

and the intelligence and patriotic zeal of our naval officers in promoting every interest of their countrymen is a just subject of national pride.

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 that the present financial situation of the United States, whether considered with respect to trade, currency, credit, growing wealth, or the 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 its history. All our industries are thriving; the rate of interest is low; new railroads are being constructed; a vast immigration is increasing our population, 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—

From customs.....	\$186,522,064.60
From internal revenue.....	124,009,373.92
From sales of public lands.....	1,016,506.60
From tax on circulation and deposits of national banks.....	7,014,971.44
From repayment of interest by Pacific Railway companies.....	1,707,357.18
From sinking fund for Pacific Railway companies.....	786,621.22
From customs fees, fines, penalties, etc.....	1,148,800.16
From fees—consular, letters patent, and lands.....	2,337,029.00
From proceeds of sales of Government property.....	282,616.50
From profits on coinage, etc.....	2,792,186.78
From revenues of the District of Columbia.....	1,809,469.70
From miscellaneous sources.....	4,099,603.88
Total ordinary receipts.....	333,526,610.98

The ordinary expenditures for the same period were—

For civil expenses.....	\$15,693,963.55
For foreign intercourse.....	1,211,490.58
For Indians.....	5,945,457.09
For pensions (including \$19,341,025.20 arrears of pensions).....	56,777,174.44
For the military establishment, including river and harbor improvements and arsenals.....	38,116,916.22
For the naval establishment, including vessels, machinery, and improvements at navy-yards.....	13,536,984.74
For miscellaneous expenditures, including public buildings, light-houses, and collecting the revenue.....	34,535,691.00
For expenditures on account of the District of Columbia.....	3,272,384.63
For interest on the public debt.....	95,757,575.11
For premium on bonds purchased.....	2,795,320.42

leaving a surplus revenue of \$65,883,653.20, which, with an amount drawn from the cash balance in Treasury of \$8,084,434.21, making \$73,968,087.41, was applied to the redemption—

Of bonds for the sinking fund.....	\$73,652,900.00
Of fractional currency.....	251,717.41
Of the loan of 1858.....	40,000.00
Of temporary loan.....	100.00
Of bounty-land scrip.....	25.00
Of compound-interest notes.....	16,500.00
Of 7.30 notes of 1864-65.....	2,650.00
Of one and two year notes.....	3,700.00
Of old demand notes.....	495.00
Total.....	73,968,087.41

The amount due the sinking fund for this year was \$37,931,643.55. There was applied thereto the sum of \$73,904,617.41, being \$35,972,973.86 in excess of the actual requirements for the year.

The aggregate of the revenues from all sources during the fiscal year ended June 30, 1880, was \$333,526,610.98, an increase over the preceding year of \$59,699,426.52. The receipts thus far of 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 that this large surplus revenue occurs at a period when it may be directly applied to the payment of the public debt soon to be redeemable. No public duty has been more constantly 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 cash in the Treasury and exclusive of accruing interest, attained its maximum of \$2,756,431,571.43 in August, 1865, and has since that time been reduced to \$1,886,019,504.65. Of the principal of the debt, \$108,758,100 has been paid since March 1, 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 1, 1877, is \$14,290,453.50. 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 have been presented for redemption, while very large sums of gold bullion, both domestic and imported, are taken to the mints and exchanged for coin or notes. The increase of coin and bullion in the United States since January 1, 1879, is estimated at \$227,399,428.

There are still in existence, uncanceled, \$346,681,016 of 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, an issue of legal-tender paper money. That

it served well the purpose for which it was created is not questioned, but the employment of the 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. These notes long since became, like any other pecuniary obligation of the Government, a debt to be paid, and when paid to be canceled as mere evidence of an indebtedness no longer existing. I therefore repeat what was said in the 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 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.

At the time of the passage of the act now in force requiring the coinage of silver dollars, fixing their value, and giving them legal-tender character it was believed by many of the 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 a 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 has been \$2,276,492. The total amount coined prior to the 1st of November last was \$72,847,750. Of this amount \$47,084,450 remain in the Treasury, and only \$25,763,291 are in the hands of the people. A constant effort has been made to keep this currency in circulation, and considerable expense has been necessarily incurred for this purpose; but its return to the Treasury is prompt and sure. Contrary to the confident anticipation of the friends of the measure at the time of its adoption, the value of the silver dollar containing $412\frac{1}{2}$ 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 dollar. During the last year the average market value of the silver dollar has been $88\frac{1}{2}$ 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 the country should have as its legal-tender money both gold and silver coin of an intrinsic value, as bullion, equivalent to that which 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 existing legislation as requires the coinage of silver dollars containing only $412\frac{1}{2}$ 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 on several occasions has 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 greater 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 to 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 moneyed obligations is established.

