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The necessity for such an addition to the silver currency of the nation as is compelled by the silver coinage act is negated by the fact that up to the present time only about fifty millions of silver dollars so coined have actually found their way into circulation, leaving more than \$165,000,000 in possession of the government, the custody of which has entailed a considerable expense for the construction of vaults for its deposit. Against this latter amount there are outstanding silver certificates amounting to about \$93,000,000. Every month \$2,000,000 of gold in the public treasury are paid out for \$2,000,000 or more of silver dollars, to be added to the idle mass already accumulated. If continued long enough this operation will result in the substitution of silver for all the gold the government owns, applicable to its general purposes. It will not do to rely upon the receipts of the government to make good this decline of gold, because the silver thus coined, having been made legal tender for all debts and dues, public and private, at times during the last six months 58 per cent. of the receipts for duties have been in silver or silver certificates, while the average within that period has been 20 per cent.

The proportion of silver and its certificates received by the government will probably increase as time goes on, for the reason that the nearer the period approaches when it will be obliged to offer silver in payment of its obligations, the greater inducement there will be to hoard gold against depreciation in the value of silver, or for the purpose of speculating. This hoarding of gold has already begun. When the time comes that all the gold has been withdrawn from circulation, then will be apparent the difference between the real value of the silver dollars and a dollar in gold, and the two coins will part company.

Gold being still the standard of value and necessary in our dealings with other countries, will then be at a premium over silver. Banks which have substituted gold for the deposits of their customers may pay them with silver bought with such gold, thus making handsome profits. Rich speculators will sell their hoarded gold to their neighbors, who need it to liquidate their foreign debts, at a ruinous premium over silver, and the laboring men and women of the land, the most defenseless of all, will find that the dollar received for the wages of their toil has sadly shrunk in its purchasing power.

It may be said that the latter result will be but temporary, and that ultimately the price of labor will be adjusted to the change; but even if this takes place the wage-worker cannot possibly gain, but must inevitably lose, since the price he is compelled to pay for his living, will not only be measured in a coin heavily depreciated and fluctuating and uncertain in its value, but this uncertainty in the value of the purchasing medium will be made the pretext for an advance in prices beyond that justified by actual depreciation.

The words uttered in 1834, by Daniel Webster, in the Senate of the United States, are true to-day: "The very man of all others who has the deepest interest in a sound currency, and who suffers most by mischievous legislation in money matters, is the man who earns his daily bread by his daily toil." The most distinguished advocate of bi-metalism, discussing our silver coinage, has lately written: "No American citizen's hand has yet felt the sensation of cheapness, either in receiving or expending the Silver Act dollars," and those who live by labor or legitimate trade never will feel that sensation of cheapness. However plentiful silver dollars may become, they will not be distributed as gifts among the people, and if the laboring man should receive four depreciated dollars where he now receives but two, he will pay in the depreciated coin more than double the price he now pays for all the necessities and comforts of life.

Those who do not fear any disastrous consequences arising from the continued compulsory coinage of silver as now directed by law, and who suppose that the addition to the currency of the country, intended as its result will be a public benefit, are reminded that history demonstrates that the point is easily reached in the attempt to float at the same time two sorts of money of different ratios of excellence, when the better will cease to be in circulation. The hoarding of gold, which has already taken place, indicates that we shall not escape the usual experience in such cases, so if this silver coinage be continued, we may reasonably expect that gold and its equivalent will abandon the field of circulation to silver alone. This of course must produce a severe contraction of our circulating medium instead of adding to it. It will not be disputed that any attempt on the part of the government to cause the circulation of a silver dollar worth 86 cents side by side with gold dollars worth 10 cents, even within the limit of legislation, does not run contrary to the laws of trade. To be successful, it must be seconded by the confidence of the people that both coins will retain the same purchasing power and be interchangeable at will.

