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tant, although secondary reason for fostering and enlarging the navy, may be found in unquestionable service to the expansion of our commerce which would be rendered by the frequent circulation of naval ships in the seas and ports of all quarters of the globe. Ships of proper construction and equipment, to be of the greatest efficiency in case of maritime war, might be made constant and active agents in time of peace in the advancement and protection of our foreign trade, and in the nature and discipline of young seamen, who would naturally, in some numbers, mix with and improve the crews of our merchant ships. Our merchants at home and abroad recognize the value to foreign commerce of the active movement of our naval vessels, and the intelligence and patriotic zeal of naval officers in promoting every interest of their countrymen, is a just subject for national pride.

THE FINANCES.

The condition of the financial affairs of the government, as shown by the report of the secretary of the treasury is very satisfactory. It is believed the present financial situation of the United States, whether considered with respect to trade, currency, credit, growing wealth, or extent and variety of our resources is more favorable than that of any other country of our time and has never been surpassed by that of any country at any period of history. Industries are thriving, the rate of interest is low, new railroads are being constructed, vast immigration is increasing our population, our capital and labor; new enterprises in great number are in progress, and our commercial relations with other countries are improving. The ordinary revenues from all sources for the fiscal year ended June 30, 1880, were, (cents being omitted): from customs, \$186,522,064; from internal revenue, \$124,009,373; from sales of public lands, \$10,116,506; from the tax on circulation and deposits of national banks, \$7,014,971; from the repayment of interest by the Pacific railway companies, \$1,707,367; from the sinking fund for Pacific railway companies, \$796,621; from customs fees, fines, penalties, etc., \$1,148,800; from fees, (consular) letters patent and lands, \$2,337,029; from the proceeds of sales of government property, \$282,616; from the profits of coinage, etc., \$2,792,186; from the revenue of the District of Columbia, \$1,809,469; from miscellaneous sources, \$4,099,063; total ordinary receipts, \$333,526,610. The ordinary expenditures for the same period were: for civil expenses, \$15,693,963; for foreign intercourse, \$1,211,490; for Indians, \$5,945,457; for pensions, including \$19,841,025 arrears of pensions, \$56,777,174; for the military establishment, including the river and harbor improvements and arsenals, \$38,116,916; for the naval establishment, including vessels, machinery and improvements at the navy yards, \$13,536,984; for miscellaneous expenditures, including public buildings, light-houses and collecting the revenue, \$34,535,691; for expenditures on account of the District of Columbia, \$3,272,384; for interest on the public debt, \$95,757,575; for the premium on bonds purchased, \$2,795,320; total ordinary expenditures, \$267,642,957; leaving a surplus revenue of \$65,883,653, which, with an amount drawn from the cash balance in the treasury of \$8,084,434; making \$73,968,087, was applied to the redemption of bonds for the sinking fund; \$73,652,900 of fractional currency, \$251,717 of the loan of 1858; \$405 of the temporary loan; \$100 of bounty land scrip; \$25 of compound interest notes; \$16,500 of 7.30 notes of 1864-5; \$2,650 of one and two year notes, \$3,700 of old demand notes; total, \$73,968,087. The amount due the sinking fund for this year was \$37,931,643. There was applied thereto the sum of \$73,904,617, being \$35,972,973 in excess of the actual requirements for the year. The aggregate of revenues from all sources during the fiscal year ended June 30th, 1880, was \$333,526,610, an increase over the preceding year of \$59,699,426. The receipts thus far the current year, together with the estimated receipts for the remainder of the year, amount to \$350,000,000, which will be sufficient to meet the estimated expenditures of the year and leave a surplus of \$90,000,000. It is fortunate this large surplus of revenue occurred at a period when it may be ap-

