

since my last annual message to Congress are connected with the financial operations of the Government, directly affecting the business interests of the country. I congratulate Congress on the successful execution of the resumption act. At the time fixed, and in the manner contemplated by law, United States notes began to be redeemed in coin. Since the 1st of January last they have been promptly redeemed on presentation, and in all business transactions, public and private, in all parts of the country, they are received and paid out as the equivalent of coin. The demand upon the Treasury for gold and silver in exchange for United States notes has been comparatively small, and the voluntary deposit of coin and bullion in exchange for notes has been very large. The excess of the precious metals deposited or exchanged for United States notes over the amount of United States notes redeemed is about \$40,000,000.

The resumption of specie payments has been followed by a very great revival of business. With a currency equivalent in value to the money of the commercial world, we are enabled to enter upon an equal competition with other nations in trade and production. The increasing foreign demand for our manufactures and agricultural products has caused a large balance of trade in our favor, which has been paid in gold, from the 1st of July last to November 15, to the amount of about \$59,000,000. Since the resumption of specie payments there has also been a marked and gratifying improvement of the public credit. The bonds of the Government bearing only 4 per cent interest have been sold at or above par, sufficient in amount to pay off all of the national debt which was redeemable under present laws. The amount of interest saved annually by the process of refunding the debt since March 1, 1877, is \$14,297,177. The bonds sold were largely in small sums, and the number of our citizens now holding the public securities is much greater than ever before. The amount of the national debt which matures within less than two years is \$792,121,700, of which \$500,000,000 bear interest at the rate of 5 per cent, and the balance is in bonds bearing 6 per cent interest. It is believed that this part of the public debt can be refunded by the issue of 4 per cent bonds, and, by the reduction of interest which will thus be effected, about \$11,000,000 can be annually saved to the Treasury. To secure this important reduction of interest to be paid by the United States further legislation is required, which it is hoped will be provided by Congress during its present session.

The coinage of gold by the mints of the United States during the last fiscal year was \$40,986,912. The coinage of silver dollars since the passage of the act for that purpose up to November 1, 1879, was \$45,000,850, of which \$12,700,344 have been issued from the Treasury and are now in circulation, and \$32,300,506 are still in the possession of the Government.

The pendency of the proposition for unity of action between the United States and the principal commercial nations of Europe to effect a permanent system for the equality of gold and silver in the recognized money

of the world leads me to recommend that Congress refrain from new legislation on the general subject. The great revival of trade, internal and foreign, will supply during the coming year its own instructions, which may well be awaited before attempting further experimental measures with the coinage. I would, however, strongly urge upon Congress the importance of authorizing the Secretary of the Treasury to suspend the coinage of silver dollars upon the present legal ratio. The market value of the silver dollar being uniformly and largely less than the market value of the gold dollar, it is obviously impracticable to maintain them at par with each other if both are coined without limit. If the cheaper coin is forced into circulation, it will, if coined without limit, soon become the sole standard of value, and thus defeat the desired object, which is a currency of both gold and silver which shall be of equivalent value, dollar for dollar, with the universally recognized money of the world.

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 toward a safe and stable currency which should be accepted as the policy and duty of the Government and the interest and security of the people. It is my firm conviction that the issue of legal-tender paper money based wholly upon the authority and credit of the Government, except in extreme emergency, is without warrant in the Constitution and a violation of sound financial principles. The issue of United States notes during the late civil war with the capacity of legal tender between private individuals was not authorized except as a means of rescuing the country from imminent peril. The circulation of these notes as paper money for any protracted period of time after the accomplishment of this purpose was not contemplated by the framers of the law under which they were issued. They anticipated the redemption and withdrawal of these notes at the earliest practicable period consistent with the attainment of the object for which they were provided.

The policy of the United States, steadily adhered to from the adoption of the Constitution, has been to avoid the creation of a national debt; and when, from necessity in time of war, debts have been created, they have been paid off, on the return of peace, as rapidly as possible. With this view, and for this purpose, it is recommended that the existing laws for the accumulation of a sinking fund sufficient to extinguish the public debt within a limited period be maintained. If any change of the objects or rates of taxation is deemed necessary by Congress, it is suggested that experience has shown that a duty can be placed on tea and coffee which will not enhance the price of those articles to the consumer, and which will add several millions of dollars annually to the Treasury.

