into circulation of very questionable propriety. We should not collect revenue for the purpose of anticipating our bonds beyond the requirements of the sinking fund, but any unappropriated surplus in the treasury should be so used, as there is no other lawful way of returning the money to circulation and the profit realized by the Government offers a substantial advantage. The loaning of public funds to the banks without interest upon the securities of government bonds, I regard as an unauthorized and dangerous expedient. It results in a temporary and unnatural increase of the banking capital of favored localities and compels a cautious and gradual recall of the deposits to avoid injury to the commercial interests. It is not to be expected that the banks having these deposits will sell their bonds to the treasury so long as the present highly beneficial arrangement is continued. They now practically get interest both upon the bonds and their proceeds. No further use should be made of this method of getting the surplus into circulation, and the deposits now outstanding should be gradually withdrawn and applied to the purchase of bonds. It is fortunate that such a use can be made of the existing surplus, and for some time to come, of any casual surplus that may exist after Congress has taken the necessary steps for a reduction of the revenue. Such legislation should be promptly but very considerately enacted.

I recommend a revision of our tariff law, both in its administrative features and in the schedules. The need of the former is generally conceded, and an agreement upon the evils and inconveniences to be remedied, and the best methods for their correction will probably not be difficult. Uniformity of valuation at all our ports is essential and effective measures should be taken to secure it. It is equally desirable that questions affecting rates and classifications should be promptly decided.

The preparation of a new schedule of customs duties is a matter of great delicacy, because of its affect upon the business of the country; of great difficulty by reason of the wide divergence of opinion as to the objects that may be promoted by such legislation. Some disturbance of business may perhaps result from consideration of this subject by Congress, but this temporary ill effect will be reduced to minimum by prompt action and assurance which the country enjoys that any necessary changes will be so made as not to impair the just and reasonable protection of our home industries. The inequalities of the law should be adjusted, but the protective principle should be maintained and fairly applied to the products of our farms, as well as our shops. The duties necessarily have relation to other things besides the public revenues. We can not limit their effects by fixing our eyes on the public treasury alone. They have a direct relation to home production, to work, to wages and to the commercial independence of our country, and the wise and patriotic legislator should enlarge the field of his vision to include all of these.

The necessary reduction in our public revenues can, I am sure, be made without making the smaller burden more onerous than the larger by reason of the disabilities and limitations which the process of reduction puts upon both capital and labor. The free list can very safely be extended by placing thereon articles that do not offer injurious competition to such domestic products as our home labor can supply. The removal of the internal tax on tobacco would relieve an important agricultural product from a burden which was imposed only because our revenue from custom duties was insufficient for the public needs. If safe provision against fraud can be devised, the removal of the tax upon spirits, used in the arts and in manufactures would also offer an unobjectionable method of reducing the surplus.

A table presented by the Secretary of the Treasury, showing the amount of money of all kinds in circulation each year from 1878 to the present time is of interest. It appears that the amount of national bank notes in circulation has decreased during that period $114,109,729, of which $37,799,229 is chargeable to the last year. The withdrawal of bank circulation will necessarily continue under existing conditions. It is probable that the adoption of suggestions made by the Comptroller of the Currency, viz: That the minimum deposit of bonds for the establishment of banks be reduced, and that an issue of notes to the par value of the bond be allowed, would help to maintain the bank circulation, but while this withdrawal of bank notes has been going on there has been a large increase in the amount of gold and silver coin in circulation and in the issues of gold and silver certificates.

The total amount of money of all kinds in circulation on March 1, 1878, was $805,793,807, while on October 1, 1889, the total was $1,405,018,000. There was an increase of $293,417,552 in gold coin, of $57,554,100 in standard silver dollars, of $72,311,249 in gold certificates, of $276,619,715 in silver certificates, and of $14,073,787 in United States notes, making a total of $713,976,401. There was during the same period a decrease of $114,109,729 in bank circulation, and of $642,481 in subsidiary silver. The net increase was $599,224,191. The circulation per capita was increased about five dollars during the time covered by the table referred to. The total coinage of silver dollars was on November 1, 1889, $343,638,001, of which $283,539,521 were in the treasury vaults and $60,098,480 were in circulation. Of the amount in the vaults $277,319,944 were represented by outstanding silver certificates, leaving $6,219,577 not in circulation and not represented by certificates.