Special effort has been made by the Secretary of the Treasury to limit the amount of our silver coin in circulation; but the fact that a large share of the limited amount thus put out has soon returned to the public treasury in payment of duties, leads to the belief that

the people do not now desire to keep it in hand, and this, with the evident disposition to hoard gold gives rise to the suspicion that there already exists a lack of confidence among the people touching our financial processes. There is certainly not enough silver now in circulation to cause uneasiness, and the whole amount coined and now on hand might after a time be absorbed by the people without apprehension; but it is the ceaseless stream that threatens to overflow the land, which causes fear and uncertainty. What has thus far been submitted upon this subject relates almost entirely to considerations of a home nature, unconnected with the bearing which the policies of other nations have upon the question; but it is perfectly apparent that a line of action in regard to our Currency cannot wisely be settled upon or persisted in without considering the attitude on the subject of other countries with whom we maintain intercourse through commerce, trade and travel.

An acknowledgment of this is found in the act by virtue of which our silver is compulsorily coined. It provides that the President shall invite the governments of the countries composing the Latin Union, so called, and of such other European nations as he may deem advisable to join the United States in a conference to adopt a common ratio between gold and silver for the purpose of establishing internationally the use of bi-metallic money, and securing fixity of relative value between these metals. This conference absolutely failed and a similar fate has awaited all subsequent efforts in the same direction, and still we continue our coinage of silver at a ratio different from that of any other nation. The most vital part of the silver coinage act remains imperative and unexecuted; without an ally or friend we battle upon the silver field in an illogical and losing contest. To give full effect to the design of Congress on this subject, I have made a careful and earnest endeavor since the adjournment of last Congress. To this end I delegated a gentleman well instructed in fiscal science, to proceed to the financial centres of Europe and in conjunction with our ministers to England, France and Germany to obtain a full knowledge of the attitude and intent of these governments respecting the establishment of such international ratio as would procure the free coinage of both metals at the mints of those countries and our own. By my direction our Consul-General at Paris has given close attention to the proceedings of the Congress of the Latin Union, in order to indicate our interests in its objects and report its actions. It may be said, in brief, as the result of these efforts, that the attitude of the leading powers remains substantially unchanged since the monetary conference of 1881, nor is it to be questioned that the views of these governments are in each instance separated by the weight of public opinion. The steps thus taken have, therefore, only more fully demonstrated the uselessness of further attempts at present to arrive at any agreement on the subject with other nations. In the meantime we are accumulating silver coin, based upon our own peculiar ratio, to such an extent and assuming so heavy a burden to be provided for in any international negotiations as will render us an undesirable party to any future monetary conference of the nations. It is a significant fact that four of the five countries composing the Latin Union mentioned in our coinage act, embarrassed with their silver currency, have just completed an agreement among themselves that no more silver shall be coined by their governments and that such as has already been coined and is in circulation shall be redeemed in gold by the country of its coinage. The resort to this expedient by these countries may well arrest the attention of those who suppose that we can succeed without a shock or injury in the attempt to circulate upon its merits all the silver we may coin under the provisions of our silver coinage act.

The condition in which our treasury may be placed by a persistence in our present course is a matter of concern to every patriotic citizen, who does not desire his government to pay in silver such of its obligations as should be paid in gold, nor should our condition be such as to oblige us in a prudent management of our affairs to discontinue the calling in and payment of the interest-bearing obligations which we have the right now to discharge, and thus avoid the payment of further interest thereon. The so-called debtor class for whose benefit the continued compulsory coinage of silver is insisted upon, are not dishonest because they are in debt, and they should not be suspected of a desire to jeopardize the financial safety of the country, in order that they may cancel their present debts by paying the same in depreciated dollars, nor should it be forgotten that it is not the rich nor the money-lender alone, that must submit to such a readjustment enforced by the government and their debtors. The pittance of the widow and orphan and the incomes of helpless beneficiaries of all kinds would be disastrously reduced. The depositors in savings banks and other institutions which hold in trust the savings of the poor when their little accumulations are scaled down to meet the new order of things would in their distress painfully realize the delusion of the promise made to them that plentiful money would improve their conditions. We have now on hand all the silver dollars necessary to supply the