The continued deliberate violation by a large number of the prominent and influential citizens of the Territory of Utah of the laws of the United

States for the prosecution and punishment of polygamy demands the attention of every department of the Government. This Territory has a population sufficient to entitle it to admission as a State, and the general interests of the nation, as well as the welfare of the citizens of the Territory, require its advance from the Territorial form of government to the responsibilities and privileges of a State. This important change will not, however, be approved by the country while the citizens of Utah in very considerable number uphold a practice which is condemned as a crime by the laws of all civilized communities throughout the world.

The law for the suppression of this offense was enacted with great unanimity by Congress more than seventeen years ago, but has remained until recently a dead letter in the Territory of Utah, because of the peculiar difficulties attending its enforcement. The opinion widely prevailed among the citizens of Utah that the law was in contravention of the constitutional guaranty of religious freedom. This objection is now removed. The Supreme Court of the United States has decided the law to be within the legislative power of Congress and binding as a rule of action for all who reside within the Territories. There is no longer any reason for delay or hesitation in its enforcement. It should be firmly and effectively executed. If not sufficiently stringent in its provisions, it should be amended; and in aid of the purpose in view I recommend that more comprehensive and more searching methods for preventing as well as punishing this crime be provided. If necessary to secure obedience to the law, the enjoyment and exercise of the rights and privileges of citizenship in the Territories of the United States may be withheld or withdrawn from those who violate or oppose the enforcement of the law on this subject.

The elections of the past year, though occupied only with State officers, have not failed to elicit in the political discussions which attended them all over the country new and decisive evidence of the deep interest which the great body of citizens take in the progress of the country toward a more general and complete establishment, at whatever cost, of universal security and freedom in the exercise of the elective franchise. While many topics of political concern demand great attention from our people, both in the sphere of national and State authority, I find no reason to qualify the opinion I expressed in my last annual message, that no temporary or administrative interests of government, however urgent or weighty, will ever displace the zeal of our people in defense of the primary rights of citizenship, and that the power of public opinion will override all political prejudices, and all sectional and State attachments in demanding that all over our wide territory the name and character of citizen of the United States shall mean one and the same thing and carry with them unchallenged security and respect. I earnestly appeal to the intelligence and patriotism of all good citizens of every part of the country, however much they may be divided in opinions on other political

subjects, to unite in compelling obedience to existing laws aimed at the protection of the right of suffrage. I respectfully urge upon Congress to supply any defects in these laws which experience has shown and which it is within its power to remedy. I again invoke the cooperation of the executive and legislative authorities of the States in this great purpose. I am fully convinced that if the public mind can be set at rest on this paramount question of popular rights no serious obstacle will thwart or delay the complete pacification of the country or retard the general diffusion of prosperity.

In a former message I invited the attention of Congress to the subject of the reformation of the civil service of the Government, and expressed the intention of transmitting to Congress as early as practicable a report upon this subject by the chairman of the Civil Service Commission.

In view of the facts that during a considerable period the Government of Great Britain has been dealing with administrative problems and abuses in various particulars analogous to those presented in this country, and that in recent years the measures adopted were understood to have been effective and in every respect highly satisfactory, I thought it desirable to have fuller information upon the subject, and accordingly requested the chairman of the Civil Service Commission to make a thorough investigation for this purpose. The result has been an elaborate and comprehensive report.

The report sets forth the history of the partisan spoils system in Great Britain, and of the rise and fall of the parliamentary patronage, and of official interference with the freedom of elections. It shows that after long trials of various kinds of examinations those which are competitive and open on equal terms to all, and which are carried on under the superintendence of a single commission, have, with great advantage, been established as conditions of admission to almost every official place in the subordinate administration of that country and of British India. The completion of the report, owing to the extent of the labor involved in its preparation and the omission of Congress to make any provision either for the compensation or the expenses of the Commission, has been postponed until the present time. It is herewith transmitted to Congress.

While the reform measures of another government are of no authority for us, they are entitled to influence to the extent to which their intrinsic wisdom and their adaptation to our institutions and social life may commend them to our consideration. The views I have heretofore expressed concerning the defects and abuses in our civil administration remain unchanged, except in so far as an enlarged experience has deepened my sense of the duty both of officers and of the people themselves to cooperate for their removal. The grave evils and perils of a partisan spoils system of appointment to office and of office tenure are now generally recognized. In the resolutions of the great parties, in the reports of Departments, in the debates and proceedings of Congress, in the messages

of Executives, the gravity of these evils has been pointed out and the need of their reform has been admitted.