The law requiring the purchase by the treasury of two million dollars' worth of silver bullion each month, to be coined into silver dollars of 400 and twelve and one-half grains, has been observed by the department; but neither the present secretary nor any of his predecessors has deemed it safe to exercise the discretion given by law to increase the monthly purchases to four million dollars. When the law was enacted (February 28, 1878), the price of silver in the market was $1.20 4-10 per ounce, making the bullion value of the dollar [illegible] cents. Since that time the price has fallen as low as 91.2 cents per ounce, reducing the bullion value of the dollar to 70.6 cents. Within the last few months the market price was somewhat advanced, and on the first day of November last the bullion value of the silver dollar was 72 cents. The evil anticipations which have accompanied the coinage and use of the silver dollar have not been realized. As a coin it has not had general use, and the public treasury has been compelled to store it. But this is manifestly owing to the fact that its paper representative is more convenient. The general acceptance and use of the silver certificate show that silver has not been otherwise discredited. Some favorable conditions have contributed to maintain this practical equality in their commercial use, between the gold and silver dollars. But some of these are trade conditions that statutory enactments do not control, and of the continuance of which we can not be certain.

I think it is clear that if we should make coinage of silver at present ratio free, we must expect the difference in bullion values of the gold and silver dollars will be taken account of in commercial transactions, and I fear the same result would follow any considerable increase of present rate of coinage. Such a result would be discreditable to our financial management and disastrous to all business interests. We should not tread the dangerous edge of such a peril, and, indeed, nothing more harmful could happen to the silver interests. Any safe legislation upon this subject must secure the equality of the two coins in their commercial uses. I have always been an advocate of the use of silver in our currency. We are large producers of that metal and should not discredit it. To the plan which will be presented by the Secretary of the Treasury for the issuance of notes or certificates upon the deposit of silver bullion at its market value, I have been able to give only a hasty examination owing to the press of other matters and to the fact that it has been so recently formulated. The details of such a law require careful consideration, but the general plan suggested by him seems to satisfy the purpose to continue the use of silver in connection with our currency and at the same time to obviate the danger of which I have spoken. At a later day I may communicate further with Congress upon this subject.

The enforcement of the Chinese Exclusion act has been found to be very difficult on the Northwestern frontier. Chinamen landing at Victoria find it easy to pass our border, owing to the impossibility with the force at command of the customs officers of guarding so long an inland line. The Secretary of the Treasury has authorized the employment of additional officers, who will be assigned to this duty, and every effort will be made to enforce the law. The Dominion exacts a head tax of $50 for each Chinaman landed, and when these persons, in fraud of our law, cross into our territory and are apprehended, our officers do not know what to do with them, as the Dominion authorities will not suffer them to be sent back without a second payment of the tax. An effort will be made to reach an understanding that will remove this difficulty.

The proclamation required by Section 3 of the act of March 2, 1889, relating to the killing of seals and other fur bearing animals, was issued by me on March 21, and a revenue vessel was dispatched to enforce the laws and protect the interests of the United States. The establishment of a refuge station at Point Barrow, as directed by Congress, was successfully accomplished.

Judged by modern standards, we are practically without coast defences. Many of the structures we have would enhance rather than diminish the peril of the garrison if subjected to the fire of improved guns, and very few are so located as to give full effect to the greater range of such guns as we are now making for coast defense uses. This general subject has had consideration in Congress for some years and the appropriation for the construction of large rifled guns, made one year ago, was, I am sure, the expression of a purpose to provide suitable works in which these guns might be mounted. An appropriation now made for that purpose would not advance the completion of the works beyond our ability to supply them with fairly effective guns. The security of our coast cities against foreign attack should not rest altogether in the friendly disposition of other nations. There should be a second line, wholly in our own keeping. I very urgently recommend an appropriation at this session for the construction of such works in our most exposed harbors. I approve the suggestion of the Secretary of War that provision be made for encamping companies of the National Guard in our coast works for a specified time each year and for their training and in the use of heavy guns. This suggestion that an increase of the artillery force of the army is desirable, is also commended to the consideration of Congress.

