

State of the Union Addresses

William McKinley

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State of the Union Address William McKinley

State of the Union Addresses

December 6, 1897

To the Senate and House of Representatives:

It gives me pleasure to extend greeting to the Fifty-fifth Congress, assembled in regular session at the seat of Government, with many of whose Senators and Representatives I have been associated in the legislative service. Their meeting occurs under felicitous conditions, justifying sincere congratulation and calling for our grateful acknowledgment to a beneficent Providence which has so signally blessed and prospered us as a nation. Peace and good will with all the nations of the earth continue unbroken.

A matter of genuine satisfaction is the growing feeling of fraternal regard and unification of all sections of our country, the incompleteness of which has too long delayed realization of the highest blessings of the Union. The spirit of patriotism is universal and is ever increasing in fervor. The public questions which now most engross us are lifted far above either partisanship, prejudice, or former sectional differences. They affect every part of our common country alike and permit of no division on ancient lines. Questions of foreign policy, of revenue, the soundness of the currency, the inviolability of national obligations, the improvement of the public service, appeal to the individual conscience of every earnest citizen to whatever party he belongs or in whatever section of the country he may reside.

The extra session of this Congress which closed during July last enacted important legislation, and while its full effect has not yet been realized, what it has already accomplished assures us of its timeliness and wisdom. To test its permanent value further time will be required, and the people, satisfied with its operation and results thus far, are in no mind to withhold from it a fair trial.

Tariff legislation having been settled by the extra session of Congress, the question next pressing for consideration is that of the currency.

The work of putting our finances upon a sound basis, difficult as it may seem, will appear easier when we recall the financial operations of the Government since 1866. On the 30th day of June of that year we had outstanding demand liabilities in the sum of \$728,868,447.41. On the 1st of January, 1879, these liabilities had been reduced to \$443,889,495.88. Of our interest-bearing obligations, the figures are even more striking. On July 1, 1866, the principal of the interest-bearing debt of the Government was \$2,332,331,208. On the 1st day of July, 1893, this sum had been reduced to \$585,137,100, or an aggregate reduction of \$1,747,294,108. The interest-bearing debt of the United States on the 1st day of December, 1897, was \$847,365,620. The Government money now outstanding (December 1) consists of \$346,681,016 of United States notes, \$107,793,280 of Treasury notes issued by authority of the law of 1890, \$384,963,504 of silver certificates, and \$61,280,761 of standard silver dollars.

With the great resources of the Government, and with the honorable example of the past before us, we ought not to hesitate to enter upon a currency revision which will make our demand obligations less onerous to the Government and relieve our financial laws from ambiguity and doubt.

The brief review of what was accomplished from the close of the war to 1893, makes unreasonable and groundless any distrust either of our financial ability or soundness; while the situation from 1893 to 1897 must admonish Congress of the immediate necessity of so legislating as to make the return of the conditions then prevailing impossible.

There are many plans proposed as a remedy for the evil. Before we can find the true remedy we must appreciate the real evil. It is not that our currency of every kind is not good, for every dollar of it is good; good because the Government's pledge is out to keep it so, and that pledge will not be broken. However, the guaranty of our purpose to keep the pledge will be best shown by advancing toward its fulfillment.

The evil of the present system is found in the great cost to the Government of maintaining the parity of our different forms of money, that is, keeping all of them at par with gold. We surely cannot be longer heedless of the burden this imposes upon the people, even under fairly prosperous conditions, while the past four years have demonstrated that it is not only an expensive charge upon the Government, but a dangerous menace to the National credit.

It is manifest that we must devise some plan to protect the Government against bond issues for repeated

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redemptions. We must either curtail the opportunity for speculation, made easy by the multiplied redemptions of our demand obligations, or increase the gold reserve for their redemption. We have \$900,000,000 of currency which the Government by solemn enactment has undertaken to keep at par with gold. Nobody is obliged to redeem in gold but the Government. The banks are not required to redeem in gold. The Government is obliged to keep equal with gold all its outstanding currency and coin obligations, while its receipts are not required to be paid in gold. They are paid in every kind of money but gold, and the only means by which the Government can with certainty get gold is by borrowing. It can get it in no other way when it most needs it. The Government without any fixed gold revenue is pledged to maintain gold redemption, which it has steadily and faithfully done, and which, under the authority now given, it will continue to do.

The law which requires the Government, after having redeemed its United States notes, to pay them out again as current funds, demands a constant replenishment of the gold reserve. This is especially so in times of business panic and when the revenues are insufficient to meet the expenses of the Government. At such times the Government has no other way to supply its deficit and maintain redemption but through the increase of its bonded debt, as during the Administration of my predecessor, when \$262,315,400 of four-and-a-half per cent bonds were issued and sold and the proceeds used to pay the expenses of the Government in excess of the revenues and sustain the gold reserve. While it is true that the greater part of the proceeds of these bonds were used to supply deficient revenues, a considerable portion was required to maintain the gold reserve.

With our revenues equal to our expenses, there would be no deficit requiring the issuance of bonds. But if the gold reserve falls below \$100,000,000, how will it be replenished except by selling more bonds? Is there any other way practicable under existing law? The serious question then is, Shall we continue the policy that has been pursued in the past; that is, when the gold reserve reaches the point of danger, issue more bonds and supply the needed gold, or shall we provide other means to prevent these recurring drains upon the gold reserve? If no further legislation is had and the policy of selling bonds is to be continued, then Congress should give the Secretary of the Treasury authority to sell bonds at long or short periods, bearing a less rate of interest than is now authorized by law.

I earnestly recommend, as soon as the receipts of the Government are quite sufficient to pay all the expenses of the Government, that when any of the United States notes are presented for redemption in gold and are redeemed in gold, such notes shall be kept and set apart, and only paid out in exchange for gold. This is an obvious duty. If the holder of the United States note prefers the gold and gets it from the Government, he should not receive back from the Government a United States note without paying gold in exchange for it. The reason for this is made all the more apparent when the Government issues an interest-bearing debt to provide gold for the redemption of United States notes—a non-interest-bearing debt. Surely it should not pay them out again except on demand and for gold. If they are put out in any other way, they may return again to be followed by another bond issue to redeem them—another interest-bearing debt to redeem a non-interest-bearing debt.

In my view, it is of the utmost importance that the Government should be relieved from the burden of providing all the gold required for exchanges and export. This responsibility is alone borne by the Government, without any of the usual and necessary banking powers to help itself. The banks do not feel the strain of gold redemption. The whole strain rests upon the Government, and the size of the gold reserve in the Treasury has come to be, with or without reason, the signal of danger or of security. This ought to be stopped.

If we are to have an era of prosperity in the country, with sufficient receipts for the expenses of the Government, we may feel no immediate embarrassment from our present currency; but the danger still exists, and will be ever present, menacing us so long as the existing system continues. And, besides, it is in times of adequate revenues and business tranquillity that the Government should prepare for the worst. We cannot avoid, without serious consequences, the wise consideration and prompt solution of this question.

The Secretary of the Treasury has outlined a plan, in great detail, for the purpose of removing the threatened recurrence of a depleted gold reserve and save us from future embarrassment on that account. To this plan I invite your careful consideration.

I concur with the Secretary of the Treasury in his recommendation that National banks be allowed to issue notes to the face value of the bonds which they have deposited for circulation, and that the tax on circulating notes secured by deposit of such bonds be reduced to one-half of one per cent per annum. I also join him in recommending that authority be given for the establishment of National banks with a minimum capital of

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\$25,000. This will enable the smaller villages and agricultural regions of the country to be supplied with currency to meet their needs.

I recommend that the issue of National bank notes be restricted to the denomination of ten dollars and upwards. If the suggestions I have herein made shall have the approval of Congress, then I would recommend that National banks be required to redeem their notes in gold.

The most important problem with which this Government is now called upon to deal pertaining to its foreign relations concerns its duty toward Spain and the Cuban insurrection. Problems and conditions more or less in common with those now existing have confronted this Government at various times in the past. The story of Cuba for many years has been one of unrest, growing discontent, an effort toward a larger enjoyment of liberty and self-control, of organized resistance to the mother country, of depression after distress and warfare, and of ineffectual settlement to be followed by renewed revolt. For no enduring period since the enfranchisement of the continental possessions of Spain in the Western Continent has the condition of Cuba or the policy of Spain toward Cuba not caused concern to the United States.

The prospect from time to time that the weakness of Spain's hold upon the island and the political vicissitudes and embarrassments of the home Government might lead to the transfer of Cuba to a continental power called forth between 1823 and 1860 various emphatic declarations of the policy of the United States to permit no disturbance of Cuba's connection with Spain unless in the direction of independence or acquisition by us through purchase, nor has there been any change of this declared policy since upon the part of the Government.

The revolution which began in 1868 lasted for ten years despite the strenuous efforts of the successive peninsular governments to suppress it. Then as now the Government of the United States testified its grave concern and offered its aid to put an end to bloodshed in Cuba. The overtures made by General Grant were refused and the war dragged on, entailing great loss of life and treasure and increased injury to American interests, besides throwing enhanced burdens of neutrality upon this Government. In 1878 peace was brought about by the truce of Zanjón, obtained by negotiations between the Spanish commander, Martínez de Campos, and the insurgent leaders.

The present insurrection broke out in February, 1895. It is not my purpose at this time to recall its remarkable increase or to characterize its tenacious resistance against the enormous forces massed against it by Spain. The revolt and the efforts to subdue it carried destruction to every quarter of the island, developing wide proportions and defying the efforts of Spain for its suppression. The civilized code of war has been disregarded, no less so by the Spaniards than by the Cubans.

The existing conditions can not but fill this Government and the American people with the gravest apprehension. There is no desire on the part of our people to profit by the misfortunes of Spain. We have only the desire to see the Cubans prosperous and contented, enjoying that measure of self-control which is the inalienable right of man, protected in their right to reap the benefit of the exhaustless treasures of their country.

The offer made by my predecessor in April, 1896, tendering the friendly offices of this Government, failed. Any mediation on our part was not accepted. In brief, the answer read: "There is no effectual way to pacify Cuba unless it begins with the actual submission of the rebels to the mother country." Then only could Spain act in the promised direction, of her own motion and after her own plans.

The cruel policy of concentration was initiated February 16, 1896. The productive districts controlled by the Spanish armies were depopulated. The agricultural inhabitants were herded in and about the garrison towns, their lands laid waste and their dwellings destroyed. This policy the late cabinet of Spain justified as a necessary measure of war and as a means of cutting off supplies from the insurgents. It has utterly failed as a war measure. It was not civilized warfare. It was extermination.

Against this abuse of the rights of war I have felt constrained on repeated occasions to enter the firm and earnest protest of this Government. There was much of public condemnation of the treatment of American citizens by alleged illegal arrests and long imprisonment awaiting trial or pending protracted judicial proceedings. I felt it my first duty to make instant demand for the release or speedy trial of all American citizens under arrest. Before the change of the Spanish cabinet in October last twenty-two prisoners, citizens of the United States, had been given their freedom.

For the relief of our own citizens suffering because of the conflict the aid of Congress was sought in a special message, and under the appropriation of May 24, 1897, effective aid has been given to American citizens in Cuba,

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many of them at their own request having been returned to the United States.

The instructions given to our new minister to Spain before his departure for his post directed him to impress upon that Government the sincere wish of the United States to lend its aid toward the ending of the war in Cuba by reaching a peaceful and lasting result, just and honorable alike to Spain and to the Cuban people. These instructions recited the character and duration of the contest, the widespread losses it entails, the burdens and restraints it imposes upon us, with constant disturbance of national interests, and the injury resulting from an indefinite continuance of this state of things. It was stated that at this juncture our Government was constrained to seriously inquire if the time was not ripe when Spain of her own volition, moved by her own interests and every sentiment of humanity, should put a stop to this destructive war and make proposals of settlement honorable to herself and just to her Cuban colony. It was urged that as a neighboring nation, with large interests in Cuba, we could be required to wait only a reasonable time for the mother country to establish its authority and restore peace and order within the borders of the island; that we could not contemplate an indefinite period for the accomplishment of this result.

No solution was proposed to which the slightest idea of humiliation to Spain could attach, and, indeed, precise proposals were withheld to avoid embarrassment to that Government. All that was asked or expected was that some safe way might be speedily provided and permanent peace restored. It so chanced that the consideration of this offer, addressed to the same Spanish administration which had declined the tenders of my predecessor, and which for more than two years had poured men and treasure into Cuba in the fruitless effort to suppress the revolt, fell to others. Between the departure of General Woodford, the new envoy, and his arrival in Spain the statesman who had shaped the policy of his country fell by the hand of an assassin, and although the cabinet of the late premier still held office and received from our envoy the proposals he bore, that cabinet gave place within a few days thereafter to a new administration, under the leadership of Sagasta.

The reply to our note was received on the 23d day of October. It is in the direction of a better understanding. It appreciates the friendly purposes of this Government. It admits that our country is deeply affected by the war in Cuba and that its desires for peace are just. It declares that the present Spanish government is bound by every consideration to a change of policy that should satisfy the United States and pacify Cuba within a reasonable time. To this end Spain has decided to put into effect the political reforms heretofore advocated by the present premier, without halting for any consideration in the path which in its judgment leads to peace. The military operations, it is said, will continue, but will be humane and conducted with all regard for private rights, being accompanied by political action leading to the autonomy of Cuba while guarding Spanish sovereignty. This, it is claimed, will result in investing Cuba with a distinct personality, the island to be governed by an executive and by a local council or chamber, reserving to Spain the control of the foreign relations, the army and navy, and the judicial administration. To accomplish this the present government proposes to modify existing legislation by decree, leaving the Spanish Cortes, with the aid of Cuban senators and deputies, to solve the economic problem and properly distribute the existing debt.

In the absence of a declaration of the measures that this Government proposes to take in carrying out its proffer of good offices, it suggests that Spain be left free to conduct military operations and grant political reforms, while the United States for its part shall enforce its neutral obligations and cut off the assistance which it is asserted the insurgents receive from this country. The supposition of an indefinite prolongation of the war is denied. It is asserted that the western provinces are already well-nigh reclaimed, that the planting of cane and tobacco therein has been resumed, and that by force of arms and new and ample reforms very early and complete pacification is hoped for.

The immediate amelioration of existing conditions under the new administration of Cuban affairs is predicted, and therewithal the disturbance and all occasion for any change of attitude on the part of the United States. Discussion of the question of the international duties and responsibilities of the United States as Spain understands them is presented, with an apparent disposition to charge us with failure in this regard. This charge is without any basis in fact. It could not have been made if Spain had been cognizant of the constant efforts this Government has made, at the cost of millions and by the employment of the administrative machinery of the nation at command, to perform its full duty according to the law of nations. That it has successfully prevented the departure of a single military expedition or armed vessel from our shores in violation of our laws would seem to be a sufficient answer. But of this aspect of the Spanish note it is not necessary to speak further now. Firm in the

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conviction of a wholly performed obligation, due response to this charge has been made in diplomatic course.

Throughout all these horrors and dangers to our own peace this Government has never in any way abrogated its sovereign prerogative of reserving to itself the determination of its policy and course according to its own high sense of right and in consonance with the dearest interests and convictions of our own people should the prolongation of the strife so demand.

Of the untried measures there remain only: Recognition of the insurgents as belligerents; recognition of the independence of Cuba; neutral intervention to end the war by imposing a rational compromise between the contestants, and intervention in favor of one or the other party. I speak not of forcible annexation, for that can not be thought of. That, by our code of morality, would be criminal aggression.

Recognition of the belligerency of the Cuban insurgents has often been canvassed as a possible, if not inevitable, step both in regard to the previous ten years' struggle and during the present war. I am not unmindful that the two Houses of Congress in the spring of 1896 expressed the opinion by concurrent resolution that a condition of public war existed requiring or justifying the recognition of a state of belligerency in Cuba, and during the extra session the Senate voted a joint resolution of like import, which, however, was not brought to a vote in the House of Representatives. In the presence of these significant expressions of the sentiment of the legislative branch it behooves the Executive to soberly consider the conditions under which so important a measure must needs rest for justification. It is to be seriously considered whether the Cuban insurrection possesses beyond dispute the attributes of statehood, which alone can demand the recognition of belligerency in its favor. Possession, in short, of the essential qualifications of sovereignty by the insurgents and the conduct of the war by them according to the received code of war are no less important factors toward the determination of the problem of belligerency than are the influences and consequences of the struggle upon the internal polity of the recognizing state.

The wise utterances of President Grant in his memorable message of December 7, 1875, are signally relevant to the present situation in Cuba, and it may be wholesome now to recall them. At that time a ruinous conflict had for seven years wasted the neighboring island. During all those years an utter disregard of the laws of civilized warfare and of the just demands of humanity, which called forth expressions of condemnation from the nations of Christendom, continued unabated. Desolation and ruin pervaded that productive region, enormously affecting the commerce of all commercial nations, but that of the United States more than any other by reason of proximity and larger trade and intercourse. At that juncture General Grant uttered these words, which now, as then, sum up the elements of the problem: A recognition of the independence of Cuba being, in my opinion, impracticable and indefensible, the question which next presents itself is that of the recognition of belligerent rights in the parties to the contest.

In a former message to Congress I had occasion to consider this question, and reached the conclusion that the conflict in Cuba, dreadful and devastating as were its incidents, did not rise to the fearful dignity of war. It is possible that the acts of foreign powers, and even acts of Spain herself, of this very nature, might be pointed to in defense of such recognition. But now, as in its past history, the United States should carefully avoid the false lights which might lead it into the mazes of doubtful law and of questionable propriety, and adhere rigidly and sternly to the rule, which has been its guide, of doing only that which is right and honest and of good report. The question of according or of withholding rights of belligerency must be judged in every case in view of the particular attending facts. Unless justified by necessity, it is always, and justly, regarded as an unfriendly act and a gratuitous demonstration of moral support to the rebellion. It is necessary, and it is required, when the interests and rights of another government or of its people are so far affected by a pending civil conflict as to require a definition of its relations to the parties thereto. But this conflict must be one which will be recognized in the sense of international law as war. Belligerence, too, is a fact. The mere existence of contending armed bodies and their occasional conflicts do not constitute war in the sense referred to. Applying to the existing condition of affairs in Cuba the tests recognized by publicists and writers on international law, and which have been observed by nations of dignity, honesty, and power when free from sensitive or selfish and unworthy motives, I fail to find in the insurrection the existence of such a substantial political organization, real, palpable, and manifest to the world, having the forms and capable of the ordinary functions of government toward its own people and to other states, with courts for the administration of justice, with a local habitation, possessing such organization of force, such material, such occupation of territory, as to take the contest out of the category of a mere rebellious insurrection or

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occasional skirmishes and place it on the terrible footing of war, to which a recognition of belligerency would aim to elevate it. The contest, moreover, is solely on land; the insurrection has not possessed itself of a single seaport whence it may send forth its flag, nor has it any means of communication with foreign powers except through the military lines of its adversaries. No apprehension of any of those sudden and difficult complications which a war upon the ocean is apt to precipitate upon the vessels, both commercial and national, and upon the consular officers of other powers calls for the definition of their relations to the parties to the contest. Considered as a question of expediency, I regard the accordance of belligerent rights still to be as unwise and premature as I regard it to be, at present, indefensible as a measure of right. Such recognition entails upon the country according the rights which flow from it difficult and complicated duties, and requires the exaction from the contending parties of the strict observance of their rights and obligations. It confers the right of search upon the high seas by vessels of both parties; it would subject the carrying of arms and munitions of war, which now may be transported freely and without interruption in the vessels of the United States, to detention and to possible seizure; it would give rise to countless vexatious questions, would release the parent Government from responsibility for acts done by the insurgents, and would invest Spain with the right to exercise the supervision recognized by our treaty of 1795 over our commerce on the high seas, a very large part of which, in its traffic between the Atlantic and the Gulf States and between all of them and the States on the Pacific, passes through the waters which wash the shores of Cuba. The exercise of this supervision could scarce fail to lead, if not to abuses, certainly to collisions perilous to the peaceful relations of the two States. There can be little doubt to what result such supervision would before long draw this nation. It would be unworthy of the United States to inaugurate the possibilities of such result by measures of questionable right or expediency or by any indirection. Turning to the practical aspects of a recognition of belligerency and reviewing its inconveniences and positive dangers, still further pertinent considerations appear. In the code of nations there is no such thing as a naked recognition of belligerency, unaccompanied by the assumption of international neutrality. Such recognition, without more, will not confer upon either party to a domestic conflict a status not theretofore actually possessed or affect the relation of either party to other states. The act of recognition usually takes the form of a solemn proclamation of neutrality, which recites the *de facto* condition of belligerency as its motive. It announces a domestic law of neutrality in the declaring state. It assumes the international obligations of a neutral in the presence of a public state of war. It warns all citizens and others within the jurisdiction of the proclaiant that they violate those rigorous obligations at their own peril and can not expect to be shielded from the consequences. The right of visit and search on the seas and seizure of vessels and cargoes and contraband of war and good prize under admiralty law must under international law be admitted as a legitimate consequence of a proclamation of belligerency. While according the equal belligerent rights defined by public law to each party in our ports disfavors would be imposed on both, which, while nominally equal, would weigh heavily in behalf of Spain herself. Possessing a navy and controlling the ports of Cuba, her maritime rights could be asserted not only for the military investment of the island, but up to the margin of our own territorial waters, and a condition of things would exist for which the Cubans within their own domain could not hope to create a parallel, while its creation through aid or sympathy from within our domain would be even more impossible than now, with the additional obligations of international neutrality we would perforce assume.

The enforcement of this enlarged and onerous code of neutrality would only be influential within our own jurisdiction by land and sea and applicable by our own instrumentalities. It could impart to the United States no jurisdiction between Spain and the insurgents. It would give the United States no right of intervention to enforce the conduct of the strife within the paramount authority of Spain according to the international code of war.

For these reasons I regard the recognition of the belligerency of the Cuban insurgents as now unwise, and therefore inadmissible. Should that step hereafter be deemed wise as a measure of right and duty, the Executive will take it.

Intervention upon humanitarian grounds has been frequently suggested and has not failed to receive my most anxious and earnest consideration. But should such a step be now taken, when it is apparent that a hopeful change has supervened in the policy of Spain toward Cuba? A new government has taken office in the mother country. It is pledged in advance to the declaration that all the effort in the world can not suffice to maintain peace in Cuba by the bayonet; that vague promises of reform after subjugation afford no solution of the insular problem; that with a substitution of commanders must come a change of the past system of warfare for one in harmony with a

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new policy, which shall no longer aim to drive the Cubans to the "horrible alternative of taking to the thicket or succumbing in misery;" that reforms must be instituted in accordance with the needs and circumstances of the time, and that these reforms, while designed to give full autonomy to the colony and to create a virtual entity and self-controlled administration, shall yet conserve and affirm the sovereignty of Spain by a just distribution of powers and burdens upon a basis of mutual interest untainted by methods of selfish expediency.

The first acts of the new government lie in these honorable paths. The policy of cruel rapine and extermination that so long shocked the universal sentiment of humanity has been reversed. Under the new military commander a broad clemency is proffered. Measures have already been set on foot to relieve the horrors of starvation. The power of the Spanish armies, it is asserted, is to be used not to spread ruin and desolation, but to protect the resumption of peaceful agricultural pursuits and productive industries. That past methods are futile to force a peace by subjugation is freely admitted, and that ruin without conciliation must inevitably fail to win for Spain the fidelity of a contented dependency.

Decrees in application of the foreshadowed reforms have already been promulgated. The full text of these decrees has not been received, but as furnished in a telegraphic summary from our minister are: All civil and electoral rights of peninsular Spaniards are, in virtue of existing constitutional authority, forthwith extended to colonial Spaniards. A scheme of autonomy has been proclaimed by decree, to become effective upon ratification by the Cortes. It creates a Cuban parliament, which, with the insular executive, can consider and vote upon all subjects affecting local order and interests, possessing unlimited powers save as to matters of state, war, and the navy, as to which the Governor-General acts by his own authority as the delegate of the central Government. This parliament receives the oath of the Governor-General to preserve faithfully the liberties and privileges of the colony, and to it the colonial secretaries are responsible. It has the right to propose to the central Government, through the Governor-General, modifications of the national charter and to invite new projects of law or executive measures in the interest of the colony.

Besides its local powers, it is competent, first, to regulate electoral registration and procedure and prescribe the qualifications of electors and the manner of exercising suffrage; second, to organize courts of justice with native judges from members of the local bar; third, to frame the insular budget, both as to expenditures and revenues, without limitation of any kind, and to set apart the revenues to meet the Cuban share of the national budget, which latter will be voted by the national Cortes with the assistance of Cuban senators and deputies; fourth, to initiate or take part in the negotiations of the national Government for commercial treaties which may affect Cuban interests; fifth, to accept or reject commercial treaties which the national Government may have concluded without the participation of the Cuban government; sixth, to frame the colonial tariff, acting in accord with the peninsular Government in scheduling articles of mutual commerce between the mother country and the colonies. Before introducing or voting upon a bill the Cuban government or the chambers will lay the project before the central Government and hear its opinion thereon, all the correspondence in such regard being made public. Finally, all conflicts of jurisdiction arising between the different municipal, provincial, and insular assemblies, or between the latter and the insular executive power, and which from their nature may not be referable to the central Government for decision, shall be submitted to the courts.

That the government of Sagasta has entered upon a course from which recession with honor is impossible can hardly be questioned; that in the few weeks it has existed it has made earnest of the sincerity of its professions is undeniable. I shall not impugn its sincerity, nor should impatience be suffered to embarrass it in the task it has undertaken. It is honestly due to Spain and to our friendly relations with Spain that she should be given a reasonable chance to realize her expectations and to prove the asserted efficacy of the new order of things to which she stands irrevocably committed. She has recalled the commander whose brutal orders inflamed the American mind and shocked the civilized world. She has modified the horrible order of concentration and has undertaken to care for the helpless and permit those who desire to resume the cultivation of their fields to do so, and assures them of the protection of the Spanish Government in their lawful occupations. She has just released the Competitor prisoners, heretofore sentenced to death, and who have been the subject of repeated diplomatic correspondence during both this and the preceding Administration.

Not a single American citizen is now in arrest or confinement in Cuba of whom this Government has any knowledge. The near future will demonstrate whether the indispensable condition of a righteous peace, just alike to the Cubans and to Spain as well as equitable to all our interests so intimately involved in the welfare of Cuba, is

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likely to be attained. If not, the exigency of further and other action by the United States will remain to be taken. When that time comes that action will be determined in the line of indisputable right and duty. It will be faced, without misgiving or hesitancy in the light of the obligation this Government owes to itself, to the people who have confided to it the protection of their interests and honor, and to humanity.

Sure of the right, keeping free from all offense ourselves, actuated only by upright and patriotic considerations, moved neither by passion nor selfishness, the Government will continue its watchful care over the rights and property of American citizens and will abate none of its efforts to bring about by peaceful agencies a peace which shall be honorable and enduring. If it shall hereafter appear to be a duty imposed by our obligations to ourselves, to civilization and humanity to intervene with force, it shall be without fault on our part and only because the necessity for such action will be so clear as to command the support and approval of the civilized world.

By a special message dated the 16th day of June last, I laid before the Senate a treaty signed that day by the plenipotentiaries of the United States and of the Republic of Hawaii, having for its purpose the incorporation of the Hawaiian Islands as an integral part of the United States and under its sovereignty. The Senate having removed the injunction of secrecy, although the treaty is still pending before that body, the subject may be properly referred to in this Message because the necessary action of the Congress is required to determine by legislation many details of the eventual union should the fact of annexation be accomplished, as I believe it should be.

While consistently disavowing from a very early period any aggressive policy of absorption in regard to the Hawaiian group, a long series of declarations through three-quarters of a century has proclaimed the vital interest of the United States in the independent life of the Islands and their intimate commercial dependence upon this country. At the same time it has been repeatedly asserted that in no event could the entity of Hawaiian statehood cease by the passage of the Islands under the domination or influence of another power than the United States. Under these circumstances, the logic of events required that annexation, heretofore offered but declined, should in the ripeness of time come about as the natural result of the strengthening ties that bind us to those Islands, and be realized by the free will of the Hawaiian State.

That treaty was unanimously ratified without amendment by the Senate and President of the Republic of Hawaii on the 10th of September last, and only awaits the favorable action of the American Senate to effect the complete absorption of the Islands into the domain of the United States. What the conditions of such a union shall be, the political relation thereof to the United States, the character of the local administration, the quality and degree of the elective franchise of the inhabitants, the extension of the federal laws to the territory or the enactment of special laws to fit the peculiar condition thereof, the regulation if need be of the labor system therein, are all matters which the treaty has wisely relegated to the Congress.

If the treaty is confirmed as every consideration of dignity and honor requires, the wisdom of Congress will see to it that, avoiding abrupt assimilation of elements perhaps hardly yet fitted to share in the highest franchises of citizenship, and having due regard to the geographical conditions, the most just provisions for self-rule in local matters with the largest political liberties as an integral part of our Nation will be accorded to the Hawaiians. No less is due to a people who, after nearly five years of demonstrated capacity to fulfill the obligations of self-governing statehood, come of their free will to merge their destinies in our body-politic.

The questions which have arisen between Japan and Hawaii by reason of the treatment of Japanese laborers emigrating to the Islands under the Hawaiian-Japanese convention of 1888, are in a satisfactory stage of settlement by negotiation. This Government has not been invited to mediate, and on the other hand has sought no intervention in that matter, further than to evince its kindest disposition toward such a speedy and direct adjustment by the two sovereign States in interest as shall comport with equity and honor. It is gratifying to learn that the apprehensions at first displayed on the part of Japan lest the cessation of Hawaii's national life through annexation might impair privileges to which Japan honorably laid claim, have given place to confidence in the uprightness of this Government, and in the sincerity of its purpose to deal with all possible ulterior questions in the broadest spirit of friendliness.

As to the representation of this Government to Nicaragua, Salvador, and Costa Rica, I have concluded that Mr. William L. Merry, confirmed as minister of the United States to the States of Nicaragua, Salvador and Costa Rica, shall proceed to San Jose, Costa Rica, and there temporarily establish the headquarters of the United States

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to those three States. I took this action for what I regarded as the paramount interests of this country. It was developed upon an investigation by the Secretary of State that the Government of Nicaragua, while not unwilling to receive Mr. Merry in his diplomatic quality, was unable to do so because of the compact concluded June 20, 1895, whereby that Republic and those of Salvador and Honduras, forming what is known as the Greater Republic of Central America, had surrendered to the representative Diet thereof their right to receive and send diplomatic agents. The Diet was not willing to accept him because he was not accredited to that body. I could not accredit him to that body because the appropriation law of Congress did not permit it. Mr. Baker, the present minister at Managua, has been directed to present his letters of recall.

Mr. W. Godfrey Hunter has likewise been accredited to the Governments of Guatemala and Honduras, the same as his predecessor. Guatemala is not a member of the Greater Republic of Central America, but Honduras is. Should this latter Government decline to receive him, he has been instructed to report this fact to his Government and await its further instructions.

A subject of large importance to our country, and increasing appreciation on the part of the people, is the completion of the great highway of trade between the Atlantic and Pacific, known as the Nicaragua Canal. Its utility and value to American commerce is universally admitted. The Commission appointed under date of July 24 last "to continue the surveys and examinations authorized by the act approved March 2, 1895," in regard to "the proper route, feasibility, and cost of construction of the Nicaragua Canal, with a view of making complete plans for the entire work of construction of such canal," is now employed in the undertaking. In the future I shall take occasion to transmit to Congress the report of this Commission, making at the same time such further suggestions as may then seem advisable.

Under the provisions of the act of Congress approved March 3, 1897, for the promotion of an international agreement respecting bimetallism, I appointed on the 14th day of April, 1897, Hon. Edward O. Wolcott of Colorado, Hon. Adlai E. Stevenson of Illinois, and Hon. Charles J. Paine of Massachusetts, as special envoys to represent the United States. They have been diligent in their efforts to secure the concurrence and cooperation of European countries in the international settlement of the question, but up to this time have not been able to secure an agreement contemplated by their mission.

The gratifying action of our great sister Republic of France in joining this country in the attempt to bring about an agreement among the principal commercial nations of Europe, whereby a fixed and relative value between gold and silver shall be secured, furnishes assurance that we are not alone among the larger nations of the world in realizing the international character of the problem and in the desire of reaching some wise and practical solution of it. The British Government has published a resume of the steps taken jointly by the French ambassador in London and the special envoys of the United States, with whom our ambassador at London actively co-operated in the presentation of this subject to Her Majesty's Government. This will be laid before Congress.

Our special envoys have not made their final report, as further negotiations between the representatives of this Government and the Governments of other countries are pending and in contemplation. They believe that doubts which have been raised in certain quarters respecting the position of maintaining the stability of the parity between the metals and kindred questions may yet be solved by further negotiations.

Meanwhile it gives me satisfaction to state that the special envoys have already demonstrated their ability and fitness to deal with the subject, and it is to be earnestly hoped that their labors may result in an international agreement which will bring about recognition of both gold and silver as money upon such terms, and with such safeguards as will secure the use of both metals upon a basis which shall work no injustice to any class of our citizens.

In order to execute as early as possible the provisions of the third and fourth sections of the Revenue Act, approved July 24, 1897, I appointed the Hon. John A. Kasson of Iowa, a special commissioner plenipotentiary to undertake the requisite negotiations with foreign countries desiring to avail themselves of these provisions. The negotiations are now proceeding with several Governments, both European and American. It is believed that by a careful exercise of the powers conferred by that Act some grievances of our own and of other countries in our mutual trade relations may be either removed, or largely alleviated, and that the volume of our commercial exchanges may be enlarged, with advantage to both contracting parties.

Most desirable from every standpoint of national interest and patriotism is the effort to extend our foreign commerce. To this end our merchant marine should be improved and enlarged. We should do our full share of the

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carrying trade of the world. We do not do it now. We should be the laggard no longer. The inferiority of our merchant marine is justly humiliating to the national pride. The Government by every proper constitutional means, should aid in making our ships familiar visitors at every commercial port of the world, thus opening up new and valuable markets to the surplus products of the farm and the factory.

The efforts which had been made during the two previous years by my predecessor to secure better protection to the fur seals in the North Pacific Ocean and Bering Sea, were renewed at an early date by this Administration, and have been pursued with earnestness. Upon my invitation, the Governments of Japan and Russia sent delegates to Washington, and an international conference was held during the months of October and November last, wherein it was unanimously agreed that under the existing regulations this species of useful animals was threatened with extinction, and that an international agreement of all the interested powers was necessary for their adequate protection.

The Government of Great Britain did not see proper to be represented at this conference, but subsequently sent to Washington, as delegates, the expert commissioners of Great Britain and Canada who had, during the past two years, visited the Pribilof Islands, and who met in conference similar commissioners on the part of the United States. The result of this conference was an agreement on important facts connected with the condition of the seal herd, heretofore in dispute, which should place beyond controversy the duty of the Governments concerned to adopt measures without delay for the preservation and restoration of the herd. Negotiations to this end are now in progress, the result of which I hope to be able to report to Congress at an early day.

International arbitration cannot be omitted from the list of subjects claiming our consideration. Events have only served to strengthen the general views on this question expressed in my inaugural address. The best sentiment of the civilized world is moving toward the settlement of differences between nations without resorting to the horrors of war. Treaties embodying these humane principles on broad lines, without in any way imperiling our interests or our honor, shall have my constant encouragement.

The acceptance by this Government of the invitation of the Republic of France to participate in the Universal Exposition of 1900, at Paris, was immediately followed by the appointment of a special commissioner to represent the United States in the proposed exposition, with special reference to the securing of space for an adequate exhibit on behalf of the United States.

The special commissioner delayed his departure for Paris long enough to ascertain the probable demand for space by American exhibitors. His inquiries developed an almost unprecedented interest in the proposed exposition, and the information thus acquired enabled him to justify an application for a much larger allotment of space for the American section than had been reserved by the exposition authorities. The result was particularly gratifying, in view of the fact that the United States was one of the last countries to accept the invitation of France.

The reception accorded our special commissioner was most cordial, and he was given every reasonable assurance that the United States would receive a consideration commensurate with the proportions of our exhibit. The report of the special commissioner as to the magnitude and importance of the coming exposition, and the great demand for space by American exhibitors, supplies new arguments for a liberal and judicious appropriation by Congress, to the end that an exhibit fairly representative of the industries and resources of our country may be made in an exposition which will illustrate the world's progress during the nineteenth century. That exposition is intended to be the most important and comprehensive of the long series of international exhibitions, of which our own at Chicago was a brilliant example, and it is desirable that the United States should make a worthy exhibit of American genius and skill and their unrivaled achievements in every branch of industry.

