NATIONAL FINANCES.

The Annual Report of the Secretary of the Treasury.

Discontinuance of the Purchase of Silver Strongly Recommended.

The Question of Reducing the Surplus—The Tax of Raw Materials to Be Reduced.

The annual report of the Hon. Daniel Manning, Secretary of the Treasury, is a heavy document of nearly twenty-four thousand words. The main features of the report are as follows:

Careful perusal of the instructive debates at the last session of Congress leads me to review the four policies which then received marked attention:

1. Free coinage of silver.
2. Conferences.
3. Continued purchases of silver.
4. Stopping purchases of silver.

First—The free-silver coinage prescription for the monetary dislocation satisfies but one of several indispensable conditions. While it is an indispensable condition of permanent restoration that the free monetization of silver shall be equally complete as of gold, yet were it now given to silver in this actual moment of dislocation the practical result would be to withdraw the same from gold. That would be a change without advantage in any respect, and in every respect with disadvantage. In the first place it would bring us to the Asiatic silver basis. This has been commenced in some quarters. There is, however, no such public desire.

Second—More conferences, further diplomatic correspondence are proposed. I venture to think, with all due deference to those who are responsible for a decision, that the time for another conference has not arrived, and that the moment for diplomatic interference is not perfectly felicitous. The Continental Powers await the action of Great Britain, whose reluctance defeated the object of both conferences called at the instance of the United States, and to whom again, almost within a twelvemonth, she has turned a deaf ear. If it suited the dignity of the United States again to besiege the attention of European states, or again to make advances where they have been so lately repulsed, it would not suit our interests so to do when it is certain that the inquiry upon which Great Britain has suddenly entered at the instance and insistence of her great dependency, India, and of her own accord, is entered upon with an exclusive regard to her own interest. And of Great Britain's interests the United States have no call to become advisers or guardians.

Third—To go on as we are is the least creditable of all the courses open to our choice.

The Treasury silver purchase is defended by nobody, approved by nobody; even every vote for the free coinage of silver is a vote that the Treasury silver purchase shall cease, an assertion that it ought to cease.

Fourth—To stop the purchase of silver is our only choice, our duty, and our interest. It will stop a wasteful and injurious expense, and the taxation which defrays it. It will commence and promote reform in the sum and the methods of Federal taxation. It will recover to the United States an equality of position (non-coinage) with foreign powers which will give us due influence in negotiation. It will induce negotiation, and negotiation to the end of relief, not for the purpose of delay. If the law were repealed which makes compulsory Treasury purchases of silver, and if that repeal were accompanied by the declaration of Congress that the United States now holds itself in readiness to unite with France, Germany, and Great Britain in opening their mints to the free coinage of silver and gold at a ratio fixed by international agreement, it is the deliberate judgment of the undersigned that before the expiration of another fiscal year this international monetary dislocation might be corrected by such an international concurrence, the two monetary metals restored to their old and universal function as the one standard measure of prices for the world's commodities, the depression of trade and industry relieved, and a general prosperity renewed.

I respectfully recommend to the wisdom of Congress the unconditional repeal of the act of Feb. 28, 1878, accompanied by such a declaration.

The financial situation, scanned at large and as a whole, plainly indicates our best policy. We should reduce taxation immediately to an annual revenue sufficient to pay our annual expenditure, including the sinking fund and excluding the silver purchase; pay our unfunded debt of $346,681,016 with the present surplus and the surplus which will accrue before the whole reduction of taxation can be made to take effect and while no more funded debt can be paid except at a premium during the five years from now until 1891.

I therefore respectfully recommend:

1. Repeal of the clause in the act of Feb. 28, 1878, making compulsory Treasury purchases of silver, and for the reasons heretofore given in order to reduce surplus and unnecessary taxation $24,000,000 a year.

2. Further reduction of surplus taxation, beginning in a manner which will be suggested below, close down to the necessities of the Government economically administered.

