

tions of the human intellect, has brought about the adoption, by many important nations of an international copyright convention, which was signed at Bern on the 18th of Sept., 1885. Inasmuch as the Constitution gives to Congress the power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries; this government did not feel warranted in becoming a signatory, pending the action of Congress upon measures of international copyright now before it, before the right of adhesion to the Bern convention hereafter has been reserved. I trust the subject will receive at your hands the attention it deserves and that the just claims of authors, so urgently pressed, will be duly heeded.

A RESTRICTIVE TAX.

Representations continue to be made to me of the injurious effect upon American artists studying abroad and having free access to the art collections of foreign countries, of maintaining a discriminative duty against the introduction of the works their brother artists of other countries, and I am induced to report my recommendation for the abolition of that tax.

THE CONSULAR SERVICE.

Pursuant to a provision of the diplomatic and consular appropriation act, approved July 1st, 1886, the estimates submitted by the Secretary of State for the maintenance of the consular service have been recast on the basis of salaries for all officers to whom such allowance is deemed advisable. Advantage has been taken of this to redistribute the salaries of officers now appropriated for in accordance with the work performed, the importance of the representative duties of the incumbent, and the cost of living at each post. The last consideration has been too often lost sight of in the allowances heretofore made. The compensation which may suffice for the decent maintenance of a worthy and capable officer in a position of onerous and representative trust at a post readily accessible, and where the necessities of life are abundant and cheap, may prove an inadequate pittance in distant lands where the better part of a year's pay is consumed in reaching the post of duty, and where the comforts of ordinary civilized existence can only be obtained with difficulty and at exorbitant cost. I trust that, in considering the submitted schedules, no mistaken theory of economy will perpetuate a system which in the past has virtually closed to deserving talent many offices where capacity and attainments of a high order are indispensable, and in not a few instances has brought discredit on our national character and entailed embarrassment and even suffering on those deputed to uphold our dignity and interests abroad. In connection with this subject I earnestly reiterate the practical necessity of supplying some mode of trustworthy inspection and report of the manner in which the consulates are conducted. In the absence of such reliable information, efficiency can scarcely be rewarded or its opposite corrected.

Increasing competition in trade has directed attention to the value of the consular reports printed by the Department of State, and the efforts of the government to extend the practical usefulness of these reports have created a wider demand for them at home and a spirit of emulation abroad, constituting a record of the changes occurring in trade and of the progress of the arts and inventions in foreign countries. They are much sought for by all interested in the subjects which they embrace.

THE FINANCES.

The report of the Secretary of the Treasury exhibits in detail the condition of the public finance and of the several branches of the Government related to his department. I especially direct the attention of Congress to the recommendations contained in this and the last preceding report of the Secretary touching the simplification and amendment of the laws relating to the collection of our revenues and in the interest of economy and justice to the Government. I hope they may be adopted by appropriate legislation. The ordinary receipts of the government for the fiscal year ending June 30, 1886 were \$336,439,727.06; of this amount \$192,905,023.41 was received from customs and \$116,805,936.48 from internal revenue. The total receipts as here stated were \$13,749,020.68 greater than for the previous year, but the increase from customs was \$11,431,684.10, and from internal revenue \$1,207,210.91, making a gain in these items for the last year of \$15,341,295.04, a falling off in other resources, reducing the total increase to the smaller amount mentioned. The expense at the different custom houses of collecting this increased customs revenue was less than the expense attending the collection of such revenue for the preceding year by \$90,608, and the increased receipts of internal revenue were collected at a cost to the internal revenue bureau of \$153,945.99 less than the expense of such collection for the previous year. The total ordinary expenses of the government for the fiscal year ended June 30th, 1886, were \$342,343,138.30, being less by \$17,788,797, than such expenditures for the year preceding and leaving a surplus in the treasury at the close of the last fiscal year of \$93,956,588.56, as against \$63,463,771.27 at the close of

the previous year, being an increase in such surplus of \$30,492,817.29. The expenditures are compared with those of the preceding fiscal year and classified as follows: For civil expenses for the year ending June 30th, 1886, \$21,955,64.04; for the year ending June 30th, 1885, \$23,824,942.11; for foreign intercourse \$13,332,088, \$543,960,911; for Indians, \$609,075,817, \$555,249,268; for pensions, \$33,404,864.03, \$56,102,267.43; for the military, including river and harbor improvements and arsenals, \$34,324,152.74, \$42,670,578.49; for the navy, including vessels, machinery and improvements of navy yards, \$13,007,887.74, \$16,021,075.69; for interest on public debt, \$50,580,145.97; \$51,386,256.47; for the District of Columbia, \$2,892,321.89, \$3,449,450.95; miscellaneous expenditures, including public buildings, light houses and collecting the revenue, \$47,986,653.04, \$54,728,056.21. For the current year to end June 30, 1887, the ascertained receipts up to October 1, 1886, with such receipts estimated for the remainder of the year, amount to \$356,000,000. The expenditures ascertained and estimated for the same period are \$266,000,000, indicating an anticipated surplus at the close of the year of \$90,000,000. The total value of the exports from the United States to foreign countries during the fiscal year is stated and compared with the preceding year as follows: For the year ending

