A REFORM MESSAGE.

The Financial Question Plainly Stated and Forcibly Discussed.

Taxation Must be Immediately Reduced.

All Other Questions of Minor Importance.

The following is the full text of President Cleveland's annual message sent to Congress Dec. 3:

To the Congress of the United States:

You are assembled at the threshold of your legislative duties, with a condition of the national finances unsatisfactory to the country, demanding careful consideration. The amounts of money annually exacted, through the operation of laws at present in force, from the industries and enterprises of the people, largely exceed the sum necessary to meet the expenses of the government. It has been our constant policy to offer such inducements and guarantees to capitalism the fruits of his industry and energy, as will only such declinations as may be his share towards the careful and economical maintenance of the government which protects him, it is plain that the exaction of more than this is indefensible as a culpable betrayal of fairness and justice.

THE EVILS OF OVER-TAXATION.

This wrong inflicted upon those who bear the burdens of taxation has led to other wrongs, multiplies a brood of taxes, and in consequence, unnecessary treasury, which should only exist as a conduit conveying the people's money, with the legitimate expenses of expenditure, becomes a hoarding place for money needlessly withdrawn from trade and the people's use, thus crippling our national energies, suggesting an unwise expenditure, preventing investment in productive enterprises, threatening financial disturbance and inviting schemes of public plunder.

The condition of our treasury is not altogether new, and it has more than once of late been submitted to the people's representatives in congress, who alone can apply a remedy, and yet the situation still presents the aggravative incidents more than ever pressing financial convulsion and widespread disaster.

MUST NOT IGNORE THE DANGER.

It will not do to neglect this situation because its dangers are not now palpably imminent and apparent. They exist now the same as they would and the certainty and unexpected occasion will come when suddenly there will be precipitated upon us, as on the 30th day of June, 1888, the excess of revenue over public expenditure, accumulated in the annual collection thereof of the sinking fund act, was $17,840,709 5. During the year ended June 30, 1887, this excess amounted to $40,05,945 20, and during the year ended June 30, 1888, it reached the sum of $55,567,329 54. The annual contributions to the sinking fund during these years and the accretions especially amounting in the aggregate to $138,080,984 74, and deducting from this surplus as stated were made by calling in for the most outstanding three per cent bonds of the government.

SURPLUS REVENUE FOR RELIEF TAXES.

During the six months period to June 30, 1887, the surplus revenue had grown so large by represented accumulations as to call for the withdrawal of the large present sum of money, needed by the people, would at once relieve the business of the country, that the sum of $76,994,100 of such surplus was applied to the purchase of the principal and interest of three per cent bonds still outstanding and which would then be paid at the option of the government.

The premature condition of financial affairs which this application was intended to relief, immediately after the 30th day of June, 1887, the number of three per cent bonds then outstanding, amounting, with principal and interest, to the sum of $55,977,150, was applied to and applied to the sinking fund contribution for the current year. Notwithstanding these operations of the treasury department, represented relief of distress in business, the case not only continued but increased, and absolute peril seemed near at hand. To these circumstances, the contribution to the sinking fund for the current fiscal year was at once computed, and the expenditure of $47,994,263.50 in the purchase of current bonds not yet due bearing four and four and a half per cent. interest, the premium thereon averaging about 26 per cent for the former and 9 per cent for the latter. In addition to this the interest account accruing during the current year upon the outstanding bonded indebtedness of the government will for some extent anticipated, and banks select as depositories of public money are permitted to make what increase their deposits.

STILL THE SURPLUS GROWS.

While the expedients thus employed to release to the people the money lingering in the treasury served to avert immediate danger, our surplus revenues have continued to accumulate, the sum of the present year amounting on the first day of December last to $105,273,454 63 and bid to reach the sum of $110,000,000 on the 30th of June next, which state in the year estimated that this sum, added to prior accumulations, will swell the surplus in the treasury to the vast sum of $140,000,000. There seems to be no assurance that, with such a withdrawal from trade and the people's circulating medium, our business community will not look in the near future to be subjected to the same distress which was quite lately produced from the same cause, and that the financial methods of congressional treasury should be few and simple, and which its conditions should be carefully reached, I believe, by its entire disconnection from private business interests, and yet when, by a perversion of its purposes, it idly holds money unwisely subtracted from the channels of trade, and there seems to be no reason for the claim that legitimate means should be devised by which the government to restore, in an emergency, without danger and embarrassment, such money to its place among the people.