To command the necessary support, every measure of reform must be based on common right and justice, and must be compatible with the healthy existence of great parties, which are inevitable and essential in a free state.

When the people have approved a policy at a national election, confidence on the part of the officers they have selected and of the advisers who, in accordance with our political institutions, should be consulted in the policy which it is their duty to carry into effect is indispensable. It is eminently proper that they should explain it before the people, as well as illustrate its spirit in the performance of their official duties.

Very different considerations apply to the greater number of those who fill the subordinate places in the civil service. Their responsibility is to their superiors in official position. It is their duty to obey the legal instructions of those upon whom that authority is devolved, and their best public service consists in the discharge of their functions irrespective of partisan politics. Their duties are the same whatever party is in power and whatever policy prevails. As a consequence it follows that their tenure of office should not depend on the prevalence of any policy or the supremacy of any party, but should be determined by their capacity to serve the people most usefully quite irrespective of partisan interests. The same considerations that should govern the tenure should also prevail in the appointment, discipline, and removal of these subordinates. The authority of appointment and removal is not a perquisite, which may be used to aid a friend or reward a partisan, but is a trust, to be exercised in the public interest under all the sanctions which attend the obligation to apply the public funds only for public purposes.

Every citizen has an equal right to the honor and profit of entering the public service of his country. The only just ground of discrimination is the measure of character and capacity he has to make that service most useful to the people. Except in cases where, upon just and recognized principles—as upon the theory of pensions—offices and promotions are bestowed as rewards for past services, their bestowal upon any theory which disregards personal merit is an act of injustice to the citizen, as well as a breach of that trust subject to which the appointing power is held.

In the light of these principles it becomes of great importance to provide just and adequate means, especially for every Department and large administrative office, where personal discrimination on the part of its head is not practicable, for ascertaining those qualifications to which appointments and removals should have reference. To fail to provide such means is not only to deny the opportunity of ascertaining the facts upon which the most righteous claim to office depends, but of necessity to discourage all worthy aspirants by handing over appointments and removals to mere

influence and favoritism. If it is the right of the worthiest claimant to gain the appointment and the interest of the people to bestow it upon him, it would seem clear that a wise and just method of ascertaining personal fitness for office must be an important and permanent function of every just and wise government. It has long since become impossible in the great offices for those having the duty of nomination and appointment to personally examine into the individual qualifications of more than a small proportion of those seeking office, and with the enlargement of the civil service that proportion must continue to become less.

In the earlier years of the Government the subordinate offices were so few in number that it was quite easy for those making appointments and promotions to personally ascertain the merits of candidates. Party managers and methods had not then become powerful agencies of coercion, hostile to the free and just exercise of the appointing power.

A large and responsible part of the duty of restoring the civil service to the desired purity and efficiency rests upon the President, and it is my purpose to do what is within my power to advance such prudent and gradual measures of reform as will most surely and rapidly bring about that radical change of system essential to make our administrative methods satisfactory to a free and intelligent people. By a proper exercise of authority it is in the power of the Executive to do much to promote such a reform. But it can not be too clearly understood that nothing adequate can be accomplished without cooperation on the part of Congress and considerate and intelligent support among the people. Reforms which challenge the generally accepted theories of parties and demand changes in the methods of Departments are not the work of a day. Their permanent foundations must be laid in sound principles and in an experience which demonstrates their wisdom and exposes the errors of their adversaries. Every worthy officer desires to make his official action a gain and an honor to his country; but the people themselves, far more than their officers in public station, are interested in a pure, economical, and vigorous administration.

By laws enacted in 1853 and 1855, and now in substance incorporated in the Revised Statutes, the practice of arbitrary appointments to the several subordinate grades in the great Departments was condemned, and examinations as to capacity, to be conducted by departmental boards of examiners, were provided for and made conditions of admission to the public service. These statutes are a decision by Congress that examinations of some sort as to attainments and capacity are essential to the well-being of the public service. The important questions since the enactment of these laws have been as to the character of these examinations, and whether official favor and partisan influence or common right and merit were to control the access to the examinations. In practice these examinations have not always been open to worthy persons generally who might wish to be examined. Official favoritism and partisan influence,

as a rule, appear to have designated those who alone were permitted to go before the examining boards, subjecting even the examiners to a pressure from the friends of the candidates very difficult to resist. As a consequence the standard of admission fell below that which the public interest demanded. It was also almost inevitable that a system which provided for various separate boards of examiners, with no common supervision or uniform method of procedure, should result in confusion, inconsistency, and inadequate tests of capacity, highly detrimental to the public interest. A further and more radical change was obviously required.