present need of the people and satisfy those who from sentiment wish to see them in circulation and if their coinage is suspended, they can be readily obtained by those who desire them. If the need of more is at any time apparent their coinage may be resumed. That disaster has not already overtaken us, furnishes no proof that danger does not wait upon a continuation of the present silver coinage. We have been saved by the most careful management and unusual expedients, by a combination of fortunate conditions and by a confident expectation that the commerce of the government in regard to silver coinage would be speedily changed by the action of Congress. Prosperity hesitates upon our threshold, because of the dangers and uncertainties surrounding this question. Capital timidly shrinks from trade, and investors are unwilling to take the chance of the questionable shape in which their money will be returned to them, while enterprise halts at the risk against which care and sagacious management do not protest. As a necessary consequence labor lacks employment and suffering and distress are visited upon a portion of our fellow-citizens, especially entitled to the careful consideration of those charged with the duties of legislation. No interest appeals to us so strongly for a safe and stable currency as the vast army of the unemployed. I recommend the suspension of the compulsory coinage of silver dollars directed by the law passed in February, 1878.

## STEAMBOAT INSPECTION SERVICE.

The Steamboat Inspection Service, on the 30th day of June, 1885, was composed of 140 persons, including officers, clerks and messengers. The expense of the service over the receipts were \$138,822.27. During the fiscal year, the special inspection of foreign vessels organized under the law passed in 1882, was maintained during the year at an expense of \$366,416.30. Since the close of the fiscal year, reductions have been made in the force employed, which will result in a saving during the current year of \$17,000, without affecting the efficiency of the service.

## SANITARY MEASURES.

The Supervising Surgeon-General reports that during the fiscal year 41,714 patients have received relief through the Marine hospital service, of whom 12,803 were treated in the hospitals and 28,911 at the dispensaries. Active and effective efforts have been made through the medium of this service to protect the country against an invasion of the cholera, which has prevailed in Spain and France, and the smallpox, which recently broke out in Canada.

## LIFE SAVING SERVICE.

The most gratifying results have attended the operations of the life-saving service during the past fiscal year. The observance of the provision of law requiring the appointments of the force employed in the service to be made "solely with reference to their fitness and without reference to their political or party affiliations," has secured the result which may be confidently expected in any branch of public employment where such a rule is applied. As a consequence, this service is composed of men well qualified for the performance of their dangerous and exceptionally important duties. The number of stations in commission at the close of the year was 203. The number of disasters to vessels and crafts of all kinds within their fields of action was 371. The number of persons endangered in such disasters was 2,439, of whom 2,428 were saved and only eleven lost. The other lives which were imperilled, though not by disasters to shipping, were also rescued, and a large amount of property was saved through the aid of this service. The cost of its maintenance during the year was \$828,474.43.

## THE COAST SURVEY.

The work of the Coast and Geodetic Survey was, during the last fiscal year, carried on within the boundaries and off the coast of thirty-two States, two Territories and the District of Columbia. In July last, certain irregularities were found to exist in the management of this bureau, which led to a prompt investigation of its methods. The abuses which were brought to light by this examination and reckless disregard of duty, and the interests of the government developed on the part of some of those connected with the service, made a change of superintendency and a few of its other officers necessary. Since the bureau has been in new hands, an introduction of economies and the application of business methods have produced an important saving to the government and a promise of more useful results. This service has never been regulated by anything but the most indefinite legal enactments and the most unsatisfactory rules. It was many years ago sanctioned, apparently for a purpose regarded as temporary and related to a survey of our coast. Having gained a place in the appropriation made by Congress, it has gradually taken to itself powers and objects not contemplated in its creation and extended its operations until it sadly needs legislative attention. So far as a further survey of our coast is concerned, there seems to be a propriety in transferring that work to the Navy Department. The other duties now in charge of this establishment, if they can not be profitably attached to some existing department at another bureau, should be prosecuted under a law exactly defining their scope and purpose, and with a careful discrimi-

nation between the scientific inquiries which may properly be assumed by the government and those which should be undertaken by the State authorities, or by individual enterprises. It is hoped that the report of the Congressional Committee, heretofore appointed to investigate this and other like matters, will aid in the accomplishment of proper legislation on this subject.

