$259,138,450, matured under the calls after that date. In addition to the amount subject to payment and cancellation prior to November 1, there were also paid before that day certain of these bonds with the interest thereon, amounting to $5,002,350, which were anticipated as to the maturity, of which $2,664,850 had not been called. Thus $107,341,800 had been actually applied prior to the 1st of November, 1886, to the extinguishment of our bonded and interest-bearing debt, leaving on that day still outstanding the sum of $1,153,443,112. Of this amount $86,848,700 was still represented by 3 per cent. bonds. They, however, have been since November 14, or will at once be, further reduced by $22,606,150, being bonds which have been called, as already stated, but not redeemed and canceled before the latter date.

SILVER COINAGE.

During the fiscal year ended June 30, 1886, there were coined under the Compulsory Silver Coinage act of 1878, 29,838,849 silver dollars, and the cost of the silver used in such coinage was $23,448,960.01. There had been coined up to the close of the previous fiscal year under the provisions of the law 203,882,554 silver dollars, and on the 1st day of December, 1886, the total amount of such coinage was $247,131,549.

The Director of the Mint reports that at the time of the passage of the law of 1878 directing this coinage, the intrinsic value of the dollar thus coined was 94½ cents each, and that on July 31, 1886, the price of silver reached the lowest stage ever known, so that the intrinsic or bullion price of our standard silver dollar at that date was 72 cents. The price of silver on November 30 last was such as to make the dollars intrinsically worth 78 cents each. These differences in the value of the coins represent but the fluctuations in the price of silver, and they certainly do indicate that compulsory coinage by the Government enhances the price of that commodity or secures uniformity in its value.

CIRCULATING SILVER.

Every fair and legal effort has been made by the Treasury Department to distribute this currency among the people. The withdrawal of United States treasury notes of small denominations and the issuing of small silver certificates have been resorted to in the endeavor to accomplish this result, in obedience to the will and sentiments of the representatives of the people in Congress. On the 27th day of November, 1886, the people held of these coins or certificates representing them the nominal sum of $166,873,041, and we still have $79,464,345 in the treasury, as against about $142,894,055 so in the hands of the people, and $72,865,376 remaining in the treasury one year ago. The Director of the Mint again urges the necessity of more vault room for the purpose of storing these silver dollars, which are not needed for circulation by the people. I have seen no reason to change the views expressed in my last annual message on the subject of this compulsory coinage, and I again urge its suspension on all the grounds contained in my former recommendation, re-enforced by the significant increase of our gold exportations during the last year, as appears by the comparative statement herewith presented, and for the further reasons that the more this currency is distributed among the people the greater becomes our duty to protect it from disaster; that we now have abundance for all our needs; and that there seems but little propriety in building vaults to store such currency, when the only pretense for its coinage is the necessity of its use by the people as a circulating medium.

INDEFINITE REVENUE LAWS.

The great number of suits now pending in the United States Courts for the Southern District of New York, growing out of the collection of customs revenue at the port of New York, and the number of such suits that are almost daily instituted, are certainly worthy the attention of Congress These legal controversies, based upon conflicting views by importers and the Collector as to the interpretation of our present complex and indefinite revenue laws might be largely obviated by an amendment of those laws. But pending such amendment the present condition of this litigation should be relieved. There are now pending about 2,500 of these suits. More than 1,100 have been commenced within eighteen months, and many of the others have been at issue for more than twenty-five years. These delays subject the Government to loss of evidence, and prevent the reparation necessary to defeat unjust and fictitious claims, while constantly accruing interest threatens to double the demands involved. In the present condition of the dockets of the courts, well-filled with private suits, and of the force allowed the District Attorney no greater than is necessary for the ordinary and current business of his office, these revenue litigations cannot be considered. In default of the adoption by Congress of a plan for the general reorganization of the Federal courts, as has heretofore been recommended I urge the propriety of passing a law permitting the appointment of an additional Federal Judge in the district where these Government suits have accumulated, so that by continued sessions of the courts devoted to the trial these cases may be determined. It is entirely plain that a great saving to the Government would be accomplished by such a remedy, and the suitors who have honest claims would not be denied justice through delay.

THE ARMY.

