

Tucholsky Wagner Zola Scott
Turgenev Wallace Fonatne Sydon Freud Schlegel
Twain Walther von der Vogelweide Fouqué Friedrich II. von Preußen
Weber Freiligrath Frey
Fechner Fichte Weiße Rose von Fallersleben Kant Ernst Richthofen Frommel
Engels Fielding Hölderlin Eichendorff Tacitus Dumas
Fehrs Faber Flaubert Eliasberg Eliot Zweig Ebner Eschenbach
Feuerbach Maximilian I. von Habsburg Fock Ewald Vergil
Goethe Elisabeth von Österreich London
Mendelssohn Balzac Shakespeare Rathenau Dostojewski Ganghofer
Trackl Stevenson Lichtenberg Doyle Gjellerup
Mommssen Thoma Tolstoi Lenz Hambruch Droste-Hülshoff
Dach Thoma von Arnim Hägele Hanrieder Hauptmann Humboldt
Karrillon Reuter Verne Rousseau Hagen Hauff Baudelaire Gautier
Garschin Defoe Descartes Hebbel Hegel Kussmaul Herder
Wolfram von Eschenbach Darwin Dickens Schopenhauer Bebel Proust
Bronner Campe Horváth Aristoteles Voltaire Federer Herodot
Bismarck Vigny Gengenbach Barlach Heine Grillparzer Georgy
Storm Casanova Lessing Tersteegen Gilm Gryphius
Chamberlain Langbein Schiller Iffland Sokrates
Brentano Claudius Schilling Kralik Katharina II. von Rußland Bellamy Raabe Gibbon Tschechow
Gerstäcker Klee Hölty Morgenstem Gleim Vulpius
Löns Hesse Hoffmann Gogol Wilde Goedicke
Luther Heym Hofmannsthal Kierkegaard Kraft Kraus Musil
Roth Heyse Klopstock Puschkin Homer Mörike
Luxemburg La Roche Horaz Moltke
Machiavelli Kierkegaard Kind Kirchhoff Hugo
Navarra Aurel Musset Lamprecht Ipsen Liebknecht
Nestroy Marie de France Laotse Ringelnatz
Nietzsche Marx Nansen Lassalle Gorki Klett Leibniz
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State of the Union Address

Rutherford Birchard Hayes

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State of the Union Address
Rutherford B. Hayes
December 3, 1877

Fellow-Citizens of the Senate and House of Representatives:

With devout gratitude to the bountiful Giver of All Good, I congratulate you that at the beginning of your first regular session you find our country blessed with health and peace and abundant harvests, and with encouraging prospects of an early return of general prosperity.

To complete and make permanent the pacification of the country continues to be, and until it is fully accomplished must remain, the most important of all our national interests. The earnest purpose of good citizens generally to unite their efforts in this endeavor is evident. It found decided expression in the resolutions announced in 1876 by the national conventions of the leading political parties of the country. There was a widespread apprehension that the momentous results in our progress as a nation marked by the recent amendments to the Constitution were in imminent jeopardy; that the good understanding which prompted their adoption, in the interest of a loyal devotion to the general welfare, might prove a barren truce, and that the two sections of the country, once engaged in civil strife, might be again almost as widely severed and disunited as they were when arrayed in arms against each other.

The course to be pursued, which, in my judgment, seemed wisest in the presence of this emergency, was plainly indicated in my inaugural address. It pointed to the time, which all our people desire to see, when a genuine love of our whole country and of all that concerns its true welfare shall supplant the destructive forces of the mutual animosity of races and of sectional hostility. Opinions have differed widely as to the measures best calculated to secure this great end. This was to be expected. The measures adopted by the Administration have been subjected to severe and varied criticism.

Any course whatever which might have been entered upon would certainly have encountered distrust and opposition. These measures were, in my judgment, such as were most in harmony with the Constitution and with the genius of our people, and best adapted, under all the circumstances, to attain the end in view. Beneficent results, already apparent, prove that these endeavors are not to be regarded as a mere experiment, and should sustain and encourage us in our efforts. Already, in the brief period which has elapsed, the immediate effectiveness, no less than the justice, of the course pursued is demonstrated, and I have an abiding faith that time will furnish its ample vindication in the minds of the great majority of my fellow-citizens. The discontinuance of the use of the Army for the purpose of upholding local governments in two States of the Union was no less a constitutional duty and requirement, under the circumstances existing at the time, than it was a much-needed measure for the restoration of local self-government and the promotion of national harmony. The withdrawal of the troops from such employment was effected deliberately, and with solicitous care for the peace and good order of society and the protection of the property and persons and every right of all classes of citizens.

