and the ordinary expenditures, actual and estimated, are $293,000,000; making with the sinking fund a total expenditure of $341,321,116.99; leaving an estimated surplus of $43,678,883.01.

During the fiscal year there was applied to the purchase of bonds, in addition to those for the sinking fund, $90,456,172.35, and during the first quarter of the current year the sum of $37,838,937.77, all of which were credited to the sinking fund. The revenues for the fiscal year ending July 30, 1891, are estimated by the Treasury Department at $385,700,000, and the expenditures for the same period, including the sinking fund at $341,430,477.70. This shows an estimated surplus for that year of $43,569,522.30, which is more likely to be increased than reduced, when the actual transactions are written up.

The existence of so large an actual and anticipated surplus should have the immediate attention of Congress, with a view to reducing the receipts of the treasury to the needs of the government as closely as may be. The collection of moneys not needed for public uses, imposes an unnecessary burden upon our people, and the presence of so large a surplus in the public vaults is a disturbing element in the conduct of private business. It has called into use expedients for putting it into circulation, of very questionable propriety. We should not collect revenue for the purpose of anticipating our bonds beyond the requirements of the sinking fund, but any unappropriated surplus in the treasury should be so used, as there is no other lawful way of returning the money to circulation, and the profit realized by the government offers special advantage.

The loaning of the public funds to banks without interest upon security of government bonds I regard as an unauthorized and dangerous expedient. It results in a temporary and unnatural increase of the banking capital of favored localities, and compels a cautious and gradual recall of deposits to avoid injury to commercial interests. It is not to be expected that banks, having these deposits, will sell bonds to the treasury so long as the present highly beneficial relation is continued. They now practically get interest on both interest and proceeds in circulation, and the deposits now outstanding should be gradually withdrawn and applied to the purchase of bonds. It is fortunate that such a use can be made of the existing surplus and for some time to come of any casual surplus that may exist. After Congress has taken the necessary steps for a reduction of the revenue, such legislation should be promptly but very considerately enacted.

TARIFF REVISION.

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

The preparation of a new schedule of customs duties is a matter of great delicacy because of its effect upon the business of the country, and is one of great difficulty by reason of the wide divergence of opinion as to the objects that may be promoted by such legislation. Some disturbance of business may perhaps result from the consideration of this subject by Congress, but this temporary ill effect will be reduced to a minimum by prompt action and the assurance which the country enjoys that any necessary changes will be so made as not to impair the just and reasonable protection of our home industries. The inequalities of the law should be adjusted, but the protective principle should be maintained and fairly applied to the products of our farms as well as to our shops. These duties have necessarily a relation to other things besides the public revenues. We cannot limit their effects by fixing our eyes on the public treasury alone. They have a direct relation to home production, to work, and the commercial independence of our country, and the wise and patriotic legislator should enlarge the field of his vision. To include all these the necessary reduction of our public revenues can, I am sure, be made without making the smaller burden more onerous than the larger by reason of the disabilities and limitations which the process of reduction puts upon both capital and labor. The free list can very safely be extended by placing thereon articles that do not offer injurious competition to such domestic products as our home labor can supply. The removal of the internal tax upon tobacco would relieve an important agricultural product from a burden which was imposed only because our revenue from customs duties was insufficient for the public needs. Provision against fraud can be devised. The removal of the tax upon spirits used in the arts and in manufactures would also offer an objectionable method of reducing the surplus.

MONEY IN CIRCULATION.

A table presented by the Secretary of the Treasury, showing the amount of money of all kinds in circulation, each year from 1878 to the present time, is of interest. It appears that the amount of national bank notes in circulation has decreased during that period $114,109,729, of which $37,799,229 is chargeable to the last year.

The withdrawal of bank circulation will necessarily continue under existing conditions. It is probable that the adoption of the suggestions made by the Comptroller of the currency, viz., that the minimun deposit of bonds for the establishment of banks be reduced, and that an issue of notes to the par value of the bond be allowed, would help to maintain the bank circulation; but while this withdrawal of bank notes has been going on there has been a large increase in the amount of gold and silver coin in circulation, and in the issues of gold and silver certificates.

The total amount of money of all kinds in circulation on March 1st of 1878 was $805,793,807, while on October 1st, 1889, the total amount was $141,018,000. There was an increase of $293,417,552 in gold, and of $57,554,100 in standard silver dollars, of $72,311,249 in gold certificates, of $276,619,715 in silver certificates and of $14,073,787 in United States notes; making a total of $713,-976,403. There was during the same period a decrease of $114,-109,729 in bank certificates and of $642,481 in subsidiary silver. The net increase was $599,224,-193. The circulation per capita has increased about five dollars during the time covered by the table referred to. The total coinage of silver dollars was, on November 1st, 1889, $343,638,001, of which $283,-539,521 were in the Treasury vaults and $60,098,480 were in circulation. Of the amount in the vaults, $277,-319,944 were represented by outstanding silver certificates, leaving $6,219,577 not in circulation, and not represented by certificates.

The law requiring the purchase by the Treasury of two million dollars worth of silver bullion each month to be coined into silver dollars of 4.12½ grains has been observed by the department; but neither the President, Secretary nor any of his predecessors has deemed it safe to exercise the discretion given by law to increase the monthly purchases to four million dollars. When the law was enacted (February 28th, 1878), the price of silver in the market was 104.10 per ounce, making the bullion value of the dollar 93 cents. Since that time the price has fallen as low as 91.2 cents per ounce, reducing the bullion value of the dollar to 70.5 cents. Within the last few months the market price has somewhat advanced, and on the first day of November last the bullion value of the silver dollar was 72 cents. The evil anticipations which have accompanied the coinage and use of the silver dollar have not been realized. As a coin it has had general use, and the public treasury has been compelled to store it, but this is manifestly owing to the fact that their paper representatives are more convenient. The general acceptance and use of the silver certificate shows that silver not otherwise discredited under some favorable circumstances, has contributed to the maintenance of the equality of commercial relations between gold and silver dollars; but some of these are trade conditions that statutory enactments do not control, and of the continuance of which we cannot be certain.

I think it is clear that if we should make the coinage of silver at the present ratio free, we must expect that differences in the bullion values of gold and silver dollars will be taken advantage of in commercial