The report of the Secretary of War gives a detailed account of the administration of his department, and contains sundry recommendations for the improvement of the service, which I fully approve. The army consisted at the date of the last consolidated return of 2,103 officers and 24,946 enlisted men. The expenses of the department for the last fiscal year were $36,990,903.28, including $6,294,305.43 for public works and river ann harbor improvements. I especially direct the attention of Congress to the recommendation that officers be required to submit to an examination as a preliminary to their promotion. I see no objection but many advantages in adopting this feature, which has operated so beneficially in our Navy Department as well as in some branches of the army.

COAST DEFENSES.

The subject of coast defenses and fortifications had been fully and carefully treated by the Board on Fortifications, whose report was submitted at the last session of Congress; but no construction work of the kind recommended by the Board has been possible during the last year from the lack of appropriations for such purpose. The defenseless condition of our seacoast and lake frontier is perfectly palpable; the examinations made must convince us all that certain of our cities named in the report of the board should be fortified, and that work on the most important of these fortifications should be commenced at once. The work has been thoroughly considered and laid out, the Secretary of War reports, but all is delayed in default of Congressional action. The absolute necessity, judged by all standards of prudence and foresight, of our preparation for an effectual resistance against the armored ships and steel guns and mortars of modern construction, which may threaten the cities on our coasts, is so apparent that I hope effective steps will be taken in that direction immediately. The valuable and suggestive treatment of this question by the Secretary of War is earnestly commended to the consideration of Congress.

THE APACHE WAR.

In September and October last the hostile Apachies, who, under the leadership of Geronimo, had for eighteen months been on the war path, and during that time had committed many murders and been the cause of constant terror to the settlers of Arizona, surrendered to General Miles, the military commander who succeeded General Crook in the management and direction of their pursuit. Under the terms of their surrender, as then reported, and in view of the understanding which this murderous savage seemed to entertain of the assurances given them, it was considered best to imprison them in such manner as to prevent their ever engaging in such outrages again, instead of trying them for murder. Fort Pickens having been selected as a safe place of confinement, all the adult males were sent thither, and will be closely guarded as prisoners. In the meantime the residue of the band who, though still remaining upon the reservation, were regarded as unsafe, and suspected of furnishing aid to those on the war-path, had been removed to Fort Marion. The women and larger children of the hostiles were also taken there, and arrangements have been made for putting the children of proper age in Indian schools.

THE WAR-VESSELS.

The report of the Secretary of the Navy contains a detailed report of the condition of his department, with such a statement of the action needed to improve the same as should challenge the earnest attention of Congress. The present navy of the United States, aside from the ships in course of construction, consists of: First, fourteen single-turreted monitors, none of which are in commission nor at the present time serviceable. The batteries of these ships are obsolete, and they can only be relied upon as auxiliary ships in harbor defense, and then after such an expenditure upon them as might not be deemed justifiable. Second, five fourth-rate vessels of small tonnage, only one of which was designed as a war vessel, and all of which are auxiliary merely. Third, twenty-seven cruising ships, three of which are built of iron and of small tonnage, and twenty-four of wood. Of these wooden vessels it is estimated by the chief constructor of the navy that only three will be serviceable beyond a period of six years, at which time it may be said that of the present naval force nothing worthy the name will remain.

All the vessels heretofore authorized are under contract or in course of construction, except the armored ships, the torpedo dynamite boats, and one crusier. As to the last of these, the bids were in excess of the limit fixed by Congress.

ARMOR AND GUN STEEL.

The production in the United States of armor and gun steel is a question which it seems necessary to settle at an early day, if the armored war vessels are to be completed with those materials of home manufacture. This has been the subject of investigation by two boards and by two special committees of Congress within the last three years. The report of the Gun Foundry Board in 1884, of the Board of Fortifications made in January last, and the reports of the select committees of the two houses made at the last session of Congress have entirely exhausted the subject so far as preliminary investigation is involved, and in their recommendation they are substantially agreed.

In the event that the present invitation of the department for bids to furnish such of this material as is now authorized shall fail to induce domestic manufacturers to undertake the large expenditures required to prepare for this new manufacture, and no other steps are taken by Congress at its coming session, the Secretary contemplates, with dissatisfaction, the necessity of obtaining abroad the armor and the gun steel for the authorized ships. It would seem desirable that the wants of the army and the navy in this regard should be reasonably met, and that by uniting their contracts such inducement might be offered as would result in securing the domestication of these important interests.

THE POSTAL SERVICE.