## SECRETARY OF WAR'S REPORT.

The report of the Secretary of War is herewith submitted. The attention of Congress is invited to the detailed account which it contains of the administration of his department and his recommendations and suggestions for the improvement of the service.

The army consisted, at the date of the last consolidated returns, of 2,154 officers and 24,705 enlisted men. The expenses of the department for the fiscal year ending June 30, 1885, including \$13,164,394.60 for public works and river and harbor improvements, were \$45,850,999.54.

Besides the troops which were dispatched in pursuit of the small band of Indians who left their reservation in Arizona and committed murders and outrages two regiments of cavalry and one of infantry were sent last July to the Indian Territory to prevent an outbreak which seemed imminent. They remained to aid, if necessary, in the expulsion of intruders upon the reservation who have caused the discontent among the Indians, but the executive proclamation warning them to remove was complied with without interference. Troops were also sent to Rocky Springs, in Wyoming Territory, after the massacre of the Chinese there, to prevent further disturbances, and afterwards to Seattle, in Washington Territory, to avert a threatened attack upon Chinese laborers and domestic violence there. In both cases the mere presence of the troops had the desired effect. It appears that the number of desertions have diminished, but that during the last fiscal year they numbered 2,927, and one instance is given by the Lieutenant-General of six desertions by the same recruit. I am convinced that this number of desertions can be much diminished by better discipline and treatment, but the punishment should be increased for repeated offenses. These desertions might also be reduced by lessening the term of the first enlistment, thus allowing a discontented recruit to contemplate a nearer discharge, and the army a profitable riddance after one term of service. A re-enlistment would be quite apt to secure a contented recruit and a good soldier.

The acting Judge-Advocate General reports that the number of trials by general court martial during the year was 2,328, and that 11,851 trials took place before garrison and regimental courts martial. The suggestion that probably more than one half of the army have been tried for offenses, great and small, in one year, may well arrest attention. Of course many of these trials before garrison and regimental courts martial were for offenses almost frivolous, and there should, I think, be a way devised to dispose of these in a more summary and less inconvenient manner than by court martial. If some of the proceedings of courts martial which I have had occasion to examine present the ideas of justice which generally prevail in these tribunals, I am satisfied that they should be much reformed, if the honor and the honesty of the army and navy are by their instrumentality to be vindicated and protected.

## FORTIFICATIONS.

The board of fortifications or other defenses appointed in pursuance of the provisions of the act of Congress approved March 3, 1885, will in a short time present their report and it is hoped that this may greatly aid the legislation so necessary to remedy the present defenseless condition of our sea coast.

## SIGNAL SERVICE.

The work of the Signal Service has been prosecuted during the last year with the results of increasing benefit to the country. The field of instruction has been enlarged with a view of adding to its usefulness. The number of stations in operation June 30th 1885, was 489. Telegraphic reports are received daily from 160 stations. Reports are also received from 75 Canadian stations, 375 volunteer observers, 52 army surgeons at military posts and 333 foreign stations. The expense of the service during the fiscal year, after deducting the receipts from military telegraph lines, was \$797,592.97-100. In view of the fact referred to by the Secretary of War, that the work of this service ordinarily is of a scientific nature and the further fact that it is assuming larger proportions constantly and becoming more and more unsuited to fixed rules which must govern the army, I am inclined to agree with him in the opinion that it should be separately established. If this is done, the scope and extent of its operations should, as nearly as possible, be definitely prescribed by law, and always capable of exact ascertainment.