The results that have followed are indeed significant and encouraging. All apprehension of danger from remitting those States to local self-government is dispelled, and a most salutary change in the minds of the people has begun and is in progress in every part of that section of the country once the theater of unhappy civil strife, substituting for suspicion, distrust, and aversion, concord, friendship, and patriotic attachment to the Union. No unprejudiced mind will deny that the terrible and often fatal collisions which for several years have been of frequent occurrence and have agitated and alarmed the public mind have almost entirely ceased, and that a spirit of mutual forbearance and hearty national interest has succeeded. There has been a general reestablishment of order and of the orderly administration of justice. Instances of remaining lawlessness have become of rare occurrence; political turmoil and turbulence have disappeared; useful industries have been resumed; public credit in the Southern States has been greatly strengthened, and the encouraging benefits of a revival of commerce between the sections of the country lately embroiled in civil war are fully en-

joyed. Such are some of the results already attained, upon which the country is to be congratulated. They are of such importance that we may with confidence patiently await the desired consummation that will surely come with the natural progress of events.

It may not be improper here to say that it should be our fixed and unalterable determination to protect by all available and proper means under the Constitution and the laws the lately emancipated race in the enjoyment of their rights and privileges; and I urge upon those to whom heretofore the colored people have sustained the relation of bondmen the wisdom and justice of humane and liberal local legislation with respect to their education and general welfare. A firm adherence to the laws, both national and State, as to the civil and political rights of the colored people, now advanced to full and equal citizenship; the immediate repression and sure punishment by the national and local authorities, within their respective jurisdictions, of every instance of lawlessness and violence toward them, is required for the security alike of both races, and is justly demanded by the public opinion of the country and the age. In this way the restoration of harmony and good will and the complete protection of every citizen in the full enjoyment of every constitutional right will surely be attained. Whatever authority rests with me to this end I shall not hesitate to put forth.

Whatever belongs to the power of Congress and the jurisdiction of the courts of the Union, they may confidently be relied upon to provide and perform; and to the legislatures, the courts, and the executive authorities of the several States I earnestly appeal to secure, by adequate, appropriate, and seasonable means, Within their borders, these common and uniform rights of a united people which loves liberty, abhors oppression, and reveres justice. These objects are very dear to my heart. I shall continue most earnestly to strive for their attainment. The cordial cooperation of all classes, of all sections of the country and of both races, is required for this purpose; and with these blessings assured, and not otherwise, we may safely hope to hand down our free institutions of government unimpaired to the generations that will succeed us.

Among the other subjects of great and general importance to the people of this country, I can not be mistaken, I think, in regarding as

preminent the policy and measures which are designed to secure the restoration of the currency to that normal and healthful condition in which, by the resumption of specie payments, our internal trade and foreign commerce may be brought into harmony with the system of exchanges which is based upon the precious metals as the intrinsic money of the world. In the public judgment that this end should be sought and compassed as speedily and securely as the resources of the people and the wisdom of their Government can accomplish, there is a much greater degree of unanimity than is found to concur in the specific measures which will bring the country to this desired end or the rapidity of the steps by which it can be safely reached.

Upon a most anxious and deliberate examination, which I have felt it my duty to give to the subject, I am but the more confirmed in the opinion which I expressed in accepting the nomination for the Presidency, and again upon my inauguration, that the policy of resumption should be pursued by every suitable means, and that no legislation would be wise that should disparage the importance or retard the attainment of that result. I have no disposition, and certainly no right, to question the sincerity or the intelligence of opposing opinions, and would neither conceal nor undervalue the considerable difficulties, and even occasional distresses, which may attend the progress of the nation toward this primary condition to its general and permanent prosperity. I must, however, adhere to my most earnest conviction that any wavering in purpose or unsteadiness in methods, so far from avoiding or reducing the inconvenience inseparable from the transition from an irredeemable to a redeemable paper currency, would only tend to increased and prolonged disturbance in values, and unless retrieved must end in serious disorder, dishonor, and disaster in the financial affairs of the Government and of the people.