The affairs of the postal service show marked and gratifying improvement during the past year. A particular account of its transactions and condition is given in the report of the Postmaster General, which will be laid before you. The reduction of the rate of letter postage in 1883, rendering the postal revenues inadequate to sustain the expenditures, and business depression also contributing, resulted in an excess of cost for the fiscal year ended June 30, 1885, of eight and one-third millions of dollars. An additional check upon receipts by doubling the measure of weight in rating sealed correspondence, and diminishing one-half the charge for newspaper carriage, was imposed by legislation, which took effect with the beginning of the past fiscal year; while the constant demand of our territorial development and growing population for the extension and increase of mail facilites and machinery necessitate a steady annual advance in outlay. The careful estimate of a year ago upon the rates of expenditure then existing contemplated the unavoidable augmentation of the deficiency in the last fiscal year by nearly two millions of dollars. The anticipated revenue for the last year failed of realization by about $64,000, but proper measures of economy have so satisfactorily limited the growth of expenditures that the total deficiency, in fact, fell below that of 1885, and at that time the increase of revenue is in a gaining ratio over the increase of cost, demonstrating the sufficiency of the present rates of postage ultimately to sustain the service. This is the more pleasing because our people enjoy now both cheaper postage, proportionately to distances, and a vaster and more costly service than any other upon the globe.

Retrenchment has been effected in the cost of supplies; some expenditures unwarranted by law have ceased, and the outlays for mail carriage have been subjected to beneficial scrutiny. At the close of the late fiscal year the expense of transportation on star routes stood at an annual rate of cost less by over $550,000 than at the close of the previous year, and steamboat and mail messenger service at nearly $200,000 less. The service has been in the meantime enlarged and extended by the establishment of new offices, increase of routes of carriage, expansion of carrier delivery conveniences, and additions to the railway mail facilities in accordance with the growing exigencies of the country and the long established policy of the Government. The Postmaster General calls attention to the existing law for compensating railroads, and expresses the opinion that a method may be devised which will prove more just to the carriers and beneficial to the Government; and the subject appears worthy of your early consideration.

OCEAN SERVICE.

The differences which arose during the year with certain of the ocean steamship companies have terminated in the acquiescence of all in the policy of the Government approved by Congress in the postal appropriation at its last session, and the department now enjoys the utmost service afforded by all vessels which sail from our ports upon either ocean—service generally adequate to the needs of our intercourse.

RECOMMENDATIONS.

The extension of the free delivery service as suggested by the Postmaster General has heretofore received my sanction, and it is to be hoped a suitable enactment may soon be agreed upon.

The request for an appropriation sufficient to enable the general inspection of fourth-class offices has my approbation.

I renew my approval of the recommendation of the Postmaster General that another assistant be provided for the Postoffice Department, and I invite your attention to the several other recommendations in his report.

FEDERAL PENITENTIARY.

The conduct of the Department of Justice for the last fiscal year is duly detailed in the report of the Attorney General, and I invite the earnest attention of Congress to the same, and due consideration of the recommendations therein contained. In the report submitted by this officer to the last session of Congress, he strongly recommended the erection of a penitentiary for the confinement of prisoners convicted and sentenced in the United States courts, and he repeats the recommendation in his report for the last year. This is a matter of very great importance and should at once receive Congressional action. United States prisoners are now confined in more than thirty different State prisons and penitentiaries situated in every part of the country. They are subjected to nearly as many different modes of treatment and discipline, and are far too much removed from the control and regulation of the Government. So far as they are entitled to humane treatment and opportunity for improvement and reformation, the Government is responsible to them and society that these things are forthcoming. But this duty can scarcely be discharged without more absolute control and discretion than is possible under the present system.

THE JUDICIAL SYSTEM.

I again urge a change in the Federal judicial system to meet the wants of the people and obviate the delays necessarily attending the present condition of affairs in our courts. All are agreed that something should be done, and much favor is shown by those well able to advise, to the plan suggested by the Attorney General at the last session of Congress, and recommended in my last annual message. This recommendation is here renewed, together with another made at the same time, touching a change in the manner of compensating district attorneys and marshals, and the latter subject is commended to Congress for its action in the interest of economy to the Government, and humanity, fairness, and justice to our people.

THE INDIAN BUREAU.

