

# ANNUAL MESSAGE OF PRESIDENT R. B. HAYES, TO THE CONGRESS OF THE UNITED STATES.

*Fellow-citizens of the Senate and House of Representatives:*

The members of the Forty-Sixth Congress have assembled in their first regular session under circumstances calling for mutual congratulations and grateful acknowledgments to the giver of all good for the large and unusual measure of national prosperity which we now enjoy. The most interesting events which have occurred in public affairs since my last annual message to Congress are connected with the financial operations of the government, directly affecting the business interests of the country. I congratulate Congress on the successful execution of the

## RESUMPTION ACT.

At the time fixed and in the manner contemplated by law, the United States notes began to be redeemed in coin. Since the first of January last they have been promptly redeemed on presentation and in all business transactions public and private, in all parts of the country, they are received and paid out as the equivalent of coin. The demand upon the treasury for gold and silver in exchange for United States notes has been comparatively small and the voluntary deposit of coin and bullion in exchange for notes has been very large. The excess of the precious metals deposited or exchanged for United States notes over the amount of United States notes, redeemed, is about \$40,000,000. The resumption of specie payments has been followed by a very great revival of business. With a currency equivalent in value to the money of the commercial world we are enabled to enter upon an equal competition with other nations in trade and production. The increasing foreign demand for our manufactures and agricultural products has caused a large balance of trade in our favor, which has been paid in gold from the first of July last to November 15, to the amount of about \$59,000,000.

## NATIONAL DEBT.

Since the resumption of specie payments there has been a marked and gratifying improvement of the public credit. The bonds of the government bearing only four per cent. interest have been sold at or above par, sufficient in amount to pay off all of the national debt which was redeemable under the present laws. The amount of interest saved annually by the process of refunding the debt since March 1st, 1877, is \$14,297,177. The bonds sold were largely in small sums, and the number of our citizens now holding the public securities is much greater than ever before. The amount of national debt which matures within less than two years is \$792,121,700, of which \$500,000,000 bear interest at the rate of five per cent. It is believed that this part of the public debt can be refunded by the issue of four per cent. bonds, and by the reduction of interest which will thus be effected, about \$11,000,000 can be annually saved to the Treasury. To secure this important reduction of interest to be paid by the United States, further legislation is required, which it is hoped will be provided by Congress during the present session.

## THE COINAGE

Of gold by the mints of the United States during the last fiscal year was \$40,986,912. The coinage of silver dollars since the passage of the act for that purpose, up to November 1st, 1879, was \$45,000,850, of which \$12,700,344 have been issued from the Treasury and are now in circulation, and \$32,300,506 are still in the possession of the government. The pendency of the proposition for the uniting of action between the United States and the principal commercial nations of Europe to effect a permanent system for the equality of gold and silver in the recognized money of the world, leads me to recom-

mend that Congress refrain from new legislation on the general subject. The great revival of trade, internal and foreign, will supply, during the coming year, its own instructions, which may well be awaited before attempting experimental measures with the coinage. I would, however, strongly urge upon Congress the importance of authorizing the Secretary of the Treasury to suspend the coinage of silver dollars upon the present legal rates. The market value of the silver being uniformly and largely less than the market value of the gold dollar, it is obviously impracticable to maintain them at par with each other if both are coined without limit. If the cheaper coin is forced into circulation, it will, if coined without limit, soon become the sole standard of value, and thus defeat the desired object, which is a currency of both gold and silver, which shall be of equivalent value, dollar for dollar, in the universally recognized money of the world.

## PAPER MONEY.

The retirement from circulation of United States notes, with their capacity of legal tender in private contracts, is a step to be taken in our progress towards a safe and stable currency, which should be accepted as the policy and duty of the government, and the interest and security of the people. It is my firm conviction, that the issue of legal tender paper money, based wholly upon the authority and credit of the government, except in extreme urgency is without warrant in the Constitution and a violation of sound financial principles. The issue of United States notes during the late civil war, with the capacity of legal tender between private individuals was not authorized except as a means of rescuing the country from imminent peril. The circulation of these notes as paper money for any protracted period of time after the accomplishment of this purpose was not contemplated by the framers of the law under which they were issued. They anticipated the redemption and withdrawal of these notes at the earliest practicable period, consistent with the attainment of the object for which they were provided. The policy of the United States steadily adhered to from the adoption of the Constitution has been to avoid the creation of a national debt, and when, from necessity, in time of war, debts have been created, they have been paid off on the return of peace as rapidly as possible.

## SINKING FUND.

With this view, and for this purpose, it is recommended that the existing laws for the accumulation of a sinking fund sufficient to extinguish the public debt within a limited period, be maintained. If any change of the objects or rates of taxation is deemed necessary by Congress, it is suggested that experience has shown that a duty can be placed on tea and coffee, which will not enhance the price of those articles to the consumer and which will add several millions of dollars annually to the Treasury.