The improvement of our important rivers and harbors should be prompted by the necessary appropriations. Care should be taken that the Government is not committed to the prosecution of works not of public and general advantage, and that the relative usefulness of works of that class is not overlooked. I do not doubt that the end would be sooner and more economically reached if fewer separate works were undertaken at the same time, and those selected for their greater general interest were more rapidly pushed to completion. A work once considerably begun should not be subjected to the risk and deterioration which interrupted or insufficient appropriations necessarily occasion.

The assault by David S. Terry upon the person of Justice Field, of the Supreme Court of the United States, at Lathrop, Cal., in August last and the killing of the assailant by a deputy United States marshal who had been deputed to accompany Justice Field and to protect him from anticipated violence at the hands of Terry, in connection with the legal proceedings which have followed, suggest questions which, in my judgment, are worthy the attention of Congress. I recommend that more definite provision be made by law, not only for the protection of federal officers, but for a full trial for such cases in the United States Courts. In commending such legislation I do not at all impeach either the general adequacy of the provision made by the State laws for the protection of all citizens, or the general disposition of those charged with the execution of such laws to give protection to the officers of the United States. The duty of protecting its officers as such, and of punishing those who assault them on account of their official acts, should not be devolved expressly or by acquiescence upon the local authorities.

Events which have been brought to my attention, happening in other parts of the country, have also suggested the propriety of extending, by legislation, fuller protection to those who may be called as witnesses in the courts of the United States. The law compels those who are supposed to have knowledge of public offenses to attend upon our courts and grand juries, and to give evidence. There is a manifest resulting duty that these witnesses shall be protected from injury on account of their testimony. The investigations of criminal offenses are often rendered futile, and the punishment of crime impossible, by the intimidation of witnesses.

The necessity of providing some more speedy method for disposing of the cases which now come for final adjudication to the Supreme Court becomes every year more apparent and urgent. The plan of providing some intermediate courts having final appellate jurisdiction of certain classes of questions and cases has, I think, received a more general approval from the bench and bar of the country than any other. Without attempting to discuss details I recommend that provision be made for the establishment of such courts. The salaries of the judges of the District Court in many of the districts are, in my judgment, inadequate. I recommend that all such salaries now below $5,000 per annum be increased to that amount. It is quite true that the amount of labor performed by these judges is very unequal, but as they can not properly engage in other pursuits to supplement their incomes, the salary should be such—in all cases—as to provide an independent and comfortable support.

Earnest attention should be given by Congress to a consideration of the question how far the restraint of those combinations of capital commonly called "trusts" is a matter of federal jurisdiction. When organized, as they often are to crush out all healthy competition and to monopolize the production or sale of an article of commerce and general necessity, they are dangerous conspiracies against the public good and should be made the subject of prohibitory and even penal legislation.

The subject of an international copyright has been frequently commended to the attention of Congress by my predecessors. The enactment of such a law would be eminently wise and just.

Our naturalization laws should be so revised as to make the inquiry into the character and good disposition towards our Government of the persons applying for citizenship more thorough. This can only be done by taking fuller control of the examination, by fixing the times for hearing such applications and by requiring the presence of some one who shall represent the Government in the inquiry. Those who are the enemies of social order, or who come to our shores to swell the injurious influence and to extend the evil practices of any association that defies our laws, should not only be denied citizenship, but a domicile.

The enactment of a national bankrupt law of a character to be a permanent part of our general legislation is desirable. It should be simple in its methods and inexpensive in its administration.

The report of the Postmaster General not only exhibits the operations of the department for the fiscal year, but contains many valuable suggestions for the improvement and extension of the service which are commended to your attention. No other branch of the Government has so close a contact with the daily life of the people. Almost every one uses the service it offers, and every hour gained in the transmission of the great commercial mails has an actual and possible value that only those engaged in trade can understand. The saving of one day in the transmission of the mails between New York and San Francisco, which has recently been accomplished, is an incident worthy of mention. The plan suggested of a supervision of the post-offices in separate districts that shall involve instruction, and suggestion and a rating of efficiency of the postmasters would, I have no doubt, greatly improve the service.