The report of the Secretary of the Interior presents a comprehensive summary of the work of the various branches of the public service connected with his department, and the suggestions and recommendations which it contains for the improvement of the service should receive your careful consideration. The exhibit made of the condition of our Indian population and the progress of the work for their enlightenment, notwithstanding the many embarrassments which hinder the better administration of this important branch of the service is a gratifying and hopeful one. The funds appropriated for the Indian service for the fiscal year just passed, with the available income from Indian land and trust moneys, amounting in all to $7,850,775.12, were ample for the service under the conditions and restrictions of laws regulating their expenditure. There remained a balance on hand on June 30, 1886, of $1,660,023.30, of which $1,337,768.21 are permanent funds, for fulfillment of treaties and other like purposes, and the remainder, $322,255.09, is subject to be carried to the surplus fund as required by law. The estimates presented for appropriations for the ensuing fiscal year amount to $5,908,673.64, or $442,386.20 less than those laid before Congress last year. The present system of agencies, while absolutely necessary and well adapted for the management of Indian affairs and for the ends in view when it was adopted, is, in the present stage of Indian management, inadequate, standing alone, for the accomplishment of an object which has become pressing in importance—the more rapid transition from tribal organizations to citizenship of such portions of the Indians as are capable of civilized life. When the existing system was adopted the Indian race was outside of the limits of organized States and Territories, and beyond the immediate reach and operation of civilization, and all efforts were mainly directed to the maintenance of friendly relations and the preservation of peace and quiet on the frontier. All this is now changed. There is no such thing as the Indian frontier. Civilization, with the busy hum of industry and the influence of Christianity, surrounds these people at every point. None of the tribes are outside of the bounds of organized government and society, except that the Territorial system has not been extended over that portion of the country known as the Indian Territory. As a race the Indians are no longer hostile, but may be considered as submissive to the control of the Government, as few of them only are troublesome. Except the fragments of several bands, all are now gathered upon reservations. It is no longer possible for them to subsist by the chase and the spontaneous productions of the earth. With an abundance of land, if furnished with the means and implements for profitable husbandry, their life of entire dependence upon Government rations from day to day is no longer defensible. Their inclination, long fostered by a defective system of control, is to cling to the habits and customs of their ancestors, and they struggle with persistence against the change of life which their altered circumstances press upon them. But barbarism and civilization can not live together. It is impossible that such incongruous conditions should co-exist on the same soil. They are a portion of our people, are under the authority of our Government, and have a peculiar claim upon, and are entitled to, the fostering care and protection of the nation. The Government can not relieve itself of this responsibility until they are so far trained and civilized as to be able wholly to manage and care for themselves. The path in which they should walk must be clearly marked out for them, and they must be led or guided until they are familiar with the way and competent to assume the duties and responsibilities of our citizenship. Progress in this great work will continue only at the present slow pace and at great expense, unless the system and methods of management are improved to meet the changed conditions and urgent demands of the service. The Agents having general charge and supervision, in many cases, of more than 5,000 Indians, scattered over large reservations, and burdened with details of accountability for funds and supplies, have time to look after the industrial training and improvement of a few Indians only: the many are neglected and remain idle and dependent—conditions not favorable for progress or civilization. The compensation allowed these Agents and the conditions of the service are not calculated to secure workmen who are fitted by ability and skill to properly plan and intelligently direct the methods best adapted to produce the most speedy results and permanent benefits. Hence the necessity for a supplemental agency or system, directed to the end of promoting the general and more rapid transition of tribes from habits and customs of barbarism to the ways of civilization.

THE PUBLIC DOMAIN.