3. Repeal of the act of May 31, 1878, making compulsory post-redemption issues and reissues of United States legal-tender notes, thus facilitating—

4. Gradual purchase and payment of $346,681,016 outstanding promissory notes of the United States with present and accruing Treasury surplus, issuing silver certificates in their room, and gold certificates if need be, without contraction of the present circulating volume of the currency, these notes (called greenbacks) being now the only debt due and payable before 1891 except the 3 per cent. bonds, which are probably all to be called and paid early in the ensuing fiscal year.

REDUCTION OF SURPLUS TAXATION.

It remains to consider the reduction of taxation to the needs of the Government economically administered. What surplus we expend in paying off the greenback debt will diminish by so much the immediate reduction of our tariff taxation; for, while the funded debt stands, certainly it is not wise to discard the taxes on whisky, tobacco, and beer. Indeed, it is my own belief that whenever we begin taking off the shackles of war-tariff taxes on raw materials such increased prosperity will follow to the employers who dread it, and such larger and steadier employment to the wage-earners who need it, by increasing the sales abroad of our own manufactures, and by whipping our foreign competitors in our own markets, that we shall see our income from imported manufactures dwindle so fast as not only to compel the retention of these most fit items of revenue—whisky, tobacco, and beer—but, perhaps, to drive us back to getting ten millions of revenue from two cents a pound tax on coffee and half as much from tea.

It is the reduction of war-tariff taxation which we have to consider. Under our system of government by party, and the rule of the majority, I do not think it unbecoming even in a public officer at this time to recall certain responsible and specific pledges in respect to the sum and methods of Federal taxation, subject to which the people of the United States, in the exercise of a lawful election, took away the administration of this Government from the party entrusted therewith for a quarter of a century, and lodged it in other hands.

Public life will cease to be the ambition of honorable and worthy men if the deliberate pledges and professed principles of political parties are not a law for their leaders. Discharging, if I might, whatever hostility of tone, now irrelevant, it contains, I desire to refer to the record of one public obligation thus assumed, and thus accepted, and made binding by the last general popular vote. These pledges can never be fulfilled without a reform in the sum and methods of Federal taxation. Nor can our country ever profit fully by its incomparable advantages among the nations of the earth in population, peace, land, and liberty, so long as we go on pleading infancy, and swaddle, in mediæval rags, its victorious energies. It is these which need release and liberty. All our requisite taxation may be made an easy garment. We have made a prison of it, plastered stiff with obsolete contentions about protection and free trade. It is actually the war rates of the war tariff of the last generation under which we are now living, for the undebated, unsifted law of 1883, made by a conference committee, did but keep alive the body of the tariff of 1864. The average percentage of the taxes to the values of imported commodities has been as follows:

	Per cent.
Morrill tariff of 1859-61 (before the war) was	18.84
War tariff of 1862-64 (in 1866 was highest) was	48.35
Present prolonged war tariff (was in 1885)	46.07

EXPORTS AND THE TARIFF ON RAW MATERIALS.

The total value of our domestic exports for the last fiscal year was almost exactly $667,000,000, of which 86 per cent were the products of our fields, forests, fisheries, and mines, and 16 per cent. only were the sum total of manufactured products in which American labor was inwrought.