A pressing necessity exists for the creation of a building for the joint use of the department and of the city post-office. The department was partially relieved by renting outside quarters for a part of its force, but it is again overcrowded. The building used by the city office never was fit for the purpose and is now inadequate and unwholesome. The unsatisfactory condition of the law relating to the transmission of lottery advertisements and remittances is clearly stated by the Postmaster General and his suggestion as to its amendment should have your favorable consideration.

The report of the Secretary of the Navy shows a reorganization of the bureaus of the department that will, I do not doubt, promote the efficiency of each. In general, satisfactory progress has been made in the construction of the new ships of war authorized by Congress. The first vessel of the new navy, the Dolphin, was subjected to very severe trial tests and to much adverse criticism, but it is gratifying to be able to state that a cruise around the world, from which she has recently returned, has demonstrated that she is a first-class vessel of her rate. The report of the Secretary shows that while the effective force of the Navy is rapidly increasing, by reason of the improved build and armament of the new ships, the number of our ships fit for sea duty grows very slowly. We had on the 4th of March last thirty-seven serviceable ships, and though four have since been added to the list, the total has not been increased, because in the meantime four have been lost or condemned. Twenty-six additional vessels have been authorized and appropriated for, but it is probable that when they are completed our list will only be increased to forty-two, a gain of five. The old wooden ships are disappearing almost as fast as the new vessels are added. These facts carry their own arguments. One of the new ships may in fighting strength be equal to two of the old, but it can not do the cruising duties of two. It is important, therefore, that we should have a more rapid increase in the number of serviceable ships. I concur in the recommendation of the Secretary that the construction of eight armored ships, three gunboats and five torpedo boats be authorized.

An appalling calamity befell three of our naval vessels on duty at the Samoan Islands, in the harbor of Apia, in March last, involving the loss of four officers and forty-seven seamen of two vessels—the Trenton and the Vandalia—and the disabling of a third, the Nipsic. Three vessels of the German navy shared with our ships the force of the hurricane and suffered even more heavily. While mourning the brave officers and men who died with the high resolve to brave perils greater than those of battle, it is most gratifying to state the credit of the American navy for seamanship, courage and generosity was magnificently sustained in the storm-beaten harbor of Apia.

The report of the Secretary of the Interior exhibits the transactions of the Government with the Indian tribes. Substantial progress has been made in the education of the children of school age and in the allotment of lands to adult Indians. It is to be regretted that the policy of breaking up the tribal relation and of dealing with the Indian as an individual did not appear earlier in our legislation. Large reservations held in common and the maintenance of the authority of the chiefs and head men have deprived the individual of every incentive to the exercise of thrift, and the annuity has contributed an affirmative impulse towards a state of confirmed pauperism. Our treaty stipulations should be observed with fidelity and our legislation should be highly considerate of the best interests of an ignorant and helpless people. The reservations are now generally surrounded by white settlements. We can no longer push the Indian back into the wilderness, and it remains only by every suitable agency to push him upward into the estate of a self-supporting and responsible citizen. For the adult, the first step is to locate him upon a farm, and for the child to place him in a school. School attendance should be promoted by every moral agency and, those failing, should be compelled. The national schools for Indians have been very successful and should be multiplied and, as far as possible, should be so organized and conducted as to facilitate the transfer of the schools to the States or Territories in which they are located, where the Indians in a neighborhood have accepted citizenship and have become otherwise fitted for such a transfer. This condition of things will be attained slowly, but it will be hastened by keeping it in mind, and in the meantime that co-operation between the Government, the mission schools, which has wrought much good and should be cordially and impartially sustained.