The recommendations of the Secretary of the Interior and the Commissioner of the General Land Office, looking to the better protection of public lands and of the public surveys, the preservation of national forests, the adjudication of grants to States and corporations, and of private land claims, and the increased efficiency of the public lands service, are commended to the attention of Congress. To secure the widest distribution of public lands in limited quantities among settlers of residence and cultivation, and thus make the greatest numbers of individual homes, was the primary object of the public land legislation in the early days of the Republic. This system was a simple one. It commenced with an admirable scheme of public surveys, by which the humblest citizen could identify the tract upon which he wished to establish his home. The price of lands was placed within the reach of all the enterprising, industrious and honest pioneer citizens of the country. It was soon found, however, that the object of the laws was perverted under the system of cash sales from a distribution of land among the people to an accumulation of land capital by wealthy and speculative persons. To check this tendency a preference right of purchase was given to settlers on the land, a plan which culminated in the general pre-emption act of 1841. The foundation of this system was actual residence and cultivation. Twenty years later the homestead laws were devised to more surely place actual homes in the possession of actual cultivators of the soil. The land was given without price, the sole condition being residence, improvement and cultivation. Other laws have followed, each designed to encourage the acquirement and use of land in limited individual quantities, but in later years these laws, through vicious administrative methods and under changed conditions of communication and transportation, have been so evaded and violated that their beneficent purpose is threatened with entire defeat. The methods of such evasions and valuations are set forth in detail in the reports of the Secretary of the Interior and Commissioner of the General Land Office. The rapid appropriation of our public lands without bona fide settlements or cultivation, and not only without intention of residence, but for the purpose of their aggregation in large holdings, in many cases in the hands of foreigners, invites the serious and immediate attention of Congress. The energies of the Land Department have been devoted during the present administration to remedy defects and correct abuses in the public land service. The results of these efforts are so largely in the nature of reforms in the process and methods of our land system as to prevent adequate estimates, but it appears, by a compilation from the reports of the Commissioner of the General Land Office, that the immediate effect in leading cases which have come to a final termination has been the restoration to the mass of public lands of 2,750,000 acres; that 2,370,000 acres are embraced in investigations now pending before the department or the courts, and that action of Congress has been asked to effect the restoration of 2,790,000 acres additional, besides which 4,000,000 acres have been withheld from reservation and the rights of entry thereon maintained. I recommend the

REPEAL OF THE PRE-EMPTION AND TIMBER-CULTURE ACTS,

and that the homestead laws be so amended as to better secure compliance, and cultivation for the period of five years from date of entry without commutation or provision for speculative relinquishment. I also recommend the repeal of the desert land laws, unless it shall be the pleasure of Congress to so amend these laws as to render them less liable to abuse. The facility with which transfers are made results in land accumulation instead of land distribution, and that the public domain be secured to settlers, it may be deemed advisable to provide by legislation some guards and checks upon the alienation of vested rights and lands covered thereby until patents issue.

FENCING PUBLIC LANDS.

Last year an executive proclamation was issued directing the removal of fences which inclosed the public domain. Many of these have been removed, in obedience to such order, but much of the public land still remains within the lines of these unlawful fences. The ingenious methods resorted to in order to continue these trespasses, and the hardihood of the pretenses by which, in some cases, such inclosures are justified, are fully detailed in the report of the Secretary of the Interior. The removal of the fences still remaining, which inclose public lands, will be enforced with all the authority and means with which the executive branch of the Government is or shall be invested by the Congress for that purpose.

GOVERNMENT PENSIONS.

The report of the Commissioner of Pensions contains a detailed and most satisfactory exhibit of the operations of the Pension Bureau. During the last fiscal year the amount of work done was the largest in any year since the organization of the bureau; and it has been done at less cost than during the previous year in every division. On the 30th day of June, 1886, there were 365,783 pensioners on the rolls of the bureau. Since 1861 there have been 1,018,735 applications for pensions filed, of which 78,834 were based upon service in the war of 1812. There were 621,754 of these applications allowed, including 60,178 to the soldiers of 1812 and their widows. The total amount paid for pensions since 1861 is $808,624,817.57. The number of new pensions allowed during the year ended June 30, 1886, is 40,857, a larger number than has been allowed in any year save one since 1861. The names of 2,229 pensioners which had been previously dropped from the pension roll were restored during the year, and after deducting those dropped within the same time for various causes, a net increase remains for the year of 20,658 names. From January 1, 1861, to December 1, 1885, 1,967 private pension acts had been passed. Since the last-mentioned date, and during the last session of Congress, 644 such acts became laws.

SPECIAL PENSION LAWS.

It seems to me that no one can examine our pension establishment and its operations without being convinced that through its instrumentality justice can be very nearly done to all who are entitled under present laws to the pension bounty of the Government. But it is undeniable that cases exist well entitled to relief in which the Pension Bureau is powerless to relieve the really worthy cases. Of this class are such as only lack by misfortune the kind or quantity of proof which the law and regulations of the bureau require, or which, though their merit is apparent, for some reason or other, can not be justly dealt with through general laws. These conditions fully justify application to the Congress and special enactments, but resort to the Congress for a special pension act to over-rule the deliberate and careful determination of the Pension Bureau on the merits, or to secure favorable action when it could not be expected under the most liberal execution of general laws, it must be admitted opens the door to allowance of questionable claims, and presents to the legislative and executive branches of the Government applications concededly not within the law and plainly devoid of merit, but so surrounded by sentiment and patriotic feeling that they are hard to resist.