## THE SUPPRESSION OF POLYGAMY.

The continued deliberate violation by a large number of the prominent and influential citizens of the Territory of Utah of the laws of the United States for the prosecution and punishment of polygamy, demands the attention of every department of the government. This Territory has a population sufficient to entitle it to admission as a State, and the general interest of the nation, as well as the welfare of the citizens of the Territory, require its advance from a Territorial form of Government to the responsibilities and privileges of a State. This important change will however (not) be approved by the country while the citizens of Utah, in very considerable number, uphold a practice which is condemned as a crime by the laws of all civilized communities throughout the world. The law for the suppression of this offense was enacted with great unanimity by Congress more than 17 years ago, but has remained until recently a dead letter in the Territory of Utah, because of the peculiar difficulties attending its enforcement. The opinion widely prevailed among the citizens of Utah that the law was in contravention of the Constitutional guarantee of religious freedom. This objection is now removed. The Supreme Court of the United States has decided the law to be within the legislative power of Congress,

and binding, as a rule of action, for all who resided within the territories. There is no longer any reason for delay or hesitation in its enforcement. It should be firmly and effectively executed. If not sufficiently stringent in its provisions, it should be amended, and, in aid of the purpose in view, I recommend that more comprehensive and more searching methods for preventing, as well as punishing this crime be provided. If necessary to secure obedience to the law, the enjoyment and the exercise of the rights and privileges of citizenship in the territories of the United States may be withheld or withdrawn from those who violate or oppose the enforcement of the law on this subject.

## POPULAR RIGHTS.

The elections of the past year, though occupied only with state officers, has not failed to elicit, in the political discussions which attended them all over the country, new and decisive evidence of the deep interest which the great body of citizens take in the progress of the country towards a more general and complete establishment, at whatever cost, of universal security and freedom in the exercise of the elective franchise. While many topics of political concern demand great attention from our people both in the sphere of national and state authority, I find no reason to qualify the opinion I expressed in my last annual message that no temporary or administrative interests of the Government, however urgent or weighty, will ever dispel the zeal of our people in defense of the primary rights of citizenship, and that the power of public opinion will override all political prejudices and all sectional and state attachments, in the demand that all over our wide territory the name and character of a citizen of the United States shall mean one and the same thing and carry with them unchallenged security and respect. I earnestly appeal to the intelligence and patriotism of all good citizens of every part of the country, however much they may be divided in opinions on other political subjects, to unite in compelling obedience to existing laws aimed at the protection of the right of suffrage. I respectfully urge upon Congress to supply any defects in these laws which experience has shown, and which it is in its power to remedy. I again invoke the co-operation of the executive and legislative authorities of the States in this great purpose. I am fully convinced that if the public mind can be set at rest on this paramount question of popular rights, no serious object will thwart or delay the complete pacification of the country, or retard the general diffusion of prosperity.

## REFORMING THE CIVIL SERVICE.

In a former message I invited the attention of Congress to the subject of reformation of the civil service of the government, and expressed the intention of transmitting to Congress as early as practicable, a report upon this subject by the chairman of the civil service commission. In view of the fact that during a considerable period the government of Great Britain has been dealing with administrative problems and abuses, in various particulars analogous to those presented in this country, and that in recent years, the measures adopted were understood to have been effective and in every respect highly satisfactory, I thought it desirable to have fuller information upon the subject and accordingly requested the chairman of the civil service commission to make a thorough investigation for this purpose. The result has been given in an elaborate and comprehensive report. The report sets forth the history of the partisan spoils system in Great Britain and of the rise and fall of the parliamentary patronage and of official interference with the freedom of elections. It shows that after long trials of various kinds of examinations, those which are competitive and open on equal terms to all, and which are carried on under the superintendence of a single commission, have with great advantage been established as the conditions of admission to almost every official place in the subordinate administration of that country and of British India. The completion of the report, owing to the extent of the labor involved in its preparation, and the omission of Congress to make any provision either for the compensation or the expenses of the

