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COOPERSTOWN, GRIGGS CO., DA.

PRESIDENTIAL POINTERS

President Arthur Favors the People with His Third Annual Message.

THE PRESIDENT'S MESSAGE.

FOREIGN RELATIONS.

To the Congress of the United States: At the threshold of your deliberations I congratulate you upon the favorable aspect of the domestic and foreign affairs of this government.

Our relations with other nations continue to be on a friendly footing. With the Argentine Republic, Belgium, Brazil, Denmark, Italy, Santo Domingo and Sweden and Norway, no incident has occurred which calls for special comment.

The recent opening of new lines of telegraphic communication with Central America and Brazil permitted the interchange of messages of friendship with the governments of those countries. During the year there have been perfected and proclaimed consular and commercial treaties with Servia and a consular treaty with Roumania, thus extending our intercourse with the Danubian countries, while our Eastern relations have been placed upon a wider basis by treaties with Corea and Madagascar.

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At the recent coronation of his majesty King Kalakaua this government was represented diplomatically and by the formal visit of a vessel of war. The question of terminating or modifying the existing reciprocity treaty with Hawaii is now before congress. I am convinced that the charges of abuse and frauds under that treaty have been exaggerated, and I renew the suggestions of last year's message, that the treaty be modified wherever its provisions have proved onerous to legitimate trade.

of grave questions between nations. This government has assented to the proposed inauguration of such already with Switzerland. Under the treaty of Berlin, liberty of conscience and civil rights are assured to all strangers in Bulgaria. As the United States have no distinct conventional relations with that country, and are not a party to the treaty, they should in my opinion maintain diplomatic representation also for the improvement of intercourse and the proper protection of the many American citizens who resort to that country as missionaries and teachers.

At no time in our national history has there been more manifest need of close and lasting relations with a neighboring State than now exists with respect to Mexico. The rapid influx of our capital and enterprise into that country shows what has already been accomplished by the vast reciprocal advantages which must attend the progress of its internal developments.

A convention was signed with Mexico on July 13, 1882, providing for the reopening of the case of Benjamin Well vs. The Abra Sylon Mining Company, in whose favor awards were made by the late American and Mexican claims commission. That convention still awaits the action of the senate.

OUR CENTRAL AMERICAN NEIGHBORS. Our geographical proximity to Central America, and our political and commercial relations with the seat of that country, justify, in my judgment, such material increase of consular corps as will place at each capital a consular general. The contest between Bolivia, Chili and Peru has passed from the stage of strategic hostilities to that of negotiation, in which the consuls of this government have been exercised. The demands of Chili for absolute cession of territory have been maintained and accepted by the party of Gen. Iglesias to the extent of making a treaty of peace with the government of Chili, in general conformity with the terms of the protocol signed in May last between the Chilean command and Gen. Iglesias. As a result of the conclusion of this treaty Gen. Iglesias has been formally recognized by Chili as president of Peru, and his government installed at Lima, which has been accepted by the Chileans.

THE SANDWICH ISLANDS. At the recent coronation of his majesty King Kalakaua this government was represented diplomatically and by the formal visit of a vessel of war. The question of terminating or modifying the existing reciprocity treaty with Hawaii is now before congress. I am convinced that the charges of abuse and frauds under that treaty have been exaggerated, and I renew the suggestions of last year's message, that the treaty be modified wherever its provisions have proved onerous to legitimate trade.

GOOD WILL IN THE ORIENT. In pursuance of the policy declared by this government of extending our intercourse with the Eastern nations, negotiations have during the past year been established in Persia, Siam and Corea. It is probable that permanent missions from those countries will be long be maintained in the United States. A special embassy from Siam is now on its way hither. Treaty relations with Corea were perfected by the exchange at Simul on the 10th of May last of the ratification of the lately concluded convention, and envoys from the country of Zanzibar have visited this country and received a cordial welcome. Corea, as yet unacquainted with the methods of Western civilization now invites the attention of those interested in the foreign trade, as it needs the implements and products which the United States are ready to supply. We seek no monopoly of its commerce and no advantage over its nations, but as the Chinese in carrying for a higher civilization have confined in this republic, we cannot regard with indifference any encroachments on their rights.

strong hopes that the remainder will soon be adjusted. Questions have arisen touching the rights of American and other foreign manufacturers in China, under the provisions of treaties which permit aliens to acquire their industries in that country. On this specific point our own treaty is silent. But under the operation of the most favorable nations clause we have like privileges to those of other powers. While it is the duty of the government to see that our citizens have the full enjoyment of every benefit secured by treaty, I doubt the expediency of leading to admit an interpretation by which we have only an indirect right to exact the transference to China of American capital.