FRAUDULENT PENSION CLAIMS.

I suppose it will not be denied that many claims for pension are made without merit, and that many have been allowed upon fraudulent representations. This has been declared from the Pension Bureau, not only in this but in prior administrations. The usefulness and the justice of any system for the distribution of pensions depend upon the equality and uniformity of its operation. It will be seen from the report of the Commissioner that there are now paid by the Government 131 different rates of pension.

The Commissioner estimates, from the best information he can obtain, that 9,00 of those who have served in the army and navy of the United States are now supported in whole or in part from public funds or by organized charities, exclusive of those in soldiers' homes under the direction and control of the Government. Only 13 per cent. of these are pensioners, while, of the entire number of men furnished for the late war, something like 20 per cent., including their widows and relatives, have been or now are in the receipt of pensions.

The American people, with a patriotic and grateful regard for our ex-soldiers, too broad and too sacred to be monopolized by any special advocates, are not only willing, but anxious that equal and exact justice should be done to all honest claimants for pensions. In their sight the friendless and destitute soldier dependent on public charity, if otherwise entitled, has precisely the same right to share in the provision made for those who fought their country's battles, as those better able, through friends and influence, to push their claims. Every pension that is granted under our present plan upon any other grounds than actual service, injury, or disease incurred in such service, and every instance of the many in which pensions are increased on other grounds than the merits of the claim, work an injustice to the brave and crippled, but poor and friendless, soldier, who is neglected, or who must be content with the smallest sum allowed under general laws. There are far too many neighborhoods in which are found glaring cases of inequality of treatment in the matter of pensions; and they are largely due to a yielding in the Pension Bureau to importunity on the part of those other than the pensioner, who are especially interested, or they arise from special acts passed for the benefit of individuals. The men who fought side by side should stand side by side when they participate in a grateful nation's kind remembrance. Every consideration of fairness and justice to our ex-soldiers, and the protection of the patriotic instincts of our citizens from perversion and violence, point to the adoption of a pension system broad and comprehensive enough to cover every contingency, and which shall make unnecessary an objectionable volume of special legislation. As long as we adhere to the principle of granting pensions for service, and disability as the result of the service, the allowance of pensions should be restricted to cases presenting these features. Every patriotic heart responds to a tender consideration for those who, having served their country long and well, are reduced to destitution and dependence, not as an incident of their service, but with advancing age, or through sickness, or misfortune. We are all tempted by the contemplation of such a condition to supply relief and are often impatient of the limitations of public duty. Yielding to no one in the desire to indulge this feeling of consideration, I can not rid myself of the conviction that if these ex-soldiers are to be relieved they and their cause are entitled to the benefit of an enactment under which relief may be claimed as a right, and that such relief should be granted under the sanction of law, not in evasion of it; nor should such worthy objects of care, all equally entitled, be remitted to the unequal operation of sympathy, or the tender mercies of social and political influence, with their unjust discriminations. The discharged soldiers and sailors of the country are our fellow-citizens and interested with us in the passage and faithful execution of wholesome law. They can not be swerved from their duty of citizenship by artful appeals to their spirit of brotherhood, born of common peril and suffering, nor will they exact as a test of devotion to their welfare a willingness to neglect public duty in their behalf.

THE PATENT OFFICE.

On the 4th of March, 1885, the current business of the Patent Office was on an average five and a half months behind. At the close of the last fiscal year such current work was but three months in arrears, and it is asserted and believed that in the next few months the delay in obtaining an examination of an application for a patent will be but nominal. The number of applications for patents during the last fiscal year, including re-issues, designs, trade-marks and labels, equal 40,678, which is considerably in excess of the number received during the preceding year. The receipts of the Patent Office during the year aggregate $1,250,167.80, enabling the office to turn into the Treasury, over and above all expenditures, about $163,701.73. The number of patents granted during the last fiscal year, including reissues, trade-marks, designs, and labels, was 29,610—a number a so quite largely in excess of that of any preceding year. The report of the Commissioner shows the office to be in a prosperous condition, and consequently increasing in its business. No increase of force is asked for. The amount estimated for the year ending June 30, 1887, was $853,960. The amount estimated for the fiscal year ending June 30, 1888, is $778,779.