In the last quarter of a century progress in telegraphs, transportation, labor-saving inventions, and the mechanic arts has reduced the profits of capital and the rate of interest by more than one-half; has increased the wages of labor throughout the world; has augmented by at least a third the surplus which our manufacturers can produce beyond domestic needs for sale abroad. Prolonging without necessity our war-tariff taxes on raw materials, we have been undersold and excluded from foreign markets by nations not taxing raw materials. Despite their low-priced, inferior labor and the high percentage of labor-cost therefore included in their product, our taxed raw materials and their free raw materials have protected the so-called "pauper labor" of Europe against American competition. Our increasing capacity to produce an industrial surplusage has been accompanied by war taxation exactly suited to prevent the sale of that surplusage in foreign markets. Out of our actual abundance this war taxation has forged the instrument of our industrial and commercial mutilation. Defeating our manufacturers in their endeavor to compete abroad with the manufacturers of untaxed raw materials, it has set them on a ferocious competition at cut-throat prices in our own home market, to which they are shut up, and for which their producing powers are increasing superabundantly. Long periods of glut and so-called overproduction have alternated with brief periods of renewed activity and transient prosperity like the present. These prolonged war-tariff taxes, incompetent and brutal as a scheme of revenue, fatal to the existence of our foreign market, and disorderly to our domestic trade, have in the last resort acted and reacted with most ruinous injury upon our wage-earners. As the most numerous part of our population, our wage-earners are, of course, the first, the last, and the most to be affected by injurious laws. Every Government, by true statesmanship, will watchfully regard their condition and interests. If these are satisfactory, nothing else can be of very momentous importance; but our so-called protective statesmanship has disfavored them altogether. Encumbering with clumsy help a few thousand employers, it has trodden down the millions of wage-earners. It has for twenty-one years denied them even the peaceable fruits of liberty.

TAXES TO RETAIN.

Another proposal is to reduce taxation by cutting down the tax on wisky, tobacco, and beers, and removing the duty on sugar. Nobody pays a tax on tobacco except the consumers of tobacco. They are willing to pay for the luxury, and they ask no relief. Any probable reduction of the tax on whisky would be more likely to increase the revenue than to diminish it. The price of sugar has fallen to an exceedingly cheap rate. Our own sugar crop is so very small a part of the total amount of sugar we consume that sugar ranks next to articles wholly produced abroad, like tea and coffee, in suitability for taxation, on the ground that its consumption is universal, that the tax is easily and cheaply collected, that the increased price paid by the consumers is an unconsidered trifle, and that what is taken from the taxpayers goes into the taxpayers' treasury, not into a few private bank accounts.

Like the casting away of the revenue from coffee and tea in 1872, the removal of the tax on sugar, which gives us our easiest and next to largest single item of revenue ($51,778,948), at an annual cost of less than ninety cents per head, is now pressed forward to avert the repeal of other taxes which are desired to operate an incidental and private benefit by enhanced prices to the domestic consumers of a large domestic product. These incidental and private benefits in fact are subject to all the deductions I have already mentioned, and are subject to the chief deduction that the endeavor to make our tax laws exclude foreign competition in our home markets promotes the success of that competition, besides effectually preventing the sale of our surplus product, our labor product, in foreign markets. But the incidental benefit of the sugar tax to our cane-sugar producers, who are under the harrow of beet-sugar competition and German bounties, which have driven them to improved processes and already lowered the price of sugar more than the removal of the whole tax, is not got by excluding foreign sugar, for the great bulk of our sweetening comes from climates more tropical than ours. Nor does it prevent our sales in foreign markets of imported sugars refined and increased in value by the process of American labor.

DUTIES TO BE REMITTED.

The taxes to be first remitted are those which prevent or hinder the sale of our surplus products in foreign markets. Their removal will set capital in motion by the promise of better returns, enlarge the steady employment and increase the annual income of many thousand wage-earners, whose prosperity will diffuse prosperity. These taxes are the duties on raw materials, and the most widely injurious of them is the tax upon raw wool. But the income of all the wage-earners in the United States can be at once enlarged effectively, certainly, permanently, by reducing the cost to them of the great necessities of life. Our war-tariff taxes increase needlessly the cost of clothing, shelter, food to every family. Every wage-earner's expense, every taxpayer's expense, for the clothing of himself and his family is nearly doubled, at least in the Northern, Middle, and Western States, by taxation which can now be remitted, yet leave the Treasury a sufficient revenue.