RELATIONS WITH MEXICO. At no time in our national history has there been more manifest need of close and lasting relations with a neighboring State than now exists with respect to Mexico. The rapid influx of our capital and enterprise into that country shows what has already been accomplished by the vast reciprocal advantages which must attend the progress of its internal developments.

RESTRICTIONS UPON TRADE. I have alluded in my previous message to the injurious and vexatious restrictions suffered by our trade in the Spanish West Indies. Brazil, whose natural outlet for its great national trade in coffee is in and through the United States, imposes a heavy export duty upon that product. A like narrow policy is pursued in other American countries. Our petroleum exports are hampered in Turkey and in other Eastern ports by restrictions as to storage, and by onerous duties and taxes on the movement of our great food product is in some quarters clogged with like impediments.

WAR AND THE NAVY. THE INDIANS MOSTLY QUIET. From the report of the secretary of war it will be seen that in only a single instance has there been any disturbance of the quiet condition of our Indian tribes. A raid was made from Mexico into Arizona by a small party of Indians, which was pursued by Gen. Crook into the mountainous regions from which it had come. It is confidently hoped that serious outbreaks will not again occur, and that the Indian tribes which have for many years disturbed the West will hereafter remain in peaceable submission.

STATE MILITIA ENCOURAGED. On several occasions during the past year officers of the army have, at the request of State authorities, visited these military encampments for inspection of troops. From the reports of those officers I am induced to believe that the encouragement of the State militia organization by the National government would be followed by very gratifying results and would afford it, in sudden emergencies, the aid of a large body of volunteers educated in the performance of military duties.

AN EXPOSED SEACOST. I again call your attention to the present condition of our extended coast, upon which are so many large cities whose wealth and importance to the country would, in time of war, invite attack from modern armored ships, against which our existing defensive works could give no adequate protection. These works were built before the introduction of modern heavy rifled guns into maritime warfare, and if they are not put in an efficient condition, we may easily be subjected to humiliation by a hostile power greatly inferior to ourselves. As Germany to this subject, I call your attention to the importance of perfecting our submarine torpedo defenses.

Atlantic, each of 2,000 tons. They are to be built of steel, with the torsile strength and ductility prescribed by law, and in combination of speed, endurance, and armament are expected to compare favorably with the best armored war vessels of other nations. A fourth vessel, the Dolphin, to be constructed of similar materials, is intended to serve as a fleet dispatch boat. The double-turreted monitors Puritan, Amphitrite and Terror have been launched on the Delaware river, and a contract has been made for the supply of their machinery. A similar vessel, the Monadnock, has been launched in California. The naval advisory board and the secretary recommended the completion of the monitors, the construction of four gunboats, and also of three steel vessels like the Chicago, Boston and Dolphin, as an important measure of material inferior waterways.

The secretary urges the immediate creation of an interior fast line of water ways across the peninsula of Florida, along the coast from Florida to Hampton Roads, between the Chesapeake bay and Delaware river, and the Delaware and Potomac rivers. I feel bound to impress upon the attention of congress the necessity of continued progress in the construction of the navy. The condition of the public treasury, as I have already intimated, makes the present an auspicious time for putting this branch of the service in a state of efficiency. It is no part of our policy to create and maintain a navy able to cope with that of the world's great powers of the world. We have no wish for foreign conquest, and the peace which we have so long enjoyed is in no seeming danger of interruption; yet our naval strength should be made adequate for the defense of our harbors, the protection of our commercial interests, and the maintenance of our national honor—a proposition from which no patriotic citizen can withhold his assent.

THE TREASURY. A GRATIFYING EXHIBIT.

The report of the secretary of the treasury gives a full and interesting exhibit of the financial condition of the country. It shows that the ordinary revenues from all sources for the fiscal year ended June 30, 1883, amounted to \$398,287,581.95, whereof there was received from customs, \$214,706,496.93; from internal revenue, \$144,720,368.95; from sale of public lands, \$7,955,864.42; from tax on circulation and deposits of national banks, \$9,111,008.85; from profits on coinage of gold, silver and assays, \$1,460,205.17; from other sources, \$17,338,637.69. Total, \$398,287,581.95. For the same period the ordinary expenditures were: For civil expenses, \$22,343,285.76; for foreign intercourse, 2,419,275.24; for the Indians, 739,539.31; for pensions on account, 66,012,573.64; for the military establishment and armaments, 48,911,382.93; for the naval establishment, including repairs and improvements at navy yards, 15,283,437.17; for miscellaneous expenditures, including public buildings, light-houses and collecting revenues, 40,098,432.53; for interest on account, 3,817,028.48; District of Columbia, 59,160,131.25; For interest on the public debt, 59,160,131.25.