The present immediately effective force of the Navy consists of four battle ships of the first class, two of the second, and forty-eight other vessels, ranging from armored cruisers to torpedo boats. There are under construction five battle ships of the first class, sixteen torpedo boats, and one submarine boat. No provision has yet been made for the armor of three of the five battle ships, as it has been impossible to obtain it at the price fixed by Congress. It is of great importance that Congress provide this armor, as until then the ships are of no fighting value.

The present naval force, especially in view of its increase by the ships now under construction, while not as large as that of a few other powers, is a formidable force; its vessels are the very best of each type; and with the increase that should be made to it from time to time in the future, and careful attention to keeping it in a high state

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of efficiency and repair, it is well adapted to the necessities of the country.

The great increase of the Navy which has taken place in recent years was justified by the requirements for national defense, and has received public approbation. The time has now arrived, however, when this increase, to which the country is committed, should, for a time, take the form of increased facilities commensurate with the increase of our naval vessels. It is an unfortunate fact that there is only one dock on the Pacific Coast capable of docking our largest ships, and only one on the Atlantic Coast, and that the latter has for the last six or seven months been under repair and therefore incapable of use. Immediate steps should be taken to provide three or four docks of this capacity on the Atlantic Coast, at least one on the Pacific Coast, and a floating dock in the Gulf. This is the recommendation of a very competent Board, appointed to investigate the subject. There should also be ample provision made for powder and projectiles, and other munitions of war, and for an increased number of officers and enlisted men. Some additions are also necessary to our navy-yards, for the repair and care of our large number of vessels. As there are now on the stocks five battle ships of the largest class, which cannot be completed for a year or two, I concur with the recommendation of the Secretary of the Navy for an appropriation authorizing the construction of one battle ship for the Pacific Coast, where, at present, there is only one in commission and one under construction, while on the Atlantic Coast there are three in commission and four under construction; and also that several torpedo boats be authorized in connection with our general system of coast defense.

The Territory of Alaska requires the prompt and early attention of Congress. The conditions now existing demand material changes in the laws relating to the Territory. The great influx of population during the past summer and fall and the prospect of a still larger immigration in the spring will not permit us to longer neglect the extension of civil authority within the Territory or postpone the establishment of a more thorough government.

A general system of public surveys has not yet been extended to Alaska and all entries thus far made in that district are upon special surveys. The act of Congress extending to Alaska the mining laws of the United States contained the reservation that it should not be construed to put in force the general land laws of the country. By act approved March 3, 1891, authority was given for entry of lands for town-site purposes and also for the purchase of not exceeding one hundred and sixty acres then or thereafter occupied for purposes of trade and manufacture. The purpose of Congress as thus far expressed has been that only such rights should apply to that Territory as should be specifically named.

It will be seen how much remains to be done for that vast and remote and yet promising portion of our country. Special authority was given to the President by the Act of Congress approved July 24, 1897, to divide that Territory into two land districts and to designate the boundaries thereof and to appoint registers and receivers of said land offices, and the President was also authorized to appoint a surveyor-general for the entire district. Pursuant to this authority, a surveyor-general and receiver have been appointed, with offices at Sitka. If in the ensuing year the conditions justify it, the additional land district authorized by law will be established, with an office at some point in the Yukon Valley. No appropriation, however, was made for this purpose, and that is now necessary to be done for the two land districts into which the Territory is to be divided.

I concur with the Secretary of War in his suggestions as to the necessity for a military force in the Territory of Alaska for the protection of persons and property. Already a small force, consisting of twenty-five men, with two officers, under command of Lieutenant-Colonel Randall, of the Eighth Infantry, has been sent to St. Michael to establish a military post.

As it is to the interest of the Government to encourage the development and settlement of the country and its duty to follow up its citizens there with the benefits of legal machinery, I earnestly urge upon Congress the establishment of a system of government with such flexibility as will enable it to adjust itself to the future areas of greatest population.

The startling though possibly exaggerated reports from the Yukon River country, of the probable shortage of food for the large number of people who are wintering there without the means of leaving the country are confirmed in such measure as to justify bringing the matter to the attention of Congress. Access to that country in winter can be had only by the passes from Dyea and vicinity, which is a most difficult and perhaps an impossible task. However, should these reports of the suffering of our fellow-citizens be further verified, every effort at any cost should be made to carry them relief.

For a number of years past it has been apparent that the conditions under which the Five Civilized Tribes were

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established in the Indian Territory under treaty provisions with the United States, with the right of self-government and the exclusion of all white persons from within their borders, have undergone so complete a change as to render the continuance of the system thus inaugurated practically impossible. The total number of the Five Civilized Tribes, as shown by the last census, is 45,494, and this number has not materially increased; while the white population is estimated at from 200,000 to 250,000 which, by permission of the Indian Government has settled in the Territory. The present area of the Indian Territory contains 25,694,564 acres, much of which is very fertile land. The United States citizens residing in the Territory, most of whom have gone there by invitation or with the consent of the tribal authorities, have made permanent homes for themselves. Numerous towns have been built in which from 500 to 5,000 white people now reside. Valuable residences and business houses have been erected in many of them. Large business enterprises are carried on in which vast sums of money are employed, and yet these people, who have invested their capital in the development of the productive resources of the country, are without title to the land they occupy, and have no voice whatever in the government either of the Nations or Tribes. Thousands of their children who were born in the Territory are of school age, but the doors of the schools of the Nations are shut against them, and what education they get is by private contribution. No provision for the protection of the life or property of these white citizens is made by the Tribal Governments and Courts.

The Secretary of the Interior reports that leading Indians have absorbed great tracts of land to the exclusion of the common people, and government by an Indian aristocracy has been practically established, to the detriment of the people. It has been found impossible for the United States to keep its citizens out of the Territory, and the executory conditions contained in the treaties with these Nations have for the most part become impossible of execution. Nor has it been possible for the Tribal Governments to secure to each individual Indian his full enjoyment in common with Other Indians of the common property of the Nations. Friends of the Indians have long believed that the best interests of the Indians of the Five Civilized Tribes would be found in American citizenship, with all the rights and privileges which belong to that condition.

By section 16, of the act of March 3, 1893, the President was authorized to appoint three commissioners to enter into negotiations with the Cherokee, Choctaw, Chickasaw, Muscogee (or Creek), and Seminole Nations, commonly known as the Five Civilized Tribes in the Indian Territory. Briefly, the purposes of the negotiations were to be: The extinguishment of Tribal titles to any lands within that Territory now held by any and all such Nations or Tribes, either by cession of the same or some part thereof to the United States, or by allotment and division of the same in severalty among the Indians of such Nations or Tribes respectively as may be entitled to the same, or by such other method as may be agreed upon between the several Nations and Tribes aforesaid, or each of them, with the United States, with a view to such an adjustment upon the basis of justice and equity as may, with the consent of the said Nations of Indians so far as may be necessary, be requisite and suitable to enable the ultimate creation of a State or States of the Union which shall embrace the lands within said Indian Territory.

The Commission met much opposition from the beginning. The Indians were very slow to act, and those in control manifested a decided disinclination to meet with favor the propositions submitted to them. A little more than three years after this organization the Commission effected an agreement with the Choctaw Nation alone. The Chickasaws, however, refused to agree to its terms, and as they have a common interest with the Choctaws in the lands of said Nations, the agreement with the latter Nation could have no effect without the consent of the former. On April 23, 1897, the Commission effected an agreement with both tribes—the Choctaws and Chickasaws. This agreement, it is understood, has been ratified by the constituted authorities of the respective Tribes or Nations parties thereto, and only requires ratification by Congress to make it binding.

On the 27th of September, 1897, an agreement was effected with the Creek Nation, but it is understood that the National Council of said Nation has refused to ratify the same. Negotiations are yet to be had with the Cherokees, the most populous of the Five Civilized Tribes, and with the Seminoles, the smallest in point of numbers and territory.

The provision in the Indian Appropriation Act, approved June 10, 1896, makes it the duty of the Commission to investigate and determine the rights of applicants for citizenship in the Five Civilized Tribes, and to make complete census rolls of the citizens of said Tribes. The Commission is at present engaged in this work among the Creeks, and has made appointments for taking the census of these people up to and including the 30th of the present month.

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Should the agreement between the Choctaws and Chickasaws be ratified by Congress and should the other Tribes fail to make an agreement with the Commission, then it will be necessary that some legislation shall be had by Congress, which, while just and honorable to the Indians, shall be equitable to the white people who have settled upon these lands by invitation of the Tribal Nations.

Hon. Henry L. Dawes, Chairman of the Commission, in a letter to the Secretary of the Interior, under date of October 11, 1897, says: "Individual ownership is, in their (the Commission's) opinion, absolutely essential to any permanent improvement in present conditions, and the lack of it is the root of nearly all the evils which so grievously afflict these people. Allotment by agreement is the only possible method, unless the United States Courts are clothed with the authority to apportion the lands among the citizen Indians for whose use it was originally granted."

I concur with the Secretary of the Interior that there can be no cure for the evils engendered by the perversion of these great trusts, excepting by their resumption by the Government which created them.

The recent prevalence of yellow fever in a number of cities and towns throughout the South has resulted in much disturbance of commerce, and demonstrated the necessity of such amendments to our quarantine laws as will make the regulations of the national quarantine authorities paramount. The Secretary of the Treasury, in the portion of his report relating to the operation of the Marine Hospital Service, calls attention to the defects in the present quarantine laws, and recommends amendments thereto which will give the Treasury Department the requisite authority to prevent the invasion of epidemic diseases from foreign countries, and in times of emergency, like that of the past summer, will add to the efficiency of the sanitary measures for the protection of the people, and at the same time prevent unnecessary restriction of commerce. I concur in his recommendation.

In further effort to prevent the invasion of the United States by yellow fever, the importance of the discovery of the exact cause of the disease, which up to the present time has been undetermined, is obvious, and to this end a systematic bacteriological investigation should be made. I therefore recommend that Congress authorize the appointment of a commission by the President, to consist of four expert bacteriologists, one to be selected from the medical officers of the Marine Hospital Service, one to be appointed from civil life, one to be detailed from the medical officers of the Army, and one from the medical officers of the Navy.

The Union Pacific Railway, Main Line, was sold under the decree of the United States Court for the District of Nebraska, on the 1st and 2d of November of this year. The amount due the Government consisted of the principal of the subsidy bonds, \$27,236,512, and the accrued interest thereon, \$31,211,711.75, making the total indebtedness, \$58,448,223.75. The bid at the sale covered the first mortgage lien and the entire mortgage claim of the Government, principal and interest.

The sale of the subsidized portion of the Kansas Pacific Line, upon which the Government holds a second mortgage lien, has been postponed at the instance of the Government to December 16, 1897. The debt of this division of the Union Pacific Railway to the Government on November 1, 1897, was the principal of the subsidy bonds, \$6,303,000, and the unpaid and accrued interest thereon, \$6,626,690.33, making a total of \$12,929,690.33.

The sale of this road was originally advertised for November 4, but for the purpose of securing the utmost public notice of the event it was postponed until December 16, and a second advertisement of the sale was made. By the decree of the Court, the upset price on the sale of the Kansas Pacific will yield to the Government the sum of \$2,500,000 over all prior liens, costs, and charges. If no other or better bid is made, this sum is all that the Government will receive on its claim of nearly \$13,000,000. The Government has no information as to whether there will be other bidders or a better bid than the minimum amount herein stated. The question presented therefore is: Whether the Government shall, under the authority given it by the act of March 3, 1887, purchase or redeem the road in the event that a bid is not made by private parties covering the entire Government claim. To qualify the Government to bid at the sales will require a deposit of \$900,000, as follows: In the Government cause \$500,000 and in each of the first mortgage causes \$200,000, and in the latter the deposit must be in cash. Payments at the sale are as follows: Upon the acceptance of the bid a sum which with the amount already deposited shall equal fifteen per cent of the bid; the balance in installments of twenty-five per cent thirty, forty, and fifty days after the confirmation of the sale. The lien on the Kansas Pacific prior to that of the Government on the 30th July, 1897, principal and interest, amounted to \$7,281,048.11. The Government, therefore, should it become the highest bidder, will have to pay the amount of the first mortgage lien.

I believe that under the act of 1887 it has the authority to do this and in absence of any action by Congress I

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shall direct the Secretary of the Treasury to make the necessary deposit as required by the Court's decree to qualify as a bidder and to bid at the sale a sum which will at least equal the principal of the debt due to the Government; but suggest in order to remove all controversy that an amendment of the law be immediately passed explicitly giving such powers and appropriating in general terms whatever sum is sufficient therefor.

In so important a matter as the Government becoming the possible owner of railroad property which it perforce must conduct and operate, I feel constrained to lay before Congress these facts for its consideration and action before the consummation of the sale. It is clear to my mind that the Government should not permit the property to be sold at a price which will yield less than one-half of the principal of its debt and less than one-fifth of its entire debt, principal and interest. But whether the Government, rather than accept less than its claim, should become a bidder and thereby the owner of the property, I submit to the Congress for action.

The Library building provided for by the act of Congress approved April 15, 1886, has been completed and opened to the public. It should be a matter of congratulation that through the foresight and munificence of Congress the nation possesses this noble treasure—house of knowledge. It is earnestly to be hoped that having done so much toward the cause of education, Congress will continue to develop the Library in every phase of research to the end that it may be not only one of the most magnificent but among the richest and most useful libraries in the world.

The important branch of our Government known as the Civil Service, the practical improvement of which has long been a subject of earnest discussion, has of late years received increased legislative and Executive approval. During the past few months the service has been placed upon a still firmer basis of business methods and personal merit. While the right of our veteran soldiers to reinstatement in deserving cases has been asserted, dismissals for merely political reasons have been carefully guarded against, the examinations for admittance to the service enlarged and at the same time rendered less technical and more practical; and a distinct advance has been made by giving a hearing before dismissal upon all cases where incompetency is charged or demand made for the removal of officials in any of the Departments. This order has been made to give to the accused his right to be heard but without in anyway impairing the power of removal, which should always be exercised in cases of inefficiency and incompetency, and which is one of the vital safeguards of the civil service reform system, preventing stagnation and deadwood and keeping every employee keenly alive to the fact that the security of his tenure depends not on favor but on his own tested and carefully watched record of service.

Much of course still remains to be accomplished before the system can be made reasonably perfect for our needs. There are places now in the classified service which ought to be exempted and others not classified may properly be included. I shall not hesitate to exempt cases which I think have been improperly included in the classified service or include those which in my judgment will best promote the public service. The system has the approval of the people and it will be my endeavor to uphold and extend it.

I am forced by the length of this Message to omit many important references to affairs of the Government with which Congress will have to deal at the present session. They are fully discussed in the departmental reports, to all of which I invite your earnest attention.

The estimates of the expenses of the Government by the several Departments will, I am sure, have your careful scrutiny. While the Congress may not find it an easy task to reduce the expenses of the Government, it should not encourage their increase. These expenses will in my judgment admit of a decrease in many branches of the Government without injury to the public service. It is a commanding duty to keep the appropriations within the receipts of the Government, and thus avoid a deficit.

State of the Union Address William McKinley

December 5, 1898

To the Senate and House of Representatives:

Notwithstanding the added burdens rendered necessary by the war, our people rejoice in a very satisfactory and steadily increasing degree of prosperity, evidenced by the largest volume of business ever recorded. Manufacture has been productive, agricultural pursuits have yielded abundant returns, labor in all fields of industry is better rewarded, revenue legislation passed by the present Congress has increased the Treasury's receipts to the amount estimated by its authors, the finances of the Government have been successfully administered and its credit advanced to the first rank, while its currency has been maintained at the world's highest standard. Military service under a common flag and for a righteous cause has strengthened the national spirit and served to cement more closely than ever the fraternal bonds between every section of the country.

A review of the relation of the United States to other powers, always appropriate, is this year of primary importance in view of the momentous issues which have arisen, demanding in one instance the ultimate determination by arms and involving far-reaching consequences which will require the earnest attention of the Congress.

In my last annual message very full consideration was given to the question of the duty of the Government of the United States toward Spain and the Cuban insurrection as being by far the most important problem with which we were then called upon to deal. The considerations then advanced and the exposition of the views therein expressed disclosed my sense of the extreme gravity of the situation. Setting aside as logically unfounded or practically inadmissible the recognition of the Cuban insurgents as belligerents, the recognition of the independence of Cuba, neutral intervention to end the war by imposing a rational compromise between the contestants, intervention in favor of one or the other party, and forcible annexation of the island, I concluded it was honestly due to our friendly relations with Spain that she should be given a reasonable chance to realize her expectations of reform to which she had become irrevocably committed. Within a few weeks previously she had announced comprehensive plans which it was confidently asserted would be efficacious to remedy the evils so deeply affecting our own country, so injurious to the true interests of the mother country as well as to those of Cuba, and so repugnant to the universal sentiment of humanity.

The ensuing month brought little sign of real progress toward the pacification of Cuba. The autonomous administrations set up in the capital and some of the principal cities appeared not to gain the favor of the inhabitants nor to be able to extend their influence to the large extent of territory held by the insurgents, while the military arm, obviously unable to cope with the still active rebellion, continued many of the most objectionable and offensive policies of the government that had preceded it. No tangible relief was afforded the vast numbers of unhappy reconcentrados, despite the reiterated professions made in that regard and the amount appropriated by Spain to that end. The proffered expedient of zones of cultivation proved illusory. Indeed no less practical nor more delusive promises of succor could well have been tendered to the exhausted and destitute people, stripped of all that made life and home dear and herded in a strange region among unsympathetic strangers hardly less necessitous than themselves.

By the end of December the mortality among them had frightfully increased. Conservative estimates from Spanish sources placed the deaths among these distressed people at over 40 per cent from the time General Weyler's decree of reconcentration was enforced. With the acquiescence of the Spanish authorities, a scheme was adopted for relief by charitable contributions raised in this country and distributed, under the direction of the consul-general and the several consuls, by noble and earnest individual effort through the organized agencies of the American Red Cross. Thousands of lives were thus saved, but many thousands more were inaccessible to such forms of aid.

The war continued on the old footing, without comprehensive plan, developing only the same spasmodic encounters, barren of strategic result, that had marked the course of the earlier ten years' rebellion as well as the present insurrection from its start. No alternative save physical exhaustion of either combatant, and therewithal the practical ruin of the island, lay in sight, but how far distant no one could venture to conjecture.

At this juncture, on the 15th of February last, occurred the destruction of the battle ship Maine while rightfully

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lying in the harbor of Havana on a mission of international courtesy and good will—a catastrophe the suspicious nature and horror of which stirred the nation's heart profoundly. It is a striking evidence of the poise and sturdy good sense distinguishing our national character that this shocking blow, falling upon a generous people already deeply touched by preceding events in Cuba, did not move them to an instant desperate resolve to tolerate no longer the existence of a condition of danger and disorder at our doors that made possible such a deed, by whomsoever wrought. Yet the instinct of justice prevailed, and the nation anxiously awaited the result of the searching investigation at once set on foot. The finding of the naval board of inquiry established that the origin of the explosion was external, by a submarine mine, and only halted through lack of positive testimony to fix the responsibility of its authorship.

All these things carried conviction to the most thoughtful, even before the finding of the naval court, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief Executive suggestion to the Congress to receive immediate answer to the duty of making instant provision for the possible and perhaps speedily probable emergency of war, and the remarkable, almost unique, spectacle was presented of a unanimous vote of both Houses, on the 9th of March, appropriating \$50,000,000 "for the national defense and for each and every purpose connected therewith, to be expended at the discretion of the President." That this act of prevision came none too soon was disclosed when the application of the fund was undertaken. Our coasts were practically undefended. Our Navy needed large provision for increased ammunition and supplies, and even numbers to cope with any sudden attack from the navy of Spain, which comprised modern vessels of the highest type of continental perfection. Our Army also required enlargement of men and munitions. The details of the hurried preparation for the dreaded contingency are told in the reports of the Secretaries of War and of the Navy, and need not be repeated here. It is sufficient to say that the outbreak of war when it did come found our nation not unprepared to meet the conflict.

Nor was the apprehension of coming strife confined to our own country. It was felt by the continental powers, which on April 6, through their ambassadors and envoys, addressed to the Executive an expression of hope that humanity and moderation might mark the course of this Government and people, and that further negotiations would lead to an agreement which, while securing the maintenance of peace, would afford all necessary guaranties for the reestablishment of order in Cuba. In responding to that representation I said I shared the hope the envoys had expressed that peace might be preserved in a manner to terminate the chronic condition of disturbance in Cuba, so injurious and menacing to our interests and tranquillity, as well as shocking to our sentiments of humanity; and while appreciating the humanitarian and disinterested character of the communication they had made on behalf of the powers, I stated the confidence of this Government, for its part, that equal appreciation would be shown for its own earnest and unselfish endeavors to fulfill a duty to humanity by ending a situation the indefinite prolongation of which had become insufferable.

Still animated by the hope of a peaceful solution and obeying the dictates of duty, no effort was relaxed to bring about a speedy ending of the Cuban struggle. Negotiations to this object continued actively with the Government of Spain, looking to the immediate conclusion of a six months' armistice in Cuba, with a view to effect the recognition of her people's right to independence. Besides this, the instant revocation of the order of reconcentration was asked, so that the sufferers, returning to their homes and aided by united American and Spanish effort, might be put in a way to support themselves and, by orderly resumption of the well-nigh destroyed productive energies of the island, contribute to the restoration of its tranquillity and well-being. Negotiations continued for some little time at Madrid, resulting in offers by the Spanish Government which could not but be regarded as inadequate. It was proposed to confide the preparation of peace to the insular parliament, yet to be convened under the autonomous decrees of November, 1897, but without impairment in any wise of the constitutional powers of the Madrid Government, which to that end would grant an armistice, if solicited by the insurgents, for such time as the general in chief might see fit to fix. How and with what scope of discretionary powers the insular parliament was expected to set about the "preparation" of peace did not appear. If it were to be by negotiation with the insurgents, the issue seemed to rest on the one side with a body chosen by a fraction of the electors in the districts under Spanish control, and on the other with the insurgent population holding the interior country, unrepresented in the so-called parliament and defiant at the suggestion of suing for peace.

Grieved and disappointed at this barren outcome of my sincere endeavors to reach a practicable solution, I felt it my duty to remit the whole question to the Congress. In the message of April 11, 1898, I announced that with

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this last overture in the direction of immediate peace in Cuba and its disappointing reception by Spain the effort of the Executive was brought to an end. I again reviewed the alternative courses of action which had been proposed, concluding that the only one consonant with international policy and compatible with our firm-set historical traditions was intervention as a neutral to stop the war and check the hopeless sacrifice of life, even though that resort involved "hostile constraint upon both the parties to the contest, as well to enforce a truce as to guide the eventual settlement." The grounds justifying that step were the interests of humanity, the duty to protect the life and property of our citizens in Cuba, the right to check injury to our commerce and people through the devastation of the island, and, most important, the need of removing at once and forever the constant menace and the burdens entailed upon our Government by the uncertainties and perils of the situation caused by the unendurable disturbance in Cuba. I said: The long trial has proved that the object for which Spain has waged the war can not be attained. The fire of insurrection may flame or may smolder with varying seasons, but it has not been and it is plain that it can not be extinguished by present methods. The only hope of relief and repose from a condition which can no longer be endured is the enforced pacification of Cuba. In the name of humanity, in the name of civilization, in behalf of endangered American interests which give us the right and the duty to speak and to act, the war in Cuba must stop. In view of all this the Congress was asked to authorize and empower the President to take measures to secure a full and final termination of hostilities between Spain and the people of Cuba and to secure in the island the establishment of a stable government, capable of maintaining order and observing its international obligations, insuring peace and tranquillity and the security of its citizens as well as our own, and for the accomplishment of those ends to use the military and naval forces of the United States as might be necessary, with added authority to continue generous relief to the starving people of Cuba.

The response of the Congress, after nine days of earnest deliberation, during which the almost unanimous sentiment of your body was developed on every point save as to the expediency of coupling the proposed action with a formal recognition of the Republic of Cuba as the true and lawful government of that island—a proposition which failed of adoption—the Congress, after conference, on the 19th of April, by a vote of 42 to 35 in the Senate and 311 to 6 in the House of Representatives, passed the memorable joint resolution declaring— First. That the people of the island of Cuba are, and of right ought to be, free and independent.

Second. That it is the duty of the United States to demand, and the Government of the United States does hereby demand, that the Government of Spain at once relinquish its authority and government in the island of Cuba and withdraw its land and naval forces from Cuba and Cuban waters.

Third. That the President of the United States be, and he hereby is, directed and empowered to use the entire land and naval forces of the United States and to call into the actual service of the United States the militia of the several States to such extent as may be necessary to carry these resolutions into effect.

Fourth. That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction, or control over said island except for the pacification thereof, and asserts its determination when that is accomplished to leave the government and control of the island to its people. This resolution was approved by the Executive on the next day, April 20. A copy was at once communicated to the Spanish minister at this capital, who forthwith announced that his continuance in Washington had thereby become impossible, and asked for his passports, which were given him. He thereupon withdrew from Washington, leaving the protection of Spanish interests in the United States to the French ambassador and the Austro-Hungarian minister. Simultaneously with its communication to the Spanish minister here, General Woodford, the American minister at Madrid, was telegraphed confirmation of the text of the joint resolution and directed to communicate it to the Government of Spain with the formal demand that it at once relinquish its authority and government in the island of Cuba and withdraw its forces therefrom, coupling this demand with announcement of the intentions of this Government as to the future of the island, in conformity with the fourth clause of the resolution, and giving Spain until noon of April 23 to reply.

That demand, although, as above shown, officially made known to the Spanish envoy here, was not delivered at Madrid. After the instruction reached General Woodford on the morning of April 21, but before he could present it, the Spanish minister of state notified him that upon the President's approval of the joint resolution the Madrid Government, regarding the act as "equivalent to an evident declaration of war," had ordered its minister in Washington to withdraw, thereby breaking off diplomatic relations between the two countries and ceasing all official communication between their respective representatives. General Woodford thereupon demanded his

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passports and quitted Madrid the same day.

Spain having thus denied the demand of the United States and initiated that complete form of rupture of relations which attends a state of war, the executive powers authorized by the resolution were at once used by me to meet the enlarged contingency of actual war between sovereign states. On April 22 I proclaimed a blockade of the north coast of Cuba, including ports on said coast between Cardenas and Bahia Honda, and the port of Cienfuegos, on the south coast of Cuba, and on the 23d I called for volunteers to execute the purpose of the resolution. By my message of April 25 the Congress was informed of the situation, and I recommended formal declaration of the existence of a state of war between the United States and Spain. The Congress accordingly voted on the same day the act approved April 25, 1898, declaring the existence of such war from and including the 21st day of April, and reenacted the provision of the resolution of April 20 directing the President to use all the armed forces of the nation to carry that act into effect. || Due notification of the existence of war as aforesaid was given April 25 by telegraph to all the governments with which the United States maintain relations, in order that their neutrality might be assured during the war. The various governments responded with proclamations of neutrality, each after its own methods. It is not among the least gratifying incidents of the struggle that the obligations of neutrality were impartially discharged by all, often under delicate and difficult circumstances.

In further fulfillment of international duty I issued, April 26, 1893, a proclamation announcing the treatment proposed to be accorded to vessels and their cargoes as to blockade, contraband, the exercise of the right of search, and the immunity of neutral flags and neutral goods under enemy's flag. A similar proclamation was made by the Spanish Government. In the conduct of hostilities the rules of the Declaration of Paris, including abstention from resort to privateering, have accordingly been observed by both belligerents, although neither was a party to that declaration.

Our country thus, after an interval of half a century of peace with all nations, found itself engaged in deadly conflict with a foreign enemy. Every nerve was strained to meet the emergency. The response to the initial call for 125,000 volunteers was instant and complete, as was also the result of the second call, of May 25, for 75,000 additional volunteers. The ranks of the Regular Army were increased to the limits provided by the act of April 26, 1898.

The enlisted force of the Navy on the 15th day of August, when it reached its maximum, numbered 24,123 men and apprentices. One hundred and three vessels were added to the Navy by purchase, 1 was presented to the Government, 1 leased, and the 4 vessels of the International Navigation Company—the St. Paul, St. Louis, New York, and Paris—were chartered. In addition to these the revenue cutters and lighthouse tenders were turned over to the Navy Department and became temporarily a part of the auxiliary Navy.

The maximum effective fighting force of the Navy during the war, separated into classes, was as follows:

Four battle ships of the first class, 1 battle ship of the second class, 2 armored cruisers, 6 coast-defense monitors, 1 armored ram, 12 protected cruisers, 3 unprotected cruisers, 18 gunboats, 1 dynamite cruiser, 11 torpedo boats; vessels of the old Navy, including monitors, 14. Auxiliary Navy: 11 auxiliary cruisers, 28 converted yachts, 27 converted tugs, 19 converted colliers, 15 revenue cutters, 4 light-house tenders, and 19 miscellaneous vessels.

Much alarm was felt along our entire Atlantic seaboard lest some attack might be made by the enemy. Every precaution was taken to prevent possible injury to our great cities lying along the coast. Temporary garrisons were provided, drawn from the State militia; infantry and light batteries were drawn from the volunteer force. About 12,000 troops were thus employed. The coast signal service was established for observing the approach of an enemy's ships to the coast of the United States, and the Life-Saving and Light-House services cooperated, which enabled the Navy Department to have all portions of the Atlantic coast, from Maine to Texas, under observation.

The auxiliary Navy was created under the authority of Congress and was officered and manned by the Naval Militia of the several States. This organization patrolled the coast and performed the duty of a second line of defense. Under the direction of the Chief of Engineers submarine mines were placed at the most exposed points. Before the outbreak of the war permanent mining casemates and cable galleries had been constructed at nearly all important harbors. Most of the torpedo material was not to be found in the market, and had to be specially manufactured. Under date of April 19 district officers were directed to take all preliminary measures short of the actual attaching of the loaded mines to the cables, and on April 22 telegraphic orders were issued to place the loaded mines in position.

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The aggregate number of mines placed was 1,535, at the principal harbors from Maine to California. Preparations were also made for the planting of mines at certain other harbors, but owing to the early destruction of the Spanish fleet these mines were not placed.

The Signal Corps was promptly organized, and performed service of the most difficult and important character. Its operations during the war covered the electrical connection of all coast fortifications, the establishment of telephonic and telegraphic facilities for the camps at Manila, Santiago, and in Puerto Rico. There were constructed 300 miles of line at ten great camps, thus facilitating military movements from those points in a manner heretofore unknown in military administration. Field telegraph lines were established and maintained under the enemy's fire at Manila, and later the Manila–Hongkong cable was reopened.

In Puerto Rico cable communications were opened over a discontinued route, and on land the headquarters of the commanding officer was kept in telegraphic or telephonic communication with the division commanders on four different lines of operations.

There was placed in Cuban waters a completely outfitted cable ship, with war cables and cable gear, suitable both for the destruction of communications belonging to the enemy and the establishment of our own. Two ocean cables were destroyed under the enemy's batteries at Santiago. The day previous to the landing of General Shafter's corps, at Caimanera, within 20 miles of the landing place, cable communications were established and a cable station opened giving direct communication with the Government at Washington. This service was invaluable to the Executive in directing the operations of the Army and Navy. With a total force of over 1,300, the loss was by disease in camp and field, officers and men included, only 5.

The national–defense fund of \$50,000,000 was expended in large part by the Army and Navy, and the objects for which it was used are fully shown in the reports of the several Secretaries. It was a most timely appropriation, enabling the Government to strengthen its defenses and make preparations greatly needed in case of war.

This fund being inadequate to the requirements of equipment and for the conduct of the war, the patriotism of the Congress provided the means in the war–revenue act of June 13 by authorizing a 3 per cent popular loan not to exceed \$400,000,000 and by levying additional imposts and taxes. Of the authorized loan \$200,000,000 were offered and promptly taken the subscriptions so far exceeding the call as to cover it many times over, while, preference being given to the smaller bids, no single allotment exceeded \$5,000. This was a most encouraging and significant result, showing the vast resources of the nation and the determination of the people to uphold their country's honor.

It is not within the province of this message to narrate the history of the extraordinary war that followed the Spanish declaration of April 21, but a brief recital of its more salient features is appropriate.

The first encounter of the war in point of date took place April 27, when a detachment of the blockading squadron made a reconnoissance in force at Matanzas, shelled the harbor forts, and demolished several new works in construction.

The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet, under Commodore George Dewey, had lain for some weeks at Hongkong. Upon the colonial proclamation of neutrality being issued and the customary twenty–four hours' notice being given, it repaired to Mirs Bay, near Hongkong, whence it proceeded to the Philippine Islands under telegraphed orders to capture or destroy the formidable Spanish fleet then assembled at Manila. At daybreak on the 1st of May the American force entered Manila Bay, and after a few hours' engagement effected the total destruction of the Spanish fleet, consisting of ten war ships and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific Ocean and completely controlling the bay of Manila, with the ability to take the city at will. Not a life was lost on our ships, the wounded only numbering seven, while not a vessel was materially injured. For this gallant achievement the Congress, upon my recommendation, fitly bestowed upon the actors preferment and substantial reward.

The effect of this remarkable victory upon the spirit of our people and upon the fortunes of the war was instant. A prestige of invincibility thereby attached to our arms which continued throughout the struggle. Reinforcements were hurried to Manila under the command of Major–General Merritt and firmly established within sight of the capital, which lay helpless before our guns.

On the 7th day of May the Government was advised officially of the victory at Manila, and at once inquired of the commander of our fleet what troops would be required. The information was received on the 15th day of May,

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and the first army expedition sailed May 25 and arrived off Manila June 30. Other expeditions soon followed, the total force consisting of 641 officers and 15,058 enlisted men.

Only reluctance to cause needless loss of life and property prevented the early storming and capture of the city, and therewith the absolute military occupancy of the whole group. The insurgents meanwhile had resumed the active hostilities suspended by the uncompleted truce of December, 1897. Their forces invested Manila from the northern and eastern sides, but were constrained by Admiral Dewey and General Merrill from attempting an assault. It was fitting that whatever was to be done in the way of decisive operations in that quarter should be accomplished by the strong arm of the United States alone. Obeying the stern precept of war which enjoins the overcoming of the adversary and the extinction of his power wherever assailable as the speedy and sure means to win a peace, divided victory was not permissible, for no partition of the rights and responsibilities attending the enforcement of a just and advantageous peace could be thought of.

Following the comprehensive scheme of general attack, powerful forces were assembled at various points on our coast to invade Cuba and Puerto Rico. Meanwhile naval demonstrations were made at several exposed points. On May 11 the cruiser Wilmington and torpedo boat Winslow were unsuccessful in an attempt to silence the batteries at Cardenas, a gallant ensign, Worth Bagley, and four seamen falling. These grievous fatalities were, strangely enough, among the very few which occurred during our naval operations in this extraordinary conflict.

Meanwhile the Spanish naval preparations had been pushed with great vigor. A powerful squadron under Admiral Cervera, which had assembled at the Cape Verde Islands before the outbreak of hostilities, had crossed the ocean, and by its erratic movements in the Caribbean Sea delayed our military plans while baffling the pursuit of our fleets. For a time fears were felt lest the Oregon and Marietta, then nearing home after their long voyage from San Francisco of over 15,000 miles, might be surprised by Admiral Cervera's fleet, but their fortunate arrival dispelled these apprehensions and lent much-needed reenforcement. Not until Admiral Cervera took refuge in the harbor of Santiago de Cuba, about May 19, was it practicable to plan a systematic naval and military attack upon the Antillean possessions of Spain.

Several demonstrations occurred on the coasts of Cuba and Puerto Rico in preparation for the larger event. On May 13 the North Atlantic Squadron shelled San Juan de Puerto Rico. On May 30 Commodore Schley's squadron bombarded the forts guarding the mouth of Santiago Harbor. Neither attack had any material result. It was evident that well-ordered land operations were indispensable to achieve a decisive advantage.