The duty on raw wool procured for the Treasury last year only $5,126,108. The cost of woolen clothing for our 59,000,000 people was thereby and otherwise enhanced many times more than 90 cents a head, the only cost of our $51,778,948 revenue from sugar. Moreover, any tax on raw wool imported will always make domestic wool-raising a bad business; for, in our dry climates, some varieties of wool required by the manufacturer are not produced. The tax prevents our manufacturers from competing in foreign markets with all manufacturers who can buy untaxed wool. The tax prevents our manufacture and export of competing woolens that require the use or admixture of non-American wools, and so restricts the home demand, and the growth of the home demand, for domestic wool—thus making the export of our domestic woolens impossible, yet involving the enhanced price of foreign and domestic woolens. This petty tax of $5,126,108 on raw wool assists in nearly doubling the actual cost of their clothing to the American people, with no real and no incidental benefit to anybody except the foreign manufacturer.

WOOL SHOULD BE ON THE FREE LIST.

I respectfully recommend to Congress that they confer upon the wage-earners of the United States the boon of untaxed clothing, and in order thereto, the immediate passage of an act simply and solely placing raw wool upon the free list. Of course, a repeal of the duty on raw wool should be followed by, but need not wait for, a compensating adjustment of the duties on manufactured woolens, whilst our manufacturers are learning the lesson that, with the highest paid and most efficient labor in the world, with the most skilled management and the best inventive appliances, they need fear no competition from any rivals in the world, in home or foreign markets, so long as they can buy their wools free, of every kind. But the common daily clothing of the American people need not be taxed; therefore, it ought not to be taxed; to free their clothing of taxes will finally reduce, by half, their expense for one of the three great necessities of life, and thus enlarge honestly and justly the income of every wage-earner in the United States.

But this reduction of unnecessary and injurious taxation is not enough, and will operate slowly in diminishing revenue. Last year's import tax on raw wool is little more than the mere growth last year of our taxes from whisky, tobacco and beer. To make wool free of tax may actually work a larger loss of revenue by enabling our woolen manufacturers to undersell at a profit the foreign importers who brought in last year $40,536,509 worth of manufactures of wool, from which we got a tax of $27,278,528. To say nothing of other taxes upon raw materials, there are several hundred articles among the 4,112 articles that we tax which ought at once to be swept off the tax list into the free list—petty, vexatious, needless taxes, much enlarging the cost of collecting the revenues from imports. I shall at an early day prepare and submit to Congress a supplementary report on the collection of duties.

DANIEL MANNING,
Secretary of the Treasury.

THE WAR DEPARTMENT.

Annual Report of the Hon. William C. Endicott, Secretary of War.

The annual report of the Secretary of War shows that the expenditures of the department for the fiscal year ended June 30, 1886, were $36,990,993, divided as follows: Salaries and contingent expenses, $1,992,469; military establishment, including transportation, $24,279,500; public works, $6,294,305; miscellaneous, $4,406,627. A surplus of $1,208,016 remained unexpended. The appropriations for the year ending June 30, 1887, are $46,027,559, and the estimates for the year ending June 30, 1888, are $48,268,835.

The army at the date of the last consolidated return consisted of 2,103 officers and 23,946 enlisted men. There are ten regiments of cavalry, five of artillery, and twenty-five of infantry. Of Indian scouts there are 595, and 2,003 enlisted men are on detached service with recruiting parties, etc.

The report gives in detail the changes and operations of the different divisions. The Indians are generally quiet, although the presence of troops is necessary to preserve peace and to prevent, especially in the Oklahoma country, the seizure of the land by settlers and its invasion and occupancy by herders of cattle. The Secretary says: "There seems but little hope of improving this condition of things, in view of the avidity with which this fertile country is coveted by the settlers and the cattlemen, and the duty resting upon the Government to keep its agreements with the Indians, for whose benefit it has been set apart. Congress alone can give the needed remedy, and in the interest of good government it is earnestly hoped by all who have executive duties to perform in this Territory that speedy action will be taken."

