

best methods of raising the national revenues and indeed as to the principles upon which taxation should be based, there has been substantial accord in the doctrine that only such taxes ought to be levied as are necessary for a wise and economical administration of the government. Of late the public revenues have far exceeded that limit, and unless checked by appropriate legislation, such excess will continue to increase from year to year. For the fiscal year ended June 30th, 1882, the surplus revenue amounted to \$100,000,000. For the fiscal year ending on the 30th day of June last, the surplus was more than \$145,000,000. The report of the Secretary shows what disposition has been made of these monies. They have not only answered the requirements of the sinking fund, but have afforded a large balance applicable to other reductions of the public debt, and I renew the expression of my conviction that such rapid extinguishment of the national indebtedness as is now taking place is by no means a cause for congratulation, it is a cause rather for serious apprehension.

If it continues it must speedily be followed by one of the evil issues so clearly set forth in the report of the secretary. Either the surplus must be idle in the treasury or the government will be forced to buy at market rates its bonds not redeemable and which under such circumstances cannot fail to command an enormous premium, or the swollen revenues will be devoted to extravagant expenditures which, as experience has taught, us is ever the bane of an overflowing treasury. It was made apparent in the course of the animated discussions which this question aroused at the last session of Congress, that the policy of diminishing the revenue by diminishing taxation, commanded the general approval of the members of both houses. I regret that the cause of conflicting views as to the best methods by which that policy should be made operative, none of its benefits have as yet been reaped. In fulfillment of what I deem my constitutional duty, but with little hope that I can make a valuable contribution to this vexed question I shall proceed to intimate briefly my own views in relation to it.

Upon the showing of our financial condition at the close of the last fiscal year, I felt justified in recommending to Congress the abolition of internal revenue taxes, except those upon tobacco in its various forms, and on distilled spirits and fermented liquors, except the special tax upon the manufactures and dealers in such articles. I venture now to suggest that unless it shall be ascertained that the probable expenditure of the government for the coming year have been underestimated. All internal revenue tax which relates to distilled spirits can be prudently abrogated.

Such a course, if accompanied by a simplification of machinery of collection, which would thus be easy of accomplishment, might reasonably be expected to result in diminishing the cost of such collection by at least \$2,500,000, and in the retirement from office of from 1,500 to 2,000 persons. The system of excise duties has never commended itself to the favor of the American people and has never been resorted to except for supplying deficiencies in the treasury, when by reason of special exigencies the duties on imports have proved inadequate for the needs of the government.

The sentiment of the country, doubtless, is that the present excise tax shall be abolished as soon as such a course can safely be pursued. It seems to me, however, for various reasons, that so sweeping a measure as the total abolition of internal taxes would for the present be an unwise step. Two of these reasons are deserving of special mention. First, it is by no means clear that if the existing system of duties on imports is continued without modification, the duties will be alone sufficient for all the needs of the government. It is estimated that \$100,000,000 will be required for pensions during the coming year, and it may well be doubted whether the maximum annual demand for that object has yet been reached. The uncertainty upon this question would alone justify in my judgment the retention, for the present, of that portion of the system of internal revenue which is least objectionable to the people. Second, a total abolition of the excise taxes would almost inevitably prove a serious, if not an insurmountable objection to

a thorough revision of the tariff, and to any considerable reduction in import duties. The present tariff system is in many respects unjust. It makes unequal distributions, both of its burdens and its benefits. This fact was practically recognized by a majority of each House of Congress, in the passage of the act creating the tariff commission. The report of the commission will be placed before you at the beginning of this session, and will, I trust, furnish you such information as to the condition and prospect of the various commercial, agricultural, manufacturing, mining and other interests of the country, and contain such suggestions for statutory revision, as will practically aid your action upon this important subject.