## MILITARY ACADEMY.

The Military Academy of West Point is reported as being in a high state of efficiency, and well equipped for the satisfactory accomplishment of the purposes of its maintenance. The fact that the class which graduates next year is an unusually large one, has constrained me to decline to make appointments to second lieutenancies in the army from civil life, so that such vacancies as exist in these places may be reserved for such

graduates, and yet it is not probable that there will be enough vacancies to provide positions for them all when they leave the military school.

Under the prevailing law and usage, those not thus assigned to duty, never actively enter the military service. It is suggested that the law on this subject be changed so that such of those young men as are not at once assigned to duty after graduation, may be retained as second lieutenants in the army if they desire it, subject to assignment, when opportunity occurs, under proper rules, as to priority of selection. The expenditures on account of the military academy, for the last fiscal year, exclusive of the sum taken for its purposes from appropriations for the support of the army, were \$90,712.07.

The act approved March 3d, 1885, designed to compensate officers and enlisted men for the loss of private property, while in the service of the United States, is so indefinite in its terms, an apparently admits so many claims, the adjustment of which could not have been contemplated, that if it is to remain on the statute books it needs amendment.

There should be a general law of Congress prohibiting the construction of bridges over navigable water ways in such a manner as to obstruct navigation, with provisions for preventing the same. It seems that under existing statutes, the government cannot intervene to prevent such a construction when entered upon without its consent, though when such consent is asked and granted upon such condition it is clear.

Thus, it is represented that while the officers of the government are guarding against the obstructions of navigation by a bridge across the Mississippi River at St. Paul, a large pier for a bridge has been built just below this place, directly in the navigable channel of the river. If such things are to be permitted, a strong argument is presented against the appropriation of large sums of money to improve the navigation of this and other important highways of commerce.

## THE NAVY.

The report of the Secretary of the Navy gives a history of the operations of his department and the present condition of the work committed to his charge. He details in full the course pursued by him to protect the rights of the government in respect to certain vessels unfinished at the time of his accession to office and also concerning the dispatch boat *Dolphin* claimed to be completed and waiting the acceptance of the Department. No one can fail to see from the recital contained in this report that only the application of business principles has been insisted upon in the treatment of these subjects, and that whatever controversy has arisen was caused by the exaction on the part of the Department of contract obligations as they were legally construed in the case of the *Dolphin*, with entire justice to the contractor. An agreement has been entered into providing for the ascertainment, by a judicial inquiry, of the complete or partial compliance with the contract in her construction, and further providing for the assessment of any damages to which the government may be entitled on account of a partial failure to perform such contract on the payment of the sum still remaining unpaid upon her price, in case a full performance is adjudged. The contractor, by reason of his failure in business, being unable to complete the other three vessels, they were taken possession of by the government in their unfinished condition, under a clause in the contract permitting such a course and are now in process of completion in the yard of the contractor, but under the supervision of the navy department.

Congress, in its last session, authorized the construction of two additional new cruisers and two gun boats, at cost not exceeding in the aggregate \$2,995,000. The appropriation for this purpose having become available on the first day of July last, steps were at once taken for the procurement of such plans for the construction of these vessels as would be likely to insure their usefulness when completed. These are of the utmost importance, considering the constant advance in the art of building vessels of this character, and the time is not lost which is spent in their careful consideration and selection. All must admit the importance of an effective navy to a nation like ours, having such an extended sea coast to protect. Yet we have not a single vessel of war that could keep the sea against a first-class vessel of any important power. Such a condition ought not longer to continue. The nation that cannot resist aggression is constantly exposed to it. Its foreign policy is of necessity weak and its negotiations are conducted with disadvantage because it is not in condition to enforce the terms dictated by its sense of right and justice.

Inspired as I am by the hope shared by all patriotic citizens that the day is not far distant when our navy will be such as befits our standing among the nations of the earth, and rejoiced at every step that leads in the direction of such consummation, I deem it my duty to especially direct the attention of Congress to the close of the report of the Secretary of the Navy, in which the humiliating features of the present organization of this department are exhibited and the startling abuses and waste of the present method are exposed. The conviction is forced upon us with the certainty of mathematical demonstration that before we proceed further in the restoration of