The Secretary recommends that the retired list be increased so as to include all officers permanently incapacitated for active service. He also concurs in the opinion of the Lieutenant General that the army be increased 5,000 men. It is suggested that Congress enact a law providing for examinations for promotions similar to those held in the navy. At the West Point Military Academy there are 399 cadets and fifty-eight officers. The Superintendent favors the competitive system in the selection of candidates for the academy.

In discussing the report of the Engineer Bureau Secretary Endicott again calls attention to the utterly defenseless condition of our seacoast and lake frontier. He urges that appropriations should be made and work begun at once to fortify the principal seaboard cities against attacks by water. The report says: "We have a single problem to solve in defending our cities; how best to resist and silence the armored ships and the steel guns and mortars of modern construction. It can only be accomplished by guns of equal force to those which any enemy can bring against us, and by torpedoes or submarine mines laid in the navigable channels, both so guarded and protected that they can do efficient service when required. We have no gun now which can stop the progress of or do any material injury to a well-armored ship. The manufacture of a gun is a work of time, and of a long time, and cannot be extemporized when wanted. Torpedoes may be more quickly created, but still time and money are needed for their construction. It has been said by a well-informed writer on the subject that it is a matter of doubt it we have on hand enough cables and cases to control with torpedoes the channels past Sandy Hook alone."

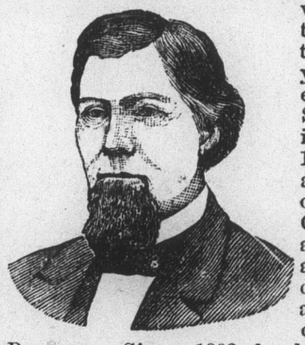
During the year the Springfield Armory manufactured 39,527 rifles, carbines, and shot-guns, besides repairing arms and manufacturing swords and miscellaneous articles. The Secretary expresses a hope that Congress, during its present session, will place the army on an equal footing with the navy in the matter of the manufacture of guns, and urges that the bill, which has already passed the Senate, to establish a gun foundry at the Frankfort Arsenal, be taken up and passed by the House.

In conclusion, the report recommends the appointment of an Assistant Secretary of War, and that the salaries of the principal officers in the Secretary's office be increased.

WM. T. PRICE.

The Late Congressman from the Eighth Wisconsin District.

Congressman William Thompson Price, who died recently at his home at Black River Falls, Wis., was born in Pennsylvania, June 17, 1824, and was bred a lumberman. In 1851 he emigrated to Wisconsin and engaged in the same business. He was elected to the Legislature the same year. He was elected to the State Senate in 1857, 1870, 1878 and 1880, and was Judge of Jackson County in 1854 and 1855, and afterward Under Sheriff and Collector of Internal Revenue. Since 1882 he has been the Representative of his district in Congress.



Several interesting stories are told illustrative of the grit of the ex-Congressman. About thirty years ago Price shipped some pork from the North to La Crosse on the old War Eagle, which Captain Harris was running in a way to suit himself. The boat pulled up at La Crosse, and Price was anxious to unload his pork. In those days steamboat and dockmen were invariably ready for a fight. The Captain said he'd be damned if he was going to hold his steamboat at La Crosse all day to unload a barrel of pork. Price declared that he would. Captain Harris signified his opposition by leading out with his right. Price pitched in and gave the Captain a sound drubbing. When this was brought to a close Captain Harris said Price was a pretty good man anyway, and he would hold the steamer there as long as Price wanted it. The river men never tackled Price again.

Mr. Price had sent his son to college, and the young chap had a fine education and soft white hands. Price said to him one winter:

"Boy, I'm going to Washington, and I want you to take charge of a lumber camp this winter."

Mrs. Price remonstrated, and argued that Price, Jr., had now a fine education, and was just fitted nicely to go into society, and it would be a pity to send him up into the woods.