The Secretary of War reports that the expenditures of the War Department for the fiscal year ended June 30, 1880, were \$39,924,773.03. The appropriations for this Department for the current fiscal year amount to \$41,993,630.40.

With respect to the Army, the Secretary invites attention to the fact that its strength is limited by statute (U. S. Revised Statutes, sec. 1115) to not more than 30,000 enlisted men, but that provisos contained in appropriation bills have limited expenditures to the 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 pay of the Army, the saving made in other respects would be more than an 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 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 can not be erected without the sanction of Congress, and when sales of military sites and buildings have been authorized the moneys received have reverted to the Treasury and could only become available through a new appropriation. It is recommended that provision be made by a general statute for the sale of such abandoned military posts and buildings as are found to be 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 inconvenience, because they afford the only available shelter for troops.

The absence of a large number of officers of the line, in active duty, from their regiments is a serious detriment 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 a view to lessening this drain to some extent, it is recommended that the law 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 by 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 the officer in charge of education in the Army shows that 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 schoolmasters, with the rank and pay of commissary-sergeants. An appropriation is needed to supply the judge-advocates 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 the other staff corps of the Army. Under existing laws the Bureau of Military Justice consists of one officer (the Judge-Advocate-General), and the Corps of Judge-Advocates of eight officers of equal rank (majors), with a provision that the limit of the corps shall remain at four when reduced by casualty or resignation to that number. The consolidation of the Bureau of Military Justice and the Corps of Judge-Advocates upon the same basis with the other staff corps of the Army would remove an unjust discrimination against deserving officers and subserve the best interests of the service.

Especial attention is asked to the report of the Chief of Engineers upon the condition of our national defenses. From a personal inspection of many of the fortifications referred to, the Secretary is able to emphasize the recommendations made and to state that their incomplete and defenseless condition is discreditable to the country. While other nations have been increasing their means for carrying on offensive warfare and attacking maritime cities, we have been dormant in preparation 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 the heavy armor of modern fortifications and ships came into use among the nations; and our earthworks, left by a sudden failure of appropriations some years since in all stages of incompleteness, are now being rapidly destroyed by the elements.

The two great rivers of the North American continent, the Mississippi and the 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 the important work on 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 9 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 people abroad and at home, and especially among the communities of the Mississippi Valley, whose commercial exchanges float in an unobstructed channel safely to and from the sea.

A comprehensive improvement of the Mississippi and its tributaries is a matter of transcendent importance. These great waterways comprise a system of inland transportation spread like network over a large portion of the United States, and navigable to the extent of many thousands of 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 the 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 the plainest principles of public interest require their intelligent and careful supervision, with a view to their protection, improvement, and the enhancement of their usefulness.

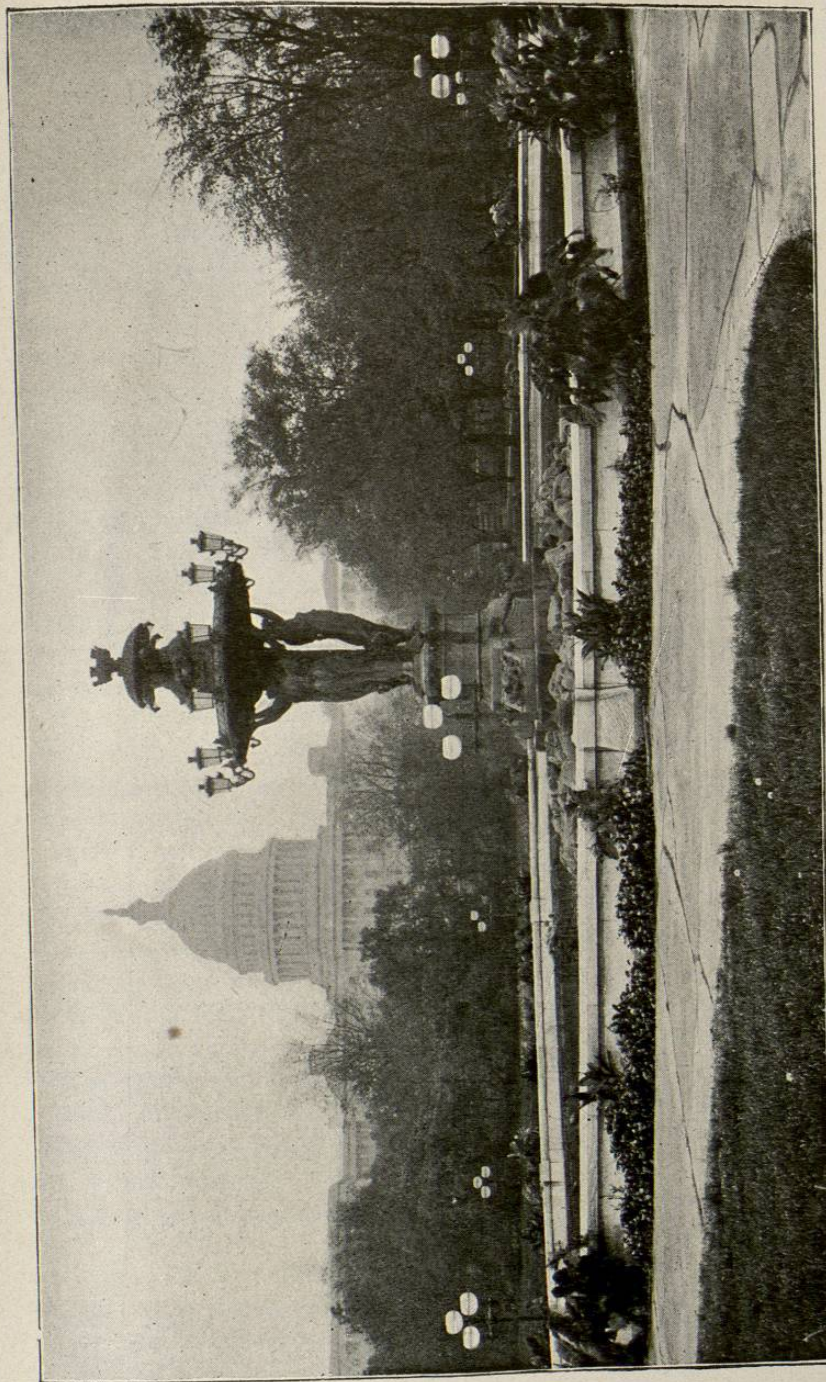
The channel of the Columbia River for a distance of about 100 miles from its mouth is obstructed by a succession of bars, which occasion serious delays in navigation and heavy expense for lighterage and towage. A depth of at least 20 feet at low tide should be secured and maintained to meet the requirements of the extensive and growing inland and ocean commerce it subserves. The most urgent need, however, for this great waterway is a permanent improvement of the channel at the mouth of the river.