The last Congress enacted two distinct laws relating to negotiations with the Sioux Indians of Dakota for a relinquishment of a portion of their lands to the United States and for dividing the remainder into separate reservations. Both were approved on the same day, March 2. The one submitted to the Indians, a specific proposition, the other (section 3 of the Indian appropriation act) authorized the President to appoint three commissioners to negotiate with these Indians for the accomplishment of the same general purposes, and required that any agreements made should be submitted to Congress for ratification. On April 16 I appointed Hon. Charles Foster, of Ohio; Hon. William Warner, of Missouri, and Major General George Crook, of the United States Army, commissioners under the last named law. They were, however, authorized and directed first to submit to the Indians the definite proposition made to them by the act first mentioned, and only in the event of a failure to secure the assent of the requisite number to that proposition, to open negotiations for modified terms under the other act. The work of the commission was prolonged and arduous, but the assent of the requisite number was finally obtained to the proposition made by Congress, though the report of the Commission has not yet been submitted. In view of these facts I shall not, as at present advised, deem it necessary to submit the agreement to Congress for ratification, but it will, in due course, be submitted. These agreements release to the United States about 9,000,000 acres of land.

The commission provided for by Section 14 of the Indian Appropriation bill to negotiate with the Cherokee Indians and all other Indians claiming land lying west of the ninety-sixth degree of longitude, for the cession to the United States of such lands [illegible] curred recently, is justly and generally lamented by a people he had served with conspicuous gallantry in war and with great fidelity in peace.

The vacancy thus created was filled by the appointment of Warren G. Sayre, of Indiana. A second conference between the commission and the Cherokees was begun in November, but no results have yet been attained, nor is it believed that a conclusion can be immediately expected. The cattle syndicate now occupying the lands for grazing purposes is clearly one of the agencies responsible for the obstruction of our negotiations with the Cherokees. The large body of agricultural lands constituting what is known as the "Cherokee Outlet" ought not to be, and indeed can not long be held for grazing, and for the advantage of a few against the public's interest and the best advantage of the Indians themselves. The United States has now, under the treaties, certain rights in these lands. These will not be used oppressively but it can not be allowed that those who by sufferance occupy these lands shall interpose to defeat the wise purposes of the government.

Under the agreement made between the United States and the Creek nation of Indians on January 19, 1889, an absolute title was secured by the United States to about 350,000 acres of land. Section 12 of the Indian Appropriation act, approved March 2, 1889, made provision for the purchase by the United States from the Seminole tribe of a certain portion of their lands. The delegates of the Seminole nation delivered a proper release and conveyance to the United States of all the lands mentioned in the act, which was accepted by me and certified to be in compliance with the statute. By the terms of both the acts referred to, all the lands so purchased were declared to be a part of the public domain and open to settlement under the Homestead law. But of the lands embraced in these purchases, being in the aggregate about 5,500,000 acres, 3,500,000 acres had already, under the terms of the treaty of 1866, been acquired by the United States for the purpose of settling other Indian tribes thereon, and had been appropriated to that purpose. The land remaining and available for settlement consisted of 1,887,796 acres, surrounded on all sides by lands in the occupancy of Indian tribes. Congress had provided no civil government for the people who were to be invited by my proclamation to settle upon these lands, except as to the new court which had been established at Muscogee, or the United States Court in some of the adjoining States had power to enforce the general laws of the United States. In this condition of things I was quite reluctant to open the lands to settlement. But in view of the fact that several thousand persons, many of them with families, had gathered upon the borders of the Indian Territory, with a view of securing homesteads on the ceded lands, and the delay would involve them in much loss and suffering, I did, on March 23 last, issue a proclamation declaring that the lands therein described would be open to settlement, under the provisions of the law, on April 22 following. Two land districts had been established and the offices were open for business when the appointed time arrived. It is much to the credit of the settlers that they very generally observed the limitation as to the time when they might enter the territory. Care will be taken that those who entered in violation of the law do not secure the advantage they unfairly sought. There was a good deal of apprehension that the strife for locations would result in much violence and bloodshed, but happily these anticipations were not realized. It is estimated that there are now in the Territory about 60,000 people and several considerable towns have sprung up for which temporary municipal governments have been organized. Guthrie is said to have now a population of 8,000.