The next act in the war thrilled not alone the hearts of our countrymen but the world by its exceptional heroism. On the night of June 3 Lieutenant Hobson, aided by seven devoted volunteers, blocked the narrow outlet from Santiago Harbor by sinking the collier Merrimac in the channel, under a fierce fire from the shore batteries, escaping with their lives as by a miracle, but falling into the hands of the Spaniards. It is a most gratifying incident of the war that the bravery of this little band of heroes was cordially appreciated by the Spanish admiral, who sent a flag of truce to notify Admiral Sampson of their safety and to compliment them on their daring act. They were subsequently exchanged July 7.

By June 7 the cutting of the last Cuban cable isolated the island. Thereafter the invasion was vigorously prosecuted. On June 10, under a heavy protecting fire, a landing of 600 marines from the Oregon, Marblehead, and Yankee was effected in Guantanamo Bay, where it had been determined to establish a naval station.

This important and essential port was taken from the enemy, after severe fighting, by the marines, who were the first organized force of the United States to land in Cuba.

The position so won was held despite desperate attempts to dislodge our forces. By June 16 additional forces were landed and strongly in-trenched. On June 22 the advance of the invading army under Major-General Shafter landed at Daiquiri, about 15 miles east of Santiago. This was accomplished under great difficulties, but with marvelous dispatch. On June 23 the movement against Santiago was begun. On the 24th the first serious engagement took place, in which the First and Tenth Cavalry and the First United States Volunteer Cavalry, General Young's brigade of General Wheeler's division, participated, losing heavily. By nightfall, however, ground within 5 miles of Santiago was won. The advantage was steadily increased. On July 1 a severe battle took place, our forces gaining the outworks of Santiago; on the 2d El Caney and San Juan were taken after a desperate charge, and the investment of the city was completed. The Navy cooperated by shelling the town and the coast forts.

On the day following this brilliant achievement of our land forces, the 3d of July, occurred the decisive naval

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combat of the war. The Spanish fleet, attempting to leave the harbor, was met by the American squadron under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed, the two torpedo boats being sunk and the Maria Teresa, Almirante Oquendo, Vizcaya, and Cristobal Colon driven ashore. The Spanish admiral and over 1,300 men were taken prisoners. While the enemy's loss of life was deplorably large, some 600 perishing, on our side but one man was killed, on the Brooklyn, and one man seriously wounded. Although our ships were repeatedly struck, not one was seriously injured. Where all so conspicuously distinguished themselves, from the commanders to the gunners and the unnamed heroes in the boiler rooms, each and all contributing toward the achievement of this astounding victory, for which neither ancient nor modern history affords a parallel in the completeness of the event and the marvelous disproportion of casualties, it would be invidious to single out any for especial honor. Deserved promotion has rewarded the more conspicuous actors. The nation's profoundest gratitude is due to all of these brave men who by their skill and devotion in a few short hours crushed the sea power of Spain and wrought a triumph whose decisiveness and far-reaching consequences can scarcely be measured. Nor can we be unmindful of the achievements of our builders, mechanics, and artisans for their skill in the construction of our war ships.

With the catastrophe of Santiago Spain's effort upon the ocean virtually ceased. A spasmodic effort toward the end of June to send her Mediterranean fleet, under Admiral Camara, to relieve Manila was abandoned, the expedition being recalled after it had passed through the Suez Canal.

The capitulation of Santiago followed. The city was closely besieged by land, while the entrance of our ships into the harbor cut off all relief on that side. After a truce to allow of the removal of noncombatants protracted negotiations continued from July 3 until July 15, when, under menace of immediate assault, the preliminaries of surrender were agreed upon. On the 17th General Shafter occupied the city. The capitulation embraced the entire eastern end of Cuba. The number of Spanish soldiers surrendering was 22,000, all of whom were subsequently conveyed to Spain at the charge of the United States. The story of this successful campaign is told in the report of the Secretary of War, which will be laid before you. The individual valor of officers and soldiers was never more strikingly shown than in the several engagements leading to the surrender of Santiago, while the prompt movements and successive victories won instant and universal applause. To those who gained this complete triumph, which established the ascendancy of the United States upon land as the fight off Santiago had fixed our supremacy on the seas, the earnest and lasting gratitude of the nation is unsparingly due. Nor should we alone remember the gallantry of the living; the dead claim our tears, and our losses by battle and disease must cloud any exultation at the result and teach us to weigh the awful cost of war, however rightful the cause or signal the victory.

With the fall of Santiago the occupation of Puerto Rico became the next strategic necessity. General Miles had previously been assigned to organize an expedition for that purpose. Fortunately he was already at Santiago, where he had arrived on the 11th of July with reinforcements for General Shafter's army.

With these troops, consisting of 3,415 infantry and artillery, two companies of engineers, and one company of the Signal Corps, General Miles left Guantanamo on July 21, having nine transports convoyed by the fleet under Captain Higginson with the Massachusetts (flagship), Dixie, Gloucester, Columbia, and Yale, the two latter carrying troops. The expedition landed at Guanica July 25, which port was entered with little opposition. Here the fleet was joined by the Annapolis and the Wasp, while the Puritan and Amphitrite went to San Juan and joined the New Orleans, which was engaged in blockading that port. The Major-General Commanding was subsequently reinforced by General Schwan's brigade of the Third Army Corps, by General Wilson with a part of his division, and also by General Brooke with a part of his corps, numbering in all 16,973 officers and men.

On July 27 he entered Ponce, one of the most important ports in the island, from which he thereafter directed operations for the capture of the island.

With the exception of encounters with the enemy at Guayama, Hormigueros, Coamo, and Yauco and an attack on a force landed at Cape San Juan, there was no serious resistance. The campaign was prosecuted with great vigor, and by the 12th of August much of the island was in our possession and the acquisition of the remainder was only a matter of a short time. At most of the points in the island our troops were enthusiastically welcomed. Protestations of loyalty to the flag and gratitude for delivery from Spanish rule met our commanders at every stage. As a potent influence toward peace the outcome of the Puerto Rican expedition was of great consequence, and generous commendation is due to those who participated in it.

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The last scene of the war was enacted at Manila, its starting place. On August 15, after a brief assault upon the works by the land forces, in which the squadron assisted, the capital surrendered unconditionally. The casualties were comparatively few. By this the conquest of the Philippine Islands, virtually accomplished when the Spanish capacity for resistance was destroyed by Admiral Dewey's victory of the 1st of May, was formally sealed. To General Merrill, his officers and men, for their uncomplaining and devoted service and for their gallantry in action, the nation is sincerely grateful. Their long voyage was made with singular success, and the soldierly conduct of the men, most of whom were without previous experience in the military service, deserves unmeasured praise.

The total casualties in killed and wounded in the Army during the war with Spain were: Officers killed, 23; enlisted men killed, 257; total, 280; officers wounded, 113; enlisted men wounded, 1,464; total, 1,577. Of the Navy: Killed, 17; wounded, 67; died as result of wounds, 1; invalided from service, 6; total, 91.

It will be observed that while our Navy was engaged in two great battles and in numerous perilous undertakings in blockade and bombardment, and more than 50,000 of our troops were transported to distant lands and were engaged in assault and siege and battle and many skirmishes in unfamiliar territory, we lost in both arms of the service a total of 1,668 killed and wounded; and in the entire campaign by land and sea we did not lose a gun or a flag or a transport or a ship, and, with the exception of the crew of the Merrimac, not a soldier or sailor was taken prisoner.

On August 7, forty–six days from the date of the landing of General Shafter's army in Cuba and twenty–one days from the surrender of Santiago, the United States troops commenced embarkation for home, and our entire force was returned to the United States as early as August 24. They were absent from the United States only two months.

It is fitting that I should bear testimony to the patriotism and devotion of that large portion of our Army which, although eager to be ordered to the post of greatest exposure, fortunately was not required outside of the United States. They did their whole duty, and, like their comrades at the front, have earned the gratitude of the nation. In like manner, the officers and men of the Army and of the Navy who remained in their departments and stations faithfully performing most important duties connected with the war, and whose requests for assignment in the field and at sea I was compelled to refuse because their services were indispensable here, are entitled to the highest commendation. It is my regret that there seems to be no provision for their suitable recognition.

In this connection it is a pleasure for me to mention in terms of cordial appreciation the timely and useful work of the American National Red Cross, both in relief measures preparatory to the campaigns, in sanitary assistance at several of the camps of assemblage, and later, under the able and experienced leadership of the president of the society, Miss Clara Barton, on the fields of battle and in the hospitals at the front in Cuba. Working in conjunction with the governmental authorities and under their sanction and approval, and with the enthusiastic cooperation of many patriotic women and societies in the various States, the Red Cross has fully maintained its already high reputation for intense earnestness and ability to exercise the noble purposes of its international organization, thus justifying the confidence and support which it has received at the hands of the American people. To the members and officers of this society and all who aided them in their philanthropic work the sincere and lasting gratitude of the soldiers and the public is due and is freely accorded.

In tracing these events we are constantly reminded of our obligations to the Divine Master for His watchful care over us and His safe guidance, for which the nation makes reverent acknowledgment and offers humble prayer for the continuance of His favor.

The annihilation of Admiral Cervera's fleet, followed by the capitulation of Santiago, having brought to the Spanish Government a realizing sense of the hopelessness of continuing a struggle now become wholly unequal, it made overtures of peace through the French ambassador, who, with the assent of his Government, had acted as the friendly representative of Spanish interests during the war. On the 26th of July M. Cambon presented a communication signed by the Duke of Almodovar, the Spanish minister of state, inviting the United States to state the terms upon which it would be willing to make peace. On the 30th of July, by a communication addressed to the Duke of Almodovar and handed to M. Cambon, the terms of this Government were announced substantially as in the protocol afterwards signed. On the 10th of August the Spanish reply, dated August 7, was handed by M. Cambon to the Secretary of State. It accepted unconditionally the terms imposed as to Cuba, Puerto Rico, and an island of the Ladrones group, but appeared to seek to introduce inadmissible reservations in regard to our demand

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as to the Philippine Islands. Conceiving that discussion on this point could neither be practical nor profitable, I directed that in order to avoid misunderstanding the matter should be forthwith closed by proposing the embodiment in a formal protocol of the terms upon which the negotiations for peace were to be undertaken. The vague and inexplicit suggestions of the Spanish note could not be accepted, the only reply being to present as a virtual ultimatum a draft of protocol embodying the precise terms tendered to Spain in our note of July 30, with added stipulations of detail as to the appointment of commissioners to arrange for the evacuation of the Spanish Antilles. On August 12 M. Cambon announced his receipt of full powers to sign the protocol so submitted. Accordingly, on the afternoon of August 12, M. Cambon, as the plenipotentiary of Spain, and the Secretary of State, as the plenipotentiary of the United States, signed a protocol providing—ARTICLE I. Spain will relinquish all claim of sovereignty over and title to Cuba.

ART. II. Spain will cede to the United States the island of Puerto Rico and other islands now under Spanish sovereignty in the West Indies, and also an island in the Ladrones to be selected by the United States.

ART. III. The United States will occupy and hold the city, bay, and harbor of Manila pending the conclusion of a treaty of peace which shall determine the control, disposition, and government of the Philippines. The fourth article provided for the appointment of joint commissions on the part of the United States and Spain, to meet in Havana and San Juan, respectively, for the purpose of arranging and carrying out the details of the stipulated evacuation of Cuba, Puerto Rico, and other Spanish islands in the West Indies.

The fifth article provided for the appointment of not more than five commissioners on each side, to meet at Paris not later than October 1 and to proceed to the negotiation and conclusion of a treaty of peace, subject to ratification according to the respective constitutional forms of the two countries.

The sixth and last article provided that upon the signature of the protocol hostilities between the two countries should be suspended and that notice to that effect should be given as soon as possible by each Government to the commanders of its military and naval forces.

Immediately upon the conclusion of the protocol I issued a proclamation, of August 12, suspending hostilities on the part of the United States. The necessary orders to that end were at once given by telegraph. The blockade of the ports of Cuba and San Juan de Puerto Rico was in like manner raised. On the 18th of August the muster out of 100,000 volunteers, or as near that number as was found to be practicable, was ordered.

On the 1st of December 101,165 officers and men had been mustered out and discharged from the service, and 9,002 more will be mustered out by the 10th of this month; also a corresponding number of general and general staff officers have been honorably discharged the service.

The military commissions to superintend the evacuation of Cuba, Puerto Rico, and the adjacent islands were forthwith appointed—for Cuba, Major-General James F. Wade, Rear-Admiral William T. Sampson, Major-General Matthew C. Butler; for Puerto Rico, Major-General John R. Brooke, Rear-Admiral Winfield S. Schley, Brigadier-General William W. Gordon—who soon afterwards met the Spanish commissioners at Havana and San Juan, respectively. The Puerto Rican Joint Commission speedily accomplished its task, and by the 18th of October the evacuation of the island was completed. The United States flag was raised over the island at noon on that day. The administration of its affairs has been provisionally intrusted to a military governor until the Congress shall otherwise provide. The Cuban Joint Commission has not yet terminated its labors. Owing to the difficulties in the way of removing the large numbers of Spanish troops still in Cuba, the evacuation can not be completed before the 1st of January next.

Pursuant to the fifth article of the protocol, I appointed William R. Day, lately Secretary of State; Cushman K. Davis, William P. Frye, and George Gray, Senators of the United States, and Whitelaw Reid to be the peace commissioners on the part of the United States. Proceeding in due season to Paris, they there met on the 1st of October five commissioners similarly appointed on the part of Spain. Their negotiations have made hopeful progress, so that I trust soon to be able to lay a definitive treaty of peace before the Senate, with a review of the steps leading to its signature.

I do not discuss at this time the government or the future of the new possessions which will come to us as the result of the war with Spain. Such discussion will be appropriate after the treaty of peace shall be ratified. In the meantime and until the Congress has legislated otherwise it will be my duty to continue the military governments which have existed since our occupation and give to the people security in life and property and encouragement under a just and beneficent rule.

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As soon as we are in possession of Cuba and have pacified the island it will be necessary to give aid and direction to its people to form a government for themselves. This should be undertaken at the earliest moment consistent with safety and assured success. It is important that our relations with this people shall be of the most friendly character and our commercial relations close and reciprocal. It should be our duty to assist in every proper way to build up the waste places of the island, encourage the industry of the people, and assist them to form a government which shall be free and independent, thus realizing the best aspirations of the Cuban people.

Spanish rule must be replaced by a just, benevolent, and humane government, created by the people of Cuba, capable of performing all international obligations, and which shall encourage thrift, industry, and prosperity and promote peace and good will among all of the inhabitants, whatever may have been their relations in the past. Neither revenge nor passion should have a place in the new government. Until there is complete tranquillity in the island and a stable government inaugurated military occupation will be continued.

With the one exception of the rupture with Spain, the intercourse of the United States with the great family of nations has been marked with cordiality, and the close of the eventful year finds most of the issues that necessarily arise in the complex relations of sovereign states adjusted or presenting no serious obstacle to a just and honorable solution by amicable agreement.

A long unsettled dispute as to the extended boundary between the Argentine Republic and Chile, stretching along the Andean crests from the southern border of the Atacama Desert to Magellan Straits, nearly a third of the length of the South American continent, assumed an acute stage in the early part of the year, and afforded to this Government occasion to express the hope that the resort to arbitration, already contemplated by existing conventions between the parties, might prevail despite the grave difficulties arising in its application. I am happy to say that arrangements to this end have been perfected, the questions of fact upon which the respective commissioners were unable to agree being in course of reference to Her Britannic Majesty for determination. A residual difference touching the northern boundary line across the Atacama Desert, for which existing treaties provided no adequate adjustment, bids fair to be settled in like manner by a joint commission, upon which the United States minister at Buenos Ayres has been invited to serve as umpire in the last resort.

I have found occasion to approach the Argentine Government with a view to removing differences of rate charges imposed upon the cables of an American corporation in the transmission between Buenos Ayres and the cities of Uruguay and Brazil of through messages passing from and to the United States. Although the matter is complicated by exclusive concessions by Uruguay and Brazil to foreign companies, there is strong hope that a good understanding will be reached and that the important channels of commercial communication between the United States and the Atlantic cities of South America may be freed from an almost prohibitory discrimination.

In this relation I may be permitted to express my sense of the fitness of an international agreement whereby the interchange of messages over connecting cables may be regulated on a fair basis of uniformity. The world has seen the postal system developed from a congeries of independent and exclusive services into a well-ordered union, of which all countries enjoy the manifold benefits. It would be strange were the nations not in time brought to realize that modern civilization, which owes so much of its progress to the annihilation of space by the electric force, demands that this all-important means of communication be a heritage of all peoples, to be administered and regulated in their common behoof. A step in this direction was taken when the international convention of 1884 for the protection of submarine cables was signed, and the day is, I trust, not far distant when this medium for the transmission of thought from land to land may be brought within the domain of international concert as completely as is the material carriage of commerce and correspondence upon the face of the waters that divide them.

The claim of Thomas Jefferson Page against Argentina, which has been pending many years, has been adjusted. The sum awarded by the Congress of Argentina was \$4,242.35.

The sympathy of the American people has justly been offered to the ruler and the people of Austria-Hungary by reason of the affliction that has lately befallen them in the assassination of the Empress-Queen of that historic realm.

On the 10th of September, 1897, a conflict took place at Lattimer, Pa., between a body of striking miners and the sheriff of Luzerne County and his deputies, in which 22 miners were killed and 44 wounded, of whom 10 of the killed and 12 of the wounded were Austrian and Hungarian subjects. This deplorable event naturally aroused the solicitude of the Austro-Hungarian Government, which, on the assumption that the killing and wounding

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involved the unjustifiable misuse of authority, claimed reparation for the sufferers. Apart from the searching investigation and peremptory action of the authorities of Pennsylvania, the Federal Executive took appropriate steps to learn the merits of the case, in order to be in a position to meet the urgent complaint of a friendly power. The sheriff and his deputies, having been indicted for murder, were tried, and acquitted, after protracted proceedings and the hearing of hundreds of witnesses, on the ground that the killing was in the line of their official duty to uphold law and preserve public order in the State. A representative of the Department of Justice attended the trial and reported its course fully. With all the facts in its possession, this Government expects to reach a harmonious understanding on the subject with that of Austria–Hungary, notwithstanding the renewed claim of the latter, after learning the result of the trial, for indemnity for its injured subjects.

Despite the brief time allotted for preparation, the exhibits of this country at the Universal Exposition at Brussels in 1897 enjoyed the singular distinction of a larger proportion of awards, having regard to the number and classes of articles entered than those of other countries. The worth of such a result in making known our national capacity to supply the world's markets is obvious.

Exhibitions of this international character are becoming more frequent as the exchanges of commercial countries grow more intimate and varied. Hardly a year passes that this Government is not invited to national participation at some important foreign center, but often on too short notice to permit of recourse to Congress for the power and means to do so. My predecessors have suggested the advisability of providing by a general enactment and a standing appropriation for accepting such invitations and for representation of this country by a commission. This plan has my cordial approval.

I trust that the Belgian restrictions on the importation of cattle from the United States, originally adopted as a sanitary precaution, will at an early day be relaxed as to their present features of hardship and discrimination, so as to admit live cattle under due regulation of their slaughter after landing. I am hopeful, too, of favorable change in the Belgian treatment of our preserved and salted meats. The growth of direct trade between the two countries, not alone for Belgian consumption and Belgian products, but by way of transit from and to other continental states, has been both encouraging and beneficial. No effort will be spared to enlarge its advantages by seeking the removal of needless impediments and by arrangements for increased commercial exchanges.

The year's events in Central America deserve more than passing mention.

A menacing rupture between Costa Rica and Nicaragua was happily composed by the signature of a convention between the parties, with the concurrence of the Guatemalan representative as a mediator, the act being negotiated and signed on board the United States steamer *Alert*, then lying in Central American waters. It is believed that the good offices of our envoy and of the commander of that vessel contributed toward this gratifying outcome.

In my last annual message the situation was presented with respect to the diplomatic representation of this Government in Central America created by the association of Nicaragua, Honduras, and Salvador under the title of the Greater Republic of Central America, and the delegation of their international functions to the Diet thereof. While the representative character of the Diet was recognized by my predecessor and has been confirmed during my Administration by receiving its accredited envoy and granting exequaturs to consuls commissioned under its authority, that recognition was qualified by the distinct understanding that the responsibility of each of the component sovereign Republics toward the United States remained wholly unaffected.

This proviso was needful inasmuch as the compact of the three Republics was at the outset an association whereby certain representative functions were delegated to a tripartite commission rather than a federation possessing centralized powers of government and administration. In this view of their relation and of the relation of the United States to the several Republics, a change in the representation of this country in Central America was neither recommended by the Executive nor initiated by Congress, thus leaving one of our envoys accredited, as heretofore, separately to two States of the Greater Republic, Nicaragua and Salvador, and to a third State, Costa Rica, which was not a party to the compact, while our other envoy was similarly accredited to a union State, Honduras, and a nonunion State, Guatemala. The result has been that the one has presented credentials only to the President of Costa Rica, the other having been received only by the Government of Guatemala.

Subsequently the three associated Republics entered into negotiations for taking the steps forecast in the original compact. A convention of their delegates framed for them a federal constitution under the name of the United States of Central America, and provided for a central federal government and legislature. Upon ratification

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by the constituent States, the 1st of November last was fixed for the new system to go into operation. Within a few weeks thereafter the plan was severely tested by revolutionary movements arising, with a consequent demand for unity of action on the part of the military power of the federal States to suppress them. Under this strain the new union seems to have been weakened through the withdrawal of its more important members. This Government was not officially advised of the installation of the federation and has maintained an attitude of friendly expectancy, while in no wise relinquishing the position held from the outset that the responsibilities of the several States toward us remained unaltered by their tentative relations among themselves.

The Nicaragua Canal Commission, under the chairmanship of Rear-Admiral John G. Walker, appointed July 24, 1897, under the authority of a provision in the sundry civil act of June 4 of that year, has nearly completed its labors, and the results of its exhaustive inquiry into the proper route, the feasibility, and the cost of construction of an interoceanic canal by a Nicaraguan route will be laid before you. In the performance of its task the commission received all possible courtesy and assistance from the Governments of Nicaragua and Costa Rica, which thus testified their appreciation of the importance of giving a speedy and practical outcome to the great project that has for so many years engrossed the attention of the respective countries.

As the scope of the recent inquiry embraced the whole subject, with the aim of making plans and surveys for a canal by the most convenient route, it necessarily included a review of the results of previous surveys and plans, and in particular those adopted by the Maritime Canal Company under its existing concessions from Nicaragua and Costa Rica, so that to this extent those grants necessarily hold as essential a part in the deliberations and conclusions of the Canal Commission as they have held and must needs hold in the discussion of the matter by the Congress. Under these circumstances and in view of overtures made to the Governments of Nicaragua and Costa Rica by other parties for a new canal concession predicated on the assumed approaching lapse of the contracts of the Maritime Canal Company with those States, I have not hesitated to express my conviction that considerations of expediency and international policy as between the several governments interested in the construction and control of an interoceanic canal by this route require the maintenance of the status quo until the Canal Commission shall have reported and the United States Congress shall have had the opportunity to pass finally upon the whole matter during the present session, without prejudice by reason of any change in the existing conditions.

Nevertheless, it appears that the Government of Nicaragua, as one of its last sovereign acts before merging its powers in those of the newly formed United States of Central America, has granted an optional concession to another association, to become effective on the expiration of the present grant. It does not appear what surveys have been made or what route is proposed under this contingent grant, so that an examination of the feasibility of its plans is necessarily not embraced in the report of the Canal Commission. All these circumstances suggest the urgency of some definite action by the Congress at this session if the labors of the past are to be utilized and the linking of the Atlantic and Pacific oceans by a practical waterway is to be realized. That the construction of such a maritime highway is now more than ever indispensable to that intimate and ready intercommunication between our eastern and western seaboard demanded by the annexation of the Hawaiian Islands and the prospective expansion of our influence and commerce in the Pacific, and that our national policy now more imperatively than ever calls for its control by this Government, are propositions which I doubt not the Congress will duly appreciate and wisely act upon.

A convention providing for the revival of the late United States and Chilean Claims Commission and the consideration of claims which were duly presented to the late commission, but not considered because of the expiration of the time limited for the duration of the commission, was signed May 24, 1897, and has remained unacted upon by the Senate. The term therein fixed for effecting the exchange of ratifications having elapsed, the convention falls unless the time be extended by amendment, which I am endeavoring to bring about, with the friendly concurrence of the Chilean Government.

The United States has not been an indifferent spectator of the extraordinary events transpiring in the Chinese Empire, whereby portions of its maritime provinces are passing under the control of various European powers; but the prospect that the vast commerce which the energy of our citizens and the necessity of our staple productions for Chinese uses has built up in those regions may not be prejudiced through any exclusive treatment by the new occupants has obviated the need of our country becoming an actor in the scene. Our position among nations, having a large Pacific coast and a constantly expanding direct trade with the farther Orient, gives us the equitable

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claim to consideration and friendly treatment in this regard, and it will be my aim to subserve our large interests in that quarter by all means appropriate to the constant policy of our Government. The territories of Kiao-chow, of Wei-hai-wei, and of Port Arthur and Talienwan, leased to Germany, Great Britain, and Russia, respectively, for terms of years, will, it is announced, be open to international commerce during such alien occupation; and if no discriminating treatment of American citizens and their trade be found to exist or be hereafter developed, the desire of this Government would appear to be realized.

In this relation, as showing the volume and value of our exchanges with China and the peculiarly favorable conditions which exist for their expansion in the normal course of trade, I refer to the communication addressed to the Speaker of the House of Representatives by the Secretary of the Treasury on the 14th of last June, with its accompanying letter of the Secretary of State, recommending an appropriation for a commission to study the commercial and industrial conditions in the Chinese Empire and report as to the opportunities for and obstacles to the enlargement of markets in China for the raw products and manufactures of the United States. Action was not taken thereon during the late session. I cordially urge that the recommendation receive at your hands the consideration which its importance and timeliness merit.

Meanwhile there may be just ground for disquietude in view of the unrest and revival of the old sentiment of opposition and prejudice to alien people which pervades certain of the Chinese provinces. As in the case of the attacks upon our citizens in Szechuen and at Kutien in 1895, the United States minister has been instructed to secure the fullest measure of protection, both local and imperial, for any menaced American interests, and to demand, in case of lawless injury to person or property, instant reparation appropriate to the case. War ships have been stationed at Tientsin for more ready observation of the disorders which have invaded even the Chinese capital, so as to be in a position to act should need arise, while a guard of marines has been sent to Peking to afford the minister the same measure of authoritative protection as the representatives of other nations have been constrained to employ.

Following close upon the rendition of the award of my predecessor as arbitrator of the claim of the Italian subject Cerruti against the Republic of Colombia, differences arose between the parties to the arbitration in regard to the scope and extension of the award, of which certain articles were contested by Colombia, while Italy claimed their literal fulfillment. The award having been made by the President of the United States, as an act of friendly consideration and with the sole view to an impartial composition of the matter in dispute, I could not but feel deep concern at such a miscarriage, and while unable to accept the Colombian theory that I, in my official capacity, possessed continuing functions as arbitrator, with power to interpret or revise the terms of the award, my best efforts were lent to bring the parties to a harmonious agreement as to the execution of its provisions.

A naval demonstration by Italy resulted in an engagement to pay the liabilities claimed upon their ascertainment; but this apparent disposition of the controversy was followed by a rupture of diplomatic intercourse between Colombia and Italy, which still continues, although, fortunately, without acute symptoms having supervened. Notwithstanding this, efforts are reported to be continuing for the ascertainment of Colombia's contingent liability on account of Cerruti's debts under the fifth article of the award.

A claim of an American citizen against the Dominican Republic for a public bridge over the Ozama River, which has been in diplomatic controversy for several years, has been settled by expert arbitration and an award in favor of the claimant amounting to about \$90,000. It, however, remains unpaid, despite urgent demands for its settlement according to the terms of the compact.

There is now every prospect that the participation of the United States in the Universal Exposition to be held in Paris in 1900 will be on a scale commensurate with the advanced position held by our products and industries in the world's chief marts.

The preliminary report of Mr. Moses P. Handy, who, under the act approved July 19, 1897, was appointed special commissioner with a view to securing all attainable information necessary to a full and complete understanding by Congress in regard to the participation of this Government in the Paris Exposition, was laid before you by my message of December 6, 1897, and showed the large opportunities opened to make known our national progress in arts, science, and manufactures, as well as the urgent need of immediate and adequate provision to enable due advantage thereof to be taken. Mr. Handy's death soon afterwards rendered it necessary for another to take up and complete his unfinished work, and on January 11 last Mr. Thomas W. Cridler, Third Assistant Secretary of State, was designated to fulfill that task. His report was laid before you by my message of

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June 14, 1898, with the gratifying result of awakening renewed interest in the projected display. By a provision in the sundry civil appropriation act of July 1, 1898, a sum not to exceed \$650,000 was allotted for the organization of a commission to care for the proper preparation and installation of American exhibits and for the display of suitable exhibits by the several Executive Departments, particularly by the Department of Agriculture, the Fish Commission, and the Smithsonian Institution, in representation of the Government of the United States.

Pursuant to that enactment I appointed Mr. Ferdinand W. Peck, of Chicago, commissioner-general, with an assistant commissioner-general and a secretary. Mr. Peck at once proceeded to Paris, where his success in enlarging the scope and variety of the United States exhibit has been most gratifying. Notwithstanding the comparatively limited area of the exposition site—less than one-half that of the World's Fair at Chicago—the space assigned to the United States has been increased from the absolute allotment of 157,403 square feet reported by Mr. Handy to some 202,000 square feet, with corresponding augmentation of the field for a truly characteristic representation of the various important branches of our country's development. Mr. Peck's report will be laid before you. In my judgment its recommendations will call for your early consideration, especially as regards an increase of the appropriation to at least one million dollars in all, so that not only may the assigned space be fully taken up by the best possible exhibits in every class, but the preparation and installation be on so perfect a scale as to rank among the first in that unparalleled competition of artistic and inventive production, and thus counterbalance the disadvantage with which we start as compared with other countries whose appropriations are on a more generous scale and whose preparations are in a state of much greater forwardness than our

Where our artisans have the admitted capacity to excel, where our inventive genius has initiated many of the grandest discoveries of these later days of the century, and where the native resources of our land are as limitless as they are valuable to supply the world's needs, it is our province, as it should be our earnest care, to lead in the march of human progress, and not rest content with any secondary place. Moreover, if this be due to ourselves, it is no less due to the great French nation whose guests we become, and which has in so many ways testified its wish and hope that our participation shall befit the place the two peoples have won in the field of universal development.

The commercial arrangement made with France on the 28th of May, 1898, under the provisions of section 3 of the tariff act of 1897, went into effect on the 1st day of June following. It has relieved a portion of our export trade from serious embarrassment. Further negotiations are now pending under section 4 of the same act with a view to the increase of trade between the two countries to their mutual advantage. Negotiations with other governments, in part interrupted by the war with Spain, are in progress under both sections of the tariff act. I hope to be able to announce some of the results of these negotiations during the present session of Congress.

Negotiations to the same end with Germany have been set on foot. Meanwhile no effort has been relaxed to convince the Imperial Government of the thoroughness of our inspection of pork products for exportation, and it is trusted that the efficient administration of this measure by the Department of Agriculture will be recognized as a guaranty of the healthfulness of the food staples we send abroad to countries where their use is large and necessary.

I transmitted to the Senate on the 10th of February last information touching the prohibition against the importation of fresh fruits from this country, which had then recently been decreed by Germany on the ground of danger of disseminating the San Jose scale insect. This precautionary measure was justified by Germany on the score of the drastic steps taken in several States of the Union against the spread of the pest, the elaborate reports of the Department of Agriculture being put in evidence to show the danger to German fruit-growing interests should the scale obtain a lodgment in that country. Temporary relief was afforded in the case of large consignments of fruit then on the way by inspection and admission when found noninfected. Later the prohibition was extended to dried fruits of every kind, but was relaxed so as to apply only to unpeeled fruit and fruit waste. As was to be expected, the alarm reached to other countries, and Switzerland has adopted a similar inhibition. Efforts are in progress to induce the German and Swiss Governments to relax the prohibition in favor of dried fruits shown to have been cured under circumstances rendering the existence of animal life impossible.

Our relations with Great Britain have continued on the most friendly footing. Assenting to our request, the protection of Americans and their interests in Spanish jurisdiction was assumed by the diplomatic and consular representatives of Great Britain, who fulfilled their delicate and arduous trust with tact and zeal, eliciting high commendation. I may be allowed to make fitting allusion to the instance of Mr. Ramsden, Her Majesty's consul at

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Santiago de Cuba, whose untimely death after distinguished service and untiring effort during the siege of that city was sincerely lamented.

In the early part of April last, pursuant to a request made at the instance of the Secretary of State by the British ambassador at this capital, the Canadian government granted facilities for the passage of four United States revenue cutters from the Great Lakes to the Atlantic coast by way of the Canadian canals and the St. Lawrence River. The vessels had reached Lake Ontario and were there awaiting the opening of navigation when war was declared between the United States and Spain. Her Majesty's Government thereupon, by a communication of the latter part of April, stated that the permission granted before the outbreak of hostilities would not be withdrawn provided the United States Government gave assurance that the vessels in question would proceed direct to a United States port without engaging in any hostile operation. This Government promptly agreed to the stipulated condition, it being understood that the vessels would not be prohibited from resisting any hostile attack.

It will give me especial satisfaction if I shall be authorized to communicate to you a favorable conclusion of the pending negotiations with Great Britain in respect to the Dominion of Canada. It is the earnest wish of this Government to remove all sources of discord and irritation in our relations with the neighboring Dominion. The trade between the two countries is constantly increasing, and it is important to both countries that all reasonable facilities should be granted for its development.

The Government of Greece strongly urges the onerousness of the duty here imposed upon the currants of that country, amounting to 100 per cent or more of their market value. This fruit is stated to be exclusively a Greek product, not coming into competition with any domestic product. The question of reciprocal commercial relations with Greece, including the restoration of currants to the free list, is under consideration.

The long-standing claim of Bernard Campbell for damages for injuries sustained from a violent assault committed against him by military authorities in the island of Haiti has been settled by the agreement of that Republic to pay him \$10,000 in American gold. Of this sum \$5,000 has already been paid. It is hoped that other pending claims of American citizens against that Republic may be amicably adjusted.

Pending the consideration by the Senate of the treaty signed June 1897, by the plenipotentiaries of the United States and of the Republic of Hawaii, providing for the annexation of the islands, a joint resolution to accomplish the same purpose by accepting the offered cession and incorporating the ceded territory into the Union was adopted by the Congress and approved July 7, 1898. I thereupon directed the United States steamship Philadelphia to convey Rear-Admiral Miller to Honolulu, and intrusted to his hands this important legislative act, to be delivered to the President of the Republic of Hawaii, with whom the Admiral and the United States minister were authorized to make appropriate arrangements for transferring the sovereignty of the islands to the United States. This was simply but impressively accomplished on the 12th of August last by the delivery of a certified copy of the resolution to President Dole, who thereupon yielded up to the representative of the Government of the United States the sovereignty and public property of the Hawaiian Islands.

Pursuant to the terms of the joint resolution and in exercise of the authority thereby conferred upon me, I directed that the civil, judicial, and military powers theretofore exercised by the officers of the Government of the Republic of Hawaii should continue to be exercised by those officers until Congress shall provide a government for the incorporated territory, subject to my power to remove such officers and to fill vacancies. The President, officers, and troops of the Republic thereupon took the oath of allegiance to the United States, thus providing for the uninterrupted continuance of all the administrative and municipal functions of the annexed territory until Congress shall otherwise enact.

Following the further provision of the joint resolution, I appointed the Hons. Shelby M. Cullom, of Illinois, John T. Morgan, of Alabama, Robert R. Hitt, of Illinois, Sanford B. Dole, of Hawaii, and Walter F. Frear, of Hawaii, as commissioners to confer and recommend to Congress such legislation concerning the Hawaiian Islands as they should deem necessary or proper. The commissioners having fulfilled the mission confided to them, their report will be laid before you at an early day. It is believed that their recommendations will have the earnest consideration due to the magnitude of the responsibility resting upon you to give such shape to the relationship of those mid-Pacific lands to our home Union as will benefit both in the highest degree, realizing the aspirations of the community that has cast its lot with us and elected to share our political heritage, while at the same time justifying the foresight of those who for three-quarters of a century have looked to the assimilation of Hawaii as a natural and inevitable consummation, in harmony with our needs and in fulfillment of our cherished traditions.