THE SUBSIDIZED RAILROADS.

The Secretary of the Interior suggests a change in the plan for the payment of the indebtedness of the Pacific subsidized roads to the Government. His suggestion has the unanimous indorsement of the persons selected by the Government to act as Directors of these roads and protect the interests of the United States in the board of direction. In considering the plan proposed, the sole matters which should be taken into account, in my opinion, are the situation of the Government as a creditor, and the surest way to secure the payment of the principal and interest of its debt.

INTERSTATE TRAFFIC.

By a recent decision of the Supreme Court of the United States it has been adjudged that the laws of the several States are inoperative to regulate rates of transportation upon railroads, if such regulation interferes with the rate of carriage from one State into another. This important field of control and regulation having been thus left entirely unoccupied, the expediency of Federal action upon the subject is worthy of consideration.

CAPITAL AND LABOR.

The relations of labor to capital and of laboring men to their employers are of the utmost concern to every patriotic citizen. When these are strained and distorted, unjustifiable claims are apt to be insisted upon by both interests, and in the controversy which results the welfare of all and the prosperity of the country are jeopardized. Any intervention of the General Government, within the limits of its constitutional authority, to avert such a condition should be willingly accorded. In a special message transmitted to Congress at its last session I suggested the enlargement of our present Labor Bureau and adding to its present functions the power of arbitration in cases where differences arise between employes and employers. When these differences reach such a stage as to result in the interruption of commerce between the States the application of this remedy by the General Government might be regarded as entirely within its constitutional powers; and I think we might reasonably hope that such arbitration commission, if carefully selected and if entitled to the confidence of the parties to be affected, would be voluntarily called to the settlement of controversies of less extent and not necessarily within the domain of Federal regulation. I am of the opinion that this suggestion is worthy the attention of Congress. But after all has been done by the passage of laws, either Federal or State, to relieve a situation full of solicitude, much more remains to be accomplished by the reinstatement and cultivation of a true American sentiment, which recognizes the equality of American citizenship. This, in the light of our traditions and in loyalty to the spirit of our institutions, would teach that a hearty co-operation on the part of all interests is the surest path to national greatness and the happiness of all our people; that capital should, in recognition of the brotherhood of our citizenship, and in a spirit of American fairness, generously accord to labor its just compensation and consideration, and that contented labor is capital's best protection and faithful ally. It would teach, too, that the diverse situations of our people are inseparable from our civilization; that every citizen should, in his sphere, be a contributor to the general good; that capital does not necessarily tend to the oppression of labor, and that violent disturbances and disorders alienate from their promoters true American sympathy and kindly feeling.

THE AGRICULTURAL BUREAU

The Department of Agriculture, representing the oldest and largest of our industries, is subserving well the purpose of its organization. By the introduction of new subjects of farming enterprise, and by opening new sources of agricultural wealth and the dissemination of early information concerning production and prices, it has contributed largely to the country's prosperity. Through this agency, advanced thought and investigation touching the subjects it has in charge, should, among other things, be practically applied to the home production, at a low cost, of articles of food which are now imported from abroad. Such an innovation will necessarily, of course, in the beginning, be within the domain of intelligent experiments, and the subject in every stage should receive all possible encouragement from the Government. The interests of millions of our citizens engaged in agriculture are involved in an enlargement of the results of their labor; and a zealous regard for their welfare should be a willing tribute to those whose productive returns are a main source of our progress and power.

CATTLE DISEASE.

The existence of pleuro-pneumonia among the cattle of various States has led to burdensome, and, in some cases, disastrous restrictions in an important branch of our commerce, threatening to affect the quantity and quality of our food supply. This is a matter of such importance, and of such far-reaching consequences, that I hope it will engage the serious attention of the Congress to the end that such a remedy may be applied as to the limits of a constitutional delegation of power to the General Government will permit I commend to the consideration of the Congress the report of the Commissioner, and his suggestions concerning the interests intrusted to his care.

CIVIL-SERVICE REFORM.