Total, \$265,408,137.54. Leaving a surplus revenue of \$132,879,444.41. Which, with an amount drawn from the cash balance in treasury of \$1,299,312.55, making \$134,178,756.96. Was available for the redemption of bonds for the sinking fund, 44,850,700.00; Of fractional currency for the sinking fund, 46,556.96; Of funded loan of 1881—continued, 65,380,250.00; Of loan, July and August, 1861—continued at 3 1/2 per cent., 20,595,660.00; Of funded loan of 1897, 1,418,850.00; Of loan of 1881, 719,150.00; Of loan of 1882, 1,800.00; Of loan of July and August, 1861, 216,000.00; Of the loan of March, 1883, 116,850.00; Of the loan of July, 1882, 4,765,000.00; Of 5-20s of 1884, 105,000.00; Of 5-20s of 1885, 960,000.00; Of 10-40s of 1885, 12,355,000.00; Of consols of 1865, 4,880,000.00; Of consols of 1867, 23,574,000.00; Of consols of 1868, 15,465,000.00; Of Oregon war debt, 545,000.00; Of refunding certificates, 107,150.00; Of interest on compound interest and other notes, 13,300.00.

Total, \$134,178,756.96. The revenue for the present fiscal year, actual and estimated, is as follows: Source. Est. for remaining three-quarters of yr. Actual for 83, quarter ending Sept. 30. From customs, \$197,597,224.33 \$57,402,975.67 From internal revenue, 90,367,721.40 29,662,078.60 From sale of public lands, 7,955,864.82 2,932,635.17 From tax on circulation and deposit in national banks, 1,542,199.12 1,657,800.88 From redemption of interest and sinking fund Pacific railroad, 1,478,940.49 521,039.51 From fees, fines, etc., 901,303.22 296,696.78 From fees, consular, letters patent and lands, 2,476,790.20 863,209.80 From sales of government property, 167,437.77 112,562.23 From profits, coinage and assays, 1,460,205.17 950,229.40 From deposits for surveying lands, 327,138.69 172,461.31 From revenues of District of Columbia, 1,643,982.01 256,017.99 From miscellaneous, 2,382,810.27 1,237,189.63 Total, \$247,029,082.97 \$85,966,917.03

The actual and estimated expenses for the same period: For civil and miscellaneous, including public buildings, light-houses, and collecting the revenue for quarter ending Sept. 30, 1883, actual, \$13,385,799.42 \$51,114,300.88 For Indians, 2,623,330.54 4,126,696.46 For pensions, 66,012,573.64 93,714,738.02 For military establishment, including fortifications, river and harbor improvements and arsenals, 48,911,382.93 26,487,739.67 For naval establishments and machinery at navy yards, 15,283,437.17 12,300,000.31 Expenditures on account of District of Columbia, 3,817,028.48 2,611,163.80 For interest on public debt, 59,160,131.25 39,702,704.04 Total ordinary expenditures, \$67,212,099.33 \$106,037,999.67

Total receipts, actual and estimated, \$247,029,082.97 Total expenditures, actual and estimated, 180,857,322.60 Total estimated and due sinking fund, 45,819,741.07 Leaving balance of, \$21,351,959.30

If the revenues for the fiscal year which will end on June 30, 1885, be estimated upon the basis of existing laws, the secretary is of the opinion that for that year the receipts will exceed by \$40,000,000 the ordinary expenditures, including the amount devoted to the sinking fund. Hitherto the surplus, as rapidly as it has accumulated, has been devoted to the reduction of the national debt. As a result, the only bonds now outstanding which are redeemable at the pleasure of the government are the 3 per cents, amounting to \$305,000,000.

4 1/2 per cents, amounting to \$200,000,000; and the \$737,000,000 4 per cents are not payable until 1891 and 1907 respectively. If the surplus shall hereafter be as large as the treasury estimates now indicate, the 3 per cent bonds may all be redeemed at least four years before any of the 4 1/2 per cents can be called in. The latter at the same rate of accumulation of surplus can be paid at maturity, and the moneys requisite for the redemption of the 4 per cents will be in the treasury long before these obligations become payable. There are cogent reasons, however, why the national indebtedness should not be thus rapidly extinguished. Chief among them is the fact that only by excessive taxation is such a rapidly attainable.