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The questions heretofore pending between Hawaii and Japan growing out of the alleged mistreatment of Japanese treaty immigrants were, I am pleased to say, adjusted before the act of transfer by the payment of a reasonable indemnity to the Government of Japan.

Under the provisions of the joint resolution, the existing customs relations of the Hawaiian Islands with the United States and with other countries remain unchanged until legislation shall otherwise provide. The consuls of Hawaii here and in foreign countries continue to fulfill their commercial agencies, while the United States consulate at Honolulu is maintained for all appropriate services pertaining to trade and the revenue. It would be desirable that all foreign consuls in the Hawaiian Islands should receive new exequaturs from this Government.

The attention of Congress is called to the fact that, our consular offices having ceased to exist in Hawaii and being about to cease in other countries coming under the sovereignty of the United States, the provisions for the relief and transportation of destitute American seamen in these countries under our consular regulations will in consequence terminate. It is proper, therefore, that new legislation should be enacted upon this subject in order to meet the changed conditions.

The interpretation of certain provisions of the extradition convention of December 11, 1861, has been at various times the occasion of controversy with the Government of Mexico. An acute difference arose in the case of the Mexican demand for the delivery of Jesus Guerra, who, having led a marauding expedition near the border with the proclaimed purpose of initiating an insurrection against President Diaz, escaped into Texas. Extradition was refused on the ground that the alleged offense was political in its character, and therefore came within the treaty proviso of nonsurrender. The Mexican contention was that the exception only related to purely political offenses, and that as Guerra's acts were admixed with the common crime of murder, arson, kidnaping, and robbery, the option of nondelivery became void, a position which this Government was unable to admit in view of the received international doctrine and practice in the matter. The Mexican Government, in view of this, gave notice January 24, 1898, of the termination of the convention, to take effect twelve months from that date, at the same time inviting the conclusion of a new convention, toward which negotiations are on foot.

In this relation I may refer to the necessity of some amendment of our existing extradition statute. It is a common stipulation of such treaties that neither party shall be bound to give up its own citizens, with the added proviso in one of our treaties, that with Japan, that it may surrender if it see fit. It is held in this country by an almost uniform course of decisions that where a treaty negatives the obligation to surrender the President is not invested with legal authority to act. The conferment of such authority would be in the line of that sound morality which shrinks from affording secure asylum to the author of a heinous crime. Again, statutory provision might well be made for what is styled extradition by way of transit, whereby a fugitive surrendered by one foreign government to another may be conveyed across the territory of the United States to the jurisdiction of the demanding state. A recommendation in this behalf made in the President's message of 1886 was not acted upon. The matter is presented for your consideration.

The problem of the Mexican free zone has been often discussed with regard to its inconvenience as a provocative of smuggling into the United States along an extensive and thinly guarded land border. The effort made by the joint resolution of March 1, 1895, to remedy the abuse charged by suspending the privilege of free transportation in bond across the territory of the United States to Mexico failed of good result, as is stated in Report No. 702 of the House of Representatives, submitted in the last session, March 11, 1898. As the question is one to be conveniently met by wise concurrent legislation of the two countries looking to the protection of the revenues by harmonious measures operating equally on either side of the boundary, rather than by conventional arrangements, I suggest that Congress consider the advisability of authorizing and inviting a conference of representatives of the Treasury Departments of the United States and Mexico to consider the subject in all its complex bearings, and make report with pertinent recommendations to the respective Governments for the information and consideration of their Congresses.

The Mexican Water Boundary Commission has adjusted all matters submitted to it to the satisfaction of both Governments save in three important cases—that of the "Chamizal" at El Paso, Tex., where the two commissioners failed to agree, and wherein, for this case only, this Government has proposed to Mexico the addition of a third member; the proposed elimination of what are known as "Bancos," small isolated islands formed by the cutting off of bends in the Rio Grande, from the operation of the treaties of 1884 and 1889, recommended by the commissioners and approved by this Government, but still under consideration by Mexico;

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and the subject of the "Equitable distribution of the waters of the Rio Grande," for which the commissioners recommended an international dam and reservoir, approved by Mexico, but still under consideration by this Government. Pending these questions it is necessary to extend the life of the commission, which expires December 23 next.

The coronation of the young Queen of the Netherlands was made the occasion of fitting congratulations.

The claim of Victor H. McCord against Peru, which for a number of years has been pressed by this Government and has on several occasions attracted the attention of the Congress, has been satisfactorily adjusted. A protocol was signed May 17, 1898, whereby, the fact of liability being admitted, the question of the amount to be awarded was submitted to the chief justice of Canada as sole arbitrator. His award sets the indemnity due the claimant at \$40,000.

The Government of Peru has given the prescribed notification of its intention to abrogate the treaty of friendship, commerce, and navigation concluded with this country August 31, 1887. As that treaty contains many important provisions necessary to the maintenance of commerce and good relations, which could with difficulty be replaced by the negotiation of renewed provisions within the brief twelve months intervening before the treaty terminates, I have invited suggestions by Peru as to the particular provisions it is desired to annul, in the hope of reaching an arrangement whereby the remaining articles may be provisionally saved.

His Majesty the Czar having announced his purpose to raise the Imperial Russian mission at this capital to the rank of an embassy, I responded, under the authority conferred by the act of March 3, 1893, by commissioning and accrediting the actual representative at St. Petersburg in the capacity of ambassador extraordinary and plenipotentiary. The Russian ambassador to this country has since presented his credentials.

The proposal of the Czar for a general reduction of the vast military establishments that weigh so heavily upon many peoples in time of peace was communicated to this Government with an earnest invitation to be represented in the conference which it is contemplated to assemble with a view to discussing the means of accomplishing so desirable a result. His Majesty was at once informed of the cordial sympathy of this Government with the principle involved in his exalted proposal and of the readiness of the United States to take part in the conference. The active military force of the United States, as measured by our population, territorial area, and taxable wealth, is, and under any conceivable prospective conditions must continue to be, in time of peace so conspicuously less than that of the armed powers to whom the Czar's appeal is especially addressed that the question can have for us no practical importance save as marking an auspicious step toward the betterment of the condition of the modern peoples and the cultivation of peace and good will among them; but in this view it behoves us as a nation to lend countenance and aid to the beneficent project.

The claims of owners of American sealing vessels for seizure by Russian cruisers in Bering Sea are being pressed to a settlement. The equities of the cases justify the expectation that a measure of reparation will eventually be accorded in harmony with precedent and in the light of the proven facts.

The recommendation made in my special message of April 27 last is renewed, that appropriation be made to reimburse the master and owners of the Russian bark Hans for wrongful arrest of the master and detention of the vessel in February, 1896, by officers of the United States district court for the southern district of Mississippi. The papers accompanying my said message make out a most meritorious claim and justify the urgency with which it has been presented by the Government of Russia.

Malietao Laupepa, King of Samoa, died on August 22 last. According to Article I of the general act of Berlin, "his successor shall be duly elected according to the laws and customs of Samoa."

Arrangements having been agreed upon between the signatories of the general act for the return of Mataafa and the other exiled Samoan chiefs, they were brought from Jaluit by a German war vessel and landed at Apia on September 18 last.

Whether the death of Malietao and the return of his old-time rival Mataafa will add to the undesirable complications which the execution of the tripartite general act has heretofore developed remains to be seen. The efforts of this Government will, as heretofore, be addressed toward a harmonious and exact fulfillment of the terms of the international engagement to which the United States became a party in 1889.

The Cheek claim against Siam, after some five years of controversy, has been adjusted by arbitration under an agreement signed July 6, 1897, an award of 706,721 ticals (about \$187,987.78), with release of the Cheek estate from mortgage claims, having been rendered March 21, 1898, in favor of the claimant by the arbitrator, Sir

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Nicholas John Hannen, British chief justice for China and Japan.

An envoy from Siam has been accredited to this Government and has presented his credentials.

Immediately upon the outbreak of the war with Spain the Swiss Government, fulfilling the high mission it has deservedly assumed as the patron of the International Red Cross, proposed to the United States and Spain that they should severally recognize and carry into execution, as a *modus vivendi*, during the continuance of hostilities, the additional articles proposed by the international conference of Geneva, October 20, 1868, extending the effects of the existing Red Cross convention of 1864 to the conduct of naval war. Following the example set by France and Germany in 1870 in adopting such a *modus vivendi*, and in view of the accession of the United States to those additional articles in 1882, although the exchange of ratifications thereof still remained uneffected, the Swiss proposal was promptly and cordially accepted by us, and simultaneously by Spain.

This Government feels a keen satisfaction in having thus been enabled to testify its adherence to the broadest principles of humanity even amidst the clash of war, and it is to be hoped that the extension of the Red Cross compact to hostilities by sea as well as on land may soon become an accomplished fact through the general promulgation of the additional naval Red Cross articles by the maritime powers now parties to the convention of 1864.

The important question of the claim of Switzerland to the perpetual cantonal allegiance of American citizens of Swiss origin has not made hopeful progress toward a solution, and controversies in this regard still continue.

The newly accredited envoy of the United States to the Ottoman Porte carries instructions looking to the disposal of matters in controversy with Turkey for a number of years. He is especially charged to press for a just settlement of our claims for indemnity by reason of the destruction of the property of American missionaries resident in that country during the Armenian troubles of 1895, as well as for the recognition of older claims of equal justness.

He is also instructed to seek an adjustment of the dispute growing out of the refusal of Turkey to recognize the acquired citizenship of Ottoman-born persons naturalized in the United States since 1869 without prior imperial consent, and in the same general relation he is directed to endeavor to bring about a solution of the question which has more or less acutely existed since 1869 concerning the jurisdictional rights of the United States in matters of criminal procedure and punishment under Article IV of the treaty of 1830. This latter difficulty grows out of a verbal difference, claimed by Turkey to be essential, between the original Turkish text and the promulgated translation.

After more than two years from the appointment of a consul of this country to Erzerum, he has received his *exequatur*.

The arbitral tribunal appointed under the treaty of February 2, 1897, between Great Britain and Venezuela, to determine the boundary line between the latter and the colony of British Guiana, is to convene at Paris during the present month. It is a source of much gratification to this Government to see the friendly resort of arbitration applied to the settlement of this controversy, not alone because of the earnest part we have had in bringing about the result, but also because the two members named on behalf of Venezuela, Mr. Chief Justice Fuller and Mr. Justice Brewer, chosen from our highest court, appropriately testify the continuing interest we feel in the definitive adjustment of the question according to the strictest rules of justice. The British members, Lord Herschell and Sir Richard Collins, are jurists of no less exalted repute, while the fifth member and president of the tribunal, M. F. De Martens, has earned a world-wide reputation as an authority upon international law.

The claim of Felipe Scandella against Venezuela for arbitrary expulsion and injury to his business has been adjusted by the revocation of the order of expulsion and by the payment of the sum of \$16,000.

I have the satisfaction of being able to state that the Bureau of the American Republics, created in 1890 as the organ for promoting commercial intercourse and fraternal relations among the countries of the Western Hemisphere, has become a more efficient instrument of the wise purposes of its founders, and is receiving the cordial support of the contributing members of the international union which are actually represented in its board of management. A commercial directory, in two volumes, containing a mass of statistical matter descriptive of the industrial and commercial interests of the various countries, has been printed in English, Spanish, Portuguese, and French, and a monthly bulletin published in these four languages and distributed in the Latin-American countries as well as in the United States has proved to be a valuable medium for disseminating information and furthering the varied interests of the international union.

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During the past year the important work of collecting information of practical benefit to American industries and trade through the agency of the diplomatic and consular officers has been steadily advanced, and in order to lay such data before the public with the least delay the practice was begun in January, 1898, of issuing the commercial reports from day to day as they are received by the Department of State. It is believed that for promptitude as well as fullness of information the service thus supplied to our merchants and manufacturers will be found to show sensible improvement and to merit the liberal support of Congress.

The experiences of the last year bring forcibly home to us a sense of the burdens and the waste of war. We desire, in common with most civilized nations, to reduce to the lowest possible point the damage sustained in time of war by peaceable trade and commerce. It is true we may suffer in such cases less than other communities, but all nations are damaged more or less by the state of uneasiness and apprehension into which an outbreak of hostilities throws the entire commercial world. It should be our object, therefore, to minimize, so far as practicable, this inevitable loss and disturbance. This purpose can probably best be accomplished by an international agreement to regard all private property at sea as exempt from capture or destruction by the forces of belligerent powers. The United States Government has for many years advocated this humane and beneficent principle, and is now in position to recommend it to other powers without the imputation of selfish motives. I therefore suggest for your consideration that the Executive be authorized to correspond with the governments of the principal maritime powers with a view of incorporating into the permanent law of civilized nations the principle of the exemption of all private property at sea, not contraband of war, from capture or destruction by belligerent powers.

The Secretary of the Treasury reports that the receipts of the Government from all sources during the fiscal year ended June 30, 1898, including \$64,751,223 received from sale of Pacific railroads, amounted to \$405,321,335, and its expenditures to \$443,168,582. There was collected from customs \$149,575,062 and from internal revenue \$170,900,641. Our dutiable imports amounted to \$324,635,479, a decrease of \$58,156,690 over the preceding year, and importations free of duty amounted to \$291,414,175, a decrease from the preceding year of \$90,524,068. Internal-revenue receipts exceeded those of the preceding year by \$24,212,067.

The total tax collected on distilled spirits was \$92,546,999; on manufactured tobacco, \$36,230,522, and on fermented liquors, \$39,515,421. We exported merchandise during the year amounting to \$1,231,482,330, an increase of \$180,488,774 from the preceding year.

It is estimated upon the basis of present revenue laws that the receipts of the Government for the year ending June 30, 1899, will be \$577,874,647, and its expenditures \$689,874,647, resulting in a deficiency of \$112,000,000.

On the 1st of December, 1898, there was held in the Treasury gold coin amounting to \$138,441,547, gold bullion amounting to \$138,502,545, silver bullion amounting to \$93,359,250, and other forms of money amounting to \$451,963,981.

On the same date the amount of money of all kinds in circulation, or not included in Treasury holdings, was \$1,886,879,504, an increase for the year of \$165,794,966. Estimating our population at 75,194,000 at the time mentioned, the per capita circulation was \$25.09. On the same date there was in the Treasury gold bullion amounting to \$138,502,545.

The provisions made for strengthening the resources of the Treasury in connection with the war have given increased confidence in the purpose and power of the Government to maintain the present standard, and have established more firmly than ever the national credit at home and abroad. A marked evidence of this is found in the inflow of gold to the Treasury. Its net gold holdings on November 1, 1898, were \$239,885,162 as compared with \$153,573,147 on November 1, 1897, and an increase of net cash of \$207,756,100, November 1, 1897, to \$300,238,275, November 1, 1898. The present ratio of net Treasury gold to outstanding Government liabilities, including United States notes, Treasury notes of 1890, silver certificates, currency certificates, standard silver dollars, and fractional silver coin, November 1, 1898, was 25.35 per cent, as compared with 16.96 per cent, November 1, 1897.

I renew so much of my recommendation of December, 1897, as follows: That when any of the United States notes are presented for redemption in gold and are redeemed in gold, such notes shall be kept and set apart and only paid out in exchange for gold. This is an obvious duty. If the holder of the United States note prefers the gold and gets it from the Government, he should not receive back from the Government a United States note without

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paying gold in exchange for it. The reason for this is made all the more apparent when the Government issues an interest-bearing debt to provide gold for the redemption of United States notes—a non-interest-bearing debt. Surely it should not pay them out again except on demand and for gold. If they are put out in any other way, they may return again, to be followed by another bond issue to redeem them—another interest-bearing debt to redeem a non-interest-bearing debt. This recommendation was made in the belief that such provisions of law would insure to a greater degree the safety of the present standard, and better protect our currency from the dangers to which it is subjected from a disturbance in the general business conditions of the country.

In my judgment the present condition of the Treasury amply justifies the immediate enactment of the legislation recommended one year ago, under which a portion of the gold holdings should be placed in a trust fund from which greenbacks should be redeemed upon presentation, but when once redeemed should not thereafter be paid out except for gold.

It is not to be inferred that other legislation relating to our currency is not required; on the contrary, there is an obvious demand for it.

The importance of adequate provision which will insure to our future a money standard related as our money standard now is to that of our commercial rivals is generally recognized.

The companion proposition that our domestic paper currency shall be kept safe and yet be so related to the needs of our industries and internal commerce as to be adequate and responsive to such needs is a proposition scarcely less important. The subject, in all its parts, is commended to the wise consideration of the Congress.

The annexation of Hawaii and the changed relations of the United States to Cuba, Puerto Rico, and the Philippines resulting from the war, compel the prompt adoption of a maritime policy by the United States. There should be established regular and frequent steamship communication, encouraged by the United States, under the American flag, with the newly acquired islands. Spain furnished to its colonies, at an annual cost of about \$2,000,000, steamship lines communicating with a portion of the world's markets, as well as with trade centers of the home Government. The United States will not undertake to do less. It is our duty to furnish the people of Hawaii with facilities, under national control, for their export and import trade. It will be conceded that the present situation calls for legislation which shall be prompt, durable, and liberal.

The part which American merchant vessels and their seamen performed in the war with Spain demonstrates that this service, furnishing both pickets and the second line of defense, is a national necessity, and should be encouraged in every constitutional way. Details and methods for the accomplishment of this purpose are discussed in the report of the Secretary of the Treasury, to which the attention of Congress is respectfully invited.

In my last annual message I recommended that Congress authorize the appointment of a commission for the purpose of making systematic investigations with reference to the cause and prevention of yellow fever. This matter has acquired an increased importance as a result of the military occupation of the island of Cuba and the commercial intercourse between this island and the United States which we have every reason to expect. The sanitary problems connected with our new relations with the island of Cuba and the acquisition of Puerto Rico are no less important than those relating to finance, commerce, and administration. It is my earnest desire that these problems may be considered by competent experts and that everything may be done which the most recent advances in sanitary science can offer for the protection of the health of our soldiers in those islands and of our citizens who are exposed to the dangers of infection from the importation of yellow fever. I therefore renew my recommendation that the authority of Congress may be given and a suitable appropriation made to provide for a commission of experts to be appointed for the purpose indicated.

Under the act of Congress approved April 26, 1898, authorizing the President in his discretion, "upon a declaration of war by Congress, or a declaration by Congress that war exists," I directed the increase of the Regular Army to the maximum of 62,000, authorized in said act.

There are now in the Regular Army 57,862 officers and men. In said act it was provided— That at the end of any war in which the United States may become involved the Army shall be reduced to a peace basis by the transfer in the same arm of the service or absorption by promotion or honorable discharge, under such regulations as the Secretary of War may establish, of supernumerary commissioned officers and the honorable discharge or transfer of supernumerary enlisted men; and nothing contained in this act shall be construed as authorizing the permanent increase of the commissioned or enlisted force of the Regular Army beyond that now provided by the law in force prior to the passage of this act, except as to the increase of twenty-five majors provided for in section

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I hereof. The importance of legislation for the permanent increase of the Army is therefore manifest, and the recommendation of the Secretary of War for that purpose has my unqualified approval. There can be no question that at this time, and probably for some time in the future, 100,000 men will be none too many to meet the necessities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the President to enlist that force if in his discretion it should be necessary; and the further discretion should be given him to recruit for the Army within the above limit from the inhabitants of the islands with the government of which we are charged. It is my purpose to muster out the entire Volunteer Army as soon as the Congress shall provide for the increase of the regular establishment. This will be only an act of justice and will be much appreciated by the brave men who left their homes and employments to help the country in its emergency.

In my last annual message I stated: The Union Pacific Railway, main line, was sold under the decree of the United States court for the district of Nebraska on the 1st and 2d of November of this year. The amount due the Government consisted of the principal of the subsidy bonds, \$27,236,512, and the accrued interest thereon, \$31,211,711.75, making the total indebtedness \$58,448,223.75. The bid at the sale covered the first-mortgage lien and the entire mortgage claim of the Government, principal and interest. This left the Kansas Pacific case unconcluded. By a decree of the court in that case an upset price for the property was fixed at a sum which would yield to the Government only \$2,500,000 upon its lien. The sale, at the instance of the Government, was postponed first to December 15, 1897, and later, upon the application of the United States, was postponed to the 16th day of February, 1898.

Having satisfied myself that the interests of the Government required that an effort should be made to obtain a larger sum, I directed the Secretary of the Treasury, under the act passed March 3, 1887, to pay out of the Treasury to the persons entitled to receive the same the amounts due upon all prior mortgages upon the Eastern and Middle divisions of said railroad out of any money in the Treasury not otherwise appropriated, whereupon the Attorney-General prepared a petition to be presented to the court, offering to redeem said prior liens in such manner as the court might direct, and praying that thereupon the United States might be held to be subrogated to all the rights of said prior lien holders and that a receiver might be appointed to take possession of the mortgaged premises and maintain and operate the same until the court or Congress otherwise directed. Thereupon the reorganization committee agreed that if said petition was withdrawn and the sale allowed to proceed on the 16th of February, 1898, they would bid a sum at the sale which would realize to the Government the entire principal of its debt, \$6,303,000.

Believing that no better price could be obtained and appreciating the difficulties under which the Government would labor if it should become the purchaser of the road at the sale, in the absence of any authority by Congress to take charge of and operate the road I directed that upon the guaranty of a minimum bid which should give the Government the principal of its debt the sale should proceed. By this transaction the Government secured an advance of \$3,803,000 over and above the sum which the court had fixed as the upset price, and which the reorganization committee had declared was the maximum which they would pay for the property.

It is a gratifying fact that the result of these proceedings against the Union Pacific system and the Kansas Pacific line is that the Government has received on account of its subsidy claim the sum of \$64,751,223.75, an increase of \$18,997,163.76 over the sum which the reorganization committee originally agreed to bid for the joint property, the Government receiving its whole claim, principal and interest, on the Union Pacific, and the principal of its debt on the Kansas Pacific Railroad.

Steps had been taken to foreclose the Government's lien upon the Central Pacific Railroad Company, but before action was commenced Congress passed an act, approved July 7, 1898, creating a commission consisting of the Secretary of the Treasury, the Attorney-General, and the Secretary of the Interior, and their successors in office, with full power to settle the indebtedness to the Government growing out of the issue of bonds in aid of the construction of the Central Pacific and Western Pacific bond-aided railroads, subject to the approval of the President.

No report has yet been made to me by the commission thus created. Whatever action is had looking to a settlement of the indebtedness in accordance with the act referred to will be duly submitted to the Congress.

I deem it my duty to call to the attention of Congress the condition of the present building occupied by the Department of Justice. The business of that Department has increased very greatly since it was established in its

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present quarters. The building now occupied by it is neither large enough nor of suitable arrangement for the proper accommodation of the business of the Department. The Supervising Architect has pronounced it unsafe and unsuited for the use to which it is put. The Attorney-General in his report states that the library of the Department is upon the fourth floor, and that all the space allotted to it is so crowded with books as to dangerously overload the structure. The first floor is occupied by the Court of Claims. The building is of an old and dilapidated appearance, unsuited to the dignity which should attach to this important Department.

A proper regard for the safety, comfort, and convenience of the officers and employees would justify the expenditure of a liberal sum of money in the erection of a new building of commodious proportions and handsome appearance upon the very advantageous site already secured for that purpose, including the ground occupied by the present structure and adjoining vacant lot, comprising in all a frontage of 201 feet on Pennsylvania avenue and a depth of 136 feet.

In this connection I may likewise refer to the inadequate accommodations provided for the Supreme Court in the Capitol, and suggest the wisdom of making provision for the erection of a separate building for the court and its officers and library upon available ground near the Capitol.

The postal service of the country advances with extraordinary growth. Within twenty years both the revenues and the expenditures of the Post-Office Department have multiplied threefold. In the last ten years they have nearly doubled. Our postal business grows much more rapidly than our population. It now involves an expenditure of \$100,000,000 a year, numbers 73,000 post-offices, and enrolls 200,000 employees. This remarkable extension of a service which is an accurate index of the public conditions presents gratifying evidence of the advancement of education, of the increase of communication and business activity, and of the improvement of mail facilities leading to their constantly augmenting use.

The war with Spain laid new and exceptional labors on the Post-Office Department. The mustering of the military and naval forces of the United States required special mail arrangements for every camp and every campaign. The communication between home and camp was naturally eager and expectant. In some of the larger places of rendezvous as many as 50,000 letters a day required handling. This necessity was met by the prompt detail and dispatch of experienced men from the established force and by directing all the instrumentalities of the railway mail and post-office service, so far as necessary, to this new need. Congress passed an act empowering the postmaster-General to establish offices or branches at every military camp or station, and under this authority the postal machinery was speedily put into effective operation.

Under the same authority, when our forces moved upon Cuba, Puerto Rico, and the Philippines they were attended and followed by the postal service. Though the act of Congress authorized the appointment of postmasters where necessary, it was early determined that the public interests would best be subserved, not by new designations, but by the detail of experienced men familiar with every branch of the service, and this policy was steadily followed. When the territory which was the theater of conflict came into our possession, it became necessary to reestablish mail facilities for the resident population as well as to provide them for our forces of occupation, and the former requirement was met through the extension and application of the latter obligation. I gave the requisite authority, and the same general principle was applied to this as to other branches of civil administration under military occupation. The details are more particularly given in the report of the postmaster-General, and, while the work is only just begun, it is pleasing to be able to say that the service in the territory which has come under our control is already materially improved.

The following recommendations of the Secretary of the Navy relative to the increase of the Navy have my earnest approval:

1. Three seagoing sheathed and coppered battle ships of about 13,500 tons trial displacement, carrying the heaviest armor and most powerful ordnance for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$3,600,000 each.

2. Three sheathed and coppered armored cruisers of about 12,000 tons trial displacement, carrying the heaviest armor and most powerful ordnance for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$4,000,000 each.

3. Three sheathed and coppered protected cruisers of about 6,000 tons trial displacement, to have the highest practicable speed and great radius of action, and to carry the most powerful ordnance suitable for vessels of their class. Estimated cost, exclusive of armor and armament, \$2,150,000 each.

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4. Six sheathed and coppered cruisers of about 2,500 tons trial displacement, to have the highest speed compatible with good cruising qualities, great radius of action, and to carry the most powerful ordnance suited to vessels of their class. Estimated cost, exclusive of armament, \$1,141,800 each.

I join with the Secretary of the Navy in recommending that grades of admiral and vice-admiral be temporarily revived, to be filled by officers who have specially distinguished themselves in the war with Spain.

I earnestly urge upon Congress the importance of early legislation providing for the taking of the Twelfth Census. This is necessary in view of the large amount of work which must be performed in the preparation of the schedules preparatory to the enumeration of the population.

There were on the pension rolls on June 30, 1898, 993,714 names, an increase of nearly 18,000 over the number on the rolls on the same day of the preceding year. The amount appropriated by the act of December 22, 1896, for the payment of pensions for the fiscal year of 1898 was \$140,000,000. Eight million seventy thousand eight hundred and seventy-two dollars and forty-six cents was appropriated by the act of March 31, 1898, to cover deficiencies in army pensions, and repayments in the sum of \$12,020.33, making a total of \$148,082,892.79 available for the payment of pensions during the fiscal year 1898. The amount disbursed from that sum was \$144,651,879.80, leaving a balance of \$3,431,012.99 unexpended on the 30th of June, 1898, which was covered into the Treasury. There were 389 names added to the rolls during the year by special acts passed at the second session of the Fifty-fifth Congress, making a total of 6,486 pensioners by Congressional enactments since 1861.

The total receipts of the Patent Office during the past year were \$1,253,948.44. The expenditures were \$1,081,633.79, leaving a surplus of \$172,314.65.

The public lands disposed of by the Government during the year reached 8,453,896.92 acres, an increase of 614,780.26 acres over the previous year. The total receipts from public lands during the fiscal year amounted to \$2,277,995.18, an increase of \$190,063.90 over the preceding year. The lands embraced in the eleven forest reservations which were suspended by the act of June 4, 1897, again became subject to the operations of the proclamations of February 22, 1897, creating them, which added an estimated amount of 19,951,360 acres to the area embraced in the reserves previously created. In addition thereto two new reserves were created during the year—the Pine Mountain and Zaca Lake Reserve, in California, embracing 1,644,594 acres, and the Prescott Reserve, in Arizona, embracing 10,240 acres—while the Pecos River Reserve, in New Mexico, has been changed and enlarged to include 120,000 additional acres.

At the close of the year thirty forest reservations, not including those of the Afognak Forest and the Fish-Culture Reserve, in Alaska, had been created by Executive proclamations under section 24 of the act of March 3, 1891, embracing an estimated area of 40,719,474 acres.

The Department of the Interior has inaugurated a forest system, made possible by the act of July, 1898, for a graded force of officers in control of the reserves. This system has only been in full operation since August, but good results have already been secured in many sections. The reports received indicate that the system of patrol has not only prevented destructive fires from gaining headway, but has diminished the number of fires.

The special attention of the Congress is called to that part of the report of the Secretary of the Interior in relation to the Five Civilized Tribes. It is noteworthy that the general condition of the Indians shows marked progress. But one outbreak of a serious character occurred during the year, and that among the Chippewa Indians of Minnesota, which happily has been suppressed.

While it has not yet been practicable to enforce all the provisions of the act of June 28, 1898, "for the protection of the people of the Indian Territory, and for other purposes," it is having a salutary effect upon the nations composing the five tribes. The Dawes Commission reports that the most gratifying results and greater advance toward the attainment of the objects of the Government have been secured in the past year than in any previous year. I can not too strongly indorse the recommendation of the commission and of the Secretary of the Interior for the necessity of providing for the education of the 30,000 white children resident in the Indian Territory.

The Department of Agriculture has been active in the past year. Explorers have been sent to many of the countries of the Eastern and Western hemispheres for seeds and plants that may be useful to the United States, and with the further view of opening up markets for our surplus products. The Forestry Division of the Department is giving special attention to the treeless regions of our country and is introducing species specially adapted to semiarid regions. Forest fires, which seriously interfere with production, especially in irrigated regions,

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are being studied, that losses from this cause may be avoided. The Department is inquiring into the use and abuse of water in many States of the West, and collating information regarding the laws of the States, the decisions of the courts, and the customs of the people in this regard, so that uniformity may be secured. Experiment stations are becoming more effective every year. The annual appropriation of \$720,000 by Congress is supplemented by \$400,000 from the States. Nation-wide experiments have been conducted to ascertain the suitability as to soil and climate and States for growing sugar beets. The number of sugar factories has been doubled in the past two years, and the ability of the United States to produce its own sugar from this source has been clearly demonstrated.

The Weather Bureau forecast and observation stations have been extended around the Caribbean Sea, to give early warning of the approach of hurricanes from the south seas to our fleets and merchant marine.

In the year 1900 will occur the centennial anniversary of the founding of the city of Washington for the permanent capital of the Government of the United States by authority of an act of Congress approved July 16, 1790. In May, 1800, the archives and general offices of the Federal Government were removed to this place. On the 17th of November, 1800, the National Congress met here for the first time and assumed exclusive control of the Federal district and city. This interesting event assumes all the more significance when we recall the circumstances attending the choosing of the site, the naming of the capital in honor of the Father of his Country, and the interest taken by him in the adoption of plans for its future development on a magnificent scale.

These original plans have been wrought out with a constant progress and a signal success even beyond anything their framers could have foreseen. The people of the country are justly proud of the distinctive beauty and government of the capital and of the rare instruments of science and education which here find their natural home.

A movement lately inaugurated by the citizens to have the anniversary celebrated with fitting ceremonies, including, perhaps, the establishment of a handsome permanent memorial to mark so historical an occasion and to give it more than local recognition, has met with general favor on the part of the public.

I recommend to the Congress the granting of an appropriation for this purpose and the appointment of a committee from its respective bodies. It might also be advisable to authorize the President to appoint a committee from the country at large, which, acting with the Congressional and District of Columbia committees, can complete the plans for an appropriate national celebration.

The alien contract law is shown by experience to need some amendment; a measure providing better protection for seamen is proposed; the rightful application of the eight-hour law for the benefit of labor and of the principle of arbitration are suggested for consideration; and I commend these subjects to the careful attention of the Congress.

The several departmental reports will be laid before you. They give in great detail the conduct of the affairs of the Government during the past year and discuss many questions upon which the Congress may feel called upon to act.

State of the Union Address William McKinley

December 5, 1899

To the Senate and House of Representatives:

At the threshold of your deliberations you are called to mourn with your countrymen the death of Vice-President Hobart, who passed from this life on the morning of November 21 last. His great soul now rests in eternal peace. His private life was pure and elevated, while his public career was ever distinguished by large capacity, stainless integrity, and exalted motives. He has been removed from the high office which he honored and dignified, but his lofty character, his devotion to duty, his honesty of purpose, and noble virtues remain with us as a priceless legacy and example.

The Fifty-sixth Congress convenes in its first regular session with the country in a condition of unusual prosperity, of universal good will among the people at home, and in relations of peace and friendship with every government of the world. Our foreign commerce has shown great increase in volume and value. The combined imports and exports for the year are the largest ever shown by a single year in all our history. Our exports for 1899 alone exceeded by more than a billion dollars our imports and exports combined in 1870. The imports per capita are 20 per cent less than in 1870, while the exports per capita are 58 per cent more than in 1870, showing the enlarged capacity of the United States to satisfy the wants of its own increasing population, as well as to contribute to those of the peoples of other nations.

Exports of agricultural products were \$784,776,142. Of manufactured products we exported in value \$339,592,146, being larger than any previous year. It is a noteworthy fact that the only years in all our history when the products of our manufactories sold abroad exceeded those bought abroad were 1898 and 1899.

Government receipts from all sources for the fiscal year ended June 30, 1899, including \$11,798,314.14, part payment of the Central Pacific Railroad indebtedness, aggregated \$610,982,004.35. Customs receipts were \$206,128,481.75, and those from internal revenue \$273,437,161.51.

For the fiscal year the expenditures were \$700,093,564.02, leaving a deficit of \$89,111,559.67.

The Secretary of the Treasury estimates that the receipts for the current fiscal year will aggregate \$640,958,112, and upon the basis of present appropriations the expenditures will aggregate \$600,958,112, leaving a surplus of \$40,000,000.

For the fiscal year ended June 30, 1899, the internal-revenue receipts were increased about \$100,000,000.

The present gratifying strength of the Treasury is shown by the fact that on December 1, 1899, the available cash balance was \$278,004,837.72, Of which \$239,744,905.36 was in gold coin and bullion. The conditions of confidence which prevail throughout the country have brought gold into more general use and customs receipts are now almost entirely paid in that coin.

The strong position of the Treasury with respect to cash on hand and the favorable showing made by the revenues have made it possible for the Secretary of the Treasury to take action under the provisions of section 3694, Revised Statutes, relating to the sinking fund. Receipts exceeded expenditures for the first five months of the current fiscal year by \$13,413,389.91, and, as mentioned above, the Secretary of the Treasury estimates that there will be a surplus of approximately \$40,000,000 at the end of the year. Under such conditions it was deemed advisable and proper to resume compliance with the provisions of the sinking-fund law, which for eight years has not been done because of deficiencies in the revenues. The Treasury Department therefore offered to purchase during November \$25,000,000 of the 5 per cent loan of 1904, or the 4 per cent funded loan of 1907, at the current market price. The amount offered and purchased during November was \$18,408,600. The premium paid by the Government on such purchases was \$2,263,521 and the net saving in interest was about \$2,885,000. The success of this operation was sufficient to induce the Government to continue the offer to purchase bonds to and including the 23d day of December, instant, unless the remainder of the \$25,000,000 called for should be presented in the meantime for redemption.

Increased activity in industry, with its welcome attendant—a larger employment for labor at higher wages—gives to the body of the people a larger power to absorb the circulating medium. It is further true that year by year, with larger areas of land under cultivation, the increasing volume of agricultural products, cotton, corn, and wheat, calls for a larger volume of money supply. This is especially noticeable at the crop-harvesting

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and crop-moving period.

In its earlier history the National Banking Act seemed to prove a reasonable avenue through which needful additions to the circulation could from time to time be made. Changing conditions have apparently rendered it now inoperative to that end. The high margin in bond securities required, resulting from large premiums which Government bonds command in the market, or the tax on note issues, or both operating together, appear to be the influences which impair its public utility.