The continued operation of the law relating to our civil service has added to the most convincing proofs of its necessity and usefulness. It is a fact worthy of note that every public officer who has a just idea of his duty to the people testifies to the value of this reform. Its stanchest friends are found among those who understand it best, and its warmest supporters are those who are restrained and protected by its requirements. The meaning of such restraint and protection is not appreciated by those who want places under the Government, regardless of merit and efficiency, nor by those who insist that the selection for such places should rest upon a proper credential showing active partisan work. They mean to public officers the only opportunity afforded them to attend to public business, and they mean to the good people of the country the better performance of the work of their Government. It is exceedingly strange that the scope and nature of this reform are so little understood, and that so many things not included within its plan are called by its name. When cavil yields more fully to examination, the system will have large additions to the number of its friends. Our civil service reform may be imperfect in some of its details; it may be misunderstood and opposed; it may not always be faithfully applied; its designs may sometimes miscarry through mistake or willful intent; it may sometimes tremble under the assaults of its enemies, or languish under the misguided zeal of impracticable friends, but if the people of this country ever submit to the banishment of its underlying principle from the operation of their Government, they will abandon the surest guarantee of the safety and success of American institutions. I invoke for this reform the cheerful and ungrudging support of Congress. I renew my recommendation, made last year, that the Commissioners be made equal to other officers of the Government having like duties and responsibilities, and I hope that such reasonable appropriations may be made as will enable them to increase the usefulness of the cause they have charge of.

FREEDMAN'S BANK DEPOSITORS.

I desire to call the attention of the Congress to a plain duty which the Government owes to the depositors in the Freedman's Savings and Trust Company. This company was chartered by the Congress for the benefit of the most illiterate and humble of our people, and with the intention of encouraging them in industry and thrift. Most of the branches were presided over by officers holding the commissions and clothed in the uniform of the United States. These and other circumstances reasonably, I think, led these simple people to suppose that the invitation to deposit their hard-earned savings in this institution implied an understanding on the part of their Government that their money should be safely kept for them. When this company failed it was liable in the sum of $2,930,925.22 to 61,131 depositors. Dividends amounting in the aggregate to 62 per cent. have been declared, and the sum called for and paid of such dividends seems to be $1,643,181.72. This sum, deducted from the entire amount of deposits, leaves $1,291,744.50 still unpaid. Past experience has shown that quite a large part of this sum will not be called for. There are assets still on hand amounting to the estimated sum of $16,000. I think the remaining thirty-eight per cent. of such of these deposits as have claimants should be paid by the Government upon principles of equity and fairness. The report of the Commissioners, soon to be laid before Congress, will give more satisfactory details on this subject.

DISTRICT OF COLUMBIA.

The control of the affairs of the District of Columbia having been placed in the hands of purely executive officers, while the Congress still retains all legislative authority relating to its government, it becomes my duty to make known the pressing needs of the District, and recommend their consideration. The laws of the District appear to be in an uncertain and unsatisfactory condition, and their codification or revision is much needed.

During the past year one of the bridges leading from the District to the State of Virginia became unfit for use and travel upon it was forbidden. This leads me to suggest that the improvement of all the bridges crossing the Potomac and its branches from the City of Washington is worthy of the attention of Congress.

The Commissioners of the District represent that the laws regulating the sale of liquor and granting licenses therefor should be at once amended, and that legislation is needed to consolidate, define, and enlarge the scope and powers of the charitable and penal institutions within the District. I suggest that the Commissioners be clothed with the power to make, within fixed limitations, police regulations. I believe this power granted and carefully guarded would tend to subserve the good order of the municipality.

It seems that trouble still exists growing out of the occupation of the streets and avenues by certain railroads having their termini in the city. It is very important that such laws should be enacted upon this subject as will secure to the railroads all the facilities they require for the transaction of their business, and at the same time protect citizens from injury to their persons or property.

The Commisioners again complain that the accommodations afforded them for the necessary offices for District business and for the safe keeping of valuable books and papers, are entirely inefficient. I recommend that this condition of affairs be remedied by Congress, and that suitable quarters be furnished for the needs of the District Government.

CONCLUSION.

In conclusion, I earnestly invoke such wise action on the part of the people's legislators as will subserve the public good, and demonstrate, during the remaining days of the Congress as at present organized, its ability and inclination to so meet the people's needs that it shall be gratefully remembered by an expectant constituency.

GROVER CLEVELAND.

WASHINGTON, December 6, 1886.

SENATOR MAHONE plays a fine game at billiards, but billiards do not count so much as good dinners in politics.