The mischiefs which I apprehend and urgently deprecate are confined to no class of the people, indeed, but seem to me most certainly to threaten the industrious masses, whether their occupations are of skilled or common labor. To them, it seems to me, it is of prime importance that their labor should be compensated in money which is itself fixed in exchangeable value by being irrevocably measured by the labor necessary to its production. This permanent quality of

the money of the people is sought for, and can only be gained by the resumption of specie payments. The rich, the speculative, the operating, the money-dealing classes may not always feel the mischiefs of, or may find casual profits in, a variable currency, but the misfortunes of such a currency to those who are paid salaries or wages are inevitable and remediless.

Closely connected with this general subject of the resumption of specie payments is one of subordinate, but still of grave, importance; I mean the readjustment of our coinage system by the renewal of the silver dollar as an element in our specie currency, endowed by legislation with the quality of legal tender to a greater or less extent.

As there is no doubt of the power of Congress under the Constitution "to coin money and regulate the value thereof," and as this power covers the whole range of authority applicable to the metal, the rated value and the legal-tender quality which shall be adopted for the coinage, the considerations which should induce or discourage a particular measure connected with the coinage, belong clearly to the province of legislative discretion and of public expediency. Without intruding upon this province of legislation in the least, I have yet thought the subject of such critical importance, in the actual condition of our affairs, as to present an occasion for the exercise of the duty imposed by the Constitution on the President of recommending to the consideration of Congress "such measures as he shall judge necessary and expedient."

Holding the opinion, as I do, that neither the interests of the Government nor of the people of the United States would be promoted by disparaging silver as one of the two precious metals which furnish the coinage of the world, and that legislation which looks to maintaining the volume of intrinsic money to as full a measure of both metals as their relative commercial values will permit would be neither unjust nor inexpedient, I must ask your indulgence to a brief and definite statement of certain essential features in any such legislative measure which I feel it my duty to recommend.

I do not propose to enter the debate, represented on both sides by such able disputants in Congress and before the people and in the press, as to the extent to which the legislation of any one nation can

control this question, even within its own borders, against the unwritten laws of trade or the positive laws of other governments. The wisdom of Congress in shaping any particular law that may be presented for my approval may wholly supersede the necessity of my entering into these considerations, and I willingly avoid either vague or intricate inquiries. It is only certain plain and practical traits of such legislation that I desire to recommend to your attention.

In any legislation providing for a silver coinage, regulating its value, and imparting to it the quality of legal tender, it seems to me of great importance that Congress should not lose sight of its action as operating in a twofold capacity and in two distinct directions. If the United States Government were free from a public debt, its legislative dealing with the question of silver coinage would be purely sovereign and governmental, under no restraints but those of constitutional power and the public good as affected by the proposed legislation. But in the actual circumstances of the nation, with a vast public debt distributed very widely among our own citizens and held in great amounts also abroad, the nature of the silver-coinage measure, as affecting this relation of the Government to the holders of the public debt, becomes an element, in any proposed legislation, of the highest concern. The obligation of the public faith transcends all questions of profit or public advantage otherwise. Its unquestionable maintenance is the dictate as well of the highest expediency as of the most necessary duty, and will ever be carefully guarded by Congress and people alike.

The public debt of the United States to the amount of \$729,000,000 bears interest at the rate of 6 per cent, and \$708,000,000 at the rate of 5 per cent, and the only way in which the country can be relieved from the payment of these high rates of interest is by advantageously refunding the indebtedness. Whether the debt is ultimately paid in gold or in silver coin is of but little moment compared with the possible reduction of interest one-third by refunding it at such reduced rate. If the United States had the unquestioned right to pay its bonds in silver coin, the little benefit from that process would be greatly overbalanced by the injurious effect of such payment if made or proposed against the honest convictions of the public creditors.