The attention of Congress is respectfully invited to this important matter, with the view of ascertaining whether or not such reasonable modifications can be made in the National Banking Act as will render its service in the particulars here referred to more responsive to the people's needs. I again urge that national banks be authorized to organize with a capital of \$25,000.

I urgently recommend that to support the existing gold standard, and to maintain "the parity in value of the coins of the two metals (gold and silver) and the equal power of every dollar at all times in the market and in the payment of debts," the Secretary of the Treasury be given additional power and charged with the duty to sell United States bonds and to employ such other effective means as may be necessary to these ends. The authority should include the power to sell bonds on long and short time, as conditions may require, and should provide for a rate of interest lower than that fixed by the act of January 14, 1875. While there is now no commercial fright which withdraws gold from the Government, but, on the contrary, such widespread confidence that gold seeks the Treasury demanding paper money in exchange, yet the very situation points to the present as the most fitting time to make adequate provision to insure the continuance of the gold standard and of public confidence in the ability and purpose of the Government to meet all its obligations in the money which the civilized world recognizes as the best. The financial transactions of the Government are conducted upon a gold basis. We receive gold when we sell United States bonds and use gold for their payment. We are maintaining the parity of all the money issued or coined by authority of the Government. We are doing these things with the means at hand. Happily at the present time we are not compelled to resort to loans to supply gold. It has been done in the past, however, and may have to be done in the future. It behooves us, therefore, to provide at once the best means to meet the emergency when it arises, and the best means are those which are the most certain and economical. Those now authorized have the virtue neither of directness nor economy. We have already eliminated one of the causes of our financial plight and embarrassment during the years 1893, 1894, 1895, and 1896. Our receipts now equal our expenditures; deficient revenues no longer create alarm. Let us remove the only remaining cause by conferring the full and necessary power on the Secretary of the Treasury and impose upon him the duty to uphold the present gold standard and preserve the coins of the two metals on a parity with each other, which is the repeatedly declared policy of the United States.

In this connection I repeat my former recommendations that a portion of the gold holdings shall be placed in a trust fund from which greenbacks shall be redeemed upon presentation, but when once redeemed shall not thereafter be paid out except for gold.

The value of an American merchant marine to the extension of our commercial trade and the strengthening of our power upon the sea invites the immediate action of the Congress. Our national development will be one-sided and unsatisfactory so long as the remarkable growth of our inland industries remains unaccompanied by progress on the seas. There is no lack of constitutional authority for legislation which shall give to the country maritime strength commensurate with its industrial achievements and with its rank among the nations of the earth,

The past year has recorded exceptional activity in our shipyards, and the promises of continual prosperity in shipbuilding are abundant. Advanced legislation for the protection of our seamen has been enacted. Our coast trade, under regulations wisely framed at the beginning of the Government and since, shows results for the past fiscal year unequalled in our records or those of any other power. We shall fail to realize our opportunities, however, if we complacently regard only matters at home and blind ourselves to the necessity of securing our share in the valuable carrying trade of the world.

Last year American vessels transported a smaller share of our exports and imports than during any former year in all our history, and the measure of our dependence upon foreign shipping was painfully manifested to our people. Without any choice of our own, but from necessity, the Departments of the Government charged with military and naval operations in the East and West Indies had to obtain from foreign flags merchant vessels essential for those operations.

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The other great nations have not hesitated to adopt the required means to develop their shipping as a factor in national defense and as one of the surest and speediest means of obtaining for their producers a share in foreign markets. Like vigilance and effort on our part cannot fail to improve our situation, which is regarded with humiliation at home and with surprise abroad. Even the seeming sacrifices, which at the beginning may be involved, will be offset later by more than equivalent gains.

The expense is as nothing compared to the advantage to be achieved. The reestablishment of our merchant marine involves in a large measure our continued industrial progress and the extension of our commercial triumphs. I am satisfied the judgment of the country favors the policy of aid to our merchant marine, which will broaden our commerce and markets and upbuild our sea-carrying capacity for the products of agriculture and manufacture; which, with the increase of our Navy, mean more work and wages to our countrymen, as well as a safeguard to American interests in every part of the world.

Combinations of capital organized into trusts to control the conditions of trade among our citizens, to stifle competition, limit production, and determine the prices of products used and consumed by the people, are justly provoking public discussion, and should early claim the attention of the Congress.

The Industrial Commission, created by the act of the Congress of June 18, 1898, has been engaged in extended hearings upon the disputed questions involved in the subject of combinations in restraint of trade and competition. They have not yet completed their investigation of this subject, and the conclusions and recommendations at which they may arrive are undetermined.

The subject is one giving rise to many divergent views as to the nature and variety or cause and extent of the injuries to the public which may result from large combinations concentrating more or less numerous enterprises and establishments, which previously to the formation of the combination were carried on separately.

It is universally conceded that combinations which engross or control the market of any particular kind of merchandise or commodity necessary to the general community, by suppressing natural and ordinary competition, whereby prices are unduly enhanced to the general consumer, are obnoxious not only to the common law but also to the public welfare. There must be a remedy for the evils involved in such organizations. If the present law can be extended more certainly to control or check these monopolies or trusts, it should be done without delay. Whatever power the Congress possesses over this most important subject should be promptly ascertained and asserted.

President Harrison in his annual message of December 3, 1889, says: Earnest attention should be given by Congress to a consideration of the question how far the restraint of those combinations of capital commonly called "trusts" is matter of Federal jurisdiction. When organized, as they often are, to crush out all healthy competition and to monopolize the production or sale of an article of commerce and general necessity they are dangerous conspiracies against the public good, and should be made the subject of prohibitory and even penal legislation. An act to protect trade and commerce against unlawful restraints and monopolies was passed by Congress on the 2d of July, 1890. The provisions of this statute are comprehensive and stringent. It declares every contract or combination, in the form of a trust or otherwise, or conspiracy in the restraint of trade or commerce among the several States or with foreign nations, to be unlawful. It denominates as a criminal every person who makes any such contract or engages in any such combination or conspiracy, and provides a punishment by fine or imprisonment. It invests the several circuit courts of the United States with jurisdiction to prevent and restrain violations of the act, and makes it the duty of the several United States district attorneys, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. It further confers upon any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by the act, the power to sue therefore in any circuit court of the United States without respect to the amount in controversy, and to recover threefold the damages by him sustained and the costs of the suit, including reasonable attorney fees. It will be perceived that the act is aimed at every kind of combination in the nature of a trust or monopoly in restraint of interstate or international commerce.

The prosecution by the United States of offenses under the act of 1890 has been frequently resorted to in the Federal courts, and notable efforts in the restraint of interstate commerce, such as the Trans-Missouri Freight Association and the joint Traffic Association, have been successfully opposed and suppressed.

President Cleveland in his annual message of December 7, 1896 — more than six years subsequent to the enactment of this law — after stating the evils of these trust combinations, says: Though Congress has attempted

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to deal with this matter by legislation, the laws passed for that purpose thus far have proved ineffective, not because of any lack of disposition or attempt to enforce them, but simply because the laws themselves as interpreted by the courts do not reach the difficulty. If the insufficiencies of existing laws can be remedied by further legislation, it should be done. The fact must be recognized, however, that all Federal legislation on this subject may fall short of its purpose because of inherent obstacles, and also because of the complex character of our governmental system, which, while making the Federal authority supreme within its sphere, has carefully limited that sphere by metes and bounds which cannot be transgressed. The decision of our highest court on this precise question renders it quite doubtful whether the evils of trusts and monopolies may be adequately treated through Federal action, unless they seek directly and purposely to include in their objects transportation or intercourse between States or between the United States and foreign countries. It does not follow, however, that this is the limit of the remedy that may be applied. Even though it may be found that Federal authority is not broad enough to fully reach the case, there can be no doubt of the power of the several States to act effectively in the premises, and there should be no reason to doubt their willingness to judiciously exercise such power. The State legislation to which President Cleveland looked for relief from the evils of trusts has failed to accomplish fully that object. This is probably due to a great extent to the fact that different States take different views as to the proper way to discriminate between evil and injurious combinations and those associations which are beneficial and necessary to the business prosperity of the country. The great diversity of treatment in different States arising from this cause and the intimate relations of all parts of the country to each other without regarding State lines in the conduct of business have made the enforcement of State laws difficult.

It is apparent that uniformity of legislation upon this subject in the several States is much to be desired. It is to be hoped that such uniformity founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations may be obtained and that means may be found for the Congress within the limitations of its constitutional power so to supplement an effective code of State legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred.

The whole question is so important and far-reaching that I am sure no part of it will be lightly considered, but every phase of it will have the studied deliberation of the Congress, resulting in wise and judicious action.

A review of our relations with foreign States is presented with such recommendations as are deemed appropriate.

The long-pending boundary dispute between the Argentine Republic and Chile was settled in March last by the award of an arbitral commission, on which the United States minister at Buenos Ayres served as umpire.

Progress has been made toward the conclusion of a convention of extradition with the Argentine Republic. Having been advised and consented to by the United States Senate and ratified by Argentina, it only awaits the adjustment of some slight changes in the text before exchange.

In my last annual message I adverted to the claim of the Austro-Hungarian Government for indemnity for the killing of certain Austrian and Hungarian subjects by the authorities of the State of Pennsylvania, at Lattimer, while suppressing an unlawful tumult of miners, September 10, 1897. In view of the verdict of acquittal rendered by the court before which the sheriff and his deputies were tried for murder, and following the established doctrine that the Government may not be held accountable for injuries suffered by individuals at the hands of the public authorities while acting in the line of duty in suppressing disturbance of the public peace, this Government, after due consideration of the claim advanced by the Austro-Hungarian Government, was constrained to decline liability to indemnify the sufferers.

It is gratifying to be able to announce that the Belgian Government has mitigated the restrictions on the importation of cattle from the United States, to which I referred in my last annual message.

Having been invited by Belgium to participate in a congress, held at Brussels, to revise the provisions of the general act Of July 2, 1890, for the repression of the African slave trade, to which the United States was a signatory party, this Government preferred not to be represented by a plenipotentiary, but reserved the right of accession to the result. Notable changes were made, those especially concerning this country being in the line of the increased restriction of the deleterious trade in spirituous liquors with the native tribes, which this Government has from the outset urgently advocated. The amended general act will be laid before the Senate, with a view to its advice and consent.

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Early in the year the peace of Bolivia was disturbed by a successful insurrection. The United States minister remained at his post, attending to the American interests in that quarter, and using besides his good offices for the protection of the interests of British subjects in the absence of their national representative. On the establishment of the new Government, our minister was directed to enter into relations therewith.

General Pando was elected President of Bolivia on October 23.

Our representative has been instructed to use all permissible friendly endeavors to induce the Government of Bolivia to amend its marriage laws so as to give legal status to the non-Catholic and civil marriages of aliens within its jurisdiction, and strong hopes are entertained that the Bolivian law in this regard will be brought, as was that of Peru some years ago, into harmony with the general practice of modern States.

A convention of extradition with Brazil, signed May 14, 1897, has been ratified by the Brazilian Legislature.

During the past summer two national ships of the United States have visited Brazilian ports on a friendly mission and been cordially received. The voyage of the *Wilnington* up the Amazon River gave rise to a passing misunderstanding, owing to confusion in obtaining permission to visit the interior and make surveys in the general interest of navigation, but the incident found a ready adjustment in harmony with the close relations of amity which this Government has always sedulously sought to cultivate with the commonwealths of the Western Continent.

The claim growing out of the seizure of the American-owned newspaper "The Panama Star and Herald" by the authorities of Colombia has been settled, after a controversy of several years, by an agreement assessing at \$30,000 the indemnity to be paid by the Colombian Government, in three installments of \$10,000 each.

The good will of Colombia toward our country has been testified anew by the cordial extension of facilities to the Nicaraguan Canal Commission in their approaching investigation of the Panama Canal and other projected routes across the Isthmus of Darien.

Toward the end of October an insurrectionary disturbance developed in the Colombian Republic. This movement has thus far not attained any decisive result and is still in progress.

Discussion of the questions raised by the action of Denmark in imposing restrictions on the importation of American meats has continued without substantial result in our favor.

The neighboring island Republic of Santo Domingo has lately been the scene of revolution, following a long period of tranquility. It began with the killing of President Heurieux in July last, and culminated in the relinquishment by the succeeding Vice-President of the reins of government to the insurgents. The first act of the provisional government was the calling of a presidential and constituent election. Juan Isidro Jimenez, having been elected President, was inaugurated on the 14th of November. Relations have been entered into with the newly established Government.

The experimental association of Nicaragua, Honduras, and Salvador, under the title of the Greater Republic of Central America, when apparently on the threshold of a complete federal organization by the adoption of a constitution and the formation of a national legislature, was disrupted in the last days of November, 1898, by the withdrawal of Salvador. Thereupon Nicaragua and Honduras abandoned the joint compact, each resuming its former independent sovereignty. This was followed by the reception of Minister Merry by the Republics of Nicaragua and Salvador, while Minister Hunter in turn presented his credentials to the Government of Honduras, thus reverting to the old distribution of the diplomatic agencies of the United States in Central America for which our existing statutes provide. A Nicaraguan envoy has been accredited to the United States.

An insurrectionary movement, under General Reyes, broke out at Eluefields in February last, and for a time exercised actual control in the Mosquito Territory. The Detroit was promptly sent thither for the protection of American interests. After a few weeks the Reyes government renounced the conflict, giving place to the restored supremacy of Nicaragua. During the interregnum certain public dues accruing under Nicaraguan law were collected from American merchants by the authorities for the time being in effective administrative control. Upon the titular government regaining power, a second payment of these dues was demanded. Controversy arose touching the validity of the original payment of the debt to the de facto regent of the territory. An arrangement was effected in April last by the United States minister and the foreign secretary of Nicaragua whereby the amounts of the duplicate payments were deposited with the British consul pending an adjustment of the matter by direct agreement between the Governments of the United States and Nicaragua. The controversy is still unsettled.

The contract of the Maritime Canal Company of Nicaragua was declared forfeited by the Nicaraguan

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Government on the Tenth of October, on the ground of nonfulfillment within the ten years' term stipulated in the contract. The Maritime Canal Company has lodged a protest against this action, alleging rights in the premises which appear worthy of consideration. This Government expects that Nicaragua will afford the protestants a full and fair hearing upon the merits of the case.

The Nicaragua Canal Commission, which had been engaged upon the work of examination and survey for a ship–canal route across Nicaragua, having completed its labors and made its report, was dissolved on May P, and on June To a new commission, known as the Isthmian Canal Commission, was organized under the terms of the act approved March 3, 1899, for the purpose of examining the American Isthmus with a view to determining the most practicable and feasible route for a ship canal across that Isthmus, with its probable cost, and other essential details.

This Commission, under the presidency of Rear–Admiral John G. Walker, U. S. N. (retired), entered promptly upon the work intrusted to it, and is now carrying on examinations in Nicaragua along the route of the Panama Canal, and in Darien from the Atlantic, in the neighborhood of the Atrato River, to the Bay of Panama, on the Pacific side. Good progress has been made, but under the law a comprehensive and complete investigation is called for, which will require much labor and considerable time for its accomplishment. The work will be prosecuted as expeditiously as possible and a report made at the earliest practicable date.

The great importance of this work cannot be too often or too strongly pressed upon the attention of the Congress. In my message of a year ago I expressed my views of the necessity of a canal which would link the two great oceans, to which I again invite your consideration. The reasons then presented for early action are even stronger now.

A pleasing incident in the relations of this Government with that of Chile occurred in the generous assistance given to the war ship Newark when in distress in Chilean waters. Not alone in this way has the friendly disposition of Chile found expression. That country has acceded to the convention for the establishment of the Bureau of the American Republics, in which organization every independent State of the continent now shares.

The exchange of ratifications of a convention for the revival of the United States and Chilean Claims Commission and for the adjudication of claims heretofore presented but not determined during the life of the previous Commission has been delayed by reason of the necessity for fresh action by the Chilean Senate upon the amendments attached to the ratification of the treaty by the United States Senate. This formality is soon to be accomplished.

In view of disturbances in the populous provinces of northern China, where are many of our citizens, and of the imminence of disorder near the capital and toward the seaboard, a guard of marines was landed from the Boston and stationed during last winter in the legation compound at Peking. With the restoration of order this protection was withdrawn.

The interests of our citizens in that vast Empire have not been neglected during the past year. Adequate protection has been secured for our missionaries and some injuries to their property have been redressed.

American capital has sought and found various opportunities of competing to carry out the internal improvements which the Imperial Government is wisely encouraging, and to develop the natural resources of the Empire. Our trade with China has continued to grow, and our commercial rights under existing treaties have been everywhere maintained during the past year, as they will be in the future.

The extension of the area open to international foreign settlement at Shanghai and the opening of the ports of Nanking, Tsing–tao (Kiao chao), and Ta–lien–wan to foreign trade and settlement will doubtless afford American enterprise additional facilities and new fields, of which it will not be slow to take advantage.

In my message to Congress of December 5, 1898, I urged that the recommendation which had been made to the Speaker of the House of Representatives by the Secretary of the Treasury on the 14th of June, 1898, for an appropriation for a commission to study the commercial and industrial conditions in the Chinese Empire and report as to the opportunities for, and obstacles to, the enlargement of markets in China for the raw products and manufactures of the United States, should receive at your hands the consideration which its importance and timeliness merited, but the Congress failed to take action.

I now renew this recommendation, as the importance of the subject has steadily grown since it was first submitted to you, and no time should be lost in studying for ourselves the resources of this great field for American trade and enterprise.

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The death of President Faure in February last called forth those sincere expressions of sympathy which befit the relations of two Republics as closely allied by unbroken historic ties as are the United States and France.

Preparations for the representation of the industries, arts, and products of the United States at the World's Exposition to be held in Paris next year continue on an elaborate and comprehensive scale, thanks to the generous appropriation provided by Congress and to the friendly interest the French Government has shown in furthering a typical exhibit of American progress.

There has been allotted to the United States a considerable addition of space, which, while placing our country in the first rank among exhibitors, does not suffice to meet the increasingly urgent demands of our manufacturers. The efforts of the Commissioner General are ably directed toward a strictly representative display of all that most characteristically marks American achievement in the inventive arts, and most adequately shows the excellence of our natural productions.

In this age of keen rivalry among nations for mastery in commerce, the doctrine of evolution and the rule of the survival of the fittest must be as inexorable in their operation as they are positive in the results they bring about. The place won in the struggle by an industrial people can only be held by unrelaxed endeavor and constant advance in achievement. The present extraordinary impetus in every line of American exportation and the astounding increase in the volume and value of our share in the world's markets may not be attributed to accidental conditions.

The reasons are not far to seek. They lie deep in our national character and find expression year by year in every branch of handicraft, in every new device whereby the materials we so abundantly produce are subdued to the artisan's will and made to yield the largest, most practical, and most beneficial return. The American exhibit at Paris should, and I am confident will, be an open volume, whose lessons of skillfully directed endeavor, unflinching energy, and consummate performance may be read by all on every page, thus spreading abroad a clearer knowledge of the worth of our productions and the justice of our claim to an important place in the marts of the world. To accomplish this by judicious selection, by recognition of paramount merit in whatever walk of trade or manufacture it may appear, and by orderly classification and attractive installation is the task of our Commission.

The United States Government building is approaching completion, and no effort will be spared to make it worthy, in beauty of architectural plan and in completeness of display, to represent our nation. It has been suggested that a permanent building of similar or appropriate design be erected on a convenient site, already given by the municipality, near the exposition grounds, to serve in commemoration of the part taken by this country in this great enterprise, as an American National Institute, for our countrymen resorting to Paris for study.

I am informed by our Commissioner-General that we shall have in the American sections at Paris over 7,000 exhibitors, from every State in our country, a number ten times as great as those which were represented at Vienna in 1873, six times as many as those in Paris in 1878, and four times as many as those who exhibited in Paris in 1889. This statement does not include the exhibits from either Cuba, Puerto Rico, or Hawaii, for which arrangements have been made.

A number of important international congresses on special topics affecting public interests are proposed to be held in Paris next summer in connection with the exposition. Effort will be made to have the several technical branches of our administration efficiently represented at those conferences, each in its special line, and to procure the largest possible concourse of State representatives, particularly at the Congresses of Public Charity and Medicine.

Our relations with Germany continue to be most cordial. The increasing intimacy of direct association has been marked during the year by the granting permission in April for the landing on our shores of a cable from Borkum Emden, on the North Sea, by way of the Azores, and also by the conclusion on September 2 of a Parcels Post Convention with the German Empire. In all that promises closer relations of intercourse and commerce and a better understanding between two races having so many traits in common, Germany can be assured of the most cordial cooperation of this Government and people. We may be rivals in many material paths, but our rivalry should be generous and open, ever aiming toward the attainment of larger results and the mutually beneficial advancement of each in the line of its especial adaptabilities.

The several governments of the Empire seem reluctant to admit the natural excellence of our food productions and to accept the evidence we constantly tender of the care with which their purity is guarded by rigid inspection

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from the farm, through the slaughterhouse and the packing establishments, to the port of shipment. Our system of control over exported food staples invites examination from any quarter and challenges respect by its efficient thoroughness.

It is to be hoped that in time the two Governments will act in common accord toward the realization of their common purpose to safeguard the public health and to insure the purity and wholesomeness of all food products imported by either country from the other. Were the Congress to authorize an invitation to Germany, in connection with the pending reciprocity negotiations, for the constitution of a joint commission of scientific experts and practical men of affairs to conduct a searching investigation of food production and exportation in both countries and report to their respective legislatures for the adoption of such remedial measures as they might recommend for either, the way might be opened for the desirable result indicated.

Efforts to obtain for American life insurance companies a full hearing as to their business operations in Prussia have, after several years of patient representation, happily succeeded, and one of the most important American companies has been granted a concession to continue business in that Kingdom.

I am also glad to announce that the German insurance companies have been readmitted by the superintendent of insurance to do business in the State of New York.

Subsequent to the exchange of our peace treaty with Spain, Germany acquired the Caroline Islands by purchase, paying therefore \$5,000,000. Assurances have been received from the German Government that the rights of American missionaries and traders there will be considerably observed.

In my last annual message I referred to the pending negotiations with Great Britain in respect to the Dominion of Canada. By means of an executive agreement, a joint High Commission had been created for the purpose of adjusting all unsettled questions between the United States and Canada, embracing twelve subjects, among which were the questions of the fur seals, the fisheries of the coast and contiguous inland waters, the Alaskan boundary, the transit of merchandise in bond, the alien labor laws, mining rights, reciprocity in trade, revision of the agreement respecting naval vessels in the Great Lakes, a more complete marking of parts of the boundary, provision for the conveyance of criminals, and for wrecking and salvage.

Much progress had been made by the Commission toward the adjustment of many of these questions, when it became apparent that an irreconcilable difference of views was entertained respecting the delimitation of the Alaskan, boundary. In the failure of an agreement as to the meaning of Articles III and IV of the treaty of 1825 between Russia and Great Britain, which defined the boundary between Alaska and Canada, the American Commissioners proposed that the subject of the boundary be laid aside, and that the remaining questions of difference be proceeded with, some of which were so far advanced as to assure the probability of a settlement. This being declined by the British Commissioners, an adjournment was taken until the boundary should be adjusted by the two Governments. The subject has been receiving the careful attention which its importance demands, with the result that a *modus vivendi* for provisional demarcations in the region about the head of Lynn Canal has, been agreed upon; and it is hoped that the negotiations now in progress between the two Governments will end in an agreement for the establishment and delimitation of a permanent boundary.

Apart from these questions growing out of our relationship with our northern neighbor, the most friendly disposition and ready agreement have marked the discussion of numerous matters arising in the vast and intimate intercourse of the United States with Great Britain.

This Government has maintained an attitude of neutrality in the unfortunate contest between Great Britain and the Boer States of Africa. We have remained faithful to the precept of avoiding entangling 'alliances as to affairs not of our direct concern. Had circumstances suggested that the parties to the quarrel would have welcomed any kindly expression of the hope of the American people that war might be averted, good offices would have been gladly tendered. The United States representative at Pretoria was early instructed to see that all neutral American interests be respected by the combatants. This has been an easy task in view of the positive declarations of both British and Boer authorities that the personal and property rights of our citizens should be observed.

Upon the withdrawal of the British agent from Pretoria the United States consul was authorized, upon the request of the British Government and with the assent of the South African and Orange Free State Governments, to exercise the customary good offices of a neutral for the care of British interests. In the discharge of this function, I am happy to say that abundant opportunity has been afforded to show the impartiality of this Government toward both the combatants.

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For the fourth time in the present decade, question has arisen with the Government of Italy in regard to the lynching of Italian subjects. The latest of these deplorable events occurred at Tallulah, Louisiana, whereby five unfortunates of Italian origin were taken from jail and hanged.

The authorities of the State and a representative of the Italian Embassy having separately investigated the occurrence, with discrepant results, particularly as to the alleged citizenship of the victims, and it not appearing that the State had been able to discover and punish the violators of the law, an independent investigation has been set on foot, through the agency of the Department of State, and is still in progress. The result will enable the Executive to treat the question with the Government of Italy in a spirit of fairness and justice. A satisfactory solution will doubtless be reached.

The recurrence of these distressing manifestations of blind mob fury directed at dependents or natives of a foreign country suggests that the contingency has arisen for action by Congress in the direction of conferring upon the Federal courts jurisdiction in this class of international cases where the ultimate responsibility of the Federal Government may be involved. The suggestion is not new. In his annual message of December 9, 1891, my predecessor, President Harrison, said: It would, I believe, be entirely competent for Congress to make offenses against the treaty rights of foreigners domiciled in the United States cognizable in the Federal courts. This has not, however, been done, and the Federal officers and courts have no power in such cases to intervene either for the protection of a foreign citizen or for the punishment of his slayers. It seems to me to follow, in this state of the law, that the officers of the State charged with police and judicial powers in such cases must, in the consideration of international questions growing out of such incidents, be regarded in such sense as Federal agents as to make this Government answerable for their acts in cases where it would be answerable if the United States had used its constitutional power to define and punish crimes against treaty rights. A bill to provide for the punishment of violations of treaty rights of aliens was introduced in the Senate March 1, 1892, and reported favorably March 30. Having doubtless in view the language of that part of Article III of the treaty of February 26, 1871, between the United States and Italy, which stipulates that "The citizens of each of the high contracting parties shall receive, in the States and Territories of the other, most constant protection and security for their persons and property, and shall enjoy in this respect the same rights and privileges as are or shall be granted to the natives, on their submitting themselves to the conditions imposed upon the natives," the bill so introduced and reported provided that any act committed in any State or Territory of the United States in violation of the rights of a citizen or subject of a foreign country secured to such citizen or subject by treaty between the United States and such foreign country and constituting a crime under the laws of the State or Territory shall constitute a like crime against the United States and be cognizable in the Federal courts. No action was taken by Congress in the matter.

I earnestly recommend that the subject be taken up anew and acted upon during the present session. The necessity for some such provision abundantly appears. Precedent for constituting a Federal jurisdiction in criminal cases where aliens are sufferers is rationally deducible from the existing statute, which gives to the district and circuit courts of the United States jurisdiction of civil suits brought by aliens where the amount involved exceeds a certain sum. If such jealous solicitude be shown for alien rights in cases of merely civil and pecuniary import, how much greater should be the public duty to take cognizance of matters affecting the lives and the rights of aliens under the settled principles of international law no less than under treaty stipulation, in cases of such transcendent wrong. doing as mob murder, especially when experience has shown that local justice is too often helpless to punish the offenders.

After many years of endeavor on the part of this Government to that end the Italian Government has consented to enter into negotiations for a naturalization convention, having for one of its objects the regulation of the status of Italians (except those of an age for active military service) who, having been naturalized in the United States, may revisit Italy. It is hoped that with the mutually conciliatory spirit displayed a successful conclusion will be reached.

The treaty of commerce and navigation between the United States and Japan on November 22, 1894, took effect in accordance with the terms of its XIXth Article on the 17th of July last, simultaneously with the enforcement of like treaties with the other powers, except France, whose convention did not go into operation until August 4, the United States being, however, granted up to that date all the privileges and rights accorded to French citizens under the old French treaty. By this notable conventional reform Japan's position as a fully independent sovereign power is assured, control being gained of taxation, customs revenues, judicial

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administration, coasting trade, and all other domestic functions of government, and foreign extra-territorial rights being renounced.

Comprehensive codes of civil and criminal procedure according to western methods, public instruction, patents and copyrights, municipal administration, including jurisdiction over the former foreign settlements, customs tariffs and procedure, public health, and other administrative measures have been proclaimed. The working of the new system has given rise to no material complaints on the part of the American citizens or interests, a circumstance which attests the ripe consideration with which the change has been prepared.

Valuable assistance was rendered by the Japanese authorities to the United States transport ship Morgan City while stranded at Kobe. Permission has been granted to land and pasture army horses at Japanese ports of call on the way to the Philippine Islands. These kindly evidences of good will are highly appreciated.

The Japanese Government has shown a lively interest in the proposition of the Pacific Cable Company to add to its projected cable lines to Hawaii, Guam, and the Philippines a branch connection with the coast of Japan. It would be a gratifying consummation were the utility of the contemplated scheme enhanced by bringing Japan and the United States into direct telegraphic relation.

Without repeating the observations of my special message of February 10, 1899, concerning the necessity of a cable to Manila. I respectfully invite attention to it.

I recommend that, in case the Congress should not take measures to bring about this result by direct action of the Government, the Postmaster General be authorized to invite competitive bids for the establishment of a cable; the company making the best responsible bid to be awarded the contract; the successful company to give ample bonds to insure the completion of the work within a reasonable time.

The year has been marked by constant increase in the intimacy of our relations with Mexico and in the magnitude of mutually advantageous interchanges. This Government has omitted no opportunity to show its strong desire to develop and perpetuate the ties of cordiality now so long happily unbroken.

Following the termination on January 20, 1899, by Mexico of the convention of extradition of December 11, 1861, a new treaty more in accordance with the ascertained needs of both countries was signed February 22, 1899, and exchanged in the City of Mexico on the 22d of April last. Its operation thus far has been effective and satisfactory. A recent case has served to test the application of its IVth Article, which provides that neither party shall be bound to deliver up its own citizens, but that the executive authority of each shall have the power to deliver them up if in its discretion it be deemed proper to do so.

The extradition of Mrs. Mattie Rich, a citizen of the United States, charged with homicide committed in Mexico, was after mature consideration directed by me in the conviction that the ends of justice would be thereby subserved. Similar action, on appropriate occasion, by the Mexican Executive will not only tend to accomplish the desire of both Governments that grave crimes go not unpunished, but also to repress lawlessness along the border of the two countries. The new treaty stipulates that neither Government shall assume jurisdiction in the punishment of crimes committed exclusively within the territory of the other. This will obviate in future the embarrassing controversies which have heretofore arisen through Mexico's assertion of a claim to try and punish an American citizen for an offense committed within the jurisdiction of the United States.

The International Water Boundary Commission, organized by the convention of March 1, 1889, for the adjustment of questions affecting the Rio Grande frontier, has not yet completed its labors. A further extension of its term for one year, until December 24, 1899, was effected by a convention signed December 2, 1898, and exchanged and proclaimed in February last.

An invitation extended to the President of Mexico to visit Chicago in October, on the occasion of laying the corner stone of the United States Government building in that city, was cordially accepted by him, with the necessary consent of the Mexican Congress, but the illness of a member of his family prevented his attendance. The Minister of Foreign Relations, however, came as the personal representative of President Diaz, and in that high character was duly honored.

Claims growing out of the seizure of American sealing vessels in Bering Sea have been under discussion with the Government of Russia for several years, with the recent happy result of an agreement to submit them to the decision of a single arbitrator. By this act Russia affords proof of her adherence to the beneficent principle of arbitration which her plenipotentiaries conspicuously favored at The Hague Disarmament Conference when it was advocated by the representatives of the United States.

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A suggestion for a permanent exposition of our products and manufactures in Russia, although not yet fully shaped, has been so cordially welcomed by the Imperial Government that it may not inaptly take a fitting place in whatever legislation the Congress may adopt looking to enlargement of our commercial opportunities abroad.

Important events have occurred in the Samoan Islands. The election, according to the laws and customs of Samoa, of a successor to the late King, Malietoa Laupepa, developed a contest as to the validity of the result, which issue, by the terms of the General Act, was to be decided by the Chief justice. Upon his rendering a judgment in favor of Malietoa Tanu, the rival chief, Mataafa, took up arms. The active intervention of American and British war ships became imperative to restore order, at the cost of sanguinary encounters. In this emergency a joint commission of representatives of the United States, Germany, and Great Britain was sent to Samoa to investigate the situation and provide a temporary remedy. By its active efforts a peaceful solution was reached for the time being, the kingship being abolished and a provisional government established. Recommendations unanimously made by the commission for a permanent adjustment of the Samoan question were taken under consideration by the three powers parties to the General Act. But the more they were examined the more evident it became that a radical change was necessary in the relations of the powers to Samoa.

The inconveniences and possible perils of the tripartite scheme of supervision and control in the Samoan group by powers having little interest in common in that quarter beyond commercial rivalry had been once more emphasized by the recent events. The suggested remedy of the joint Commission, like the scheme it aimed to replace amounted to what has been styled a tridominium, being the exercise of the functions of sovereignty by an unanimous agreement of three powers. The situation had become far more intricate and embarrassing from every point of view than it was when my predecessor, in 1894, summed up its perplexities and condemned the participation in it of the United States.

The arrangement under which Samoa was administered had proved impracticable and unacceptable to all the powers concerned. To withdraw from the agreement and abandon the islands to Germany and Great Britain would not be compatible with our interests in the archipelago. To relinquish our rights in the harbor of Pago Pago, the best anchorage in the Pacific, the occupancy of which had been leased to the United States in 1878 by the first foreign treaty ever concluded by Samoa, was not to be thought of either as regards the needs of our Navy or the interests of our growing commerce with the East. We could not have considered any proposition for the abrogation of the tripartite control which did not confirm us in all our rights and safeguard all our national interests in the islands.

Our views commended themselves to the other powers. A satisfactory arrangement was concluded between the Governments of Germany and of England, by virtue of which England retired from Samoa in view of compensations in other directions, and both powers renounced in favor of the United States all their rights and claims over and in respect to that portion of the group lying to the east of the one hundred and seventy-first degree of west longitude, embracing the islands of Tutuila, Ofoo, Olosenga, and Manua. I transmit to the Senate, for its constitutional action thereon, a convention, which besides the provisions above mentioned also guarantees us the same privileges and conditions in respect to commerce and commercial vessels in all of the islands of Samoa as those possessed by Germany.

Claims have been preferred by white residents of Samoa on account of injuries alleged to have been suffered through the acts of the treaty Governments in putting down the late disturbances. A convention has been made between the three powers for the investigation and settlement of these claims by a neutral arbitrator, to which the attention of the Senate will be invited.

My annual message of last year was necessarily devoted, in great part to a consideration of the Spanish War and of the results it wrought and the conditions it imposed for the future. I am gratified to announce that the treaty of peace has restored friendly relations between the two powers. Effect has been given to its most important provisions. The evacuation of Puerto Rico having already been accomplished on the 8th of October, 1898, nothing remained necessary there but to continue the provisional military control of the island until the Congress should enact a suitable government for the ceded territory. Of the character and scope of the measures to that end I shall treat in another part of this message.

The withdrawal of the authority of Spain from the island of Cuba was effected by the 1st of January, so that the full re-establishment of peace found the relinquished territory held by us in trust for the inhabitants, maintaining, under the direction of the Executive, such government and control therein as should conserve public

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order, restore the productive conditions of peace so long disturbed by the instability and disorder which prevailed for the greater part of the preceding three decades, and build up that tranquil development of the domestic state whereby alone can be realized the high purpose, as proclaimed in the joint resolution adopted by the Congress on the 19th of April, 1898, by which the United States disclaimed any disposition or intention to exercise sovereignty, jurisdiction, or control over Cuba, except for the pacification thereof, and asserted its determination when that was accomplished to leave the government and control of the island to its people. The pledge contained in this resolution is of the highest honorable obligation and must be sacredly kept.

I believe that substantial progress has been made in this direction. All the administrative measures adopted in Cuba have aimed to fit it for a regenerated existence by enforcing the supremacy of law and justice; by placing wherever practicable the machinery of administration in the hands of the inhabitants; by instituting needed sanitary reforms; by spreading education; by fostering industry and trade; by inculcating public morality, and, in short, by taking every rational step to aid the Cuban people to attain to that plane of self-conscious respect and self-reliant unity which fits an enlightened community for self-government within its own sphere, while enabling it to fulfill all outward obligation.