JUNE 30, 1886.	
Domestic mdse.....	\$665,964,529.00.
Foreign mdse.....	13,580,301.00.
Gold.....	42,952,191.00.
Silver.....	29,511,219.00.
JUNE 30, 1885.	
Domestic mdse.....	\$726,682,915.00.
Foreign mdse.....	15,806,808.00.
Gold.....	3,477,892.00.
Silver.....	33,753,633.00.

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

Cotton and June 30, 1886.		June 30, 1885.	
Cotton mfrs.	\$219,045,578.00	\$213,799,019.00	
Tobacco and its mfrs.	30,494,908.00	24,767,385.00	
Breadstuffs.....	125,846,558.00	160,370,921.00	
Provisions.....	90,625,216.00	107,232,456.00	

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

1886.		1885.	
Merchandise.....	\$635,436,126.	\$579,580,053.00.	
Gold.....	20,743,349.	20,001,690.	
Silver.....	17,850,207.	16,550,627.	

In my last annual message to Congress, attention was directed to the fact that the revenues of the government exceeded its actual needs, and it was suggested that legislative action should be taken to relieve the people from the unnecessary burden of taxation thus made apparent. In view of the pressing importance of the subject, I deem it my duty to again urge its consideration. The income of the government with its increased volume and thorough economies in its collection is now more than ever in excess of public necessities. The application of the surplus to the payment of such portion of the public debt as is now at our option, subject to extinguishment, if continued at the rate which has lately prevailed, would retire that class of indebtedness within less than one year from this date. Thus a continuation of our present revenue would soon result in the receipt of an annual income much greater than necessary to meet government expenses with no indebtedness upon which it could be applied. We should then be confronted with a vast quantity of money, the circulating medium of the people, hoarded in the treasury when it should be in their hands, or we should be drawn into wasteful public extravagance with all the corrupting national demoralization which follows in its train. But it is not the simple existence of this surplus and its threatened attendant evils, which furnish the strongest argument against our present scale of federal taxation. Its worst phase is the exaction of such a surplus through a perversion of the relations between the people and their government, a dangerous departure from the rules which limit the right of federal taxation. Good government, of which every American citizen boasts, has for its objects, the protection of every person within its borders with the greatest liberty consistent with the good of the country and his perfect security in the enjoyment of his earnings with the least possible diminution for public needs. When more of the peoples' sustenance is exacted through the form of taxation than is necessary to meet the just obligations of the Government and the expense of its economical administration, such action becomes

RUTHLESS EXTORTION

and a violation of the fundamental principles of free government. The indirect manner in which these exactions are made has a tendency to conceal their true character and their extent. But we have arrived at a stage of superfluous revenue which has aroused the people to a realization of the fact that the amount raised professedly for the support of the government, is paid by them as absolutely as if added to the price of the things which supply their daily wants, if it was paid at fixed periods into the hands of the tax gatherers. Those who toll for daily wages are beginning to understand that capital, though sometimes vaunting its import-

ance and clamoring for the protection and favor of the government, is dull and sluggish till, touched by the magical hand of labor, it springs into activity, furnishing an occasion for Federal taxation and gaining the value which enables it to bear its burden, and the laboring man is thoughtfully inquiring whether in these circumstances and considering the tribute he constantly pays into the public treasury as he supplies his daily wants, he receives his fair share of advantages. There is also suspicion abroad that the surplus of our revenue indicates abnormal and exceptional business profits which make the system which produces such surplus increase without corresponding benefit to the people at large; the vast accumulations of a few among our citizens whose fortunes, rivaling the wealth of the most favored in anti-democratic nations, are not the natural growth of a steady, plain and industrious republic. Our farmers, too, and those engaged directly and indirectly in supplying the products of agriculture, see that day by day, and as often as the daily wants of their households recur, they are forced to pay excessive and needless taxation, while their products struggle in foreign markets with the competition of nations, which by allowing a freer exchange of productions than we permit, enable their people to sell for prices which distress the American farmer. As every patriotic citizen rejoices in the constantly increasing pride of our people in American citizenship, and in the glory of our national achievements and progress, a sentiment prevails that the leading-strings useful to a nation in its infancy, may well, to a great extent, be discarded in the present stage of American ingenuity, courage and fearless self-reliance, and for the privilege of indulging in this sentiment with true American enthusiasm, our citizens are quite willing to forego an idle surplus in the public treasury. All the people know that the average rate of Federal taxation upon imports is today, in time of peace, but little less, while upon some articles of necessary consumption it is actually more than was imposed by the grievous burden, willingly borne, at a time when the Government needed millions to maintain by war the safety and integrity of the United States. It has been the policy of the Government to collect the principal part of its revenues by a tax upon imports and no change in this policy is desirable, but the present condition of affairs constrains our people to demand that by a revision of