"By ——, he'll go up into the woods," Price, Sr., replied, determinedly, "and if he makes anything I'll give him a quarter of all he makes; if he don't make anything I'll kick him out o' doors."

So the young fellow started for the woods, and Price charged that camp up to profit and loss, depending upon his other foreman to make it up. When the season was over and Price returned, all his foremen reported with a better than average successful logging. The son reported, and his figures showed that his camp had made fifteen per cent. more than any other.

Mr. Price said: "Here, boy, you've done pretty well; I give you the whole thing. You can now take that camp for yourself, and see what you can make of it," turning over to his son the entire outfit, including about eighty teams. The old gentleman especial delight in telling the story.

"The boy has money of his own now," he said, "and he can go into society anywhere."

BEN BUTLER INTERVIEWED.

He Denounces Pinkerton's Armed Force as an "Organized Movable Mob."

[New York special.]

Gen. B. F. Butler had a long talk about politics with a correspondent who visited him at his home in Lowell, Mass., during the course of which he said:

"I am inclined to believe that the George movement is the beginning of the organization of labor as a political body. Of its extent I practically know nothing. It may be ephemeral, like the Know-Nothing party, but I hope not. Labor should organize itself for its own protection. Capital is already organized. It employs some 3,000 men, thoroughly armed, equipped, and drilled, called the Pinkerton force of detectives, which is thrown upon any point where labor is discontented or shows signs of trying by organization to better its condition. It is sent with the greatest celerity, for it is passed over many railroads without paying fare. Whenever it uses its weapons upon laboring man, it becomes a murderous mob. This incites the laboring man to turbulence and violence, and there is no more dangerous element in this country than this same organized, movable mob. Its shooting from the cars upon a body of citizens—men, women, and children—as was done at Chicago recently, without substantial cause, shows its utter recklessness as to law and human life.

"It is a disgrace to both the State and the United States governments that such a body of men is suffered to exist. The militia of the State and the regular army of the United States ought to be sufficient to enforce the law in any case, and have always been shown to be powerful for that purpose when properly handled. At some time Pinkerton's mob will bring on a riot in which it will be found powerless, and from which such horrible and terrible results from loss of life and destruction of property will ensue as to open the eyes of everybody to the enormous mischief of the organization.

"The labor question will be the great disturber of future politics. I mean the question of how firmly and completely labor is organized and takes part in its own behalf in future elections. If it is organized and the laboring men vote together to any considerable extent they hold the election in the hollow of their hands and I look to them to destroy this Southern monopoly of the Presidency by taking from it that without which it is impotent for evil—New York City and New York State."

A NOTED CATTLE KING.

Ex-Gov. John L. Routt, of Colorado.

Hon. John L. Routt, of Colorado, who presided over the National Convention of Cattle Men at St. Louis, in November, is one of the most prominent of the Western cattle barons. He has long been interested

in cattle and cattle breeding, and has ever been prominent among the members of the union, outside of the political field in which he moves and may be said to have his being. His political record is that of one of the growing Western statesmen, and his abilities in fulfilling the positions thrust upon him in that station of life are said to be unsurpassed.

A MEMORY OF 1876.

A New Orleans Story About the Celebrated Returning Board.

[New Orleans dispatch.]