commission, has been postponed until the present time. It is herewith transmitted to Congress. While the reform measures of another government are of no authority for us, they are entitled to respect, to the extent which their intrinsic wisdom and their adaption to our institutions and social life may commend them to our consideration. The views I have heretofore expressed concerning the defects and abuses in our civil administration remain unchanged except in so far as an enlarged experience has opened my sense of the duty, both of officers and of the people themselves, to co-operate for their removal. The grave evils and perils of a partisan spoils system of appointment to office and office tenure are now generally recognized. In the resolutions of the great parties, in the report of departments, in the debates and proceedings of Congress, in the messages of executives, the gravity of these evils has been pointed out and the need of their reform has been admitted. To command the necessary support, every measure of reform must be compatible with the existence of the great parties which are inevitable and essential in a free State. When a people have approved a policy at a national election, confidence on the part of the officers they have selected, and of the advisers who, in accordance with our political institutions, should be consulted in the policy which it is their duty to carry into effect, is indispensable. It is eminently proper that they should explain it before the people as well as illustrate its spirit in the performance of their official duties. It need hardly be pointed out that very different considerations apply to the greater number of those who fill the subordinate places in the civil service. Their responsibility is to their superiors in official position. It is their duty to obey the legal instructions of those upon whom that authority is devolved, and their best public service consists in the discharge of their functions irrespective of partisan politics. Their duties are the same whatever party is in power and whatever policy prevails. As a consequence it follows that their tenure of office should not depend upon the prevalence of any policy or the supremacy of any party, but should be determined by their capacity to serve the people most usefully, quite irrespective of partisan interests. The same considerations that should govern the tenure should also prevail in the appointment, discipline and removal of these subordinates. The authority of appointment and removal is not a perquisite which may be used to aid a friend or reward a partisan, but is a trust to be exercised in the public interest, under all the sanctions which attend the obligation to apply the public funds only for public purposes. Every citizen has an equal right to the honor and profit of entering the public service of his country. The only just ground of discrimination is the measure of character and capacity. he has to make that service most useful to the people. Except in cases where upon just and recognized principles, as upon the theory of pension offices and promotions bestowed as rewards for past services, their bestowal upon any theory which disregards personal merit is an act of injustice to the citizen as well as a breach of that trust subject to which the appointing power is held. In the light of these principles it becomes of great importance to provide just and adequate means, especially for every department and large administrative office where personal discrimination on the part of its head is not practicable, for ascertaining those qualifications to which appointments and removals should have reference. To fail to provide such means is not only to deny the opportunity of ascertaining the fact upon which the most righteous claim to office depends, but of necessity to discourage all worthy aspirants by handing over the appointments and removals to mere influence and favorites. If it is the right of the worthiest claimant to gain the appointment, and the interest of the people to bestow it upon him, it would seem clear that a wise and just method of ascertaining personal fitness for office must needs be an important and permanent function of every just and wise government. It has long since become impossible in the great offices for those having the duty of nomination and appointment to personally

examine into the individual qualifications of more than a small proportion of those seeking office, and with the enlargement of the civil service, that proportion must continue to become less. In the earlier years of the government the subordinate officers were so few in number that it was easy for those making appointments and promotions to personally ascertain the wants of the candidates. Party managers and methods had not then become powerful agencies of coercion, hostile to the free and just exercise of the appointing power. A large and responsible part of the duty of restoring the civil service to the desired purity and efficiency, rests upon the President, and it has been my purpose to do what is within my power to advance such prudent and gradual measures of reform as will most surely and rapidly bring about that radical change of system essential to make our administration methods satisfactory to a free and intelligent people. By a proper exercise of authority it is in the power of the Executive to do much to promote such a reform, but it cannot be too clearly understood that nothing adequate can be accomplished without co-operation on the part of Congress, and considerable and intelligent support among the people. Reforms which challenge the generally accepted theories of parties and demand changes in the methods of departments, are not the work of a day. Their permanent foundations must be laid in sound principles and in an experience which demonstrates the wisdom and exposes the errors of their adversaries. Every worthy officer desires to make his official action a gain and an honor to the country, but the people themselves, far more than their officers in public station, are interested in a pure, economical and vigorous administration. By laws enacted in 1853 and 1855, and now in substance incorporated in the Revised Statutes, the practice of arbitrary appointments to the several subordinate grades in the great departments was condemned, and examinations as to the capacity, to be conducted by departmental boards of examiners, were provided for and made conditions of admission to the public service. These statutes are a decision by Congress that examinations of some sort as to attainments and capacity are essential to the well-being of the public service. The important questions since the enactment of these laws have been as to the character of these examinations and whether official favor and partisan influence or common right and merit were to control the access to the examinations. In practice these examinations have already been open to worthy persons generally who might wish to be examined. Official favoritism and partisan feeling as a rule appear to have designated those who alone were permitted to go before the examining boards, subjecting even the examiners to a pressure from the friends of the candidates, very difficult to resist. As a consequence, the standard of admission fell below that which the public interest demanded. It was almost inevitable that a system which provided for various separate boards of examiners with no common supervision or uniform method of procedure should result in confusion, inconsistency and inadequate tests of capacity, highly detrimental to the public interests. A further and more radical change was obviously required. In the annual message of December, 1870, my predecessor declared that "There is no duty which so much embarrasses the executives and heads of departments as that of appointments, nor is there any such arduous and thankless labor imposed on senators and representatives as that of finding places for constituents. The present system does not secure the best men, and often not even fit men for the public places. The elevation and purification of the civil service of the government will be hailed with approval by the whole people of the United States." Congress accordingly passed the act approved March 3d, 1871, "to regulate the civil service of the United States and promote the efficiency thereof," giving the necessary authority to the Executive to institute a civil service reform. Acting under this statute, which was interpreted as intended to secure a system of just and effectual examinations under uniform supervision, a number of eminently competent persons were