The revenue from customs for the fiscal year ending June 30th, 1879, amounted to \$137,600,000. It has in three succeeding years reached, first, \$186,000,000, then \$198,000,000, and finally, as has been already stated, \$226,000,000. The income from this service for the fiscal year which will end on June 30, 1883, will doubtless be considerably in excess of the sum last mentioned. If the tax on domestic spirits is to be retained, it is plain that large reductions from the customs revenue are entirely feasible. While recommending this reduction, I am far from advising the abandonment of the policy of so discriminating in the adjustment of duties as to afford aid and protection to domestic labor, but the present system should be so revised as to equalize the public burdens among all classes and occupations and bring it into closer harmony with the present needs of industry. Without entering into minute details, which, under the present circumstances, are more important, I recommend an enlargement of the tariff list so as to include within it the numerous articles which yield considerable revenue, and a simplification of the complex and inconsistent schedule of duties upon certain manufactures, particularly those of cotton, iron and steel, and a substantial reduction of the duties upon those articles, and upon sugar, molasses, silk and woolen goods. If a general revision of the tariff shall be found to be impracticable at this session, I express the hope that at least some of the more conspicuous inequalities of the present law may be corrected before your final adjournment. One of them is specially referred to by the secretary. In a recent decision of the Supreme Court the necessity of amending the law by which the standard of color is adopted as the test on saccharine strength of sugars, is too obvious to require comment.

THE ARMY.

From the report of the Secretary of War, it seems that the only outbreak of Indians during the past year, occurred in Arizona, and in the southwestern part of New Mexico. They were promptly quieted, and the quiet that has prevailed in all other parts of the country has permitted such an addition to be made to the military force in the region endangered by the Apaches, that there is little reason to apprehend trouble in future. The reports of the Secretary which relate to our sea coast defenses and their armament, suggest the gravest reflections. Our country's fortifications are notoriously inadequate for the defense of the great harbors and cities for whose protection they were built. The question of providing an armament suited to our present necessities has been the subject of consideration by a board whose report was transmitted to Congress at the last session. Pending the consideration of that report the war department has taken no steps for the manufacture or conversion of any heavy cannon, but the secretary expresses the hope that authority and means to begin that important work will soon be provided. I invite the attention of Congress to the propriety of making more adequate provisions for arming and equipping the militia than is afforded by the act of 1806, which is still upon the statute books. The matter has already been the subject of discussion in the Senate, and a bill which seeks to supply the deficiencies of existing laws, is now upon its calendar.

The Secretary of War calls attention to the fact that an embarrassment exists growing out of the recent act of Congress making the retirement of officers of the army compulsory at the age of 64.

The act of 1878 is still in force which limits to 400 the number of those, who can be retired for disability or upon their own application.

The two acts, when construed together, seem to forbid the relieving even for absolute incapacity, of officers who do not fall within the purview of the latter statute, save at such times as there chance to be less than 400 names on the retired list. There are now 420. It is not likely that Congress intended this result, and I concur with the secretary that the law ought to be amended.

RIVERS AND HARBORS.

The ground that induced me to withhold my signature from the bill entitled "An act making appropriations for the construction, repair, and preservation of certain works on rivers and harbors," which became a law near the close of your last session, prompts me to express the hope that no similar measure will be deemed necessary during the present session of Congress. Indeed, such measures would now be open to serious objection, in addition to that which was lately urged upon your attention. I am informed by the Secretary of War that a portion of the sum appropriated for the various items specified in the act remains unexpended. Of the new works which it authorized, the expenses have been incurred on two only for which the total appropriation was \$210,000. The present available balance is declared by the following table: Amount of appropriation by the act of August 2nd, 1882, \$18,738,575; amount of appropriation by act of June 19th 1882, \$10,000; amount of appropriation for payment to J. B. Eids, \$3,089,304; expended balance of former appropriations, \$4,738,263; total \$23,781,138; less amount drawn from the Treasury between Jan. 1st 1882 and November 30th 1882, \$17,719,944.