In order to secure the peace of this new community, in the absence of civil government, I directed General Merrill, commanding the department of the Missouri, to act in conjunction with the marshals of the United States to preserve the peace, and upon their requisition to use the troops to aid them in executing warrants and in quieting any riots or breaches of the peace that might occur. The presence of the troops has given a sense of security to the well disposed citizens and tended to restrain the lawless.

I very urgently recommend that Congress at once provide a Territorial government for these people. Serious questions, which may at any time lead to violent outbreak, are awaiting the institutions of courts for their peaceful adjustment. The American genius for self-government has been well illustrated in Oklahoma, but it is neither safe nor wise to leave these people longer to the expedients which have temporarily served them.

Having no power to levy taxes, the people of Alaska are wholly dependent upon the General Government, to whose revenues the seal fisheries make a large annual contribution. An appropriation for education should neither be overlooked nor stinted. The smallness of the population and the great distances between the settlements offer serious obstacles to the establishment of the usual Territorial form of government. Perhaps the organization of several sub-districts, with a small municipal council of limited powers for each, would be safe and useful.

In the administration of the land laws the policy of facilitating in every proper way the adjustment of the honest claims of individual settlers upon the public lands has been pursued. The number of pending cases had, during the preceding administration, been greatly increased under the operation of orders for a time suspending final action in a large part of the cases originating in the West and Northwest and by the subsequent use of unusual methods of examination. Only those who are familiar with the conditions under which our agricultural lands have been settled can appreciate the serious and often fatal consequences to the settler of a policy that puts his title under suspicion, or delays the issuances of his patent. While care is taken to prevent and to expose fraud, it should not be imputed without reason.

The manifest purpose of the homestead and pre-emption laws was to promote the settlement of the public domain by persons having a bona fide intent to make a home upon the selected lands. Where this intent is well established and the requirements of the law have been substantially complied with, the claimant is entitled to a prompt and friendly consideration of his case. But where there is reason to believe that the claimant is the mere agent of another who is seeking to evade a law intended to promote small holdings, to receive by fraudulent methods large tracts of lumber and other lands, both principal and agent should not only be thwarted in their fraudulent purpose, but should be made to feel the full penalties of our criminal statutes. The laws should be so administered as not to confound these two classes and to visit penalties only upon the latter.

The unsettled state of the titles to large bodies of lands in Territories of New Mexico and Arizona has greatly retarded the developments of those Territories. Provision should be made by law for the prompt trial and final adjustment before a judicial tribunal or commission of all claims based upon Mexican grants. It is not just to an intelligent and enterprising people that their peace should be disturbed and their prosperity retarded by these old contentions. I express the hope that differences of opinion as to methods may yield to the urgency of the case.

The law provides a pension for every soldier and sailor who was mustered into the service of the United States during the Civil War, and is now suffering from wounds or disease having an origin in the service and the line of duty. Two of three necessary facts, viz.: muster and disability, are usually susceptible of easy proof, but the third—origin in the service—is often difficult and in many deserving cases impossible to establish. That very many of those who endured the hardships of our most bloody and arduous campaigns are now disabled from diseases that had a real but not traceable origin in service, we do not doubt, besides these is another class, composed of men, many of whom served the three full years, and of re-enlisted veterans who added a fourth year of service; who escaped the casualties of battles and the assaults of disease; who were always ready for any detail; who were in every battle line of their command, and were mustered out in sound health and have, since the close of the war, while fighting with the same indomitable and independent spirit, the contests of civil life, been overcome by disease or casualty.

I am not unaware that the pension roll already involves a very large annual expenditure, neither am I deterred by that fact from recommending that Congress grant a pension to such honorably discharged soldiers and sailors of the Civil War as, having rendered substantial service during the war, are now dependent upon their own labor for a maintenance and by disease or casualty are incapacitated from earning it. Many of the men who would be included in this form of relief are now dependent upon public aid and it does not, in my judgment, consist with the national honor that they shall continue to subsist upon the local relief given indiscriminately to paupers, instead of upon the special and generous provision of the nation they served so gallantly and unselfishly. Our people will, I am sure, very generally approve such legislation, and I am equally sure that the survivors of the Union army and navy will feel a grateful sense of relief when this worthy and suffering class of their comrades is fairly cared for. There are some manifest inequalities in the existing law that should be remedied. To some of these the Secretary of the Interior has called attention.