The *City Item* publishes an interview with a gentleman of this city, whose name it declines to give, but who is understood to be an official of the Jefferson Gas Company and a man of wealth, relative to the story recently published of the attempt made to purchase the celebrated Returning Board in 1876, and induce it not to count the vote of the State for Hayes and Wheeler. While the board was in session counting the vote three prominent politicians came down to New Orleans from New York City, and, after remaining at the St. Charles Hotel for several days, called on this gentleman and presented him letters from friends in the North. They said that there was no doubt but Louisiana had been carried for Tilden and Hendricks, but would be counted otherwise unless the returning board could be influenced. Knowing Anderson and Casanave personally, he had been chosen to make the negotiations. Gen. Anderson was visited by him and offered $300,000 to return the State for Tilden. He seemed highly offended, and said, most emphatically, that it was out of the question. Casanave was then visited and offered a smaller sum, but a large fortune to him. Every inducement is held out, but he still remained firm. After the vote of the State was announced for Hayes and Wheeler this gentleman was again selected to approach the electors and find whether any one of them would change his vote. Anderson, who was an elector, refused, but another member of the Electoral College agreed to vote for Tilden and Hendricks, naming his price at $50,000, which was promised him. When, however, he found out that Anderson had been approached on this subject, and had refused the offer, and that as he would be the only elector voting for Tilden, he became frightened and backed down. If Gen. Anderson had yielded there would have been little trouble, this gentleman says, in arranging with the other members of the board, except Wells, but they feared to act without Anderson.

THE TREASURY.

Business of the United States Treasurer's Office During the Last Fiscal Year.

From the annual report of the United States Treasurer it appears that the net receipts of the Government during the year ended June 30 were $336,430,727, and the net expenditures $242,483,138. The excess of revenue over expenditure was $93,956,589. The net receipts for the last fiscal year over those of 1885 are $30,492,817. The receipts on account of the Postoffice Department, not included in the above statement, amounted to $52,997,135, an increase of $5,687,399 over those of the preceding year; the expenditures increased from $50,326,314 in 1885 to $56,682,585 in 1886, or $356,271. Bonds of the United States amounting to $44,531,350 were redeemed and applied to the sinking fund. Coupons from bonds of the United States amounting to $7,557,412 were paid by the assistant treasurers. Interest amounting to $42,498,687 was paid on registered bonds of the United States, including the bonds issued to the various Pacific railroad companies. Coupons from 3,65 per cent. bonds of the District of Columbia amounting to $105,441 and registered interest amounting to $416,448 were paid.

Of bonds held in trust for national banks $61,012,400 were withdrawn, of which amount $56,925,300 was held to secure circulation, and $4,117,100 was held as security for deposits of public moneys. The bonds deposited to replace those withdrawn on account of circulation amounted to $20,754,900, and on account of deposits to $6,170,000, a total decrease of $34,117,500. The total movement of bonds held for national banks was $37,067,300.

Worn and mutilated United States notes amounting to $61,000,000 were redeemed during the year. The issue of silver certificates was $4,800,000, and $28,523,971 were redeemed. Gold certificates amounting to $10,183,895 were redeemed.

The unavailable funds of the Treasury June 30, 1886, were $29,521,397, a decrease of $3,946 from last year. The balance in the Treasury at the close of the year ended Sept. 30, 1886, was $100,055,775, an increase over that of 1885 of $16,815,636. The available balance was $72,913,141, against $58,922,191 last year, an increase of $13,990,949. The Treasurer suggests that the large sums held by mints and assay offices be placed in the actual custody of the Treasury, and the duties of the mint officers be confined to the assaying and coinage of the bullion placed in their charge.

On the subject of altering the present Sub-Treasury system, as rendered necessary by the financial changes in the country, the Treasurer says: "With the extinction of 3 per cent. bonds which must take place during the ensuing fiscal year, the only bonds available for the purposes of the sinking fund will be 4½ and 4 per cent. bonds. These are now selling at a price which averages very little more than 2 per cent. per annum to the purchaser upon the cost, and it may fairly be assumed that the rate of 2 per cent. is the maximum rate to be earned during the life of these bonds. At the present cost of the collection of the revenue of the country, say $3.70 per $100, the loss on the existing sinking fund, say $45,000,000 per annum, will be $765,000 annually, assuming 2 per cent. as the best rate which the bonds can earn.