OUR REVENUE LAWS,

the receipts of the Government shall be reduced to the necessary expense of its economical administration, and this demand should be recognized and obeyed by the people's representatives in the legislative branch of the government. In readjusting the burdens of federal taxation, a sound public policy requires that such of our citizens as have built up large and important industries under present conditions, should not be suddenly and to their injury deprived of advantages to which they have adapted their business; but if the public good requires it, they should be content with such consideration as shall deal fairly and cautiously with their interests, while the just demand of the people for relief from needless taxation is honestly answered. A reasonable and timely submission to such a demand should certainly be possible without disastrous shock to any interest, and a cheerful concession some times averts abrupt and heedless action, often the outgrowth of impatience and delayed justice. Due regard should be also accorded in any proposed readjustment to the interests of American labor so far as they are involved. We congratulate ourselves that there is among us no laboring class fixed within unyielding bonds, and doomed under all conditions to the inexorable fate of daily toil. We recognize in labor a chief factor in the wealth of the republic, and we treat those who have it in their keeping as citizens entitled to the most careful regard and thoughtful attention. This regard and attention should be awarded them not only because labor is the capital of our working man justly entitled to its share of government favor, but for the further and not less important reason, that the laboring man surrounded by his family in his humble home, as a consumer, is vitally interested in all that cheapens the cost of living and enables him to bring within his domestic circle additional comfort and advantages. This relation of the working man to the revenue laws of the country and the manner in which it palpably influences the question of wages should not be forgotten in the justifiable prominence given to a proper maintenance of the supply and protection of well-paid labor, and these considerations suggest such an arrangement of government revenues as shall reduce the expense of living, while it does not curtail the opportunity for work, nor reduce the compensation of American labor and injuriously affect its condition and the dignified place it holds in the estimation of our people. But

OUR FARMERS

and agriculturalists, those who from the soil produce the things consumed by all are perhaps more directly and palpably concerned than any other of our citizens in a just and careful system of federal taxation. Those actually engaged in and, more directly connected with this kind of work number nearly one-half of our population. None labor harder or more continuously than

they; no enactments limit their hours of toil, and no interposition of the government enhances to any great extent the value of their products; and yet for many of the necessities and comforts of life, with the most scrupulous economy, enables them to bring into their homes and for their implements of husbandry, they are obliged to pay a price largely increased by an unnatural profit, which, by the action of the government, is given to the more favored manufacturer. I recommended that, keeping in view all these considerations, the increasing and unnecessary surplus of National Income annually accumulating be released to the people by an amendment to our revenue laws, which shall cheapen the price of the necessities of life and give freer entrance to such imported materials as by American labor may be manufactured into marketable commodities. Nothing can be accomplished, however, in the direction of this much-needed reform unless the subject is approached in a patriotic spirit of devotion to the interests of the entire country and with a willingness to yield something for the public good.

THE PUBLIC DEBT.

The sum paid on the public debt during the fiscal year ended June 30th, 1886, was \$44,551,043.36. During the twelve months ended October 31, 1886, three per cent. bonds were called for redemption, amounting to \$127,283,100, of which \$80,643,200, was so called to answer the requirements of the law relating to the sinking fund and \$46,639,900 for the purpose of reducing the public debt by application of a part of the surplus in the treasury to that object. Of the bonds thus called, \$1,022,694.50 became subject under such calls to redemption prior to Nov. 1, 1886; the remainder, amounting to \$25,013,650 matured under the calls after that date, in addition to the amount subject to payment and cancellation prior to Nov. 1st. There were also paid before that day certain of these bonds with the interest thereon, amounting to \$5,073,550, which were anticipated, as to the maturity of which \$2,064,350 had not been called; thus \$107,341,800 had been actually applied prior to the 1st of Nov., 1886, to the extinguishment of our bonded and interest-bearing debt, leaving on that day still outstanding the sum of \$1,115,443,112; of this amount, \$86,848,700 were still represented by three per cent. bonds. They, however, have been since Nov. 14, or will at once be further reduced by \$22,806,150, being bonds which have been called, as already stated, but not redeemed and cancelled before the latter date.