It is gratifying to be able to state that by the adoption of new and better methods in the War Department, the calls of the Pension Office for information as to the military and hospital records of pension claimants are now promptly answered and the injurious and vexatious delays that have heretofore occurred are entirely avoided. This will greatly facilitate the adjustment of all pending claims.

The advent of four new States—South Dakota, North Dakota, Montana and Washington—into the Union under the Constitution in the same month, and the admission of their duly chosen representatives to our National Congress at the same session, is an event as unexampled as it is interesting. The certification of the votes cast and of the constitutions adopted in each of the States was filed with me, as required by the act of February 22, 1889, by the Governors of said Territories. Having, after a careful examination, found that the several constitutions and governments were republican in form and not repugnant to the Constitution of the United States, and that all the provisions of the act of Congress had been complied with, I did so declare by proclamation in the case of each State. Each of these States has within it resources the development of which will employ the energies of and yield a comfortable subsistence to a great population. The smallest of these new States, Washington, stands twelfth, and the largest, Montana, third, among the forty-two in area. The people of these States are already well trained, intelligent and patriotic American citizens, having common interests and sympathies with those of the older States, and a common purpose to defend the integrity of and uphold the honor of the nation.

The attention of the Inter-State Commerce Commission has been called to the urgent need of Congressional legislation for the better protection of the lives and limbs of those engaged in operating the great inter-State freight lines of the country, and especially of the yardmen and brakemen. A petition, signed by nearly ten thousand railway brakemen, was presented to the commission, asking that steps might be taken to bring about the use of automatic brakes and couplers on freight cars. At a meeting of State railroad commissioners held at Washington in March last, upon the invitation of the Inter-State Commerce Commission, a resolution was unanimously adopted, urging the commission to consider what can be done to prevent the loss of life and limb in coupling and uncoupling freight cars, and in handling the brakes of such cars. During the year ending June 30, 1888, over 2,000 railroad employees were killed in service, and more than 20,000 injured. It is competent, I think, for Congress to require uniformity in the construction of cars used in inter-State commerce, and the use of improved safety appliances upon such trains. Time will be necessary to make the needed changes, but an earnest and intelligent beginning should be made at once. It is a reproach to our civilization, that any class of American workmen should in the pursuit of a necessary and useful vocation be subjected to a peril of life and limb as great as that of a soldier in time of war.

The creation of an Executive Department to be known as the Department of Agriculture, was a wise and timely response to a request which had long been respectfully urged by the farmers of the country. Much remains to be done to perfect the organization of the department so that it fairly realizes the expectations which its creation excited. In this connection attention is called to suggestions contained in the report of the Secretary, which is herewith submitted. The need of a law officer for the department, such as is provided for the other Executive departments, is manifest. The failure of the last Congress to make the usual provision for the publication of the annual report should be promptly remedied. The public interest in the report and its value to the farming community I am sure will not be diminished under the new organization of the department.

I recommend that the weather service be separated from the War Department and established as a bureau in the Department of Agriculture. This will involve an entire re-organization both of the Weather Bureau and of the Signal Corps, making of the first a purely civil organization and of the other a purely military staff corps. The report of the Chief Signal Officer shows that the work of the corps on its military side has been deteriorating.

The interests of the people of the District of Columbia should not be lost sight of in the pressure for consideration of measures affecting the whole country. Having no legislature of its own, either municipal or general, the people must look to Congress for the regulation of those concerns that are the subject of local control. Our whole people have an interest that the National Capital should be made attractive and beautiful, and above all that its repute for special order should be maintained. The laws regulating the sale of intoxicating drinks in the District should be revised, with a view to bringing the traffic under stringent limitations and control.