"Without discussing the consequent possible derangement of our existing financial system, if the purchases for the sinking fund are to be maintained at their present figures, it will be found to be impracticable to make these purchases at such times and in such manner as to relieve the money market in times of financial distress. As these derangements happen almost invariably at the time of the moving of the crops of the country, this statement is equivalent to saying that every productive interest in the country must pay toll to foreign buyers, through the lower range of prices which obtain at such times, because of the fact that our arrangements for collecting and disbursing our revenues are so defective as to need an artificial and violent remedy in order to place in active circulation the moneys withdrawn from the business of the country."

The total amount of United States notes outstanding is $346,681,016. The amount of silver certificates nominally outstanding at the close of the fiscal year was $145,977,075, of which amount the Treasury held $27,861,450, leaving $88,116,225 in actual circulation, a decrease of $13,414,721 during the year. This amount has since been added to by the demands of business, so that the amount in circulation Nov. 30 was $100,519,817. There is now in circulation $61,761,448 in silver dollars.

INTERIOR DEPARTMENT.

Synopsis of the Annual Report of Secretary Lamar.

The annual report of the Secretary of the Interior commences with a resume of operations in the Indian Bureau. Out of an estimated Indian population of 260,000, less than 100 have been in revolt during the year; the average school attendance is about sixteen hundred greater than ever before, and there has been a general improvement in their moral and industrial condition. The Cheyenne and Arapahoe reservation, in the Indian Territory, furnishes a striking illustration of this improvement. Of these Indians Secretary Lamar says: "There has been an increase of over 1,500 acres in cultivation; farms have been fenced by Indians, who have built for this purpose 100 miles of fencing. They have cut and put up for winter use more than 400 tons of hay; have hauled over 1,000,000 pounds of freight from the railroad to the agency, and have over 150 more of their children in schools. Nearly all of the 'squaw men' on this reservation have become legally married to their Indian wives, in conformity to the requirements of this department."

The report says that, while the work of elevating the race is bearing fruit, there must be radical changes in our Indian policy before they can be incorporated into our political and social systems as citizens. In this connection the Secretary recommends passage of the bill for the appointment of a commission to inspect and report on Indian affairs, which is now before Congress. During the year about eight hundred Indians have received title to land allotments, and a number have taken up homesteads. Congress is asked to pass a general law regulating the allotment in severalty of lands to Indians. The Secretary also recommends that the army appropriation act be modified so that army officers may purchase grain, hay, and other produce from Indians near the posts. The Secretary considers it desirable that a law be enacted authorizing Indians to pasture cattle on their reservations at a reasonable compensation for the benefit of the tribe.

Of the Indian Territory the Secretary says: "It is certainly of the greatest importance, and no less for the interest of the Indians themselves than for the people of the adjoining States, that the vast area of country should have extended over it, as early as may be practicable, the universal laws of the land, and its large population and immense property interests be brought under the influence and operation of those laws as administered by the judicial establishment of our country, so that lawlessness may be punished, and peace and good order preserved through and by the courts of justice, and not by the agency of the executive departments, aided by the military force of the Government."

Secretary Lamar recommends that the salary of the Commissioner of Indian Affairs be increased from $4,000 to $5,000 per year. The expenses of the Indian Bureau for the fiscal year were $6,190,751.

The total area of public lands disposed of during the year was 24,614,419 acres, for which $9,051,081 was received. The Secretary renews his recommendation that the minimum price for sales of land at private cash entry be increased, in order to prevent the increase of large tracts in the hands of a few individuals. He also recommends the establishment of a date after which claims founded on alleged Mexican land grants be barred from presentation. The recommendations contained in the last report, that the desert-land laws be modified, and that the timber-culture act be repealed, are renewed. Legislation for husbanding the timber resources of the country is urged. Considerable space is given to the unlawful inclosure of public lands by cattle-men. The Secretary says in this connection: "Whatever appliances, however, the law has placed in the hands of the executive will hereafter be invoked, if necessary, to put a final end to this enormous plundering of the public domain."