All the bonds that have been issued since February 12, 1873, when gold became the only unlimited legal-tender metallic currency of the country, are justly payable in gold coin or in coin of equal value. During the time of these issues the only dollar that could be or was received by the Government in exchange for bonds was the gold dollar. To require the public creditors to take in repayment any dollar of less commercial value would be regarded by them as a repudiation of the full obligation assumed. The bonds issued prior to 1873 were issued at a time when the gold dollar was the only coin in circulation or contemplated by either the Government or the holders of the bonds as the coin in which they were to be paid. It is far better to pay these bonds in that coin than to seem to take advantage of the unforeseen fall in silver bullion to pay in a new issue of silver coin thus made so much less valuable. The power of the United States to coin money and to regulate the value thereof ought never to be exercised for the purpose of enabling the Government to pay its obligations in a coin of less value than that contemplated by the parties when the bonds were issued. Any attempt to pay the national indebtedness in a coinage of less commercial value than the money of the world would involve a violation of the public faith and work irreparable injury to the public credit.

It was the great merit of the act of March, 1869, in strengthening the public credit, that it removed all doubt as to the purpose of the United States to pay their bonded debt in coin. That act was accepted as a pledge of public faith. The Government has derived great benefit from it in the progress thus far made in refunding the public debt at low rates of interest. An adherence to the wise and just policy of an exact observance of the public faith will enable the Government rapidly to reduce the burden of interest on the national debt to an amount exceeding \$20,000,000 per annum, and effect an aggregate saving to the United States of more than \$300,000,000 before the bonds can be fully paid.

In adapting the new silver coinage to the ordinary uses of currency in the everyday transactions of life and prescribing the quality of legal tender to be assigned to it, a consideration of the first importance should be so to adjust the ratio between the silver and the gold coinage, which now constitutes our specie currency, as to accomplish the desired end of maintaining the circulation of the two

metallic currencies and keeping up the volume of the two precious metals as our intrinsic money. It is a mixed question, for scientific reasoning and historical experience to determine, how far and by what methods a practical equilibrium can be maintained which will keep both metals in circulation in their appropriate spheres of common use.

An absolute equality of commercial value, free from disturbing fluctuations, is hardly attainable, and without it an unlimited legal tender for private transactions assigned to both metals would irresistibly tend to drive out of circulation the clearer coinage and disappoint the principal object proposed by the legislation in view. I apprehend, therefore, that the two conditions of a near approach to equality of commercial value between the gold and silver coinage of the same denomination and of a limitation of the amounts for which the silver coinage is to be a legal tender are essential to maintaining both in circulation. If these conditions can be successfully observed, the issue from the mint of silver dollars would afford material assistance to the community in the transition to redeemable paper money, and would facilitate the resumption of specie payment and its permanent establishment. Without these conditions I fear that only mischief and misfortune would flow from a coinage of silver dollars with the quality of unlimited legal tender, even in private transactions.

Any expectation of temporary ease from an issue of silver coinage to pass as a legal tender at a rate materially above its commercial value is, I am persuaded, a delusion. Nor can I think that there is any substantial distinction between an original issue of silver dollars at a nominal value materially above their commercial value and the restoration of the silver dollar at a rate which once was, but has ceased to be, its commercial value. Certainly the issue of our gold coinage, reduced in weight materially below its legal-tender value, would not be any the less a present debasement of the coinage by reason of its equaling, or even exceeding, in weight a gold coinage which at some past time had been commercially equal to the legal-tender value assigned to the new issue.

In recommending that the regulation of any silver coinage which may be authorized by Congress should observe these conditions of

commercial value and limited legal tender, I am governed by the feeling that every possible increase should be given to the volume of metallic money which can be kept in circulation, and thereby every possible aid afforded to the people in the process of resuming specie payments. It is because of my firm conviction that a disregard of these conditions would frustrate the good results which are desired from the proposed coinage, and embarrass with new elements of confusion and uncertainty the business of the country, that I urge upon your attention these considerations.

I respectfully recommend to Congress that in any legislation providing for a silver coinage and imparting to it the quality of legal tender there be impressed upon the measure a firm provision exempting the public debt heretofore issued and now outstanding from payment, either of principal or interest, in any coinage of less commercial value than the present gold coinage of the country.