It is apparent from this exhibit that so far as most of the items to which the act of August 2nd, 1882, relates, there can be no need of further appropriations until after the close of the present session. If, however, any action shall seem to be necessary in respect to particular objects it will be entirely feasible to provide for those objects by appropriate legislation. It is probable, for example, that a delay until the assembling of the next Congress, to make additional provision for the Mississippi River improvement might be attended with serious consequences. If such should appear to be the case, a just bill relating to that subject would command my approval. This leads me to offer a suggestion which I trust will commend itself to the wisdom of Congress. Is it not advisable that grants of considerable sums of money for diverse and independent schemes of internal improvement should be made subjects of separate and distinct legislative enactments? It will scarcely be gainsaid, even by those who favor the most liberal expenditure for such purposes as are sought to be accomplished by what is commonly called the river and harbor bill, that the practice of grouping in such a bill appropriations for a great diversity of objects widely separated either in their natures or the locality with which they are concerned, or in both, is one which is much to be deprecated, unless it is irremediably as inevitably tending to secure the success of the bill as a whole, though many of the items, if separately considered, could scarcely fail of rejection. By the adoption of the course I have recommended every member of Congress, when the opportunity should arise for giving his influence and vote for meritorious appropriations, would be unable so to do, without being called upon to sanction others underserving his approval; so also would the executive be afforded thereby a full opportunity to exercise his constitutional prerogative, of opposing whatever appropriations seemed to him objectionable, without imperiling the success of others which he commended themselves to his judgment. It may be urged in opposition to these suggestions, that the number of works of internal improvement which are justly entitled to governmental material aid, are so great as to render impracticable separate appropriation bills therefor or even such a comparatively limited number as make a disposition of large sums of money. This objection may be well founded and whether it be or not the advantages which would be likely to ensue from the adoption of the course I have recommended may perhaps be more effectually obtained by another which I respectfully submit to Congress, as an alternative proposition. It is provided by the constitutions

of fourteen of our states, that the executive may disapprove any item or items of a bill appropriating money, whereupon the part of the bill approved shall be law, and the part disapproved shall fail to become law unless repassed according to the provisions prescribed for the passage of bills, over the veto of the executive. The States wherein some such provision as the foregoing is a fundamental law, are Alabama, California, Colorado, Florida, Georgia, Louisiana, Minnesota, Missouri, Nebraska, New Jersey, New York, Pennsylvania and West Virginia. I commend to your careful consideration the question whether an amendment of the federal constitution in the particulars indicated would not afford the best remedy for what is often a grave embarrassment both to members of Congress and the executive, and is sometimes a serious public mischief.

THE NAVY.

The report of the secretary of the navy states the movements of the various squadrons during the year in home and foreign waters, where our officers and seamen with such ships as we possess, have continued to illustrate the high character and excellent discipline of the naval organization.

On the 21st of December, 1881, information was received that the exploring steamer *Jeannette* had been crushed and abandoned in the Arctic Ocean. The officers and crew, after a journey over the ice embarked in three boats for the coast of Siberia. One of the parties under the command of Chief Engineer George W. Melville, reached the land and falling in with natives, was saved. Another under Lieut. Commander DeLong, landed in a barren region near the mouth of the Lena River. After six weeks had elapsed all but two of the number had died from fatigue and starvation. No tidings had been received from the party in the third boat, under the command of Lieut. Chipp, but a long and fruitless investigation leaves but little doubt that all its members perished at sea. As a slight tribute to their heroism I give in this communication the names of the gallant men who sacrificed their lives on the expedition: Lieut. Commander George W. DeLong, Surgeon James M. Ambler, Jerome Collins, Hans Hatter Erickson, Herrick H. Kaache, George A. Byrd, Walter Lee, Adolph Dressler, Carl Gerts, Nels Nelson, the cook Ah Sam, and the Indian, Alexy. The officers and men in the missing boat were Lieut. Chas. W. Chipp, commanding; Wm. Dunbar, Alfred Sweetman, Walter Shortell, Albert C. Kuchone, Edwin Star, Henry D. Warren and P. E. Johnson, Lieut. Giles B. Hurbert, Master Wm. Scheutzeckisch, are now bringing home the remains of Lieut. DeLong and comrades, in pursuance of the directions of Congress. The *Rodgers* fitted for the relief of the *Jeannette* in accordance with the action of Congress of March 30, 1881, sailed from San Francisco June 16th, under command of Lieut. Robert M. Berry. On November 30th she was accidentally destroyed by fire, while in winter quarters in St. Lawrence Bay, but the officers and crew succeeded in escaping to the shore. Lieutenant Berry and one of his officers, after making a search for the *Jeannette* along the coast of Siberia, fell in with Chief Engineer Melville's party and returned home by way of Europe. The other officers and crew of the *Rodgers* were brought from St. Lawrence Bay by the whaling steamer *North Star*. Master Charles F. Putnam, who had been placed in charge of a depot of supplies at Cape Serdze, returning to his post from St. Lawrence Bay across the ice in a blinding snow storm, was carried out to sea and lost, notwithstanding all efforts to rescue him.