plied to the payment of the public debt soon to be redeemable. No public duty has been more cherished in the United States than the policy of paying the nation's debt as rapidly as possible. The debt of the United States less the cash in the treasury, and exclusive of accruing interest, attained its maximum of \$2,756,441,571 in August, 1865, and has since that time been reduced to \$1,886,019,504. Of the principal of the debt \$108,758,100 has been paid since March 1st, 1877, effecting an annual saving of interest of \$6,107,593. The burden of interest has also been diminished by the sale of bonds bearing a low rate of interest, and the application of the proceeds to the redemption of bonds bearing a higher rate. The annual saving thus secured since March 1st, 1877, is \$14,290,453. Within a short period over six hundred millions of 5 and 6 per cent. bonds will become redeemable. This presents a very favorable opportunity, not only to further reduce the principal of the debt, but also to reduce the rate of interest on that which will remain unpaid. I call the attention of Congress to the views expressed on this subject by the secretary of the treasury in his annual report, and recommend prompt legislation to enable the treasury department to complete the refunding of the debt, which is about to mature. The continuance of specie payments has not been interrupted or endangered since the date of resumption. It has contributed greatly to the revival of business and to our remarkable prosperity. The fears that preceded and accompanied resumption have proved groundless. No considerable amount of United States notes has been presented for redemption, while very large sums of gold bullion, both domestic and imported, are taken to the mint and exchanged for coin or notes. The increase of coin and bullion in the United States since January 1st, 1879, is estimated at \$227,399,428.

LEGAL TENDERS.

There are still in existence \$346,681,016 in United States legal tender notes. These notes were authorized as a war measure, made necessary by the exigencies of the conflict in which the United States was then engaged. The preservation of the nation's existence required in the judgment of Congress, the issue of legal tender paper money. That it served well the purpose for which it was created, is not questioned, but the employment of notes as paper money indefinitely after the accomplishment of the object for which they were provided, was not contemplated by the framers of the law under which they were issued. The notes long since became like any other pecuniary obligation of government, a debt to be paid, and when paid to be cancelled, as a mere evidence of indebtedness no longer existing. I therefore repeat what was said in my annual message of last year, that the retirement from circulation of United States notes with the capacity of legal tender in private contracts, is a step to be taken in our progress towards safe and stable currency which should be accepted as the policy and duty of government, in the interest and security of the people.

THE STANDARD DOLLAR.

At the time of the passage of the act now in force requiring the coinage of silver dollars, fixing their value and giving them a legal tender character, it was believed by many supporters of the measure that the silver dollar which it authorized would speedily become, under the operations of the law, of equivalent value to the gold dollar. There were other supporters of the bill who, while they doubted as to the probability of this result, nevertheless were willing to give the proposed experiment a fair trial, with the view to stop the coinage if experience should prove that the silver dollar authorized by the bill continued to be of less commercial value than the standard gold dollar. The coinage of silver dollars, under the act referred to, began in March, 1878, and has been continued as required by the act. The average rate per month, to the present time, is 2.276,492. The total amount coined prior to the 1st of November last was \$72,847,150. Of this amount \$47,084,450 remain in the treasury and only \$25,762,701 are in the hands of the people. Constant effort has been made to keep this currency in circulation and considerable expense has been necessarily incurred for the purpose, but its return to the treasury is prompt and sure. Con-

trasted with the measure at the time of its adoption the value of the silver dollar containing 412½ grains of silver has not increased. During the year prior to the passage of the bill authorizing its coinage, the market value of the silver which it contained was from 90 to 92 cents as compared with the standard gold dollars. During last year the average and market value of the silver dollar has been 88½ cents. It is obvious that the legislation of the last Congress in regard to silver, so far as it was based on an anticipated rise in the value of silver as a result of that legislation, has failed to produce the effect then predicted. The longer the law remains in force requiring, as it does, the coinage of a nominal dollar which in reality is not a dollar, the greater becomes the danger that this country will be forced to accept a single metal as the sole legal standard of value in circulation, and this a standard of less value than it purports to be worth in the recognized money of the world. The constitution of the United States, sound financial principles, and our best interests, all require that we have as its legal tender money, both gold and silver of intrinsic value as bullion equivalent to that upon its face it purports to possess. The constitution in express terms recognizes both gold and silver as the only true legal tender money. To banish either of these metals from our currency is to narrow and limit the circulating medium of exchange, to the disparagement of important interests. The United States produces more silver than any other country, and is directly interested in maintaining it as one of the two precious metals which furnish the coinage of the world. It will, in my judgment, contribute to this result if congress will repeal so much of the existing legislation as requires the coinage of a silver dollar containing only 412½ grains of silver, and in its stead will authorize the secretary of the treasury to coin silver dollars of equivalent value as bullion with gold dollars. This will defraud no man, and will be in accordance with familiar precedents. Congress has, on several occasions, altered the ratio of value between gold and silver, in order to establish it more nearly in accordance with the actual ratio of value between the two metals. In financial legislation every measure in the direction of great fidelity in the discharge of pecuniary obligations has been found by experience to diminish the rates of interest which debtors are required to pay, and increase the facility with which money can be obtained for every legitimate purpose. Our own recent financial history shows how surely money becomes abundant, whenever confidence in the exact performance of money obligations is established.