This nation has assumed before the world a grave responsibility for the future good government of Cuba. We have accepted a trust the fulfillment of which calls for the sternest integrity of purpose and the exercise of the highest wisdom. The new Cuba yet to arise from the ashes of the past must needs be bound to us by ties of singular intimacy and strength if its enduring welfare is to be assured. Whether those ties shall be organic or conventional, the destinies of Cuba are in some rightful form and manner irrevocably linked with our own, but how and how far is for the future to determine in the ripeness of events. Whatever be the outcome, we must see to it that free Cuba be a reality, not a name, a perfect entity, not a hasty experiment bearing within itself the elements of failure. Our mission, to accomplish which we took up the wager of battle, is not to be fulfilled by turning adrift any loosely framed commonwealth to face the vicissitudes which too often attend weaker States whose natural wealth and abundant resources are offset by the incongruities of their political organization and the recurring occasions for internal rivalries to sap their strength and dissipate their energies. The greatest blessing which can come to Cuba is the restoration of her agricultural and industrial prosperity, which will give employment to idle men and re-establish the pursuits of peace. This is her chief and immediate need.

On the 19th of August last an order was made for the taking of the census in the island, to be completed on the 30th of November. By the treaty of peace the Spanish people on the island have until April 11, 1900, to elect whether they will remain citizens of Spain or become citizens of Cuba. Until then it cannot be definitely ascertained who shall be entitled to participate in the formation of the government of Cuba. By that time the results of the census will have been tabulated and we shall proceed to provide for elections which will commit the municipal governments of the island to the officers elected by the people. The experience thus acquired will prove of great value in the formation of a representative convention of the people to draft a constitution and establish a general system of independent government for the island. In the meantime and so long as we exercise control over the island the products of Cuba should have a market in the United States on as good terms and with as favorable rates of duty as are given to the West India Islands under treaties of reciprocity which shall be made.

For the relief of the distressed in the island of Cuba the War Department has issued supplies to destitute persons through the officers of the Army, which have amounted to 5,493,000 rations, at a cost Of \$1,417,554.07.

To promote the disarmament of the Cuban volunteer army, and in the interest of public peace and the welfare of the people, the sum Of \$75 was paid to each Cuban soldier borne upon the authenticated rolls, on condition that he should deposit his arms with the authorities designated by the United States. The sum thus disbursed aggregated \$2,547,750, which was paid from the emergency fund provided by the act of January 5, 1899, for that purpose.

Out of the Cuban island revenues during the six months ending June 30, 1899, \$1,712,014.20 was expended for sanitation, \$293,881.70 for charities and hospitals, and \$88,944.03 for aid to the destitute.

Following the exchange of ratifications of the treaty of peace the two Governments accredited ministers to each other, Spain sending to Washington the Duke of Arcos, an eminent diplomatist, previously stationed in Mexico, while the United States transferred to Madrid Hon. Bellamy Storer, its minister at Brussels. This was followed by the respective appointment of consuls, thereby fully resuming the relations interrupted by the war. In addition to its consular representation in the United States, the Spanish Government has appointed consuls for

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Cuba, who have been provisionally recognized during the military administration of the affairs of that island.

Judicial intercourse between the courts of Cuba and Puerto Rico and of Spain has been established, as provided by the treaty of peace. The Cuban political prisoners in Spanish penal stations have been and are being released and returned to their homes, in accordance with Article VI of the treaty. Negotiations are about to be had for defining the conventional relations between the two countries, which fell into abeyance by reason of the war. I trust that these will include a favorable arrangement for commercial reciprocity under the terms of sections 3 and 4 of the current tariff act. In these, as in all matters of international concern, no effort will be spared to respond to the good disposition of Spain, and to cultivate in all practicable ways the intimacy which should prevail between two nations whose past history has so often and in so many ways been marked by sincere friendship and by community of interests.

I would recommend appropriate legislation in order to carry into execution Article VII of the Treaty of Peace with Spain, by which the United States assured the payment of certain claims for indemnity of its citizens against Spain.

The United States minister to Turkey continues, under instructions, to press for a money payment in satisfaction of the just claims for injuries suffered by American citizens in the disorders of several years past and for wrongs done to them by the Ottoman authorities. Some of these claims are of many years' standing. This Government is hopeful of a general agreement in this regard.

In the Turkish Empire the situation of our citizens remains unsatisfactory. Our efforts during nearly forty years to bring about a convention of naturalization seem to be on the brink of final failure through the announced policy of the Ottoman Porte to refuse recognition of the alien status of native Turkish subjects naturalized abroad since 1867. Our statutes do not allow this Government to admit any distinction between the treatment of native and naturalized Americans abroad, so that ceaseless controversy arises in cases where persons owing in the eye of international law a dual allegiance are prevented from entering Turkey or are expelled after entrance. Our law in this regard contrasts with that of the European States. The British act, for instance, does not claim effect for the naturalization of an alien in the event of his return to his native country, unless the change be recognized by the law of that country or stipulated by treaty between it and the naturalizing State.

The arbitrary treatment, in some instances, of American productions in Turkey has attracted attention of late, notably in regard to our flour. Large shipments by the recently opened direct steamship line to Turkish ports have been denied entrance on the score that, although of standard composition and unquestioned purity, the flour was pernicious to health because of deficient "elasticity" as indicated by antiquated and untrustworthy tests. Upon due protest by the American minister, and it appearing that the act was a virtual discrimination against our product, the shipments in question were admitted. In these, as in all instances, wherever occurring, when American products may be subjected in a foreign country, upon specious pretexts, to discrimination compared with the like products of another country, this Government will use its earnest efforts to secure fair and equal treatment for its citizens and their goods. Failing this, it will not hesitate to apply whatever corrective may be provided by the statutes.

The International Commission of Arbitration, appointed under the Anglo-Venezuelan treaty of 1897, rendered an award on October 3 last, whereby the boundary line between Venezuela and British Guiana is determined, thus ending a controversy which has existed for the greater part of the century. The award, as to which the arbitrators were unanimous, while not meeting the extreme contention of either party, gives to Great Britain a large share of the interior territory in dispute and to Venezuela the entire mouth of the Orinoco, including Barima Point and the Caribbean littoral for some distance to the eastward. The decision appears to be equally satisfactory to both parties.

Venezuela has once more undergone a revolution. The insurgents, under General Castro, after a sanguinary engagement in which they suffered much loss, rallied in the mountainous interior and advanced toward the capital. The bulk of the army having sided with the movement, President Andrade quitted Caracas, where General Castro set up a provisional government with which our minister and the representatives of other powers entered into diplomatic relations on the 20th of November, 1899.

The fourth section of the Tariff Act approved July 24, 1897, appears to provide only for commercial treaties which should be entered into by the President and also ratified by the Senate within two years from its passage. Owing to delays inevitable in negotiations of this nature, none of the treaties initiated under that section could be

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concluded in time for ratification by the Senate prior to its adjournment on the 4th of March last. Some of the pending negotiations, however, were near conclusion at that time, and the resulting conventions have since been signed by the plenipotentiaries. Others, within both the third and fourth sections of the act, are still under consideration. Acting under the constitutional power of the Executive in respect to treaties, I have deemed it my duty, while observing the limitations of concession provided by the fourth section, to bring to a conclusion all pending negotiations, and submit them to the Senate for its advice and consent.

Conventions of reciprocity have been signed during the Congressional recess with Great Britain for the respective colonies of British Guiana, Barbados, Bermuda, Jamaica, and Turks and Caicos Islands, and with the Republic of Nicaragua.

Important reciprocal conventions have also been concluded with France and with the Argentine Republic.

In my last annual message the progress noted in the work of the diplomatic and consular officers in collecting information as to the industries and commerce of other countries, and in the care and promptitude with which their reports are printed and distributed, has continued during the past year, with increasingly valuable results in suggesting new sources of demand for American products and in pointing out the obstacles still to be overcome in facilitating the remarkable expansion of our foreign trade. It will doubtless be gratifying to Congress to learn that the various agencies of the Department of State are co-operating in these endeavors with a zeal and effectiveness which are not only receiving the cordial recognition of our business interests, but are exciting the emulation of other Governments. In any rearrangement of the great and complicated work of obtaining official data of an economic character which Congress may undertake it is most important, in my judgment, that the results already secured by the efforts of the Department of State should be carefully considered with a view to a judicious development and increased utility to our export trade.

The interest taken by the various States forming the International Union of American Republics in the work of its organic bureau is evidenced by the fact that for the first time since its creation in 1890 all the Republics of South and Central America are now represented in it.

The unanimous recommendation of the International American Conference, providing for the International Union of American Republics, stated that it should continue in force during a term of ten years from the date of its organization, and no country becoming a member of the union should cease to be a member until the end of said period of ten years, and unless twelve months before the expiration of said period a majority of the members of the union had given to the Secretary of State of the United States official notice of their wish to terminate the union at the end of its first period, that the union should continue to be maintained for another period of ten years, and thereafter, under the same conditions, for successive periods of ten years each.

The period for notification expired on July 14, 1899, without any of the members having given the necessary notice of withdrawal. Its maintenance is therefore assured for the next ten years. In view of this fact and of the numerous questions of general interest and common benefit to all of the Republics of America, some of which were considered by the first International American Conference, but not finally settled, and others which have since then grown to importance, it would seem expedient that the various Republics constituting the Union should be invited to hold at an early date another conference in the capital of one of the countries other than the United States, which has already enjoyed this honor.

The purely international character of the work being done by the bureau and the appreciation of its value are further emphasized by the active co-operation which the various Governments of the Latin American Republics and their diplomatic representatives in this capital are now exhibiting and the zealous endeavors they are making to extend its field of usefulness, to promote through it commercial intercourse, and strengthen the bonds of amity and confidence between its various members and the nations of this continent.

The act to encourage the holding of the Pan-American Exposition on the Niagara frontier, within the county of Erie or Niagara, in the State of New York, in the year 1901, was approved on March 3, 1899.

This exposition, which will be held in the city of Buffalo, in the near vicinity of the great Niagara cataract, and within a day's journey of which reside 40,000,000 of our people, will be confined entirely to the Western Hemisphere. Satisfactory assurances have already been given by the diplomatic representatives of Great Britain, Mexico, the Central and South American Republics, and most of the States of the United States that these countries and States will make an unique, interesting, and instructive exhibit, peculiarly illustrative of their material progress during the century which is about to close.

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The law provides an appropriation Of \$500,000 for the purpose of making an exhibit at the exposition by the Government of the United States from its Executive Departments and from the Smithsonian Institution and National Museum, the United States Commission of Fish and Fisheries, the Department of Labor, and the Bureau of the American Republics. To secure a complete and harmonious arrangement of this Government exhibit a board of management has already been created, and charged with the selection, purchase, preparation, transportation, arrangement, and safe-keeping of the articles and materials to be exhibited. This board has been organized and has already entered upon the performance of its duties, as provided for by the law

I have every reason to hope and believe that this exposition will tend more firmly to cement the cordial relations between the nations on this continent.

In accordance with an act of Congress approved December 21, 1898, and under the auspices of the Philadelphia Commercial Museum, a most interesting and valuable exposition of products and manufactures especially adapted to export trade was held in Philadelphia from the 14th of September to the 1st of December, 1899. The representative character of the exhibits and the widespread interest manifested in the special objects of the undertaking afford renewed encouragement to those who look confidently to the steady growth of our enlarged exportation of manufactured goods, which has been the most remarkable fact in the economic development of the United States in recent years. A feature of this exposition which is likely to become of permanent and increasing utility to our industries is the collection of samples of merchandise produced in various countries with special reference to particular markets, providing practical object lessons to United States manufacturers as to qualities, styles, and prices of goods such as meet the special demands of consumers and may be exported with advantage.

In connection with the exposition an International Commercial Congress was held, upon the invitation of the Philadelphia Commercial Museum, transmitted by the Department of State to the various foreign Governments, for an exchange of information and opinions with the view to the promotion of international trade. This invitation met with general and cordial acceptance, and the Congress, which began its sessions at the exposition on the 13th of October proved to be of great practical importance, from the fact that it developed a general recognition of the interdependence of nations in trade and a most gratifying spirit of accommodation with reference to the gradual removal of existing impediments to reciprocal relations, without injury to the industrial interests of either party.

In response to the invitation of His Majesty, the Emperor of Russia, delegates from twenty-six countries were assembled at The Hague on the 18th of May, as members of a conference in the interest of peace. The commission from the United States consisted of the Hon. Andrew D. White, the Hon. Seth Low, the Hon. Stanford Newel, Captain Alfred T. Mahan, of the United States Navy, Captain William Crozier, of the United States Army, and the Hon. Frederick W. Holls, secretary. The occasion seemed to be opportune for the serious consideration of a plan for the pacific adjustment of international differences, a subject in which the American people have been deeply interested for many years, and a definite project for a permanent international tribunal was included in the instructions to the delegates of the United States.

The final act of the conference includes conventions upon the amelioration of the laws and customs of war on land, the adaptation to maritime warfare of the principles of the Geneva Convention of 1864, and the extension of judicial methods to international cases. The Convention for the Pacific Settlement of International Conflicts embodies the leading features of the American plan, with such modifications as were rendered 'necessary by the great diversity of views and interests represented by the delegates. The four titles of the convention provide for the maintenance of general peace, the exercise of good offices and mediation, the formation of commissions of inquiry, and international arbitration.

The mediation provided for by the convention is purely voluntary and advisory, and is intended to avoid any invasion or limitation of the sovereign rights of the adhering States. The commissions of inquiry proposed consists of delegations to be specifically constituted for particular purposes by means of conventions between the contesting parties, having for their object the clear understanding of international differences before resorting to the use of force. The provision for arbitration contemplates the formation of a permanent tribunal before which disputed cases may be brought for settlement by the mutual consent of the litigants in each separate case. The advantages of such a permanent tribunal over impromptu commissions of arbitration are conceived to be the actual existence of a competent court, prepared to administer justice, the greater economy resulting from a well-devised system, and the accumulated judicial skill and experience which such a tribunal would soon possess.

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While earnestly promoting the idea of establishing a permanent international tribunal, the delegation of the United States was not unmindful of the inconveniences which might arise from an obtrusive exercise of mediation, and in signing the convention carefully guarded the historic position of the United States by the following declaration: Nothing contained in this convention shall be so construed as to require the United States of America to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions or policy or internal administration of any foreign state; nor shall anything contained in the said convention be construed to imply a relinquishment by the United States of America of its traditional attitude toward purely American questions. Thus interpreted, the Convention for the Pacific Settlement of International Conflicts may be regarded as realizing the earnest desire of great numbers of American citizens, whose deep sense of justice, expressed in numerous resolutions and memorials, has urged them to labor for this noble achievement. The general character of this convention, already signed by the delegates of more than twenty sovereign States, further commends it to the favorable action of the Senate of the United States, whose ratification it still awaits.

Since my last annual message, and in obedience to the acts of the Congress of April 22 and 26, 1898, the remaining volunteer force enlisted for the Spanish War, consisting of 34,834 regulars and 110,202 volunteers, with over 5,000 volunteer officers, has been discharged from the military service. Of the volunteers, 667 officers and 14,831 men were serving in the Philippines, and 1,650 of the regulars, who were entitled to be mustered out after the ratification of the treaty of peace. They voluntarily remained at the front until their places could be filled by new troops. They were returned home in the order in which they went to Manila, and are now all of them out of the service and in the ranks of citizenship. I recommend that the Congress provide a special medal of honor for the volunteers, regulars, sailors, and marines on duty in the Philippines who voluntarily remained in the service after their terms of enlistment had expired.

By the act of March 2, 1899, Congress gave authority to increase the Regular Army to a maximum not exceeding 65,000 enlisted men, and to enlist a force of 5,000 volunteers, to be recruited from the country at large. By virtue of this authority the Regular Army has been increased to the number of 61,999 enlisted men and 2,248 officers, and new volunteer regiments have been organized aggregating 33,050 enlisted men and 1,524 officers. Two of these volunteer regiments are made up of colored men, with colored line officers. The new troops to take the places of those returning from the Philippines have been transported to Manila to the number of 581 officers and 26,322 enlisted men of the Regular Army and 594 officers and 15,388 enlisted men of the new volunteer force, while 504 officers and 14,119 men of the volunteer force are on the ocean en route to Manila.

The force now in Manila consists of 905 officers and 30,578 regulars, and 594 officers and 15,388 of the volunteers, making an aggregate of 1,499 officers and 45,966 men. When the troops now under orders shall reach Manila the force in the archipelago will comprise 2,051 officers and 63,483 men. The muster out of the great volunteer army organized for the Spanish War and the creation of a new army, the transportation from Manila to San Francisco of those entitled to discharge and the transportation of the new troops to take their places have been a work of great magnitude well and ably done, for which too much credit cannot be given the War Department.

During the past year we have reduced our force in Cuba and Puerto Rico. In Cuba we now have 334 officers and 10,796 enlisted men; in Puerto Rico, 87 officers and 2,855 enlisted men and a battalion of 400 men composed of native Puerto Ricans; while stationed throughout the United States are 910 officers and 17,317 men, and in Hawaii 12 officers and 453 enlisted men.

The operations of the Army are fully presented in the report of the Secretary of War. I cannot withhold from officers and men the highest commendation for their soldierly conduct in trying situations, their willing sacrifices for their country, and the integrity and ability with which they have performed unusual and difficult duties in our island possessions.

In the organization of the volunteer regiments authorized by the act of March 2, 1899, it was found that no provision had been made for chaplains. This omission was doubtless from inadvertence. I recommend the early authorization for the appointment of one chaplain for each of said regiments. These regiments are now in the Philippines, and it is important that immediate action be had.

In restoring peaceful conditions, orderly rule, and civic progress in Cuba, Puerto Rico, and, so far as practicable, in the Philippines, the rehabilitation of the postal service has been an essential and important part of the work. It became necessary to provide mail facilities both for our forces of occupation and for the native

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population. To meet this requirement has involved a substantial reconstruction. The existing systems were so fragmentary, defective, and inadequate that a new and comprehensive organization had to be created. American trained officials have been assigned to the directing and executive positions, while natives have been chiefly employed in making up the body of the force. In working out this plan the merit rule has been rigorously and faithfully applied.

The appointment of Director-General of Posts of Cuba was given to an expert who had been Chief Post-Office Inspector and Assistant Postmaster-General, and who united large experience with administrative capacity. For the postmastership at Havana the range of skilled and available men was scanned, and the choice fell upon one who had been twenty years in the service as deputy postmaster and postmaster of a large city. This principle governed and determined the selection of the American officials sent not only to Cuba, but to Puerto Rico and the Philippines, and they were instructed to apply it so far as practicable in the employment of the natives as minor postmasters and clerks. The postal system in Cuba, though remaining under the general guidance of the Postmaster-General, was made essentially independent. It was felt that it should not be a burden upon the postal service of the United States, and provision was made that any deficit in the postal revenue should be a charge upon the general revenues of the island.

Though Puerto Rico and the Philippines hold a different relation to the United States, yet, for convenience of administration, the same principle of an autonomous system has been extended to them. The development of the service in all of the islands has been rapid and successful. It has moved forward on American lines, with free delivery, money order, and registry systems, and has given the people mail facilities far greater and more reliable than any they have ever before enjoyed. It is thus not only a vital agency of industrial, social, and business progress, but an important influence in diffusing a just understanding of the true spirit and character of American administration.

The domestic postal service continues to grow with extraordinary rapidity. The expenditures and the revenues will each exceed \$100,000,000 during the current year. Fortunately, since the revival of prosperous times the revenues have grown much faster than the expenditures, and there is every indication that a short period will witness the obliteration of the annual deficit. In this connection the report of the Postmaster-General embodies a statement of some evils which have grown up outside of the contemplation of law in the treatment of some classes of mail matter which wrongly exercise the privilege of the pound rate, and shows that if this matter had been properly classified and had paid the rate which it should have paid, instead of a postal deficit for the last fiscal year of \$6,610,000, there would have been on one basis a surplus of \$17,637,570, and on another Of \$5,733,836. The reform thus suggested, in the opinion of the Postmaster-General, would not only put the postal service at once on a self-sustaining basis, but would permit great and valuable improvements, and I commend the subject to the consideration of the Congress.

The Navy has maintained the spirit and high efficiency which have always characterized that service, and has lost none of the gallantry in heroic action which has signalized its brilliant and glorious past. The Nation has equal pride in its early and later achievements. Its habitual readiness for every emergency has won the confidence and admiration of the country. The people are interested in the continued preparation and prestige of the Navy and will justify liberal appropriations for its maintenance and improvement. The officers have shown peculiar adaptation for the performance of new and delicate duties which our recent war has imposed.

It cannot be doubted that Congress will at once make necessary provision for the armor plate for the vessels now under contract and building. Its attention is respectfully called to the report of the Secretary of the Navy, in which the subject is fully presented. I unite in his recommendation that the Congress enact such special legislation as may be necessary to enable the Department to make contracts early in the coming year for armor of the best quality that can be obtained in this country for the Maine, Ohio, and Missouri, and that the provision of the act of March 3, 1899, limiting the price of armor to \$300 per ton be removed.

In the matter of naval construction Italy and Japan, of the great powers, laid down less tonnage in the year 1899 than this country, and Italy alone has less tonnage under construction. I heartily concur in the recommendations for the increase of the Navy, as suggested by the Secretary.

Our future progress and prosperity depend upon our ability to equal, if not surpass, other nations in the enlargement and advance of science, industry, and commerce. To invention we must turn as one of the most powerful aids to the accomplishment of such a result. The attention of the Congress is directed to the report of the

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Commissioner of Patents, in which will be found valuable suggestions and recommendations.

On the 30th of June, 1899, the pension roll of the United States numbered 991,519. These include the pensioners of the Army and Navy in all our wars. The number added to the rolls during the year was 40,991. The number dropped by reason of death, remarriage, minors by legal limitation, failure to claim within three years, and other causes, was 43,186, and the number of claims disallowed was 107,918. During the year 89,054 pension certificates were issued, of which 37,077 were for new or original pensions. The amount disbursed for army and navy pensions during the year was \$138,355,052.95, which was \$1,651,461.61 less than the sum of the appropriations.

The Grand Army of the Republic at its recent national encampment held in Philadelphia has brought to my attention and to that of the Congress the wisdom and justice of a modification of the third section of the act of June 27, 1890, which provides pensions for the widows of officers and enlisted men who served ninety days or more during the War of the Rebellion and were honorably discharged, provided that such widows are without other means of support than their daily labor and were married to the soldier, sailor, or marine on account of whose service they claim pension prior to the date of the act.

The present holding of the Department is that if the widow's income aside from her daily labor does not exceed in amount what her pension would be, to wit, \$96 per annum, she would be deemed to be without other means of support than her daily labor, and would be entitled to a pension under this act; while if the widow's income independent of the amount received by her as the result of her daily labor exceeds \$96, she would not be pensionable under the act. I am advised by the Commissioner of Pensions that the amount of the income allowed before title to pension would be barred has varied widely under different administrations of the Pension Office, as well as during different periods of the same administration, and has been the cause of just complaint and criticism.

With the approval of the Secretary of the Interior the Commissioner of Pensions recommends that, in order to make the practice at all times uniform and to do justice to the dependent widow, the amount of income allowed independent of the proceeds of her daily labor should be not less than \$250 per annum, and he urges that the Congress shall so amend the act as to permit the Pension Office to grant pensionable status to widows under the terms of the third section of the act of June 27, 1890, whose income aside from the proceeds of daily labor is not in excess of \$250 per annum. I believe this to be a simple act of justice and heartily recommend it.

The Dawes Commission reports that gratifying progress has been made in its work during the preceding year. The field-work of enrollment of four of the nations has been completed. I recommend that Congress at an early day make liberal appropriation for educational purposes in the Indian Territory.

In accordance with the act of Congress approved March 3, 1899, the preliminary work in connection with the Twelfth Census is now fully under way. The officers required for the proper administration of the duties imposed have been selected. The provision for securing a proper enumeration of the population, as well as to secure evidence of the industrial growth of the Nation, is broader and more comprehensive than any similar legislation in the past. The Director advises that every needful effort is being made to push this great work to completion in the time limited by the statute. It is believed that the Twelfth Census will emphasize our remarkable advance in all that pertains to national progress.

Under the authority of the act of Congress approved July 7, 1898, the commission consisting of the Secretary of the Treasury, the Attorney-General, and the Secretary of the Interior has made an agreement of settlement, which has had my approval, of the indebtedness to the Government growing out of the issue of bonds to aid in the construction of the Central Pacific and Western Pacific rail. roads. The agreement secures to the Government the principal and interest of said bonds, amounting to \$58,812,715.48. There has been paid thereon \$11,762,543.12, which has been covered into the Treasury, and the remainder, payable within ten years, with interest at the rate of 3 per cent per annum, payable semiannually, is secured by the deposit of an equal amount of first-mortgage bonds of the Pacific Railway companies. The amounts paid and secured to be paid to the Government on account of the Pacific Railroad subsidy claims are: Union Pacific, cash – \$58,448,223.75

Kansas Pacific, cash – 6,303,000.00

Central and Western Pacific, cash – 11,798,314.14

Notes, secured – 47,050,172.36

Kansas Pacific—dividends for deficiency due United States, cash – 821,897.70 –

State of the Union Address William McKinley

State of the Union Addresses

December 3, 1900

To the Senate and House of Representatives:

At the outgoing of the old and the incoming of the new century you begin the last session of the Fifty-sixth Congress with evidences on every hand of individual and national prosperity and with proof of the growing strength and increasing power for good of Republican institutions. Your countrymen will join with you in felicitation that American liberty is more firmly established than ever before, and that love for it and the determination to preserve it are more universal than at any former period of our history.

The Republic was never so strong, because never so strongly entrenched in the hearts of the people as now. The Constitution, with few amendments, exists as it left the hands of its authors. The additions which have been made to it proclaim larger freedom and more extended citizenship. Popular government has demonstrated in its one hundred and twenty-four years of trial here its stability and security, and its efficiency as the best instrument of national development and the best safeguard to human rights.

When the Sixth Congress assembled in November, 1800, the population of the United States was 5,308,483. It is now 76,304,799. Then we had sixteen States. Now we have forty-five. Then our territory consisted of 909,050 square miles. It is now 3,846,595 square miles. Education, religion, and morality have kept pace with our advancement in other directions, and while extending its power the Government has adhered to its foundation principles and abated none of them in dealing with our new peoples and possessions. A nation so preserved and blessed gives reverent thanks to God and invokes His guidance and the continuance of His care and favor.

In our foreign intercourse the dominant question has been the treatment of the Chinese problem. Apart from this our relations with the powers have been happy.

The recent troubles in China spring from the antiforeign agitation which for the past three years has gained strength in the northern provinces. Their origin lies deep in the character of the Chinese races and in the traditions of their Government. The Taiping rebellion and the opening of Chinese ports to foreign trade and settlement disturbed alike the homogeneity and the seclusion of China.

Meanwhile foreign activity made itself felt in all quarters, not alone on the coast, but along the great river arteries and in the remoter districts, carrying new ideas and introducing new associations among a primitive people which had pursued for centuries a national policy of isolation.

The telegraph and the railway spreading over their land, the steamers plying on their waterways, the merchant and the missionary penetrating year by year farther to the interior, became to the Chinese mind types of an alien invasion, changing the course of their national life and fraught with vague forebodings of disaster to their beliefs and their self-control.

For several years before the present troubles all the resources of foreign diplomacy, backed by moral demonstrations of the physical force of fleets and arms, have been needed to secure due respect for the treaty rights of foreigners and to obtain satisfaction from the responsible authorities for the sporadic outrages upon the persons and property of unoffending sojourners, which from time to time occurred at widely separated points in the northern provinces, as in the case of the outbreaks in Sze-chuen and Shan-tung.

Posting of antiforeign placards became a daily occurrence, which the repeated reprobation of the Imperial power failed to check or punish. These inflammatory appeals to the ignorance and superstition of the masses, mendacious and absurd in their accusations and deeply hostile in their spirit, could not but work cumulative harm. They aimed at no particular class of foreigners; they were impartial in attacking everything foreign.

An outbreak in Shan-tung, in which German missionaries were slain, was the too natural result of these malevolent teachings.

The posting of seditious placards, exhorting to the utter destruction of foreigners and of every foreign thing, continued unrebuked. Hostile demonstrations toward the stranger gained strength by organization.

The sect, commonly styled the Boxers, developed greatly in the provinces north of the Yang-Tse, and with the collusion of many notable officials, including some in the immediate councils of the Throne itself, became alarmingly aggressive. No foreigner's life, outside of the protected treaty ports, was safe. No foreign interest was secure from spoliation.

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The diplomatic representatives of the powers in Peking strove in vain to check this movement. Protest was followed by demand and demand by renewed protest, to be met with perfunctory edicts from the Palace and evasive and futile assurances from the Tsung-li Yamen. The circle of the Boxer influence narrowed about Peking, and while nominally stigmatized as seditious, it was felt that its spirit pervaded the capital itself, that the Imperial forces were imbued with its doctrines, and that the immediate counselors of the Empress Dowager were in full sympathy with the antiforeign movement.

The increasing gravity of the conditions in China and the imminence of peril to our own diversified interests in the Empire, as well as to those of all the other treaty governments, were soon appreciated by this Government, causing it profound solicitude. The United States from the earliest days of foreign intercourse with China had followed a policy of peace, omitting no occasions to testify good will, to further the extension of lawful trade, to respect the sovereignty of its Government, and to insure by all legitimate and kindly but earnest means the fullest measure of protection for the lives and property of our law-abiding citizens and for the exercise of their beneficent callings among the Chinese people.

Mindful of this, it was felt to be appropriate that our purposes should be pronounced in favor of such course as would hasten united action of the powers at Peking to promote the administrative reforms so greatly needed for strengthening the Imperial Government and maintaining the integrity of China, in which we believed the whole western world to be alike concerned. To these ends I caused to be addressed to the several powers occupying territory and maintaining spheres of influence in China the circular proposals of 1899, inviting from them declarations of their intentions and views as to the desirability of the adoption of measures insuring the benefits of equality of treatment of all foreign trade throughout China.

With gratifying unanimity the responses coincided in this common policy, enabling me to see in the successful termination of these negotiations proof of the friendly spirit which animates the various powers interested in the untrammelled development of commerce and industry in the Chinese Empire as a source of vast benefit to the whole commercial world.

In this conclusion, which I had the gratification to announce as a completed engagement to the interested powers on March 20, 1900, I hopefully discerned a potential factor for the abatement of the distrust of foreign purposes which for a year past had appeared to inspire the policy of the Imperial Government, and for the effective exertion by it of power and authority to quell the critical antiforeign movement in the northern provinces most immediately influenced by the Manchu sentiment.

Seeking to testify confidence in the willingness and ability of the Imperial administration to redress the wrongs and prevent the evils we suffered and feared, the marine guard, which had been sent to Peking in the autumn of 1899 for the protection of the legation, was withdrawn at the earliest practicable moment, and all pending questions were remitted, as far as we were concerned, to the ordinary resorts of diplomatic intercourse.

The Chinese Government proved, however, unable to check the rising strength of the Boxers and appeared to be a prey to internal dissensions. In the unequal contest the antiforeign influences soon gained the ascendancy under the leadership of Prince Tuan. Organized armies of Boxers, with which the Imperial forces affiliated, held the country between Peking and the coast, penetrated into Manchuria up to the Russian borders, and through their emissaries threatened a like rising throughout northern China.

Attacks upon foreigners, destruction of their property, and slaughter of native converts were reported from all sides. The Tsung-li Yamen, already permeated with hostile sympathies, could make no effective response to the appeals of the legations. At this critical juncture, in the early spring of this year, a proposal was made by the other powers that a combined fleet should be assembled in Chinese waters as a moral demonstration, under cover of which to exact of the Chinese Government respect for foreign treaty rights and the suppression of the Boxers.

The United States, while not participating in the joint demonstration, promptly sent from the Philippines all ships that could be spared for service on the Chinese coast. A small force of marines was landed at Taku and sent to Peking for the protection of the American legation. Other powers took similar action, until some four hundred men were assembled in the capital as legation guards.

Still the peril increased. The legations reported the development of the seditious movement in Peking and the need of increased provision for defense against it. While preparations were in progress for a larger expedition, to strengthen the legation guards and keep the railway open, an attempt of the foreign ships to make a landing at Taku was met by a fire from the Chinese forts. The forts were thereupon shelled by the foreign vessels, the

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American admiral taking no part in the attack, on the ground that we were not at war with China and that a hostile demonstration might consolidate the antiforeign elements and strengthen the Boxers to oppose the relieving column.

Two days later the Taku forts were captured after a sanguinary conflict. Severance of communication with Peking followed, and a combined force of additional guards, which was advancing to Peking by the Pei-Ho, was checked at Langfang. The isolation of the legations was complete.

The siege and the relief of the legations has passed into undying history. In all the stirring chapter which records the heroism of the devoted band, clinging to hope in the face of despair, and the undaunted spirit that led their relievers through battle and suffering to the goal, it is a memory of which my countrymen may be justly proud that the honor of our flag was maintained alike in the siege and the rescue, and that stout American hearts have again set high, in fervent emulation with true men of other race and language, the indomitable courage that ever strives for the cause of right and justice.

By June 19 the legations were cut off. An identical note from the, Yamen ordered each minister to leave Peking, under a promised escort, within twenty-four hours. To gain time they replied, asking prolongation of the time, which was afterwards granted, and requesting an interview with the Tsung-li Yamen on the following day. No reply being received, on the morning of the 20th the German minister, Baron von Ketteler, set out for the Yamen to obtain a response, and oil the way was murdered.

An attempt by the legation guard to recover his body was foiled by the Chinese. Armed forces turned out against the legations. Their quarters were surrounded and attacked. The mission compounds were abandoned, their inmates taking refuge in the British legation, where all the other legations and guards gathered for more effective defense. Four hundred persons were crowded in its narrow compass. Two thousand native converts were assembled in a nearby palace under protection of the foreigners. Lines of defense were strengthened, trenches dug, barricades raised, and preparations made to stand a siege, which at once began.

From June 20 until July 17, writes Minister Conger, 11 there was scarcely an hour during which there was not firing upon some part of our lines and into some of the legations, varying from a single shot to a general and continuous attack along the whole line." Artillery was placed around the legations and on the over-looking palace walls, and thousands of 3-inch shot and shell were fired, destroying some buildings and damaging all. So thickly did the balls rain, that, when the ammunition of the besieged ran low, five quarts of Chinese bullets were gathered in an hour in one compound and recast.

Attempts were made to burn the legations by setting neighboring houses on fire, but the flames were successfully fought off, although the Austrian, Belgian, Italian, and Dutch legations were then and subsequently burned. With the aid of the native converts, directed by the missionaries, to whose helpful co-operation Mr. Conger awards unstinted praise, the British legation was made a veritable fortress. The British minister, Sir Claude MacDonald, was chosen general commander of the defense, with the secretary of the American legation, Mr. E. G. Squiers, as chief of staff.

To save life and ammunition the besieged sparingly returned the incessant fire of the Chinese soldiery, fighting only to repel attack or make an occasional successful sortie for strategic advantage, such as that of fifty-five American, British, and Russian marines led by Captain Myers, of the United States Marine Corps, which resulted in the capture of a formidable barricade on the wall that gravely menaced the American position. It was held to the last, and proved an invaluable acquisition, because commanding the water gate through which the relief column entered.

During the siege the defenders lost 65 killed, 135 wounded, and 7 by disease, the last all children.

On July 14 the besieged had their first communication with the Tsung-li Yamen, from whom a message came inviting to a conference, which was declined. Correspondence, however, ensued and a sort of armistice was agreed upon, which stopped the bombardment and lessened the rifle fire for a time. Even then no protection whatever was afforded, nor any aid given, save to send to the legations a small supply of fruit and three sacks of flour.

Indeed, the only communication had with the Chinese Government related to the occasional delivery or dispatch of a telegram or to the demands of the Tsung-li Yamen for the withdrawal of the legations to the coast under escort. Not only are the protestations of the Chinese Government that it protected and succored the legations positively contradicted, but irresistible proof accumulates that the attacks upon them were made by

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Imperial troops, regularly uniformed, armed, and officered, belonging to the command of Jung Lu, the Imperial commander in chief. Decrees encouraging the Boxers, organizing them under prominent Imperial officers, provisioning them, and even granting them large sums in the name of the Empress Dowager, are known to exist. Members of the Tsung-li Yamen who counseled protection of the foreigners were beheaded. Even in the distant provinces men suspected of foreign sympathy were put to death, prominent among these being Chang Yen-hoon, formerly Chinese minister in Washington.