It appears by the secretary's report that the available naval force of the United States consists of thirty-seven cruisers, fourteen single turreted monitors built during the rebellion, a large number of smooth-bore guns and Parrott rifles, and eighty-seven rifled cannon. The cruising vessels should be gradually replaced by iron or steel ships, the monitors by modern armored vessels the armaments by powerful rifled guns. The reconstruction of our navy, which was recommended in the last message, was begun by Congress authorizing in its recent act the construction of two large armored steel vessels, of the character recommended by the late naval advisory board and subject to the final approval of a new advisory board to be organized as provided by

that act. I call your attention to the recommendation of the board, that authority be given to construct two more cruisers of smaller dimensions and one fleet dispatch vessel, and that appropriations be made for high power rifled cannon, for the torpedo service, and for other harbor defense. Pending the consideration by Congress of the policy to be hereafter adopted in conducting the eight large navy yards and their expensive establishments the secretary advocates the reduction of expenditures therefor to the lowest possible amounts for the purpose of affording officers and seamen of the navy opportunities to exercise and discipline in their profession, under appropriate control and directions. The Secretary advises that the lighthouse service and coast survey be transferred, as now organized, from the Treasury to the Navy Department, and he also suggests, for reasons which he assigns, that a similar transfer may wisely be made of cruising revenue vessels. The Secretary forcibly depicts the intimate connection and independence of the navy and commercial marine, and invites attention to the continued decadence of the latter, and the corresponding transfer of our growing commerce to foreign bottoms.

This subject is one of utmost importance to the national welfare. Methods of revising American shipbuilding and of restoring the United States flag in the ocean carrying trade, should receive the immediate attention of Congress. We have mechanical skill and abundant material for the manufacture of modern steamships, in fair competition with our commercial rivals. Our disadvantage in building ships is the greater cost of labor, and sailing, higher taxes and greater interest on capital, while the ocean highways are already monopolized by our formidable competitors. The obstacles should in some way be overcome, and by our rapid communication with foreign lands we should not continue to depend wholly upon vessels built in the yards of other countries and sailing under foreign flags, with no United States steamers on the principal ocean lines, or for any foreign ports. Our facilities for extending our commerce are greatly restricted, while the nations which build and sail the ships and carry the mails and passengers obtain thereby conspicuous advantages for increasing their trade.

THE POSTAL DEPARTMENT.

The report of the Postmaster-General gives evidence of the satisfactory condition of that department and contains many valuable data and accompanying suggestions which cannot fail to be of interest. The information which it afforded that the receipts for the fiscal year have exceeded the expenditures must be very gratifying to Congress and to the people of the country as matters which may fairly claim particular attention. I refer you to his observations in reference to the advisability of changing the present basis for fixing salaries and allowances, for extending the money order system, for enlarging the function of the postal establishment, so as to place under its control the telegraph system of the country, through from this last and most important recommendation, I must withhold my concurrence. At the last session of Congress several bills were introduced into the House of Representatives for the reduction of letter postage to the rate of 2c. per half ounce. I have given much study and reflection to this subject and am thoroughly persuaded that such a reduction would be for the best interests of the public. It has been the policy of the government from its foundation to defray, as fast as possible, the expenses of carrying the mails by direct tax in the form of postage. It has never been claimed, however, that this service ought to be productive of a net revenue. As has been stated already, the report of the postmaster general shows that there is now a very considerable surplus in this department, and that henceforth the receipts are likely to increase in a much greater ratio than the increasing expenditure. Unless some change is made in the existing service will, in a very few years, swell the revenues of the government many millions of dollars. The time seems auspicious, therefore, for some reduction in the rates of postage. In what shall the reduction consist? A review of the legislation which has been had upon this subject during the last thirty years, discloses