The proposition to observe the four hundredth anniversary of the discovery of America by the opening of a World's Fair or exposition in some one of our great cities will be presented for the consideration of Congress. The value and interest of such an exposition may well claim the promotion of the General Government.

On the 4th of March last the Civil Service Commission had but a single member. The vacancies were filled on the 7th day of May, and since then the commissioners have been industriously, though with an inadequate force, engaged in executing the law. They were assured by me that a cordial support would be given them in the faithful and impartial enforcement of the statute and of rules and regulations adopted in aid of it; heretofore the book of eligibles has been closed to every one except as certifications were made upon the requisition of the appointing officers. This secrecy was the source of much suspicion, and of many charges of favoritism in the administration of the law. What is secret is always suspected, and what is open can be judged. The commission, with the full approval of its members, has now opened the list of eligibles to the public. The eligible lists for classified post-offices and custom houses are now publicly posted in the respective offices, as are also the certifications for appointments. The purpose of the Civil Service law was absolutely to exclude any other consideration in connection with appointments under it than that of merit, as tested by the examinations. The business proceeds upon the theory that both the examining boards and the appointing officers are absolutely ignorant as to the political views and associations of all persons on the civil service lists. It is not too much to say, however, that some recent Congressional investigations have somewhat shaken public confidence in the impartiality of the selections for appointment.

The reform of the civil service will make no safe or satisfactory advance until the present law and its equal administration are well established in the confidence of the people. It will be my pleasure, as it is my duty, to see that the law is executed with firmness and impartiality. If some of its provisions have been fraudulently evaded by appointing officers, our resentment should not suggest the repeal of the law, but reform in its administration. We should have one view of the matter, and hold it with a sincerity that is not affected by the consideration that the party to which we belong is for a time in power.

My predecessor, on January 4, 1889, by an Executive order to take effect March 15, brought the railway mail service under the operation of the Civil Service law. Provision was made that the order should take effect sooner in any State where an eligible list was sooner obtained. On March 11, Mr. Lyman, then the only member of the commission, reported to me that it would not be possible to have the list of the eligibles ready before May 1, and requested that the taking effect of the order be postponed until that time, which was done, subject to the same provision contained in the original order as to States in which an eligible list was sooner obtained. As a result of the revision of the rules of the new classification and of the inclusion of the railway mail service, the work of the commission has been greatly increased and the present clerical force is found to be inadequate. I recommend that the additional clerks asked by the commission be appropriated for. The duty of appointment is devolved by the constitution or by the law and the appointing officers are properly held to a responsibility in its exercise.

The growth of the country and the consequent increase of the civil list have magnified this function of the Executive disproportionally. It can not be denied, however, that the labor connected with this necessary work is increased, often to the point of actual distress by the sudden and excessive demands that are made upon an incoming Administration for removals and appointments. But on the other hand it is not true that incumbency is a conclusive argument for a continuance in office. Impartiality, moderation, fidelity to public duty and a good attainment in the discharge of it must be added before the argument is complete. When those holding administrative offices so conduct themselves as to convince just political opponents that no party consideration or bias affects in any way the discharge of their public duties, we can more easily stay the demands for removals.

I am satisfied that, both in and out of the classified service, great benefit would accrue from the adoption of some system by which the officer would receive the distinction and benefit that in all private employments come from exceptional faithfulness and efficiency in the performance of duty. I have suggested to the heads of the Executive Departments that they consider whether a record might not be kept in each bureau of all those elements that are covered by the terms "faithfulness" and "efficiency" and a rating made showing the relative merits of the clerks of each class—this rating to be regarded as a test of merit in making promotions.

I have also suggested to the Postmaster General that he adopt some plan by which he can, upon the basis of the reports to the department and of frequent inspections, indicate the relative merit of postmasters of each class. They will be appropriately indicated in the official register and report of the department. That a great stimulus would be given the whole service I do not doubt, and that such a record would be the best defence against removal from office.

The interest of the Government in the education of the people found an early expression, not only in the thoughtful and sometimes warning utterances of our ablest statesmen, but in liberal appropriations from the common resources for the support of education in the new States. No one will deny that it is of the gravest national concern that those who hold the