With the negotiation of the partial armistice of July 14, a proceeding which was doubtless promoted by the representations of the Chinese envoy in Washington, the way was opened for the conveyance to Mr. Conger of a test message sent by the Secretary of State through the kind offices of Minister Wu Ting-fang. Mr. Conger's reply, dispatched from Peking on July 18 through the same channel, afforded to the outside world the first tidings that the inmates of the legations were still alive and hoping for succor.

This news stimulated the preparations for a joint relief expedition in numbers sufficient to overcome the resistance which for a month had been organizing between Taku and the capital. Reinforcements sent by all the co-operating Governments were constantly arriving. The United States contingent, hastily assembled from the Philippines or dispatched from this country, amounted to some 5,000 men, under the able command first of the lamented Colonel Liscurn and afterwards of General Chaffee.

Toward the end of July the movement began. A severe conflict followed at Tientsin, in which Colonel Liscurn was killed. The city was stormed and partly destroyed. Its capture afforded the base of operations from which to make the final advance, which began in the first days of August, the expedition being made up of Japanese, Russian, British, and American troops at the outset.

Another battle was fought and won at Yangtsun. Thereafter the disheartened Chinese troops offered little show of resistance. A few days later the important position of Ho-si-woo was taken. A rapid march brought the united forces to the populous city of Tung Chow, which capitulated without a contest.

On August 14 the capital was reached. After a brief conflict beneath the walls the relief column entered and the legations were saved. The United States soldiers, sailors, and marines, officers and men alike, in those distant climes and unusual surroundings, showed the same valor, discipline, and good conduct and gave proof of the same high degree of intelligence and efficiency which have distinguished them in every emergency.

The Imperial family and the Government had fled a few days before. The city was without visible control. The remaining Imperial soldiery had made on the night of the 13th a last attempt to exterminate the besieged, which was gallantly repelled. It fell to the occupying forces to restore order and organize a provisional administration.

Happily the acute disturbances were confined to the northern provinces. It is a relief to recall and a pleasure to record the loyal conduct of the viceroys and local authorities of the southern and eastern provinces. Their efforts were continuously directed to the pacific control of the vast populations under their rule and to the scrupulous observance of foreign treaty rights. At critical moments they did not hesitate to memorialize the Throne, urging the protection of the legations, the restoration of communication, and the assertion of the Imperial authority against the subversive elements. They maintained excellent relations with the official representatives of foreign powers. To their kindly disposition is largely due the success of the consuls in removing many of the missionaries from the interior to places of safety. In this relation the action of the consuls should be highly commended. In Shan-tung and eastern Chi-li the task was difficult, but, thanks to their energy and the cooperation of American and foreign naval commanders, hundreds of foreigners, including those of other nationalities than ours, were rescued from imminent peril.

The policy of the United States through all this trying period was clearly announced and scrupulously carried out. A circular note to the powers dated July 3 proclaimed our attitude. Treating the condition in the north as one of virtual anarchy, in which the great provinces of the south and southeast had no share, we regarded the local authorities in the latter quarters as representing the Chinese people with whom we sought to remain in peace and friendship. Our declared aims involved no war against the Chinese nation. We adhered to the legitimate office of rescuing the imperiled legation, obtaining redress for wrongs already suffered, securing wherever possible the safety of American life and property in China, and preventing a spread of the disorders or their recurrence.

As was then said, " The policy of the Government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of

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equal and impartial trade with all parts of the Chinese Empire."

Faithful to those professions which, as it proved, reflected the views and purposes of the other co-operating Governments, all our efforts have been directed toward ending the anomalous situation in China by negotiations for a settlement at the earliest possible moment. As soon as the sacred duty of relieving our legation and its dependents was accomplished we withdrew from active hostilities, leaving our legation under an adequate guard in Peking as a channel of negotiation and settlement—a course adopted by others of the interested powers. Overtures of the empowered representatives of the Chinese Emperor have been considerably entertained.

The Russian proposition looking to the restoration of the Imperial power in Peking has been accepted as in full consonance with our own desires, for we have held and hold that effective reparation for wrongs suffered and an enduring settlement that will make their recurrence impossible can best be brought about under an authority which the Chinese nation reverences and obeys. While so doing we forego no jot of our undoubted right to exact exemplary and deterrent punishment of the responsible authors and abettors of the criminal acts whereby we and other nations have suffered grievous injury.

For the real culprits, the evil counselors who have misled the Imperial judgment and diverted the sovereign authority to their own guilty ends, full expiation becomes imperative within the rational limits of retributive Justice. Regarding this as the initial condition of an acceptable settlement between China and the powers, I said in my message of October 18 to the Chinese Emperor: I trust that negotiations may begin so soon as we and the other offended Governments shall be effectively satisfied of Your Majesty's ability and power to treat with just sternness the principal offenders, who are doubly culpable, not alone toward the foreigners, but toward Your Majesty, under whose rule the purpose of China to dwell in concord with the world had hitherto found expression in the welcome and protection assured to strangers. Taking, as a point of departure, the Imperial edict appointing Earl Li Hung Chang and Prince Ching plenipotentiaries to arrange a settlement, and the edict of September 25, whereby certain high officials were designated for punishment, this Government has moved, in concert with the other powers, toward the opening of negotiations, which Mr. Conger, assisted by Mr. Rockhill, has been authorized to conduct on behalf of the United States.

General bases of negotiation formulated by the Government of the French Republic have been accepted with certain reservations as to details, made necessary by our own circumstances, but, like similar reservations by other powers, open to discussion in the progress of the negotiations. The disposition of the Emperor's Government to admit liability for wrongs done to foreign Governments and their nationals, and to act upon such additional designation of the guilty persons as the foreign ministers at Peking may be in a position to make, gives hope of a complete settlement of all questions involved, assuring foreign rights of residence and intercourse on terms of equality for all the world.

I regard as one of the essential factors of a durable adjustment the securing of adequate guarantees for liberty of faith, since insecurity of those natives who may embrace alien creeds is a scarcely less effectual assault upon the rights of foreign worship and teaching than would be the direct invasion thereof.

The matter of indemnity for our wronged citizens is a question of grave concern. Measured in money alone, a sufficient reparation may prove to be beyond the ability of China to meet. All the powers concur in emphatic disclaimers of any purpose of aggrandizement through the dismemberment of the Empire. I am disposed to think that due compensation may be made in part by increased guarantees of security for foreign rights and immunities, and, most important of all, by the opening of China to the equal commerce of all the world. These views have been and will be earnestly advocated by our representatives.

The Government of Russia has put forward a suggestion, that in the event of protracted divergence of views in regard to indemnities the matter may be relegated to the Court of Arbitration at The Hague. I favorably incline to this, believing that high tribunal could not fail to reach a solution no less conducive to the stability and enlarged prosperity of China itself than immediately beneficial to the powers.

Ratifications of a treaty of extradition with the Argentine Republic were exchanged on June 2 last.

While the Austro-Hungarian Government has in the many cases that have been reported of the arrest of our naturalized citizens for alleged evasion of military service faithfully observed the provisions of the treaty and released such persons from military obligations, it has in some instances expelled those whose presence in the community of their origin was asserted to have a pernicious influence. Representations have been made against this course whenever its adoption has appeared unduly onerous.

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We have been urgently solicited by Belgium to ratify the International Convention of June, 1899, amendatory of the previous Convention of 1890 in respect to the regulation of the liquor trade in Africa. Compliance was necessarily withheld, in the absence of the advice and consent of the Senate thereto. The principle involved has the cordial sympathy of this Government, which in the reversionary negotiations advocated more drastic measures, and I would gladly see its extension, by international agreement, to the restriction of the liquor traffic with all. uncivilized peoples, especially in the Western Pacific.

A conference will be held at Brussels December 11, 1900, under the Convention for the protection of industrial property, concluded at Paris March 20, 1883, to which delegates from this country have been appointed. Any lessening of the difficulties that our inventors encounter in obtaining patents abroad for their inventions and that our farmers, manufacturers, and merchants may have in the protection of their trade-marks is worthy of careful consideration, and your attention will be called to the results of the conference at the proper time.

In the interest of expanding trade between this country and South America, efforts have been made during the past year to conclude conventions with the southern republics for the enlargement of postal facilities. Two such agreements, signed with Bolivia on April 24, of which that establishing the money-order system is undergoing certain changes suggested by the Post-Office Department, have not yet been ratified by this Government. A treaty of extradition with that country, signed on the same day, is before the Senate.

A boundary dispute between Brazil and Bolivia over the territory of Acre is in a fair way of friendly adjustment, a protocol signed in December, 1899, having agreed on a definite frontier and provided for its demarcation by a joint commission.

Conditions in Brazil have weighed heavily on our export trade to that country in marked contrast to the favorable conditions upon which Brazilian products are admitted into our markets. Urgent representations have been made to that Government on the subject and some amelioration has been effected. We rely upon the reciprocal justice and good will of that Government to assure to us a further improvement in our commercial relations.

The Convention signed May 24, 1897, for the final settlement of claims left in abeyance upon the dissolution of the Commission of 1893, was at length ratified by the Chilean Congress and the supplemental Commission has been organized.

It remains for the Congress to appropriate for the necessary expenses of the Commission.

The insurrectionary movement which disturbed Colombia in the latter part of 1899 has been practically suppressed, although guerrillas still operate in some departments. The executive power of that Republic changed hands in August last by the act of Vice-President Marroquin in assuming the reins of government during the absence of President San Clemente from the capital. The change met with no serious opposition, and, following the precedents in such cases, the United States minister entered into relations with the new defacto Government on September 17.

It is gratifying to announce that the residual questions between Costa Rica and Nicaragua growing out of the Award of President Cleveland in 1888 have been adjusted through the choice of an American engineer, General E. P. Alexander, as umpire to run the disputed line. His task has been accomplished to the satisfaction of both contestants.

A revolution in the Dominican Republic toward the close of last year resulted in the installation of President Jimenez, whose Government was formally recognized in January. Since then final payment has been made of the American claim in regard to the Ozama bridge.

The year of the exposition has been fruitful in occasions for displaying the good will that exists between this country and France. This great competition brought together from every nation the best in natural productions, industry, science, and the arts, submitted in generous rivalry to a judgment made all the more searching because of that rivalry. The extraordinary increase of exportations from this country during the past three years and the activity with which our inventions and wares had invaded new markets caused much interest to center upon the American exhibit, and every encouragement was offered in the way of space and facilities to permit of its being comprehensive as a whole and complete in every part.

It was, however, not an easy task to assemble exhibits that could fitly illustrate our diversified resources and manufactures. Singularly enough, our national prosperity lessened the incentive to exhibit. The dealer in raw materials knew that the user must come to him; the great factories were contented with the phenomenal demand

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for their output, not alone at home, but also abroad, where merit had already won a profitable trade.

Appeals had to be made to the patriotism of exhibitors to induce them to incur outlays promising no immediate return. This was especially the case where it became needful to complete an industrial sequence or illustrate a class of processes. One manufacturer after another had to be visited and importuned, and at times, after a promise to exhibit in a particular section had been obtained, it would be withdrawn, owing to pressure of trade orders, and a new quest would have to be made.

The installation of exhibits, too, encountered many obstacles and involved unexpected cost. The exposition was far from ready at the date fixed for its opening. The French transportation lines were congested with offered freight. Belated goods had to be hastily installed in unfinished quarters with whatever labor could be obtained in the prevailing confusion. Nor was the task of the Commission lightened by the fact that, owing to the scheme of classification adopted, it was impossible to have the entire exhibit of any one country in the same building or more than one group of exhibits in the same part of any building. Our installations were scattered on both sides of the Seine and in widely remote suburbs of Paris, so that additional assistants were needed for the work of supervision and arrangement.

Despite all these drawbacks the contribution of the United States was not only the largest foreign display, but was among the earliest in place and the most orderly in arrangement. Our exhibits were shown in one hundred and one out of one hundred and twenty-one classes, and more completely covered the entire classification than those of any other nation. In total number they ranked next after those of France, and the attractive form in which they were presented secured general attention.

A criterion of the extent and success of our participation and of the thoroughness with which our exhibits were organized is seen in the awards granted to American exhibitors by the international jury, namely, grand prizes, 240; gold medals, 597; silver medals, 776; bronze medals, 541, and honorable mentions, 322 — 2,476 in all, being the greatest total number given to the exhibit of any exhibiting nation, as well as the largest number in each grade. This significant recognition of merit in competition with the chosen exhibits of all other nations and at the hands of juries almost wholly made tip of representatives of France and other competing countries is not only most gratifying, but is especially valuable, since it sets us to the front in international questions of supply and demand, while the large proportion of awards in the classes of art and artistic manufactures afforded unexpected proof of the stimulation of national culture by the prosperity that flows from natural productiveness joined to industrial excellence.

Apart from the exposition several occasions for showing international good will occurred. The inauguration in Paris of the Lafayette Monument, presented by the school children of the United States, and the designing of a commemorative coin by our Mint and the presentation of the first piece struck to the President of the Republic, were marked by appropriate ceremonies, and the Fourth of July was especially observed in the French capital.

Good will prevails in our relations with the German Empire. An amicable adjustment of the long-pending question of the admission of our life-insurance companies to do business in Prussia has been reached. One of the principal companies has already been readmitted and the way is opened for the others to share the privilege.

The settlement of the Samoan problem, to which I adverted in my last message, has accomplished good results. Peace and contentment prevail in the islands, especially in Tutuila, where a convenient administration that has won the confidence and esteem of the kindly disposed natives has been organized under the direction of the commander of the United States naval station at Pago-Pago.

An Imperial meat inspection law has been enacted for Germany. While it may simplify the inspections, it prohibits certain products heretofore admitted. There is still great uncertainty as to whether our well-nigh extinguished German trade in meat products can revive tinder its new burdens. Much will depend upon regulations not yet promulgated, which we confidently hope will be free from the discriminations which attended the enforcement of the old statutes.

The remaining link in the new lines of direct telegraphic communication between the United States and the German Empire has recently been completed, affording a gratifying occasion for exchange of friendly congratulations with the German Emperor.

Our friendly relations with Great Britain continue. The war in Southern Africa introduced important questions. A condition unusual in international wars was presented in that while one belligerent had control of the seas, the other had no ports, shipping, or direct trade, but was only accessible through the territory of a neutral.

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Vexatious questions arose through Great Britain's action in respect to neutral cargoes, not contraband in their own nature, shipped to Portuguese South Africa, on the score of probable or suspected ultimate destination to the Boer States.

Such consignments in British ships, by which alone direct trade is kept up between our ports and Southern Africa, were seized in application of a municipal law prohibiting British vessels from trading with the enemy without regard to any contraband character of the goods, while cargoes shipped to Delagoa Bay in neutral bottoms were arrested on the ground of alleged destination to enemy's country. Appropriate representations on our part resulted in the British Government agreeing to purchase outright all such goods shown to be the actual property of American citizens, thus closing the incident to the satisfaction of the immediately interested parties, although, unfortunately, without a broad settlement of the question of a neutral's right to send goods not contraband per se to a neutral port adjacent to a belligerent area.

The work of marking certain provisional boundary points, for convenience of administration, around the head of Lynn Canal, in accordance with the temporary arrangement of October, 1899, was completed by a joint survey in July last. The modus vivendi has so far worked without friction, and the Dominion Government has provided rules and regulations for securing to our citizens the benefit of the reciprocal stipulation that the citizens or subjects of either power found by that arrangement within the temporary jurisdiction of the other shall suffer no diminution of the rights and privileges they have hitherto enjoyed. But however necessary such an expedient may have been to tide over the grave emergencies of the situation, it is at best but an unsatisfactory makeshift, which should not be suffered to delay the speedy and complete establishment of the frontier line to which we are entitled under the Russo-American treaty for the cession of Alaska.

In this relation I may refer again to the need of definitely marking the Alaskan boundary where it follows the one hundred and forty-first meridian. A convention to that end has been before the Senate for some two years, but as no action has been taken I contemplate negotiating a new convention for a joint determination of the meridian by telegraphic observations. These, it is believed, will give more accurate and unquestionable results than the sidereal methods heretofore independently followed, which, as is known, proved discrepant at several points on the line, although not varying at any place more than 700 feet.

The pending claim of R. H. May against the Guatemalan Government has been settled by arbitration, Mr. George F. B. Jenner, British minister at Guatemala, who was chosen as sole arbitrator, having awarded \$143,750.73 in gold to the claimant.

Various American claims against Haiti have been or are being advanced to the resort of arbitration.

As the result of negotiations with the Government of Honduras in regard to the indemnity demanded for the murder of Frank H. Pears in Honduras, that Government has paid \$10,000 in settlement of the claim of the heirs.

The assassination of King Humbert called forth sincere expressions of sorrow from this Government and people, and occasion was fitly taken to testify to the Italian nation the high regard here felt for the memory of the lamented ruler.

In my last message I referred at considerable length to the lynching of five Italians at Tallulah. Notwithstanding the efforts of the Federal Government, the production of evidence tending to inculpate the authors of this grievous offense against our civilization, and the repeated inquests set on foot by the authorities of the State of Louisiana, no punishments have followed. Successive grand juries have failed to indict. The representations of the Italian Government in the face of this miscarriage have been most temperate and just.

Setting the principle at issue high above all consideration of merely pecuniary indemnification, such as this Government made in the three previous cases, Italy has solemnly invoked the pledges of existing treaty and asked that the justice to which she is entitled shall be meted in regard to her unfortunate countrymen in our territory with the same full measure she herself would give to any American were his reciprocal treaty rights contemned.

I renew the urgent recommendations I made last year that the Congress appropriately confer upon the Federal courts jurisdiction in this class of international cases where the ultimate responsibility of the Federal Government may be involved, and I invite action upon the bills to accomplish this which were introduced in the Senate and House. It is incumbent upon us to remedy the statutory omission which has led, and may again lead, to such untoward results. I have pointed out the necessity and the precedent for legislation of this character. Its enactment is a simple measure of previsory justice toward the nations with which we as a sovereign equal make treaties requiring reciprocal observance.

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While the Italian Government naturally regards such action as the primary and, indeed, the most essential element in the disposal of the Tallulah incident, I advise that, in accordance with precedent, and in view of the improbability of that particular case being reached by the bill now pending, Congress make gracious provision for indemnity to the Italian sufferers in the same form and proportion as heretofore.

In my inaugural address I referred to the general subject of lynching in these words: Lynching must not be tolerated in a great and civilized country like the United States; courts, not mobs, must execute the penalties of the law. The preservation of public order, the right of discussion, the integrity of courts, and the orderly administration of justice must continue forever the rock of safety upon which our Government securely rests. This I most urgently reiterate and again invite the attention of my countrymen to this reproach upon our civilization.

The closing year has witnessed a decided strengthening of Japan's relations to other states. The development of her independent judicial and administrative functions under the treaties which took effect July 17, 1899, has proceeded without international friction, showing the competence of the Japanese to hold a foremost place among modern peoples.

In the treatment of the difficult Chinese problems Japan has acted in harmonious concert with the other powers, and her generous cooperation materially aided in the joint relief of the beleaguered legations in Peking and in bringing about an understanding preliminary to a settlement of the issues between the powers and China. Japan's declarations in favor of the integrity of the Chinese Empire and the conservation of open world trade therewith have been frank and positive. As a factor for promoting the general interests of peace, order, and fair commerce in the Far East the influence of Japan can hardly be overestimated.

The valuable aid and kindly courtesies extended by the Japanese Government and naval officers to the battle ship Oregon are gratefully appreciated.

Complaint was made last summer of the discriminatory enforcement of a bubonic quarantine against Japanese on the Pacific coast and of interference with their travel in California and Colorado under the health laws of those States. The latter restrictions have been adjudged by a Federal court to be unconstitutional. No recurrence of either cause of complaint is apprehended.

No noteworthy incident has occurred in our relations with our important southern neighbor. Commercial intercourse with Mexico continues to thrive, and the two Governments neglect no opportunity to foster their mutual interests in all practicable ways.

Pursuant to the declaration of the Supreme Court that the awards of the late joint Commission in the La Abra and Weil claims were obtained through fraud, the sum awarded in the first case, \$403,030.08, has been returned to Mexico, and the amount of the Weil award will be returned in like manner.

A Convention indefinitely extending the time for the labors of the United States and Mexican International (Water) Boundary Commission has been signed.

It is with satisfaction that I am able to announce the formal notification at The Hague, on September 4, of the deposit of ratifications of the Convention for the Pacific Settlement of International Disputes by sixteen powers, namely, the United States, Austria, Belgium, Denmark, England, France, Germany, Italy, Persia, Portugal, Roumania, Russia, Siam, Spain, Sweden and Norway, and the Netherlands. Japan also has since ratified the Convention.

The Administrative Council of the Permanent Court of Arbitration has been organized and has adopted rules of order and a constitution for the International Arbitration Bureau. In accordance with Article XXIII of the Convention providing for the appointment by each signatory power of persons of known competency in questions of international law as arbitrators, I have appointed as members of this Court, Hon. Benjamin Harrison, of Indiana, ex-President of the United States; Hon. Melville W. Fuller, of Illinois, Chief justice of the United States; Hon. John W. Griggs, of New Jersey, Attorney General of the United States; and Hon. George Gray, of Delaware, a judge of the circuit court of the United States.

As an incident of the brief revolution in the Mosquito district of Nicaragua early in 1899 the insurgents forcibly collected from American merchants duties upon imports. On the restoration of order the Nicaraguan authorities demanded a second payment of such duties on the ground that they were due to the titular Government and that their diversion had aided the revolt.

This position was not accepted by us. After prolonged discussion a compromise was effected under which the amount of the second payments was deposited with the British consul at San Juan del Norte in trust until the two

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Governments should determine whether the first payments had been made under compulsion to a de facto authority. Agreement as to this was not reached, and the point was waived by the act of the Nicaraguan Government in requesting the British consul to return the deposits to the merchants.

Menacing differences between several of the Central American States have been accommodated, our ministers rendering good offices toward an understanding.

The all-important matter of an interoceanic canal has assumed a new phase. Adhering to its refusal to reopen the question of the forfeiture of the contract of the Maritime Canal Company, which was terminated for alleged nonexecution in October, 1899, the Government of Nicaragua has since supplemented that action by declaring the so styled Eyre-Cragin option void for nonpayment of the stipulated advance. Protests in relation to these acts have been filed in the State Department and are under consideration. Deeming itself relieved from existing engagements, the Nicaraguan Government shows a disposition to deal freely with the canal question either in the way of negotiations with the United States or by taking measures to promote the waterway.

Overtures for a convention to effect the building of a canal under the auspices of the United States are under consideration. In the meantime, the views of the Congress upon the general subject, in the light of the report of the Commission appointed to examine the comparative merits of the various trans-Isthmian ship-canal projects, may be awaited.

I commend to the early attention of the Senate the Convention with Great Britain to facilitate the construction of such a canal and to remove any objection which might arise out of the Convention commonly called the Clayton-Bulwer Treaty.

The long-standing contention with Portugal, growing out of the seizure of the Delagoa Bay Railway, has been at last determined by a favorable award of the tribunal of arbitration at Berne, to which it was submitted. The amount of the award, which was deposited in London awaiting arrangements by the Governments of the United States and Great Britain for its disposal, has recently been paid over to the two Governments.

A lately signed Convention of Extradition with Peru as amended by the Senate has been ratified by the Peruvian Congress.

Another illustration of the policy of this Government to refer international disputes to impartial arbitration is seen in the agreement reached with Russia to submit the claims on behalf of American sealing vessels seized in Bering Sea to determination by Mr. T. M. C. Asser, a distinguished statesman and jurist of the Netherlands.

Thanks are due to the Imperial Russian Government for the kindly aid rendered by its authorities in eastern Siberia to American missionaries fleeing from Manchuria.

Satisfactory progress has been made toward the conclusion of a general treaty of friendship and intercourse with Spain, in replacement of the old treaty, which passed into abeyance by reason of the late war. A new convention of extradition is approaching completion, and I should be much pleased were a commercial arrangement to follow. I feel that we should not suffer to pass any opportunity to reaffirm the cordial ties that existed between us and Spain from the time of our earliest independence, and to enhance the mutual benefits of that commercial intercourse which is natural between the two countries.

By the terms of the Treaty of Peace the line bounding the ceded Philippine group in the southwest failed to include several small islands lying westward of the Sulus, which have always been recognized as under Spanish control. The occupation of Sibutu and Cagayan Sulu by our naval forces elicited a claim on the part of Spain, the essential equity of which could not be gainsaid. In order to cure the defect of the treaty by removing all possible ground of future misunderstanding respecting the interpretation of its third article, I directed the negotiation of a supplementary treaty, which will be forthwith laid before the Senate, whereby Spain quits all title and claim of title to the islands named as well as to any and all islands belonging to the Philippine Archipelago lying outside the lines described in said third article, and agrees that all such islands shall be comprehended in the cession of the archipelago as fully as if they had been expressly included within those lines. In consideration of this cession the United States is to pay to Spain the sum of \$100,000.

A bill is now pending to effect the recommendation made in my last annual message that appropriate legislation be had to carry into execution Article VII of the Treaty of Peace with Spain, by which the United States assumed the payment of certain claims for indemnity of its citizens against Spain. I ask that action be taken to fulfill this obligation.

The King of Sweden and Norway has accepted the joint invitation of the United States, Germany, and Great

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Britain to arbitrate claims growing out of losses sustained in the Samoan Islands in the course of military operations made necessary by the disturbances in 1899.

Our claims upon the Government of the Sultan for reparation for injuries suffered by American citizens in Armenia and elsewhere give promise of early and satisfactory settlement. His Majesty's good disposition in this regard has been evinced by the issuance of an irade for rebuilding the American college at Harpoot.

The failure of action by the Senate at its last session upon the commercial conventions then submitted for its consideration and approval, although caused by the great pressure of other legislative business, has caused much disappointment to the agricultural and industrial interests of the country, which hoped to profit by their provisions. The conventional periods for their ratification having expired, it became necessary to sign additional articles extending the time for that purpose. This was requested on our part, and the other Governments interested have concurred with the exception of one convention, in respect to which no formal reply has been received.

Since my last communication to the Congress on this subject special commercial agreements under the third section of the tariff act have been proclaimed with Portugal, with Italy, and with Germany. Commercial conventions under the general limitations of the fourth section of the same act have been concluded with

Nicaragua, with Ecuador, with the Dominican Republic, with Great Britain on behalf of the island of Trinidad, and with Denmark on behalf of the island of St. Croix. These will be early communicated to the Senate. Negotiations with other Governments are in progress for the improvement and security of our commercial relations.

The policy of reciprocity so manifestly rests upon the principles of international equity and has been so repeatedly approved by the people of the United States that there ought to be no hesitation in either branch of the Congress in giving to it full effect.

This Government desires to preserve the most just and amicable commercial relations with all foreign countries, unmoved by the industrial rivalries necessarily developed in the expansion of international trade. It is believed that the foreign Governments generally entertain the same purpose, although in some instances there are clamorous demands upon them for legislation specifically hostile to American interests. Should these demands prevail I shall communicate with the Congress with the view of advising such legislation as may be necessary to meet the emergency.

The exposition of the resources and products of the Western Hemisphere to be held at Buffalo next year promises important results not only for the United States but for the other participating countries. It is gratifying that the Latin-American States have evinced the liveliest interest, and the fact that an International American Congress will be held in the City of Mexico while the exposition is in progress encourages the hope of a larger display at Buffalo than might otherwise be practicable. The work of preparing an exhibit of our national resources is making satisfactory progress under the direction of different officials of the Federal Government, and the various States of the Union have shown a disposition toward the most liberal participation in the enterprise.

The Bureau of the American Republics continues to discharge, with the happiest results, the important work of promoting cordial relations between the United States and the Latin-American countries, all of which are now active members of the International Union. The Bureau has been instrumental in bringing about the agreement for another International American Congress, which is to meet in the City of Mexico in October, 1901. The Bureau's future for another term of ten years is assured by the international compact, but the congress will doubtless have much to do with shaping new lines of work and a general policy. Its usefulness to the interests of Latin-American trade is widely appreciated and shows a gratifying development.

The practical utility of the consular service in obtaining a wide range of information as to the industries and commerce of other countries and the opportunities thereby afforded for introducing the sale of our goods have kept steadily in advance of the notable expansion of our foreign trade, and abundant evidence has been furnished, both at home and abroad, of the fact that the Consular Reports, including many from our diplomatic representatives, have to a considerable extent pointed out ways and means of disposing of a great variety of manufactured goods which otherwise might not have found sale abroad.

Testimony of foreign observers to the commercial efficiency of the consular corps seems to be conclusive, and our own manufacturers and exporters highly appreciate the value of the services rendered not only in the printed reports but also in the individual efforts of consular officers to promote American trade. An increasing part of the work of the Bureau of Foreign Commerce, whose primary duty it is to compile and print the reports, is to answer

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inquiries from trade organizations, business houses, etc., as to conditions in various parts of the world, and, notwithstanding the smallness of the force employed, the work has been so systematized that responses are made with such promptitude and accuracy as to elicit flattering encomiums. The experiment of printing the Consular Reports daily for immediate use by trade bodies, exporters, and the press, which was begun in January, 1898, continues to give general satisfaction.

It is gratifying to be able to state that the surplus revenues for the fiscal year ended June 30, 1900, were \$79,527,060.18. For the six preceding years we had only deficits, the aggregate of which from 1894 to 1899, inclusive, amounted to \$283,022,991.14. The receipts for the year from all sources, exclusive of postal revenues, aggregated \$567,240,851.89, and expenditures for all purposes, except for the administration of the postal department, aggregated \$487,713,791.71. The receipts from customs were \$233,164,871.16, an increase over the preceding year Of \$27,036,389.41. The receipts from internal revenue were \$295,327,926.76, an increase Of \$21,890,765.25 over 1899. The receipts from miscellaneous sources were \$38,748,053.97, as against \$36,394,976.92 for the previous year.

It is gratifying also to note that during the year a considerable reduction is shown in the expenditures of the Government. The War Department expenditures for the fiscal year 1900 were \$134,774,767.78, a reduction of \$95,066,486.69 over those of 1899. In the Navy Department the expenditures were \$55,953,077.72 for the year 1900, as against \$63,942,104.25 for the preceding year, a decrease of \$7,989,026.53. In the expenditures on account of Indians there was a decrease in 1900 over 1899 Of \$2,630,604.38; and in the civil and miscellaneous expenses for 1900 there was a reduction Of \$13,418,065.74.

Because of the excess of revenues over expenditures the Secretary of the Treasury was enabled to apply bonds and other securities to the sinking fund to the amount Of \$56,544,556.06. The details of the sinking fund are set forth in the report of the Secretary of the Treasury, to which I invite attention. The Secretary of the Treasury estimates that the receipts for the current fiscal year will aggregate \$580,000,000 and the expenditures \$500,000,000, leaving an excess of revenues over expenditures of \$80,000,000. The present condition of the Treasury is one of undoubted strength. The available cash balance November 30 was \$139,303,794.50. Under the form of statement prior to the financial law of March 14 last there would have been included in the statement of available cash gold coin and bullion held for the redemption of United States notes.

If this form were pursued, the cash balance including the present gold reserve of \$150,000,000, would be \$289,303,794.50. Such balance November 30, 1899, was \$296,495,301.55. In the general fund, which is wholly separate from the reserve and trust funds, there was on November 30, \$70,090,073.15 in gold coin and bullion, to which should be added \$22,957,300 in gold certificates subject to issue, against which there is held in the Division of Redemption gold coin and bullion, making a total holding of free gold amounting to \$93,047,373.15.

It will be the duty as I am sure it will be the disposition of the Congress to provide whatever further legislation is needed to insure the continued parity under all conditions between our two forms of metallic money, silver and gold.

Our surplus revenues have permitted the Secretary of the Treasury since the close of the fiscal year to call in the funded loan of 1891 continued at 2 per cent, in the sum of \$25,364,500. To and including November 30, \$23,458,100 Of these bonds have been paid. This sum, together with the amount which may accrue from further redemptions under the call, will be applied to the sinking fund.

The law of March 14, 1900, provided for refunding into 2 per cent thirty-year bonds, payable, principal and interest, in gold coin of the present standard value, that portion of the public debt represented by the 3 per cent bonds of 1908, the 4 percents Of 1907, and the 5 percents of 1904, Of which there was outstanding at the date of said law \$839,149,930. The holders of the old bonds presented them for exchange between March 14 and November 30 to the amount of \$364,943,750. The net saving to the Government on these transactions aggregates \$9,106,166.

Another effect of the operation, as stated by the Secretary, is to reduce the charge upon the Treasury for the payment of interest from the dates of refunding to February 1, 1904, by the sum of more than seven million dollars annually. From February 1, 1904, to July 1, 1907, the annual interest charge will be reduced by the sum of more than five millions, and for the thirteen months ending August 1, 1908, by about one million. The full details of the refunding are given in the annual report of the Secretary of the Treasury.

The beneficial effect of the financial act of 1900, so far as it relates to a modification of the national banking

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act, is already apparent. The provision for the incorporation of national banks with a capital of not less than \$25,000 in places not exceeding three thousand inhabitants has resulted in the extension of banking facilities to many small communities hitherto unable to provide themselves with banking institutions under the national system. There were organized from the enactment of the law up to and including November 30, 369 national banks, of which 266 were with capital less than \$50,000, and 103 with capital of \$50,000 or more.

It is worthy of mention that the greater number of banks being organized under the new law are in sections where the need of banking facilities has been most pronounced. Iowa stands first, with 30 banks of the smaller class, while Texas, Oklahoma, Indian Territory, and the middle and western sections of the country have also availed themselves largely of the privileges under the new law.

A large increase in national bank-note circulation has resulted from the provision of the act which permits national banks to issue circulating notes to the par value of the United States bonds deposited as security instead of only go per cent thereof, as heretofore. The increase in circulating notes from March 14 to November 30 is \$77,889,570.

The party in power is committed to such legislation as will better make the currency responsive to the varying needs of business at all seasons and in all sections.

Our foreign trade shows a remarkable record of commercial and industrial progress. The total of imports and exports for the first time in the history of the country exceeded two billions of dollars. The exports are greater than they have ever been before, the total for the fiscal year 1900 being \$1,394,483,082, an increase over 1899 of \$167,459,780, an increase over 1898 of \$163,000,752, over 1897 of \$343,489,526, and greater than 1896 by \$511,876,144.

The growth of manufactures in the United States is evidenced by the fact that exports of manufactured products largely exceed those of any previous year, their value for 1900 being \$433,851,756, against \$339,592,146 in 1899, an increase of 28 per cent.

Agricultural products were also exported during 1900 in greater volume than in 1899, the total for the year being \$835,858,123, against \$784,776,142 in 1899.

The imports for the year amounted to \$849,941,184, an increase over 1899 of \$152,792,695. This increase is largely in materials for manufacture, and is in response to the rapid development of manufacturing in the United States. While there was imported for use in manufactures in 1900 material to the value of \$79,768,972 in excess of 1899, it is reassuring to observe that there is a tendency toward decrease in the importation of articles manufactured ready for consumption, which in 1900 formed 15.17 per cent of the total imports, against 15.54 per cent in 1899 and 21.09 per cent in 1896.

I recommend that the Congress at its present session reduce the internal-revenue taxes imposed to meet the expenses of the war with Spain. in the sum of thirty millions of dollars. This reduction should be secured by the remission of those taxes which experience has shown to be the most burdensome to the industries of the people.

I specially urge that there be included in whatever reduction is made the legacy tax on bequests for public uses of a literary, educational, or charitable character.

American vessels during the past three years have carried about 9 per cent of our exports and imports. Foreign ships should carry the least, not the greatest, part of American trade. The remarkable growth of our steel industries, the progress of shipbuilding for the domestic trade, and our steadily maintained expenditures for the Navy have created an opportunity to place the United States in the 6rst rank of commercial maritime powers.