From Columbia River to San Francisco, a distance of over 600 miles, there is no harbor on our 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 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 to be advisable to undertake the work without a larger appropriation. I commend the matter to the attention of Congress.

The completion of the new building for the War Department is urgently needed, and the 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, and are unique in the completeness with which both military surgery and the diseases of armies are illustrated. Their destruction would be an irreparable loss, not only to the United States, but to the world. There are filed in the Record and Pension Division over 16,000 bound volumes of hospital records, together with a great quantity of papers, embracing the 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 the 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 fireproof building, adequate for the present needs and reasonable future expansion of these valuable collections. Such a building should be absolutely fireproof; 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.

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 the 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,



BARTHOLDI FOUNTAIN, WASHINGTON, D. C., WITH THE CAPITOL IN THE DISTANCE.

retirement, and other details, would, in my judgment, be altogether fitting and proper, and would be warmly approved by the country.

The report of the Secretary of the Navy exhibits the successful and satisfactory management of that Department during the last fiscal year. The total expenditures for the year were \$12,916,639.45, leaving unexpended at the close of the year \$2,141,682.23 of the amount of available appropriations. The appropriations for the present fiscal year, ending June 30, 1881, are \$15,095,061.45, and the total estimates for the next fiscal year, ending June 30, 1882, are \$15,953,751.61. The amount drawn by warrant from July 1, 1880, to November 1, 1880, is \$5,041,570.45.

The recommendation of the Secretary of the Navy that provision be made for the establishment of some form of civil government for the people of Alaska is approved. At present there is no protection of persons or property in that Territory except such as is afforded by the officers of the United States ship *Jamestown*. This vessel was dispatched to Sitka because of the fear that without the immediate presence of the national authority there was impending danger of anarchy. The steps taken to restore order have been accepted in good faith by both white and Indian inhabitants, and the necessity for this method of restraint does not, in my opinion, now exist. If, however, the *Jamestown* should be withdrawn, leaving the people, as at present, without the ordinary judicial and administrative authority of organized local government, serious consequences might ensue.

The laws provide only for the collection of revenue, the protection of public property, and the transmission of the mails. The problem is to supply a local rule for a population so scattered and so peculiar in its origin and condition. The natives are reported to be teachable and self-supporting, and if properly instructed doubtless would advance rapidly in civilization, and a new factor of prosperity would be added to the national life. I therefore recommend the requisite legislation upon this subject.

The Secretary of the Navy has taken steps toward the establishment of naval coaling stations at the Isthmus of Panama, to meet the requirements of our commercial relations with Central and South America, which are rapidly growing in importance. Locations eminently suitable, both as regards our naval purposes and the uses of commerce, have been selected, one on the east side of the Isthmus, at Chiriqui Lagoon, in the Caribbean Sea, and the other on the Pacific coast, at the Bay of Golfito. The only safe harbors, sufficiently commodious, on the Isthmus are at these points, and the distance between them is less than 100 miles. The report of the Secretary of the Navy concludes with valuable suggestions with respect to the building up of our merchant marine service, which deserve the favorable consideration of Congress.