In the annual message of December, 1870, my predecessor declared that—

There is no duty which so much embarrasses the Executive and heads of Departments as that of appointments, nor is there any such arduous and thankless labor imposed on Senators and Representatives as that of finding places for constituents. The present system does not secure the best men, and often not even fit men, for public place. The elevation and purification of the civil service of the Government will be hailed with approval by the whole people of the United States.

Congress accordingly passed the act approved March 3, 1871, "to regulate the civil service of the United States and promote the efficiency thereof," giving the necessary authority to the Executive to inaugurate a civil-service reform.

Acting under this statute, which was interpreted as intended to secure a system of just and effectual examinations under uniform supervision, a number of eminently competent persons were selected for the purpose, who entered with zeal upon the discharge of their duties, prepared with an intelligent appreciation of the requirements of the service the regulations contemplated, and took charge of the examinations, and who in their capacity as a board have been known as the "Civil Service Commission." Congress for two years appropriated the money needed for the compensation and for the expense of carrying on the work of the Commission.

It appears from the report of the Commission submitted to the President in April, 1874, that examinations had been held in various sections of the country, and that an appropriation of about \$25,000 would be required to meet the annual expenses, including salaries, involved in discharging the duties of the Commission. The report was transmitted to Congress by special message of April 18, 1874, with the following favorable comment upon the labors of the Commission:

If sustained by Congress, I have no doubt the rules can, after the experience gained, be so improved and enforced as to still more materially benefit the public service and relieve the Executive, members of Congress, and the heads of Departments from influences prejudicial to good administration. The rules, as they have hitherto been enforced, have resulted beneficially, as is shown by the opinions of the members of the Cabinet and their subordinates in the Departments, and in that opinion I concur.

And in the annual message of December of the same year similar views

are expressed and an appropriation for continuing the work of the Commission again advised.

The appropriation was not made, and as a consequence the active work of the Commission was suspended, leaving the Commission itself still in existence. Without the means, therefore, of causing qualifications to be tested in any systematic manner or of securing for the public service the advantages of competition upon any extensive plan, I recommended in my annual message of December, 1877, the making of an appropriation for the resumption of the work of the Commission.

In the meantime, however, competitive examinations, under many embarrassments, have been conducted within limited spheres in the Executive Departments in Washington and in a number of the custom-houses and post-offices of the principal cities of the country, with a view to further test their effects, and in every instance they have been found to be as salutary as they are stated to have been under the Administration of my predecessor. I think the economy, purity, and efficiency of the public service would be greatly promoted by their systematic introduction, wherever practicable, throughout the entire civil service of the Government, together with ample provision for their general supervision in order to secure consistency and uniform justice.

Reports from the Secretary of the Interior, from the Postmaster-General, from the postmaster in the city of New York, where such examinations have been some time on trial, and also from the collector of the port, the naval officer, and the surveyor in that city, and from the postmasters and collectors in several of the other large cities, show that the competitive system, where applied, has in various ways contributed to improve the public service.

The reports show that the results have been salutary in a marked degree, and that the general application of similar rules can not fail to be of decided benefit to the service.

The reports of the Government officers, in the city of New York especially, bear decided testimony to the utility of open competitive examinations in their respective offices, showing that—

These examinations and the excellent qualifications of those admitted to the service through them have had a marked incidental effect upon the persons previously in the service, and particularly upon those aspiring to promotion. There has been on the part of these latter an increased interest in the work and a desire to extend acquaintance with it beyond the particular desk occupied, and thus the morale of the entire force has been raised. * * * The examinations have been attended by many citizens, who have had an opportunity to thoroughly investigate the scope and character of the tests and the method of determining the results, and those visitors have without exception approved the methods employed, and several of them have publicly attested their favorable opinion.