SILVER COINAGE.

During the fiscal year ended June 30, 1886, there were coined under the compulsory silver coinage act of 1878, \$29,588,345 silver dollars, and the cost of the silver used in such coinage was \$23,448,960.01. There had been coined up to the close of the previous fiscal year under the provisions of the law, 203,882,554 silver dollars, and on the 1st day of December, 1886, the total amount of such coinage was \$247,131,549. The director of the mint reports that at the time of the passage of the act of 1878 directing this coinage, the intrinsic value of the dollars thus coined was ninety-four and one-fourth cents each, and that on the 31st day of July, 1886, the price of silver reached the lowest stage ever known, so that the intrinsic or bullion price of our standard silver dollar at that date was less than seventy-two cents. The price of silver on the 30th of November last was such as to make the dollars intrinsically worth seventy-eight cents each. These differences in value of the coins represent the fluctuations of the price of silver and they certainly do not indicate that compulsory coinage by the government enhances the price of, that commodity or secures uniformity in its status. Every fair and legal effort has been made by the Treasury Department to distribute this currency among the people. The withdrawal of United States treasury notes of small denominations and the issuing of small silver certificates have been resorted to in the endeavor to accomplish this result, in obedience to the will and sentiment of the representatives of the people in Congress. On the 27th day of November, 1886, the people held of these coins or certificates representing the normal sum of \$169,873,041, and we still have \$79,464,345 in the treasury as against about \$142,891,065 in the hands of the people and \$72,865,576 remaining in the treasury one year ago. The director of the mint again urges the necessity of improving upon the present purpose of the law, and that the government should be authorized to issue silver dollars, which are not needed for circulation by the people. I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage, and I again urge its suspension on all the grounds contained in my former recommendation, reinforced by the significant increase of our gold exportations during the last year. It appears by the comparative statement, herewith presented, and for the further reasons that the more this currency is distributed among the people the greater becomes our duty to protect it from disaster; that we have abundance for all our needs, and that there seems but little propriety in building vaults to store such currency when the only pretense for its coinage is the necessity of its use by the people as a circulating medium. The great

number of suits now pending in the United States courts for the southern district of New York, growing out of the collection of customs revenue at the port of New York, and the number of such suits that are almost daily instituted, are certainly worthy the attention of Congress. These legal controversies, based on conflicting views by importers and the collector as to the interpretation of our present complex and indefinite revenue laws, might be largely obviated by amendment of those laws. But pending such amendment the present condition of his litigation should be relieved. There are now pending about five hundred of these suits; more than eleven hundred have been commenced within the past eighteen months, and many of the others have been at issue for more than twenty-five years. These delays subject the government to loss of evidence and prevent the preparation necessary to defeat unjust and fictitious claims, while constantly accruing interest threatens to double the demand. In the present condition of the dockets of the courts, well filled with private suits, and of the force allowed the district attorney, no greater than is necessary for the ordinary and current business of his office, these revenues, litigation cannot be considered. In default of the adoption by Congress of a plan for the general reorganization of the Federal Courts as has heretofore been recommended, I urge the propriety of passing a law permitting the appointment of an additional federal judge in the districts where these government suits have accumulated, so that by continued sessions of the courts devoted to the trial of these cases may be determined. It is entirely plain that a great saving to the government would be accomplished by such a remedy and the suitors who have honest claims would not be denied justice through delay.

THE WAR DEPARTMENT.

The report of the Secretary of war gives a detailed account of the administration of his department, and contains sundry recommendations for the improvement of the service, which I fully approve. The army consists at the date of the last consolidated return of 2,103 officers and 24,946 enlisted men. The expenses of the department for the last fiscal year were \$36,990,903.28, including \$6,294,305.43 for public works and river and harbor improvements. I especially direct the attention of Congress to the recommendation that officers be required to submit to an examination as a preliminary to their promotion. I see no objection but many advantages in adopting this feature, which has operated so beneficially in our navy department, as well as in some branches of the army.

COAST DEFENSE.

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

HOSTILES.

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

THE NAVY.

The report of the Secretary of the Navy contains a detailed report of the condition of his Department, with such

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