THE ARMY.

The secretary of war reports that the expenditures of the war department for the fiscal year ended June 30th, 1880, was \$39,924,773. The appropriations for this department for the current fiscal year amount to 41,903,630. With respect to the army, the secretary invites attention to the fact that its strength is limited by statute (section 1,115 revised statutes) to not more than 30,000 enlisted men, but that the proviso contained in appropriation bills have limited the expenditures to an enlistment of but 25,000. It is believed the full legal strength is the least possible force at which the present organization can be maintained, having in view efficiency, discipline, and economy. While the enlistment of this force would add somewhat to the appropriation for the pay of the army, the saving made in other respects would be more than equivalent for this additional outlay, and the efficiency of the army would be largely increased. The rapid extension of the railroad system west of the Mississippi River, and the great tide of settlers which has flowed in upon the new territory, impose on the military an entire change of policy. The maintenance of small posts along wagon and stage routes of travel, is no longer necessary. Permanent quarters at points selected of a more substantial character than those heretofore constructed, will be required. Under existing laws permanent buildings cannot be erected without the sanction of Congress, and when sales of military sites and buildings have been authorized, the moneys received could only become available through new appropriations. It is recommended that provisions be made by a general statute for the sale of such

abandoned military posts and buildings as are found unnecessary, and for the application of the proceeds to the construction of other posts. While many of the present posts are of but slight value for military purposes, owing to the changed condition of the country, their occupation is continued at great expense and great inconvenience, because they afford the only available shelter for troops. The absence of a large number of officers of the line, on active duty, from their regiments is a serious drawback to the maintenance of the service. The constant demand for small detachments, each of which should be commanded by a commissioned officer, and the various details of officers for necessary service away from their commands, occasion a scarcity in the number required for company duties. With the view to lessening this drain to some extent, it is recommended that a law be made authorizing the detail of officers from the active list as professors of tactics and military science at certain colleges and universities be so amended as to provide that all such details be made from the retired list of the army. Attention is asked to the necessity of providing legislation for organizing, arming and disciplining the active militia of the country and liberal appropriations are recommended in this behalf. The reports of the adjutant general of the army and the chief of ordnance touching this subject fully set forth its importance. The report of officers in charge of education in the army shows there are 78 schools now in operation in the army with an aggregate attendance of 2,305 enlisted men and children. The secretary recommends the enlistment of 150 school masters with the rank and pay of commissary sergeant. An appropriation is needed to supply the judge advocate of the army with suitable libraries, and the secretary recommends that the corps of judge advocates be placed upon the same footing as to promotion with other staff corps of the army under existing laws. The bureau of military justice consists of one officer, judge advocate general, and the corps of judge advocates, of eight officers of equal rank (majors), with the provision that the limit of the corps shall remain at four, when reduced by casualty or resignation to the number. The consolidation of the bureau of military justice and corps of judge advocates upon the same basis with other staff corps of the army would remove an unjust discrimination against deserving officers, and subserve the interests of the service. Especial attention is asked to the report of the chief of engineers upon the condition of our national defenses. From personal inspection of many of the fortifications referred to the secretary is able to emphasize the recommendations made to the secretary. Their incomplete and defenseless condition is discreditable to the country. While other nations are increasing their means for carrying on offensive warfare and attacking maritime cities, we have been dormant in preparations for defense. Nothing of importance has been done toward strengthening and finishing our casemated works since our late civil war, during which the great guns of modern warfare and heavy armor of modern fortifications and ships came into use among the nations, and our earthworks, left by the sudden failure of appropriations some years since in all stages of incompleteness, are now being rapidly destroyed by the elements.