Upon such considerations I deem it my duty to renew the recommendation contained in my annual message of December, 1877, requesting Congress to make the necessary appropriation for the resumption of the

work of the Civil Service Commission. Economy will be promoted by authorizing a moderate compensation to persons in the public service who may perform extra labor upon or under the Commission, as the Executive may direct.

I am convinced that if a just and adequate test of merit is enforced for admission to the public service and in making promotions such abuses as removals without good cause and partisan and official interference with the proper exercise of the appointing power will in large measure disappear.

There are other administrative abuses to which the attention of Congress should be asked in this connection. Mere partisan appointments and the constant peril of removal without cause very naturally lead to an absorbing and mischievous political activity on the part of those thus appointed, which not only interferes with the due discharge of official duty, but is incompatible with the freedom of elections. Not without warrant in the views of several of my predecessors in the Presidential office, and directly within the law of 1871, already cited, I endeavored, by regulation made on the 22d day of June, 1877, to put some reasonable limits to such abuses. It may not be easy, and it may never perhaps be necessary, to define with precision the proper limit of political action on the part of Federal officers. But while their right to hold and freely express their opinions can not be questioned, it is very plain that they should neither be allowed to devote to other subjects the time needed for the proper discharge of their official duties nor to use the authority of their office to enforce their own opinions or to coerce the political action of those who hold different opinions.

Reasons of justice and public policy quite analogous to those which forbid the use of official power for the oppression of the private citizen impose upon the Government the duty of protecting its officers and agents from arbitrary exactions. In whatever aspect considered, the practice of making levies for party purposes upon the salaries of officers is highly demoralizing to the public service and discreditable to the country. Though an officer should be as free as any other citizen to give his own money in aid of his opinions or his party, he should also be as free as any other citizen to refuse to make such gifts. If salaries are but a fair compensation for the time and labor of the officer, it is gross injustice to levy a tax upon them. If they are made excessive in order that they may bear the tax, the excess is an indirect robbery of the public funds.

I recommend, therefore, such a revision and extension of present statutes as shall secure to those in every grade of official life or public employment the protection with which a great and enlightened nation should guard those who are faithful in its service.

Our relations with foreign countries have continued peaceful.

With Great Britain there are still unsettled questions, growing out of

the local laws of the maritime provinces and the action of provincial authorities deemed to be in derogation of rights secured by treaty to American fishermen. The United States minister in London has been instructed to present a demand for \$105,305.02 in view of the damages received by American citizens at Fortune Bay on the 6th day of January, 1878. The subject has been taken into consideration by the British Government, and an early reply is anticipated.

Upon the completion of the necessary preliminary examinations the subject of our participation in the provincial fisheries, as regulated by treaty, will at once be brought to the attention of the British Government, with a view to an early and permanent settlement of the whole question, which was only temporarily adjusted by the treaty of Washington.

Efforts have been made to obtain the removal of restrictions found injurious to the exportation of cattle to the United Kingdom.

Some correspondence has also occurred with regard to the rescue and saving of life and property upon the Lakes; which has resulted in important modifications of the previous regulations of the Dominion government on the subject in the interest of humanity and commerce.

In accordance with the joint resolution of the last session of Congress, commissioners were appointed to represent the United States at the two international exhibitions in Australia, one of which is now in progress at Sydney, and the other to be held next year at Melbourne. A desire has been expressed by our merchants and manufacturers interested in the important and growing trade with Australia that an increased provision should be made by Congress for the representation of our industries at the Melbourne exhibition of next year, and the subject is respectfully submitted to your favorable consideration.

The assent of the Government has been given to the landing on the coast of Massachusetts of a new and independent transatlantic cable between France, by way of the French island of St. Pierre, and this country, subject to any future legislation of Congress on the subject. The conditions imposed before allowing this connection with our shores to be established are such as to secure its competition with any existing or future lines of marine cable and preclude amalgamation therewith, to provide for entire equality of rights to our Government and people with those of France in the use of the cable, and prevent any exclusive possession of the privilege as accorded by France to the disadvantage of any future cable communication between France and the United States which may be projected and accomplished by our citizens. An important reduction of the present rates of cable communication with Europe, felt to be too burdensome to the interests of our commerce, must necessarily flow from the establishment of this competing line.

The attention of Congress was drawn to the propriety of some general regulation by Congress of the whole subject of transmarine cables by my predecessor in his message of December 7, 1875, and I respectfully