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PAPERS

RELATING TO THE

FOREIGN RELATIONS

OF

THE UNITED STATES,

WITH

THE ANNUAL MESSAGE OF THE PRESIDENT

TRANSMITTED TO CONGRESS

DECEMBER 5, 1898.



WASHINGTON:
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M E S S A G E .

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 forty 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 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 fifty million dollars "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 is 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 6th, 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 main-

tenance of peace, would afford all necessary guarantees 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 anywise 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 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 20th. 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 23d 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 21st, 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 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 22d 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 25th 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 20th, 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 25th 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, 1898, 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 25th 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 light-house 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.

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 Porto 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 Porto 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 five.

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 13th by authorizing a three per cent popular loan not to exceed four hundred million dollars and by levying additional imposts and taxes. Of the authorized loan, two hundred millions 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 five thousand dollars. 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 21st, but a brief recital of its more salient features is appropriate.

The first encounter of the war in point of date took place April 27th, when a detachment of the blockading squadron made a reconnaissance 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 Hong-Kong. Upon the colonial proclamation of neutrality being issued and the customary twenty-four hours' notice being given, it repaired to Mirs Bay, near Hong-Kong, 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 warships 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, and the first army expedition sailed May 25th and arrived off Manila June 30th. 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 side, but were constrained by Admiral Dewey

and General Merritt 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 Porto Rico. Meanwhile naval demonstrations were made at several exposed points. On May 11th 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 reinforcement. Not until Admiral Cervera took refuge in the harbor of Santiago de Cuba, about May 19th, 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 Porto Rico in preparation for the larger event. On May 13th the North Atlantic Squadron shelled San Juan de Porto Rico. On May 30th 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 3d, 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 7th.

By June 7th the cutting of the last Cuban cable isolated the Island. Thereafter the invasion was vigorously prosecuted. On June 10th, 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 16th additional forces were landed and strongly intrenched. On June 22d 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 23d 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 1st 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 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 *Cristóbal 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 warships.

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 3d until July 15th, 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 Porto 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 21st, having nine transports conveyed 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 25th, 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 27th 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 Porto Rican expedition was of great consequence and generous commendation is due to those who participated in it.

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 Merritt, 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 7th, 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 24th. 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 Almodóvar, 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 Almodóvar 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 7th, was handed by M. Cambon to the Secretary of State. It accepted unconditionally the terms imposed as to Cuba, Porto Rico, and an island of the Ladronez group, but appeared to seek to introduce inadmissible reservations in regard to our demand 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 30th, with added stipulations of detail as to the appointment of commissioners to arrange for the evacuation of the Spanish Antilles. On August 12th, M. Cambon announced his receipt of full powers to sign the protocol so submitted. Accordingly on the afternoon of August 12th, 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.

ARTICLE II. Spain will cede to the United States the island of Porto 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.

ARTICLE 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, Porto 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 1st, 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 12th 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 Porto 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, Porto 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 Porto 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 Porto 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 number 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 White, law 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.

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 Aires 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 Aires 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 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 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 nowise 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 seaboards 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 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-wai, and of Port Arthur and Taliénwan, 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, recom-

mending 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 inquietude 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 Szechuan 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 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 character-

istic 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 own.

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 guarantee 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, informa-

tion 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 José 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 non-infected. 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 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 16, 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 U. S. S. *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 Honorable 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 aspiration 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.

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 Jesús 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, Texas, 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; 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 23d 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 Tsar 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 Tsar 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 Tsar'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 behooves 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 27th 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.

Malietoa Laupepa, King of Samoa, died on August 22d 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 18th last.

Whether the death of Malietoa 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 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 rati-

fications 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.

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 \$443,368,582. 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 has given increased confidence in the purpose and power of the Government to maintain the present standard, and has 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 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, Porto 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 two millions of dollars, 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 Porto Rico are no less important than those relat-

ing 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 one 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 sometime in the future, one hundred thousand 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 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 fifty thousand 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, Porto 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.

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 the 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 Afognac 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, 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 Dis-

trict 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.

WILLIAM MCKINLEY.

EXECUTIVE MANSION,

December 5, 1898.