The organization of the civil service of the country has for a number of years attracted more and more of the public attention. So general has become the opinion that the methods of admission to it and the conditions of remaining in it are unsound that both the great political parties have agreed in the most explicit declarations of the necessity of reform and in the most emphatic demands for it. I have fully believed these declarations and demands to be the expression of a sincere conviction of the intelligent masses of the people upon the subject, and that they should be recognized and followed by earnest and prompt action on the part of the legislative and executive departments of the Government, in pursuance of the purpose indicated.

Before my accession to office I endeavored to have my own views distinctly understood, and upon my inauguration my accord with the public opinion was stated in terms believed to be plain and unambiguous. My experience in the executive duties has strongly confirmed the belief in the great advantage the country would find in observing strictly the plan of the Constitution, which imposes upon the Executive the sole duty and responsibility of the selection of those Federal officers who by law are appointed, not elected, and which in like manner assigns to the Senate the complete right to advise and consent to or to reject the nominations so made, whilst

the House of Representatives stands as the public censor of the performance of official duties, with the prerogative of investigation and prosecution in all cases of dereliction. The blemishes and imperfections in the civil service may, as I think, be traced in most cases to a practical confusion of the duties assigned to the several Departments of the Government. My purpose in this respect has been to return to the system established by the fundamental law, and to do this with the heartiest cooperation and most cordial understanding with the Senate and House of Representatives.

The practical difficulties in the selection of numerous officers for posts of widely varying responsibilities and duties are acknowledged to be very great. No system can be expected to secure absolute freedom from mistakes, and the beginning of any attempted change of custom is quite likely to be more embarrassed in this respect than any subsequent period. It is here that the Constitution seems to me to prove its claim to the great wisdom accorded to it. It gives to the Executive the assistance of the knowledge and experience of the Senate, which, when acting upon nominations as to which they may be disinterested and impartial judges, secures as strong a guaranty of freedom from errors of importance as is perhaps possible in human affairs.

In addition to this, I recognize the public advantage of making all nominations, as nearly as possible, impersonal, in the sense of being free from mere caprice or favor in the selection; and in those offices in which special training is of greatly increased value I believe such a rule as to the tenure of office should obtain as may induce men of proper qualifications to apply themselves industriously to the task of becoming proficient. Bearing these things in mind, I have endeavored to reduce the number of changes in subordinate places usually made upon the change of the general administration, and shall most heartily cooperate with Congress in the better systematizing of such methods and rules of admission to the public service and of promotion within it as, may promise to be most successful in making thorough competency, efficiency, and character the decisive tests in these matters.

I ask the renewed attention of Congress to what has already been done by the Civil Service Commission, appointed, in pursuance of

an act of Congress, by my predecessor, to prepare and revise civil-service rules. In regard to much of the departmental service, especially at Washington, it may be difficult to organize a better system than that which has thus been provided, and it is now being used to a considerable extent under my direction. The Commission has still a legal existence, although for several years no appropriation has been made for defraying its expenses. Believing that this Commission has rendered valuable service and will be a most useful agency in improving the administration of the civil service, I respectfully recommend that a suitable appropriation, to be immediately available, be made to enable it to continue its labors.

It is my purpose to transmit to Congress as early as practicable a report by the chairman of the Commission, and to ask your attention to such measures on this subject as in my opinion will further promote the improvement of the civil service.

During the past year the United States have continued to maintain peaceful relations with foreign powers.

The outbreak of war between Russia and Turkey, though at one time attended by grave apprehension as to its effect upon other European nations, has had no tendency to disturb the amicable relations existing between the United States and each of the two contending powers. An attitude of just and impartial neutrality has been preserved, and I am gratified to state that in the midst of their hostilities both the Russian and the Turkish Governments have shown an earnest disposition to adhere to the obligations of all treaties with the United States and to give due regard to the rights of American citizens.

By the terms of the treaty defining the rights, immunities, and privileges of consuls, between Italy and the United States, ratified in 1868, either Government may, after the lapse of ten years, terminate the existence of the treaty by giving twelve months' notice of its intention. The Government of Italy, availing itself of this faculty, has now given the required notice, and the treaty will accordingly end on the 17th of September, 1878. It is understood, however, that the Italian Government wishes to renew it in its general scope, desiring only certain modifications in some of its articles. In this disposition I

concur, and shall hope that no serious obstacles may intervene to prevent or delay the negotiation of a satisfactory treaty.