The report of the Postmaster-General exhibits the continual growth and the high state of efficiency of the postal service. The operations of no Department of the Government, perhaps, represent with greater

exactness the increase in the population and the business of the country. In 1860 the postal receipts were \$8,518,067.40; in 1880 the receipts were \$33,315,479.34. All the inhabitants of the country are directly and personally interested in having proper mail facilities, and naturally watch the Post-Office very closely. This careful oversight on the part of the people has proved a constant stimulus to improvement. During the past year there was an increase of 2,134 post-offices, and the mail routes were extended 27,177 miles, making an additional annual transportation of 10,804,191 miles. The revenues of the postal service for the ensuing year are estimated at \$38,845,174.10, and the expenditures at \$42,475,932, leaving a deficiency to be appropriated out of the Treasury of \$3,630,757.90.

The Universal Postal Union has received the accession of almost all the countries and colonies of the world maintaining organized postal services, and it is confidently expected that all the other countries and colonies now outside the union will soon unite therewith, thus realizing the grand idea and aim of the founders of the union of forming, for purposes of international mail communication, a single postal territory, embracing the world, with complete uniformity of postal charges and conditions of international exchange for all descriptions of correspondence. To enable the United States to do its full share of this great work, additional legislation is asked by the Postmaster-General, to whose recommendations especial attention is called.

The suggestion of the Postmaster-General that it would be wise to encourage, by appropriate legislation, the establishment of American lines of steamers by our own citizens to carry the mails between our own ports and those of Mexico, Central America, South America, and of transpacific countries is commended to the serious consideration of Congress.

The attention of Congress is also invited to the suggestions of the Postmaster-General in regard to postal savings.

The necessity for additional provision to aid in the transaction of the business of the Federal courts becomes each year more apparent. The dockets of the Supreme Court and of the circuit courts in the greater number of the circuits are encumbered with the constant accession of cases. In the former court, and in many instances in the circuit courts, years intervene before it is practicable to bring cases to hearing.

The Attorney-General recommends the establishment of an intermediate court of errors and appeals. It is recommended that the number of judges of the circuit court in each circuit, with the exception of the second circuit, should be increased by the addition of another judge; in the second circuit, that two should be added; and that an intermediate appellate court should be formed in each circuit, to consist of the circuit judges and the circuit justice, and that in the event of the absence of either of these judges the place of the absent judge should be supplied by the judge of one of the district courts in the circuit. Such an appel-

late court could be safely invested with large jurisdiction, and its decisions would satisfy suitors in many cases where appeals would still be allowed to the Supreme Court. The expense incurred for this intermediate court will require a very moderate increase of the appropriations for the expenses of the Department of Justice. This recommendation is commended to the careful consideration of Congress.

It is evident that a delay of justice, in many instances oppressive and disastrous to suitors, now necessarily occurs in the Federal courts, which will in this way be remedied.

The report of the Secretary of the Interior presents an elaborate account of the operations of that Department during the past year. It gives me great pleasure to say that our Indian affairs appear to be in a more hopeful condition now than ever before. The Indians have made gratifying progress in agriculture, herding, and mechanical pursuits. Many who were a few years ago in hostile conflict with the Government are quietly settling down on farms where they hope to make their permanent homes, building houses and engaging in the occupations of civilized life. The introduction of the freighting business among them has been remarkably fruitful of good results, in giving many of them congenial and remunerative employment and in stimulating their ambition to earn their own support. Their honesty, fidelity, and efficiency as carriers are highly praised. The organization of a police force of Indians has been equally successful in maintaining law and order upon the reservations and in exercising a wholesome moral influence among the Indians themselves. I concur with the Secretary of the Interior in the recommendation that the pay of this force be increased, as an inducement to the best class of young men to enter it.

Much care and attention has been devoted to the enlargement of educational facilities for the Indians. The means available for this important object have been very inadequate. A few additional boarding schools at Indian agencies have been established and the erection of buildings has been begun for several more; but an increase of the appropriations for this interesting undertaking is greatly needed to accommodate the large number of Indian children of school age. The number offered by their parents from all parts of the country for education in the Government schools is much larger than can be accommodated with the means at present available for that purpose. The number of Indian pupils at the normal school at Hampton, Va., under the direction of General Armstrong, has been considerably increased, and their progress is highly encouraging. The Indian school established by the Interior Department in 1879 at Carlisle, Pa., under the direction of Captain Pratt, has been equally successful. It has now nearly 200 pupils of both sexes, representing a great variety of the tribes east of the Rocky Mountains. The pupils in both these institutions receive not only an elementary English education, but are also instructed in housework, agriculture, and useful