NO DEFICIENCY MEASURE OF RELIEF.

If such an emergency arrives now there is no clear and undoubted executive power of relief. Heretofore the redemption of bonds before they are due, and which were payable at the option of the government, has afforded a means of relief by disbursement of the excess of our revenues; but these bonds are now all redeemed, and there are no bonds outstanding the payment of which we have the right to insist upon. The contribution to the sinking fund which furnishes the occasion for expenditure in the purchase of bonds, has been already made for the current year, and there is no outlet in that direction. In the present state of legislation the only pretense of any existing excess of revenue is found in the fact that any part of our surplus revenues to the people by the application of the suggestion that the secretary of the treasury may enter the market and purchase the bonds of the government not yet due, at a rate of premium to be agreed upon. To take country of law from which such a power could be derived is found in an appropriation of $5,000,000, passed a number ago, and it is subject to the supposition that it was intended as temporary and limited in its application, instead of conferring a continuing discretion and authority.

No condition ought to exist which would justify suggestion of power by a single official upon his judgment of its necessity to withdraw or release the money of the people, in an unequal manner, money which is collected and paid into the treasury by the whole financial situation of the country; and if it is deemed wise to lodge in the secretary of the treasury the authority in the present juncture to purchase bonds, it should be regularly invited and provided, as far as possible, with such limitations and restrictions as will take the official right and discretion and at the same time relieve him from undue responsibility.

In considering the question of purchasing bonds in advance of their maturity, the situation the surplus money accumulating in the treasury is shown to be such as to bring mind that premiums must of course be paid upon such purchase; that the basis of a large part of these bonds held as investments which cannot be purchased at any price, and that the inducement to bondholders who are willing to sell may unreasonably increase the sum of the premium to the government. It has been suggested that the bonds thus purchased should be refunded at a less rate of interest and the difference between the old and new securities paid to the holders as the use of the surplus in the treasury. The success of this plan, it is apparent, must depend upon the volition of the holders of the present bonds; and it is not entirely certain that the inducement which must be afforded them would result in the saving which to the government than the purchase of bonds, while the latter proposition certainly would relieve the treasury of debt by actual payment, instead of extending it. It seems to me the proper use of the money held by the government in the banks throughout the country for the use of the people, is, to some extent, an expressly objectionable principle, as reaching the deep and disturbing influence and operations of the government to the business of the country, and the consequent commingling of their money, thus fostering an unnatural reliance by the people upon public funds. If this scheme should be adopted it should only be employed for the purpose of exposure to an urgent necessity. Legislative and executive precedents should generally in the opposite direction and should have a tendency to decrease, as much and as fast as can safely be done, the treasury department from private enterprises.

Of course, it is expected that unnecessary and extravagant operations will be avoided by congress in the appropriation of the accumulation of an excess of revenue. Such suggestions, too, as to demoralization of all just considerations of public duty which it entails, creates a reckless improvidence, not in the least consistent with the limitation of power or the careful and beneficent purposes of our government.

LEGISLATIVE RELIEF DEMANDED.

I have deemed it my duty thus to bring to the knowledge of my country and you as well as to the attention of their representatives, the responsibility of legislative action for the early of our financial situation. The failure of the congress heretofore to provide for the coinage of the silver bullion which it has quite evident the very purpose of the Bland-Allison act, has produced, caused a condition of financial distress and apprehension, and a vast accumulation which tended to the utmost all the authority and expedients of the treasury department. This cannot appear now to be exhausted. If disaster results from the continued inaction of congress the responsibility must rest where it belongs. Though the situation thus far considered is fraught with danger which should be fully realized and provided against, it presents no cause for discouragement. On the contrary, if our fiscal system is justly viewed, it will be found to contain remedies for most of the ills we now suffer from. Our burdensome surplus revenue is taken from the people and put into the public treasury by reason of a tariff or duty levied upon importations from abroad, and in the production of which labor is largely employed. The continuance of this source of revenue, constantly reproducing the same alarming accretion, must be arrested, but the present situation demands a remedy, we can not safely neglect the plain consequences of the future by the removal of the cause. Relief must come, and come quickly, or what this needless surplus is taken from the people and put into the public treasury by exactions