Numerous questions in regard to passports, naturalization, and exemption from military service have continued to arise in cases of emigrants from Germany who have returned to their native country. The provisions of the treaty of February 22, 1868, however, have proved to be so ample and so judicious that the legation of the United States at Berlin has been able to adjust all claims arising under it, not only without detriment to the amicable relations existing between the two Governments, but, it is believed, without injury or injustice to any duly naturalized American citizen. It is desirable that the treaty originally made with the North German Union in 1868 should now be extended so as to apply equally to all the States of the Empire of Germany.

The invitation of the Government of France to participate in the Exposition of the Products of Agriculture, Industry, and the Fine Arts to be held at Paris during the coming year was submitted for your consideration at the extra session. It is not doubted that its acceptance by the United States, and a well-selected exhibition of the products of American industry on that occasion, will tend to stimulate international commerce and emigration, as well as to promote the traditional friendship between the two countries.

A question arose some time since as to the proper meaning of the extradition articles of the treaty of 1842 between the United States and Great Britain. Both Governments, however, are now in accord in the belief that the question is not one that should be allowed to frustrate the ends of justice or to disturb the friendship between the two nations. No serious difficulty has arisen in accomplishing the extradition of criminals when necessary. It is probable that all points of disagreement will in due time be settled, and, if need be, more explicit declarations be made in a new treaty.

The Fishery Commission under Articles XVIII to XXV of the treaty of Washington has concluded its session at Halifax. The result of the deliberations of the commission, as made public by the commissioners, will be communicated to Congress.

A treaty for the protection of trade-marks has been negotiated with Great

Britain, which has been submitted to the Senate for its consideration.

The revolution which recently occurred in Mexico was followed by the accession of the successful party to power and the installation of its chief, General Porfirio Diaz, in the Presidential office. It has been the custom of the United States, when such changes of government have heretofore occurred in Mexico, to recognize and enter into official relations with the de facto government as soon as it should appear to have the approval of the Mexican people and should manifest a disposition to adhere to the obligations of treaties and international friendship. In the present case such official recognition has been deferred by the occurrences on the Rio Grande border, the records of which have been already communicated to each House of Congress in answer to their respective resolutions of inquiry. Assurances have been received that the authorities at the seat of the Mexican Government have both the disposition and the power to prevent and punish such unlawful invasions and depredations. It is earnestly to be hoped that events may prove these assurances to be well rounded. The best interests of both countries require the maintenance of peace upon the border and the development of commerce between the two Republics.

It is gratifying to add that this temporary interruption of official relations has not prevented due attention by the representatives of the United States in Mexico to the protection of American citizens, so far as practicable; nor has it interfered with the prompt payment of the amounts due from Mexico to the United States under the treaty of July 4, 1868, and the awards of the joint commission. While I do not anticipate an interruption of friendly relations with Mexico, yet I can not but look with some solicitude upon a continuance of border disorders as exposing the two countries to initiations of popular feeling and mischances of action which are naturally unfavorable to complete amity. Firmly determined that nothing shall be wanting on my part to promote a good understanding between the two nations, I yet must ask the attention of Congress to the actual occurrences on the border, that the lives and property of our citizens may be adequately protected and peace preserved.

Another year has passed without bringing to a close the protracted contest between the Spanish Government and the insurrection in the island of Cuba. While the United States have sedulously abstained from any intervention in this contest, it is impossible not to feel that it is attended with incidents affecting the rights and interests of American citizens. Apart from the effect of the hostilities upon trade between the United States and Cuba, their progress is inevitably accompanied by complaints, having more or less foundation, of searches, arrests, embargoes, and oppressive taxes upon the property of American residents, and of unprovoked interference with American vessels and commerce. It is due to the Government of Spain to say that during the past year it has promptly disavowed and offered reparation for any unauthorized acts of unduly zealous subordinates whenever such acts have been brought to its attention. Nevertheless, such occurrences can not but tend to excite feelings of annoyance, suspicion, and resentment, which are greatly to be deprecated, between the respective subjects and citizens of two friendly powers.