REDUCING THE REVENUE. In a communication to congress at its last session I recommended that all excise be abolished except those relating to distilled spirits, and that a substantial reduction also be made in the revenues from customs. A statute has since been enacted by which the annual tax tariff receipts of the government have been cut down to the extent of at least fifty or sixty millions of dollars. While I have no doubt that still further reductions may be wisely made, I do not advise the adoption at this session of any measures for a large diminution of the national revenues. The results of the legislation of last session of congress have not as yet become sufficiently apparent to justify any radical revision or sweeping modifications of existing law. In the interval which must elapse before the effects of the act of March 3, 1883, can be definitely ascertained, a portion, at least, of this surplus revenue may be wisely applied to the long-neglected duty of rehabilitating our navy and providing defenses for the protection of our harbors. This is a matter to which I shall again advert. Immediately associated with the financial subjects just discussed is the important question, What legislation is needed regarding the national currency? The aggregate amount of bonds now on deposit in the treasury to support the national bank circulation is about \$350,000,000, nearly \$200,000,000 of this amount consists of 3 per cents, which, as already stated, are payable at the pleasure of the government, and are likely to be called in within less than four years, unless meantime the surplus revenues shall be diminished. The probable effect of such an extensive retirement of the securities which are the basis of the national bank circulation would be such a contraction of the volume of the currency as to produce grave commercial embarrassment. How can the danger be obviated? The most effectual plan, and one whose adoption I shall heartily approve, has already been indicated. If the revenues of the next four years shall be kept substantially unimpaired, the expenses, the volume of circulation will not be likely to suffer any material disturbance; but if, on the other hand, there shall be great delay in reducing taxation, it will become necessary either to substitute some other form of currency in place of the national bank notes, or to make important changes in the laws by which their circulation is now controlled. In my judgment the latter course is far preferable. I commend to your attention the very interesting and thoughtful suggestions on this subject which appear in the secretary's report. The objections which he urges against the acceptance of any other securities than the obligations of the government itself as a foundation for national bank circulation seem to me to be of a nature, averting the threatened contraction, two courses have been suggested, either of which is probably feasible. One is the issuance of new bonds, having many years to run, bearing a low rate of interest and exchangeable upon specified terms for those now outstanding. The other course, which commends itself to my judgment, is to repeal the law which prohibits of law republishing the tax on circulation and permitting banks to issue notes for an amount equal to 90 per cent of the market value, instead of, as now, the face value of deposited bonds. I agree with the secretary in the belief that the adoption of this plan will afford the necessary relief.

THE TRADE DOLLAR. The trade dollar was coined for the purposes of trade in countries where silver passed at its value, ascertained by its weight and fineness. It never had a legal tender quality. Large numbers of these coins entered, however, into the volume of our currency by common consent. Their circulation in domestic trade has now ceased, and they have become a disturbing element. They should no longer be permitted to embarrass our currency system. I recommend that provision for their reception by the treasury and mints as bullion at a small percentage above the current market prices of silver of like fineness.

CUSTOMS DISTRICTS. The secretary of the treasury advises a combination of certain of the customs districts of the country, and suggests that the president be vested with such power in relation thereto as is now given him in respect to collectors of internal revenue by Sec. 3131 of the revised statutes. The statistics on this subject, which are contained in his report, furnish the basis of a strong argument in favor of his views. At the adjournment of congress the number of internal revenue collection districts was 126. By executive orders dated June 25, 1883, I directed that certain of these districts be consolidated. The result has been a reduction of one-third their number, which at present is but eighty-three.

POSTOFFICE AFFAIRS. A PROMISING STATE OF FINANCES.

The report of the postmaster general contains a gratifying exhibit of the condition and prospects of this interesting branch of the public service committed to his care. It appears that on June 30, 1883, the whole number of postoffices was 47,863, of which 632 were established during the previous fiscal year. The number of offices operating under the system of free delivery was 13. At these latter offices the postmaster on local matter amounted to \$4,195,230.52, a sum exceeding by \$1,021,894.01 the entire cost of the carriers' service in the country. The rate of postage on drop letters passing through these offices is now fixed by law at two cents per half ounce or fraction thereof. In offices where the carrier system has not been abolished the rate is only half as large. It will be remembered that in 1863, when free delivery was first established by law, the uniform single rate of postage upon local letters was one cent, and so it remained until 1872, when in those cities where carrier service was established it was increased to defray the expense of delivery. It seems to me that the old rate may now with propriety be restored, and that, too, even at a risk of diminishing for a time, at least, receipts from postage upon local letters. I can see no reason why that particular class of mail matter should be held accountable for the entire cost of not only its own collection and delivery but the collection and delivery of all other classes, and I am confident, after full consideration of the subject, that the reduction of the rate would be followed by such a growing volume of business as to occasion but slight and temporary loss to the revenue of the postoffice.