IMPROVEMENT OF RIVERS.

Two great rivers of the North American Continent, the Mississippi and Columbia, have their navigable waters wholly within the limits of the United States, and are of vast importance to our internal and foreign commerce. The permanency of important work in the South Pass of the Mississippi River seems now to be assured. There has been no failure whatever in the maintenance of the maximum channel during the six months ended August 9th last. This experiment has opened a broad, deep highway to the ocean, and is an improvement upon the permanent success of which congratulations may be exchanged among the people abroad and at home, and especially among communities of the Mississippi Valley, whose commercial exchanges float in an unobstructed channel safely to and from the sea. The comprehensive improvement of the Mississippi and its tributaries is a matter of transcendent importance. These great water ways comprise a system of in-

land transportation, spread like a network over a large portion of the United States, and navigable to an extent of many thousand miles; producers and consumers alike have a common interest in such unequalled facilities for cheap transportation. Geographically, commercially and politically, they are the strongest tie between various sections of the country. These channels of communication and interchange are the property of the nation. Its jurisdiction is paramount over their waters, and plainest principles of public interest require their intelligent and careful supervision with the view to their protection, improvement and enhancement of their usefulness. The channel of the Columbia River for a distance of about 100 miles from its mouth is obstructed by a succession of bars, which occasion serious delays in navigation and heavy expense for light-erage and towage. A depth of at least twenty feet at low tide should be secured and maintained to meet the requirement of the extensive and growing inland and ocean commerce it subserves. The most urgent need, however, for this great water way is the permanent improvement of the channel at the mouth of the river. From Columbia river to San Francisco, a distance of 600 miles, there is no harbor on the Pacific coast which can be approached during stormy weather. An appropriation of \$150,000 was made by the Forty-fifth congress for the commencement of a breakwater and harbor of refuge, to be located at some point between the straits of Fuca and San Francisco, at which the necessities of commerce, local and general, will be the best accommodated. The amount appropriated is thought to be quite inadequate for the purpose intended. The cost of the work when finished will be very great, owing to the want of natural advantages for a site, at any point on the coast between the designated limits, and it has not been thought advisable to undertake the work without a larger appropriation. I commend the matter to the attention of congress.

DEPARTMENT BUILDING.

The completion of the new building for the war department is urgently needed and estimates for continuing its construction are especially recommended. The collections of books, specimens, and records constituting the army medical museum and library are of national importance. The library now contains about 51,500 volumes and 57,000 pamphlets relating to medicine, surgery and allied topics. The contents of the army medical museum consist of 22,000 specimens. Their destruction would be an irreparable loss, not only to the United States, but to the world. There are filed in the record a dispensary division, over 16,000 bound volumes of hospital records, together with a great quantity of papers, embracing original records of the hospitals of our armies during the civil war. Aside from their historical value, these records are daily searched for evidence needed in the settlement of large numbers of pension and other claims for the protection of government against attempted frauds, as well as for the benefit of honest claimants. These valuable collections are now in a building which is peculiarly exposed to the danger of destruction by fire. It is therefore earnestly recommended that an appropriation be made for a new fire proof building, adequate for the present needs and reasonable future expansion of these valuable collections. Such buildings should be absolutely fire proof. No expenditure for mere architectural display is required. It is believed that a suitable structure can be erected at a cost not to exceed \$250,000.

AN APPEAL FOR GRANT.

I commend to the attention of Congress the great services of the commander in chief of our armies during the war for the Union, whose wise, firm and patriotic conduct did so much to bring that momentous conflict to a close. The legislation of the United States contains many precedents for recognition of distinguished military merit, authorizing rank and emoluments to be conferred for eminent services to the country. An act of Congress authorizing the appointment of a captain general of the army, with suitable provisions relating to compensation, retirement and other details, would in my judgment be altogether fitting and proper, and would be warmly approved by the country.