Much delay (consequent upon accusations of fraud in some of the awards) has occurred in respect to the distribution of the limited amounts received from Venezuela under the treaty of April 25, 1866, applicable to the awards of the joint commission created by that treaty. So long as these matters are pending in Congress the Executive can not assume either to pass upon the questions presented or to distribute the fund received. It is eminently desirable that definite legislative action should be taken, either affirming the awards to be final or providing some method for reexamination of the claims. Our relations with the Republics of Central and South America and with the Empire of Brazil have continued without serious change, further than the temporary interruption of diplomatic intercourse with Venezuela and with Guatemala. Amicable relations have already been fully restored with Venezuela, and it is not doubted that all grounds of misunderstanding with Guatemala will speedily be removed. From all these countries there are favorable indications of a disposition on the part of their Governments and people to reciprocate our efforts in the direction of increased commercial intercourse.

The Government of the Samoan Islands has sent an envoy, in the person of its secretary of state, to invite the Government of the United States to recognize and protect their independence, to establish commercial relations with their people, and to assist them in their steps toward regulated and responsible government. The inhabitants of these islands, having made considerable progress in Christian civilization and the development of trade, are doubtful of their ability to maintain peace and independence without the aid of some stronger power. The subject is deemed worthy of respectful attention, and the claims upon our assistance by this distant community will be carefully considered.

The long commercial depression in the United States has directed attention to the subject of the possible increase of our foreign trade and the methods for its development, not only with Europe, but with other countries, and especially with the States and sovereignties of the Western Hemisphere. Instructions from the Department of State were issued to the various diplomatic and consular officers of the Government, asking them to devote attention to the question of methods by which trade between the respective countries of their official residence and the United States could be most judiciously fostered. In obedience to these instructions, examinations and reports upon this subject have been made by many of these officers and transmitted to the Department, and the same are submitted to the consideration of Congress.

The annual report of the Secretary of the Treasury on the state of the finances presents important questions for the action of Congress, upon some of which I have already remarked.

The revenues of the Government during the fiscal year ending June 30, 1877, were \$269,000,586.62; the total expenditures for the same period were \$238,660,008.93, leaving a surplus revenue of \$30,340,577.69. This has substantially supplied the requirements of the sinking fund for that year. The estimated revenues of the current fiscal year are \$265,500,000, and the estimated expenditures for the same period are \$232,430,643.72. If these estimates prove to be correct, there will be a surplus revenue of \$33,069,356.28—an amount nearly sufficient for the sinking fund for that year. The estimated revenues for the next fiscal year are \$269,250,000. It appears from

the report that during the last fiscal year the revenues of the Government, compared with the previous year, have largely decreased. This decrease, amounting to the sum of \$18,481,452.54, was mainly in customs duties, caused partly by a large falling off of the amount of imported dutiable goods and partly by the general fall of prices in the markets of production of such articles as pay ad valorem taxes.

While this is felt injuriously in the diminution of the revenue, it has been accompanied with a very large increase of exportations. The total exports during the last fiscal year, including coin, have been \$658,637,457, and the imports have been \$492,097,540, leaving a balance of trade in favor of the United States amounting to the sum of \$166,539,917, the beneficial effects of which extend to all branches of business.

The estimated revenue for the next fiscal year will impose upon Congress the duty of strictly limiting appropriations, including the requisite sum for the maintenance of the sinking fund, within the aggregate estimated receipts.

While the aggregate of taxes should not be increased, amendments might be made to the revenue laws that would, without diminishing the revenue, relieve the people from unnecessary burdens. A tax on tea and coffee is shown by the experience not only of our own country, but of other countries, to be easily collected, without loss by undervaluation or fraud, and largely borne in the country of production. A tax of 10 cents a pound on tea and 2 cents a pound on coffee would produce a revenue exceeding \$12,000,000, and thus enable Congress to repeal a multitude of annoying taxes yielding a revenue not exceeding that sum. The internal-revenue system grew out of the necessities of the war, and most of the legislation imposing taxes upon domestic products under this system has been repealed. By the substitution of a tax on tea and coffee all forms of internal taxation may be repealed, except that on whisky, spirits, tobacco, and beer. Attention is also called to the necessity of enacting more vigorous laws for the protection of the revenue and for the punishment of frauds and smuggling. This can best be done by judicious provisions that will induce the disclosure of attempted fraud by undervaluation and smuggling. All revenue laws should