Besides realizing a proper national aspiration this will mean the establishment and healthy growth along all our coasts of a distinctive national industry, expanding the field for the profitable employment of labor and capital. It will increase the transportation facilities and reduce freight charges on the vast volume of products brought from the interior to the seaboard for export, and will strengthen an arm of the national defense upon which the founders of the Government and their successors have relied. In again urging immediate action by the Congress on measures to promote American shipping and foreign trade, I direct attention to the recommendations on the subject in previous messages, and particularly to the opinion expressed in the message of 1899: I am satisfied the judgment of the country favors the policy of aid to our merchant marine, which will broaden our commerce and markets and upbuild our sea-carrying capacity for the products of agriculture and manufacture, which, with the increase of our Navy, mean more work and wages to our countrymen, as well as a safeguard to American interests in every part of the world. The attention of the Congress is invited to the recommendation of

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the Secretary of the Treasury in his annual report for legislation in behalf of the Revenue–Cutter Service, and favorable action is urged.

In my last annual message to the Congress I called attention to the necessity for early action to remedy such evils as might be found to exist in connection with combinations of capital organized into trusts, and again invite attention to my discussion of the subject at that time, which concluded with these words: It is apparent that uniformity of legislation upon this subject in the several States is much to be desired. It is to be hoped that such uniformity, founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations, may be obtained, and that means may be found for the Congress, within the limitations of its constitutional power, so to supplement an effective code of State legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred.

The whole question is so important and far–reaching that I am sure no part of it will be lightly considered, but every phase of it will have the studied deliberation of the Congress, resulting in wise and judicious action. Restraint upon such combinations as are injurious, and which are within Federal jurisdiction, should be promptly applied by the Congress.

In my last annual message I dwelt at some length upon the condition of affairs in the Philippines. While seeking to impress upon you that the grave responsibility of the future government of those islands rests with the Congress of the United States, I abstained from recommending at that time a specific and final form of government for the territory actually held by the United States forces and in which as long as insurrection continues the military arm must necessarily be supreme. I stated my purpose, until the Congress shall have made the formal expression of its will, to use the authority vested in me by the Constitution and the statutes to uphold the sovereignty of the United States in those distant islands as in all other places where our flag rightfully floats, placing, to that end, at the disposal of the army and navy all the means which the liberality of the Congress and the people have provided. No contrary expression of the will of the Congress having been made, I have steadfastly pursued the purpose so declared, employing the civil arm as well toward the accomplishment of pacification and the institution of local governments within the lines of authority and law.

Progress in the hoped–for direction has been favorable. Our forces have successfully controlled the greater part of the islands, overcoming the organized forces of the insurgents and carrying order and administrative regularity to all quarters. What opposition remains is for the most part scattered, obeying no concerted plan of strategic action, operating only by the methods common to the traditions of guerrilla warfare, which, while ineffective to alter the general control now established, are still sufficient to beget insecurity among the populations that have felt the good results of our control and thus delay the conferment upon them of the fuller measures of local self–government, of education, and of industrial and agricultural development which we stand ready to give to them.

By the spring of this year the effective opposition of the dissatisfied Tagals to the authority of the United States was virtually ended, thus opening the door for the extension of a stable administration over much of the territory of the Archipelago. Desiring to bring this about, I appointed in March last a civil Commission composed of the Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; the Hon. Luke I. Wright, of Tennessee; the Hon. Henry C. Ide, of Vermont, and Prof. Bernard Moses, of California. The aims of their mission and the scope of their authority are clearly set forth in my instructions of April 7, 1900, addressed to the Secretary of War to be transmitted to them:

In the message transmitted to the Congress on the 5th of December, 1899, I said: "sneaking of the Philippine Islands: 11 As long as the insurrection continues the military arm must necessarily be supreme. But there is no reason why steps should not be taken from time to time to inaugurate governments essentially popular in their form as fast as territory is held and controlled by our troops. To this end I am considering the advisability of the return of the Commission, or such of the members thereof as can be secured, to aid the existing authorities and facilitate this work throughout the islands."

To give effect to the intention thus expressed, I have appointed Hon. William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michigan; Hon. Luke I. Wright, of Tennessee; Hon. Henry C. Ide, of Vermont, and Prof. Bernard Moses, of California, Commissioners to the Philippine Islands to continue and perfect the work of organizing and establishing civil government already commenced by the military authorities, subject in all respects to any laws

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which Congress may hereafter enact.

The Commissioners named will meet and act as a board, and the Hon. William H. Taft is designated as president of the board. It is probable that the transfer of authority from military commanders to civil officers will be gradual and will occupy a considerable period. Its successful accomplishment and the maintenance of peace and order in the meantime will require the most perfect co-operation between the civil and military authorities in the islands, and both should be directed during the transition period by the same Executive Department. The Commission will therefore report to the Secretary of War, and all their action will be subject to your approval and control.

You will instruct the Commission to proceed to the city of Manila, where they will make their principal office, and to communicate with the Military Governor of the Philippine Islands, whom you will at the same time direct to render to them every assistance within his power in the performance of their duties. Without hampering them by too specific instructions, they should in general be enjoined, after making themselves familiar with the conditions and needs of the country, to devote their attention in the first instance to the establishment of municipal governments, in which the natives of the islands, both in the cities and in the rural communities, shall be afforded the opportunity to manage their own local affairs to the fullest extent of which they are capable and subject to the least degree of supervision and control which a careful study of their capacities and observation of the workings of native control show to be consistent with the maintenance of law, order, and loyalty.

The next subject in order of importance should be the organization of government in the larger administrative divisions corresponding to counties, departments, or provinces, in which the common interests of many or several municipalities falling within the same tribal lines, or the same natural geographical limits, may best be subserved by a common administration. Whenever the Commission is of the opinion that the condition of affairs in the islands is such that the central administration may safely be transferred from military to civil control they will report that conclusion to you, with their recommendations as to the form of central government to be established for the purpose of taking over the control.

Beginning with the 1st day of September, 1900, the authority to exercise, subject to my approval, through the Secretary of War, that part of the power of government in the Philippine Islands which is of a legislative nature is to be transferred from the Military Governor of the islands to this Commission, to be thereafter exercised by them in the place and stead of the Military Governor, under such rules and regulations as you shall prescribe, until the establishment of the civil central government for the islands contemplated in the last foregoing paragraph, or until Congress shall otherwise provide. Exercise of this legislative authority will include the making of rules and orders, having the effect of law, for the raising of revenue by taxes, customs duties, and imposts; the appropriation and expenditure of public funds of the islands; the establishment of an educational system throughout the islands; the establishment of a system to secure an efficient civil service; the organization and establishment of courts; the organization and establishment of municipal and departmental governments, and all other matters of a civil nature for which the Military Governor is now competent to provide by rules or orders of a legislative character.

The Commission will also have power during the same period to appoint to office such officers under the judicial, educational, and civil-service systems and in the municipal and departmental governments as shall be provided for. Until the complete transfer of control the Military Governor will remain the chief executive head of the government of the islands, and will exercise the executive authority now possessed by him and not herein expressly assigned to the Commission, subject, however, to the rules and orders enacted by the Commission in the exercise of the legislative powers conferred upon them. In the meantime the municipal and departmental governments will continue to report to the Military Governor and be subject to his administrative supervision and control, under your direction, but that supervision and control will be confined within the narrowest limits consistent with the requirement that the powers of government in the municipalities and departments shall be honestly and effectively exercised and that law and order and individual freedom shall be maintained.

All legislative rules and orders, establishments of government, and appointments to office by the Commission will take effect immediately, or at such times as they shall designate, subject to your approval and action upon the coming in of the Commission's reports, which are to be made from time to time as their action is taken. Wherever civil governments are constituted under the direction of the Commission such military posts, garrisons, and forces will be continued for the suppression of insurrection and brigandage and the maintenance of law and order as the

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Military Commander shall deem requisite, and the military forces shall be at all times subject, under his orders, to the call of the civil authorities for the maintenance of law and order and the enforcement of their authority.

In the establishment of municipal governments the Commission will take as the basis of their work the governments established by the Military Governor under his order of August 8, 1899. and under the report of the board constituted by the Military Governor by his order of January 29, 1900, to formulate and report a plan of municipal government, of which His Honor Cayetano Arellano, President of the Audiencia, was chairman, and they will give to the conclusions of that board the weight and consideration which the high character and distinguished abilities of its members justify.

In the constitution of departmental or provincial governments they will give especial attention to the existing government of the island of Negros, constituted, with the approval of the people of that island, under the order of the Military Governor of July 22, 1899, and after verifying, so far as may be practicable, the reports of the successful working of that government they will be guided by the experience thus acquired so far as it may be applicable to the condition existing in other portions of the Philippines. They will avail themselves, to the fullest degree practicable, of the conclusions reached by the previous Commission to the Philippines.

In the distribution of powers among the governments organized by the Commission, the presumption is always to be in favor of the smaller subdivision, so that all the powers which can properly be exercised by the municipal government shall be vested in that government, and all the powers of a more general character which can be exercised by the departmental government shall be vested in that government, and so that in the governmental system, which is the result of the process, the central government of the islands, following the example of the distribution of the powers between the States and the National Government of the United States, shall have no direct administration except of matters of purely general concern, and shall have only such supervision and control over local governments as may be necessary to secure and enforce faithful and efficient administration by local officers.

The many Different degrees of civilization and varieties of custom and capacity among the people of the different islands preclude very definite instruction as to the part which the people shall take in the selection of their own officers; but these general rules are to be observed: That in all cases the municipal officers, who administer the local affairs of the people, are to be selected by the people, and that wherever officers of more extended jurisdiction are to be selected in any way, natives of the islands are to be preferred, and if they can be found competent and willing to perform the duties, they are to receive the offices in preference to any others.

It will be necessary to fill some offices for the present with Americans which after a time may well be filled by natives of the islands. As soon as practicable a system for ascertaining the merit and fitness of candidates for civil office should be put in force. An indispensable qualification for all offices and positions of trust and authority in the islands must be absolute and unconditional loyalty to the United States, and absolute and unhampered authority and power to remove and punish any officer deviating from that standard must at all times be retained in the bands of the central authority of the islands.

In all the forms of government and administrative provisions which they are authorized to prescribe the Commission should bear in mind that the government which they are establishing is designed not for our satisfaction, or for the expression of our theoretical views, but for the happiness, peace, and prosperity of tile people of the Philippine Islands, and the measures adopted should be made to conform to their customs, their habits, and even heir prejudices, to the fullest extent consistent with the accomplishment of the Indispensable requisites of just and effective government.

At the same time the Commission should bear in mind, and the people of the islands should be made plainly to understand, that there are certain great principles of government which have been made the basis of our governmental system which we deem essential to the rule of law and the maintenance of individual freedom, and of which they have, unfortunately, been denied the experience possessed by us; that there are also certain practical rules of government which we have found to be essential to the preservation of these great principles of liberty and law, and that these principles and these rules of government must be established and maintained in their islands for the sake of their liberty and happiness, however much they may conflict with the customs or laws of procedure with which they are familiar.

It is evident that the most enlightened thought of the Philippine Islands fully appreciates the importance of these principles and rules, and they will inevitably within a short time command universal assent. Upon every

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division and branch of the government of the Philippines, therefore, must be imposed these inviolable rules:

That no person shall be deprived of life, liberty, or property without due process of law; that private property shall not be taken for public use without just compensation; that in all criminal prosecutions the accused shall enjoy the right to a speedy and public trial, to be informed of the nature and cause of the accusation, to be confronted with the witnesses against him, to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense; that excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted; that no person shall be put twice in jeopardy for the same offense, or be compelled in any criminal case to be a witness against himself; that the right to be secure against unreasonable searches and seizures shall not be violated; that neither slavery nor involuntary servitude shall exist except as a punishment for crime; that no bill of attainder or ex-post facto law shall be passed; that no law shall be passed abridging the freedom of speech or of the press, or the rights of the people to peaceably assemble and petition the Government for a redress of grievances; that no law shall be made respecting an establishment of religion, or prohibiting the free exercise thereof, and that the free exercise and enjoyment of religious profession and worship without discrimination or preference shall forever be allowed.

It will be the duty of the Commission to make a thorough investigation into the titles to the large tracts of land held or claimed by individuals or by religious orders; into the justice of the claims and complaints made against Stich landholders by the people of the island or any part of the people, and to seek by wise and peaceable measures a just settlement of the controversies and redress of wrongs which have caused strife and bloodshed in the past. In the performance of this duty the Commission is enjoined to see that no injustice is done; to have regard for substantial rights and equity, disregarding technicalities so far as substantial right permits, and to observe the following rules:

That the provision of the Treaty of Paris pledging the United States to the protection of all rights of property in the islands, and as well the principle of our own Government which prohibits the taking of private property without due process of law, shall not be violated; that the welfare of the people of the islands, which should be a paramount consideration, shall be attained consistently with this rule of property right; that if it becomes necessary for the public interest of the people of the islands to dispose of claims to property which the Commission finds to be not lawfully acquired and held disposition shall be made thereof by due legal procedure, in which there shall be full opportunity for fair and impartial hearing and judgment; that if the same public interests require the extinguishment of property rights lawfully acquired and held due compensation shall be made out of the public treasury therefore; that no form of religion and no minister of religion shall be forced upon any community or upon any citizen of the islands; that, upon the other hand, no minister of religion shall be interfered with or molested in following his calling, and that the separation between State and Church shall be real, entire, and absolute.

It will be the duty of the Commission to promote and extend, and, as they find occasion, to improve the system of education already inaugurated by the military authorities. In doing this they should regard as of first importance the extension of a system of primary education which shall be free to all, and which shall tend to fit the people for the duties of citizenship and for the ordinary avocations of a civilized community. This instruction should be given in the first instance in every part of the islands in the language of the people. In view of the great number of languages spoken by the different tribes, it is especially important to the prosperity of the islands that a common medium of communication may be established, and it is obviously desirable that this medium should be the English language. Especial attention should be at once given to affording full opportunity to all the people of the islands to acquire the use of the English language.

It may be well that the main changes which should be made in the system of taxation and in the body of the laws under which the people are governed, except such changes as have already been made by the military government, should be relegated to the civil government which is to be established under the auspices of the Commission. It will, however, be the duty of the Commission to inquire diligently as to whether there are any further changes which ought not to be delayed, and if so, they are authorized to make such changes subject to your approval. In doing so they are to bear in mind that taxes which tend to penalize or repress industry and enterprise are to be avoided; that provisions for taxation should be simple, so that they may be understood by the people; that they should affect the fewest practicable subjects of taxation which will serve for the general distribution of the burden.

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The main body of the laws which regulate the rights and obligations of the people should be maintained with as little interference as possible. Changes made should be mainly in procedure, and in the criminal laws to secure speedy and impartial trials, and at the same time effective administration and respect for individual rights.

In dealing with the uncivilized tribes of the islands the Commission should adopt the same course followed by Congress in permitting the tribes of our North American Indians to maintain their tribal organization and government, and under which many of those tribes are now living in peace and contentment, surrounded by a civilization to which they are unable or unwilling to conform. Such tribal governments should, however, be subjected to wise and firm regulation, and, without undue or petty interference, constant and active effort should be exercised to prevent barbarous practices and introduce civilized customs.

Upon all officers and employees of the United States, both civil and military, should be impressed a sense of the duty to observe not merely the material but the personal and social rights of the people of the islands, and to treat them with the same courtesy and respect for their personal dignity which the people of the United States are accustomed to require from each other.

The articles of capitulation of the city of Manila on the 13th of August, 1898, concluded with these words:

"This city, its inhabitants, its churches and religious worship, its educational establishments, and its private property of all descriptions, are placed under the special safeguard of the faith and honor of the American Army."

I believe that this pledge has been faithfully kept. As high and sacred an obligation rests upon the Government of the United States to give protection for property and life, civil and religious freedom, and wise, firm, and unselfish guidance in the paths of peace and prosperity to all the people of the Philippine Islands. I charge this Commission to labor for the full performance of this obligation, which concerns the honor and conscience of their country, in the firm hope that through their labors all the inhabitants of the Philippine Islands may come to look back with gratitude to the day when God gave victory to American arms at Manila and set their land under the sovereignty and the protection of the people of the United States.

Coincidentally with the entrance of the Commission upon its labors I caused to be issued by General MacArthur, the Military Governor of the Philippines, on June 21, 1900, a proclamation of amnesty in generous terms, of which many of the insurgents took advantage, among them a number of important leaders.

This Commission, composed of eminent citizens representing the diverse geographical and political interests of the country, and bringing to their task the ripe fruits of long and intelligent service in educational, administrative, and judicial careers, made great progress from the outset. As early as August 21, 1900, it submitted a preliminary report, which will be laid before the Congress, and from which it appears that already the good effects of returning order are felt; that business, interrupted by hostilities, is improving as peace extends; that a larger area is under sugar cultivation than ever before; that the customs revenues are greater than at any time during the Spanish rule; that economy and efficiency in the military administration have created a surplus fund of \$6,000,000, available for needed public improvements; that a stringent civil-service law is in preparation; that railroad communications are expanding, opening up rich districts, and that a comprehensive scheme of education is being organized.

Later reports from the Commission show yet more encouraging advance toward insuring the benefits of liberty and good government to the Filipinos, in the interest of humanity and with the aim of building up an enduring, self-supporting, and self-administering community in those far eastern seas. I would impress upon the Congress that whatever legislation may be enacted in respect to the Philippine Islands should be along these generous lines. The fortune of war has thrown upon this nation an unsought trust which should be unselfishly discharged, and devolved upon this Government a moral as well as material responsibility toward these millions whom we have freed from an oppressive yoke.

I have on another occasion called the Filipinos the wards of the nation. "Our obligation as guardian was not lightly assumed; it must not be otherwise than honestly fulfilled, aiming first of all to benefit those who have come under our fostering care. It is our duty so to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Mindanao and Negros than it is at home, that there as here it shall be the revered symbol of liberty, enlightenment, and progress in every avenue of development

The Filipinos are a race quick to learn and to profit by knowledge. He would be rash who, with the teachings of contemporaneous history in view, would fix a limit to the degree of culture and advancement yet within the reach of these people if our duty toward them be faithfully performed.

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The civil government of Puerto Rico provided for by the act of the Congress approved April 12, 1900 is in successful operation. The courts have been established. The Governor and his associates, working intelligently and harmoniously, are meeting with Commendable success.

On the 6th of November a general election was held in the island for members of the Legislature, and the body elected has been called to convene on the first Monday of December.

I recommend that legislation be enacted by the Congress conferring upon the Secretary of the Interior supervision over the public lands in Puerto Rico, and that he be directed to ascertain the location and quantity of lands the title to which remained in the Crown of Spain at the date of cession of Puerto Rico to the United States, and that appropriations necessary for surveys be made, and that the methods of the disposition of such lands be prescribed by law.

On the 25th of July, 1900, I directed that a call be issued for an election in Cuba for members of a constitutional convention to frame a constitution as a basis for a stable and independent government in the island. In pursuance thereof the Military Governor issued the following instructions: Whereas the Congress of the United States, by its joint resolution of April 20, 1898, declared:

"That the people of the island of Cuba are, and of right ought to be, free and independent.

"That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction, or control over said island except for the pacification thereof, and asserts its determination, when that is accomplished, to leave the government and control of the island to its people;"

And whereas, the people of Cuba have established municipal governments, deriving their authority from the suffrages of the people given under just and equal

laws, and are now ready, in like manner, to proceed to the establishment of a general government which shall assume and exercise sovereignty, jurisdiction, and control over the island:

Therefore, it is ordered that a general election be held in the island of Cuba on the third Saturday of September, in the year nineteen hundred, to elect delegates to a convention to meet in the city of Havana at twelve o'clock noon on the first Monday of November, in the year nineteen hundred, to frame and adopt a constitution for the people of Cuba, and as a part thereof to provide for and agree with the Government of the United States upon the relations to exist between that Government and the Government of Cuba, and to provide for the election by the people of officers under such constitution and the transfer of government to the officers so elected.

The election will be held in the several voting precincts of the island under, and pursuant to, the provisions of the electoral law of April 18, 1900, and the amendments thereof. The election was held on the 15th of September, and the convention assembled on the 5th of November, 1900, and is now in session.

In calling the convention to order, the Military Governor of Cuba made the following statement: As Military Governor of the island, representing the President of the United States, I call this convention to order.

It will be your duty, first, to frame and adopt a constitution for Cuba, and whet) that has been done to formulate what in your opinion ought to be the relations between Cuba and the United States.

The constitution must be adequate to secure a stable, orderly, and free government.

When you have formulated the relations which in your opinion ought to exist between Cuba and the United States the Government of the United States will doubtless take such action on its part as shall lead to a final and authoritative agreement between the people of the two countries to the promotion of their common interests.

All friends of Cuba will follow your deliberations with the deepest interest, earnestly desiring that you shall reach just conclusions, and that by the dignity, individual self-restraint, and wise conservatism which shall characterize your proceedings the capacity of the Cuban people for representative government may be signally illustrated.

The fundamental distinction between true representative government and dictatorship is that in the former every representative of the people, in whatever office, confines himself strictly within the limits of his defined powers. Without such restraint there can be no free constitutional government.

Under the order pursuant to which you have been elected and convened you have no duty and no authority to take part in the present government of the island. Your powers are strictly limited by the terms of that order. When the convention concludes its labors I will transmit to the Congress the constitution as framed by the convention for its consideration and for such action as it may deem advisable.

I renew the recommendation made in my special message of February 10, 1899, as to the necessity for cable

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communication between the United States and Hawaii, with extension to Manila. Since then circumstances have strikingly emphasized this need. Surveys have shown the entire feasibility of a chain of cables which at each stopping place shall touch on American territory, so that the system shall be under our own complete control. Manila once within telegraphic reach, connection with the systems of the Asiatic coast would open increased and profitable opportunities for a more direct cable route from our shores to the Orient than is now afforded by the trans-Atlantic, continental, and trans-Asian lines. I urge attention to this important matter

The present strength of the Army is 100,000 men — 65,000 regulars and 35,000 volunteers. Under the act of March 2, 1899, on the 30th of June next the present volunteer force will be discharged and the Regular Army will be reduced to 2,447 officers and 29,025 enlisted men.

In 1888 a Board of Officers convened by President Cleveland adopted a comprehensive scheme of coast-defense fortifications which involved the outlay of something over one hundred million dollars. This plan received the approval of the Congress, and since then regular appropriations have been made and the work of fortification has steadily progressed.

More than sixty millions of dollars have been invested in a great number of forts and guns, with all the complicated and scientific machinery and electrical appliances necessary for their use. The proper care of this defensive machinery requires men trained in its use. The number of men necessary to perform this duty alone is ascertained by the War Department, at a minimum allowance, to be 18,420.

There are fifty-eight or more military posts in the United States other than the coast-defense fortifications.

The number of these posts is being constantly increased by the Congress. More than \$22,000,000 have been expended in building and equipment, and they can only be cared for by the Regular Army. The posts now in existence and others to be built provide for accommodations for, and if fully garrisoned require, 26,000 troops. Many of these posts are along our frontier or at important strategic points, the occupation of which is necessary.

We have in Cuba between 5,000 and 6,000 troops. For the present our troops in that island cannot be withdrawn or materially diminished, and certainly not until the conclusion of the labors of the constitutional convention now in session and a government provided by the new constitution shall have been established and its stability assured.

In Puerto Rico we have reduced the garrisons to 1,636, which includes 879 native troops. There is no room for further reduction here.

We will be required to keep a considerable force in the Philippine Islands for some time to come. From the best information obtainable we will need there for the immediate future from 45,000 to 60,000 men. I am sure the number may be reduced as the insurgents shall come to acknowledge the authority of the United States, of which there are assuring indications.

It must be apparent that we will require an army of about 60,000, and that during present conditions in Cuba and the Philippines the President should have authority to increase the force to the present number of 100,000. Included in this number authority should be given to raise native troops in the Philippines up to 15,000, which the Taft Commission believe will be more effective in detecting and suppressing guerrillas, assassins, and ladores than our own soldiers.

The full discussion of this subject by the Secretary of War in his annual report is called to your earnest attention.

I renew the recommendation made in my last annual message that the Congress provide a special medal of honor for the volunteers, regulars, sailors, and marines on duty in the Philippines who voluntarily remained in the service after their terms of enlistment had expired.

I favor the recommendation of the Secretary of War for the detail of officers from the line of the Army when vacancies occur in the Adjutant-General's Department, Inspector-General's Department, Quartermaster's Department, Subsistence Department, Pay Department, Ordnance Department, and Signal Corps.

The Army cannot be too highly commended for its faithful and effective service in active military operations in the field and the difficult work of civil administration.

The continued and rapid growth of the postal service is a sure index of the great and increasing business activity of the country. Its most striking new development is the extension of rural free delivery. This has come almost wholly within the last year. At the beginning of the fiscal year 1899, 1900 the number of routes in operation was only 391, and most of these had been running less than twelve months. On the 15th of November,

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1900, the number had increased to 2,614, reaching into forty-four States and Territories, and serving a population of 1,801,524. The number of applications now pending and awaiting action nearly equals all those granted up to the present time, and by the close of the current fiscal year about 4,000 routes will have been established, providing for the daily delivery of mails at the scattered homes of about three and a half millions of rural population.

This service ameliorates the isolation of farm life, conduces to good roads, and quickens and extends the dissemination of general information. Experience thus far has tended to allay the apprehension that it would be so expensive as to forbid its general adoption or make it a serious burden. Its actual application has shown that it increases postal receipts, and can be accompanied by reductions in other branches of the service, so that the augmented revenues and the accomplished savings together materially reduce the net cost. The evidences which point to these conclusions are presented in detail in the annual report of the Postmaster-General, which with its recommendations is commended to the consideration of the Congress. The full development of this special service, however, requires such a large outlay of money that it should be undertaken only after a careful study and thorough understanding of all that it involves.

Very efficient service has been rendered by the Navy in connection with the insurrection in the Philippines and the recent disturbance in China.

A very satisfactory settlement has been made of the long-pending question of the manufacture of armor plate. A reasonable price has been secured and the necessity for a Government armor plant avoided.

I approve of the recommendations of the Secretary for new vessels and for additional officers and men which the required increase of the Navy makes necessary. I commend to the favorable action of the Congress the measure now pending for the erection of a statue to the memory of the late Admiral David D. Porter. I commend also the establishment of a national naval reserve and of the grade of vice-admiral. Provision should be made, as recommended by the Secretary, for suitable rewards for special merit. Many officers who rendered the most distinguished service during the recent war with Spain have received in return no recognition from the Congress.

The total area of public lands as given by the Secretary of the Interior is approximately 1,071,881,662 acres, of which 917,135,880 acres are undisposed of and 154,745,782 acres have been reserved for various purposes. The public lands disposed of during the year amount to 13,453,887.96 acres, including 62,423.09 acres of Indian lands, an increase Of 4,271,474.80 over the preceding year. The total receipts from the sale of public lands during the fiscal year were \$4,379,758.10, an increase of \$1,309,620.76 over the preceding year.

The results obtained from our forest policy have demonstrated its wisdom and the necessity in the interest of the public for its continuance and increased appropriations by the Congress for the carrying on of the work. On June 30, 1900, there were thirty-seven forest reserves, created by Presidential proclamations under section 24 Of the act of March 3, 1891, embracing an area Of 46,425,529 acres.

During the past year the Olympic Reserve, in the State of Washington, was reduced 265,040 acres, leaving its present area at 1,923,840 acres. The Prescott Reserve, in Arizona, was increased from 10,240 acres to 423,680 acres, and the Big Horn Reserve, in Wyoming, was increased from 1,127,680 acres to 1,180,800 acres. A new reserve; the Santa Ynez, in California, embracing an area of 145,000 acres, was created during this year. On October 10, 1900, the Crow Creek Forest Reserve, in Wyoming, was created, with an area of 56,320 acres.

At the end of the fiscal year there were on the pension roll 993,529 names, a net increase Of 2,010 over the fiscal year 1899. The number added to the rolls during the year was 45,344. The amount disbursed for Army pensions during the year was \$134,700,597.24 and for Navy pensions \$3,761,533.41, a total of \$138,462,130.65, leaving an unexpended balance of \$5,542,768.25 to be covered into the Treasury, which shows an increase over the previous year's expenditure Of \$107,077.70. There were 684 names added to the rolls during the year by special acts passed at the first session of the Fifty-sixth Congress.

The act of May 9, 1900, among other things provides for an extension of income to widows pensioned under said act to \$250 per annum. The Secretary of the Interior believes that by the operations of this act the number of persons pensioned under it will increase and the increased annual payment for pensions will be between \$3,000,000 and \$4,000,000.

The Government justly appreciates the services of its soldiers and sailors by making pension payments liberal beyond precedent to them, their widows and orphans.

There were 26,540 letters patent granted, including reissues and designs, during the fiscal year ended June 30,

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1900; 1,660 trademarks, 682 labels, and 93 prints registered. The number of patents which expired was 19,988. The total receipts for patents were \$1,358,228.35. The expenditures were \$1,247,827.58, showing a surplus Of \$110,400.77

The attention of the Congress is called to the report of the Secretary of the Interior touching the necessity for the further establishment of schools in the Territory of Alaska, and favorable action is invited thereon.

Much interesting information is given in the report of the Governor of Hawaii as to the progress and development of the islands during the period from July 7, 1898, the date of the approval of the joint resolution of the Congress providing for their annexation, up to April 30, 1900, the date of the approval of the act providing a government for the Territory, and thereafter.

The last Hawaiian census, taken in the year 1896, gives a total population of 109,020, Of Which 31,019 were native Hawaiians. The number of Americans reported was 8,485. The results of the Federal census, taken this year, show the islands to have a total population Of 154,001, showing an increase over that reported in 1896 of 44,981, or 41.2 per cent.

There has been marked progress in the educational, agricultural, and railroad development of the islands.

In the Territorial act of April 30, 1900, section 7 of said act repeals Chapter 34 Of the Civil Laws of Hawaii whereby the Government was to assist in encouraging and developing the agricultural resources of the Republic, especially irrigation. The Governor of Hawaii recommends legislation looking to the development of such water supply as may exist on the public lands, with a view of promoting land settlement. The earnest consideration of the Congress is invited to this important recommendation and others, as embodied in the report of the Secretary of the Interior.

The Director of the Census states that the work in connection with the Twelfth Census is progressing favorably. This national undertaking, ordered by the Congress each decade, has finally resulted in the collection of an aggregation of statistical facts to determine the industrial growth of the country, its manufacturing and mechanical resources, its richness in mines and forests, the number of its agriculturists, their farms and products, its educational and religious opportunities, as well as questions pertaining to sociological conditions.

The labors of the officials in charge of the Bureau indicate that the four important and most desired subjects, namely, population, agricultural, manufacturing, and vital statistics, will be completed within the limit prescribed by the law of March 3, 1899.

The field work incident to the above inquiries is now practically finished, and as a result the population of the States and Territories, including the Hawaiian Islands and Alaska, has been announced. The growth of population during the last decade amounts to over 13,000,000, a greater numerical increase than in any previous census in the history of the country.

Bulletins will be issued as rapidly as possible giving the population by States and Territories, by minor civil divisions. Several announcements of this kind have already been made, and it is hoped that the list will be completed by January 1. Other bulletins giving the results of the manufacturing and agricultural inquiries will be given to the public as rapidly as circumstances will admit.

The Director, while confident of his ability to complete the different branches of the undertaking in the allotted time, finds himself embarrassed by the lack of a trained force properly equipped for statistical work, thus raising the question whether in the interest of economy and a thorough execution of the census work there should not be retained in the Government employ a certain number of experts not only to aid in the preliminary organization prior to the taking of the decennial census, but in addition to have the advantage in the field and office work of the Bureau of trained assistants to facilitate the early completion of this enormous undertaking.

I recommend that the Congress at its present session apportion representation among the several States as provided by the Constitution.

The Department of Agriculture has been extending its work during the past year, reaching farther for new varieties of seeds and plants; co-operating more fully with the States and Territories in research along useful lines; making progress in meteorological work relating to lines of wireless telegraphy and forecasts for ocean-going vessels; continuing inquiry as to animal disease; looking into the extent and character of food adulteration; outlining plans for the care, preservation, and intelligent harvesting of our woodlands; studying soils that producers may cultivate with better knowledge of conditions, and helping to clothe desert places with grasses suitable to our and regions. Our island possessions are being considered that their peoples may be helped to

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produce the tropical products now so extensively brought into the United States. Inquiry into methods of improving our roads has been active during the year; help has been given to many localities, and scientific investigation of material in the States and Territories has been inaugurated. Irrigation

problems in our semiarid regions are receiving careful and increased consideration.

An extensive exhibit at Paris of the products of agriculture has made the peoples of many countries more familiar with the varied products of our fields and their comparative excellence.

The collection of statistics regarding our crops is being improved and sources of information are being enlarged, to the end that producers may have the earliest advices regarding crop conditions. There has never been a time when those for whom it was established have shown more appreciation of the services of the Department.

In my annual message of December 5, 1898, I called attention to the necessity for some amendment of the alien contract law. There still remain important features of the rightful application of the eight-hour law for the benefit of labor and of the principle of arbitration, and I again commend these subjects to the careful attention of the Congress.

That there may be secured the best service possible in the Philippine Islands, I have issued, under date of November 30, 1900, the following order: The United States Civil Service Commission is directed to render such assistance as may be practicable to the Civil Service Board, created under the act of the United States Philippine Commission, for the establishment and maintenance of an honest and efficient civil service in the Philippine Islands, and for that purpose to conduct examinations for the civil service of the Philippine islands, upon the request of the Civil Service Board of said islands, under such regulations as may be agreed upon by the said Board and the said United States Civil Service Commission. The Civil Service Commission is greatly embarrassed in its work for want of an adequate permanent force for clerical and other assistance. Its needs are fully set forth in its report. I invite attention to the report, and especially urge upon the Congress that this important bureau of the public service, which passes upon the qualifications and character of so large a number of the officers and employees of the Government, should be supported by all needed appropriations to secure promptness and efficiency.

I am very much impressed with the statement made by the heads of all the Departments of the urgent necessity of a hall of public records. In every departmental building in Washington, so far as I am informed, the space for official records is not only exhausted, but the walls of rooms are lined with shelves, the middle floor space of many rooms is tilled with tile cases, and garrets and basements, which were never intended and are unfitted for their accommodation, are crowded with them. Aside from the inconvenience there is great danger, not only from fire, but from the weight of these records upon timbers not intended for their support. There should be a separate building especially designed for the purpose of receiving and preserving the annually accumulating archives of the several Executive Departments. Such a hall need not be a costly structure, but should be so arranged as to admit of enlargement from time to time. I urgently recommend that the Congress take early action in this matter.

I transmit to the Congress a resolution adopted at a recent meeting of the American Bar Association concerning the proposed celebration of John Marshall Day, February 4, 1901. Fitting exercises have been arranged, and it is earnestly desired by the committee that the Congress may participate in this movement to honor the memory of the great jurist.

The transfer of the Government to this city is a fact of great historical interest. Among the people there is a feeling of genuine pride in the Capital of the Republic.

It is a matter of interest in this connection that in 1800 the population of the District of Columbia was 14,093; to-day it is 278,718. The population of the city of Washington was then 3,210; to-day it is 218,196.

The Congress having provided for "an appropriate national celebration of the Centennial Anniversary of the Establishment of the Seat of the Government in the District of Columbia," the committees authorized by it have prepared a programme for the 12th of December, 1900, which date has been selected as the anniversary day. Deep interest has been shown in the arrangements for the celebration by the members of the committees of the Senate and House of Representatives, the committee of Governors appointed by the President, and the committees appointed by the citizens and inhabitants of the District of Columbia generally. The programme, in addition to a reception and other exercises at the Executive Mansion, provides commemorative exercises to be held jointly by the Senate and House of Representatives in the Hall of the House of Representatives, and a reception in the evening at the Corcoran Gallery of Art in honor of the Governors of the States and Territories.

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In our great prosperity we must guard against the danger it invites of extravagance in Government expenditures and appropriations; and the chosen representatives of the people will, I doubt not, furnish an example in their legislation of that wise economy which in a season of plenty husbands for the future. In this era of great business activity and opportunity caution is not untimely. It will not abate, but strengthen, confidence. It will not retard, but promote, legitimate industrial and commercial expansion. Our growing power brings with it temptations and perils requiring constant vigilance to avoid. It must not be used to invite conflicts, nor for oppression, but for the more effective maintenance of those principles of equality and justice upon which our institutions and happiness depend. Let us keep always in mind that the foundation of our Government is liberty; its superstructure peace.