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

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

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

THE PROPOSED EXPOSITION AT BUFFALO.

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

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

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

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

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

In connection with the Exposition an International Commercial Congress was held, upon the invitation of the Philadelphia Commercial Museum, transmitted by the Department of State to the various foreign governments, for an exchange of information and opinions with the view to the promotion of international trade. This invitation met with general and cordial acceptance, and the Congress, which began its session at the Exposition on the 18th of October, proved to be of great practical importance of October, proved to be of great practical importance, from the fact that it developed a general recognition of the interdependence of the nations in trade and a most gratifying spirit of accommodation with reference to the gradual removal of existing impediments to reciprocal relations, without injury to the industrial interests of either party.

THE PEACE CONFERENCE.

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

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

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

While earnestly promoting the idea of establishing a permanent international tribunal, the delegation of the United States was not unmindful of the inconveniences which might arise from an obtrusive exercise of good mediation, and in signing the convention carefully guarded the historic position of the United States by the following declaration:

"Nothing contained in this convention shall be so construed as to require the United States of America to depart from its traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall anything contained in the said convention be construed to imply a relinquishment by the United States of America of its traditional attitude toward purely American questions.

Thus interpreted, the Convention for the Pacific Settlement of International Conflicts may be regarded as realizing the earnest desire of great numbers of American citizens, whose deep sense of justice, expressed in numerous resolutions and memorials, has urged them to labor for this noble achievement. The general character of this convention, already signed by the delegates of more than twenty sovereign states, further commends it to the favorable action of the Senate of the United States, whose ratification it still awaits.

PRESENT CONDITION OF THE ARMY.

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

By the act of March 2, 1899, Congress gave authority to increase the Regular Army to a maximum not exceeding 65,000 enlisted men, and to enlist a force of 35,000 volunteers, to be recruited from the country at large. By virtue of this authority the Regular Army has been increased to the number of 61,999 enlisted men and 2,248 officers, and new volunteer regiments have been organized aggregating 33,050 enlisted men and 1,524 officers. Two of these volunteer regiments are made up of colored men, with colored line officers. The new troops to take the places of those returning from the Philippines have been transported to Manila to the number of 581 officers and 20,322 enlisted men of the Regular Army and 594 officers and 15,588 enlisted men of the new volunteer force, while 594 officers and 14,119 men of the volunteer force are on the ocean en route to Manila.

The force now in Manila consists of 905 officers and 30,578 regulars, and 594 officers and 15,588 of the volunteers, making an aggregate of 1,499 officers and 45,966 men. When the troops now under orders shall reach Manila the force in the archipelago will comprise 2,051 officers and 63,483 men. The muster out of the great volunteer army organized for the Spanish war and the creation of a new army, the transportation from Manila to San Francisco of those entitled to discharge, and the transportation of the new troops to take their places have been a work of great magnitude well and ably done, for which too much credit can not be given the War Department.

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

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

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

THE POSTAL SERVICE.

In restoring peaceful conditions, orderly rule, and civic progress in Cuba, Porto Rico, and, so far as practicable, in the Philippines, the rehabilitation of the postal service has been an essential and important part of the work. It became necessary to provide mail facilities both for our forces of occupation and for the native population. To meet this requirement has involved a substantial reconstruction. The existing systems were so fragmentary, defective, and inadequate that a new and comprehensive organization had to be created. American trained officials have been assigned to the directing and executive positions, while natives have been chiefly employed in making up the body of the force. In working out this plan the merit rule has been rigorously and faithfully applied.

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

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

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

SPIRIT AND EFFICIENCY OF THE NAVY.

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

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

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

Our future progress and prosperity depend upon our ability to equal, if not surpass, other nations in the enlargement and advance of science, industry and commerce. To this end we must turn as one of the most powerful aids to the accomplishment of such a result. The attention of the Congress is directed to the report of the Commissioner of Patents, in which will be found valuable suggestions and recommendations.

PENSIONS.

On the 30th of June, 1899, the pension roll of the United States numbered 991,519. These include the pensioners of the Army and Navy in all our wars. The number added to the roll during the year was 40,991. The number dropped by reason of death, remarriage, minors by legal limitation, failure to claim within three years and other causes, was 43,196, and the number of claims allowed was 107,919. During the year 89,054 pension certificates were issued, of which 37,077 were for new or original pensions. The amount disbursed for army and navy pensions during the year was $138,355,052.95, which was $1,651,461.61 less than the sum of the appropriations.

The Grand Army of the Republic at its recent national encampment held in Philadelphia, has brought to my attention and to that of the Congress the wisdom and justice of a modification of the third section of the act of June 27, 1890, which provides pensions for the widows of officers and soldiers of 90 days' service who served ninety days or more during the War of the Rebellion and were honorably discharged, provided that such widows are without other means of support than their daily labor and were married to the soldier, sailor or marine on account of whose service they claim pension prior to the date of the act.

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

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

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

THE TWELFTH CENSUS.

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

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

Union Pacific, cash	$58,448,223.75
Kansas Pacific, cash	6,303,000.00
Central and Western Pacific, cash	11,793,314.14
Notes secured	47,050,172.36
Kansas Pacific—dividends for deficiency due United States, cash	821,897.70
Making a total of	124,421,607.95

The whole indebtedness was about $130,000,000, more than half of which consisted of accrued interest, for which sum the Government has realized the entire amount less about $6,000,000 within a period of five to 9 years.

FORESTRY.

On June 30, 1898, there were thirty forest reservations (exclusive of the Afognak Forest and Fish Culture Reserve in Alaska), embracing an estimated area of 40,719,474 acres. During the past year two of the existing forest reserves, the Trabuco Canyon (California) and Black Hills (South Dakota and Wyoming) have been considerably enlarged, the area of the Mount Rainier Reserve, in the State of Washington, has been somewhat reduced, and six additional reserves have been established, namely, the San Francisco Mountains (Arizona), the Black Mesa (Arizona), Lake Tahoe (California), Gallatin (Montana), Gila River (New Mexico), and Fish Lake (Utah), the total estimated area of which is 5,205,775 acres. This makes at the present time a total of thirty-six forest reservations, embracing an estimated area of 46,021,899 acres. This estimated area is the aggregated areas within the boundaries of the reserves. The lands actually reserved are, however, only the vacant public lands therein, and these have been set aside and reserved for sale or settlement in order that they may be of the greatest use to the people.

Protection of the national forests, inaugurated by the Department of the Interior in 1897, has been continued during the past year and much has been accomplished in the way of preventing forest fires and the protection of the timber. There are now large tracts covered by forests which will eventually be reserved and set apart for forest uses. Until that can be done Congress should increase the appropriations for the protection of the forests.

The Department of Agriculture is constantly consulting the needs of producers in all the States and Territories. It is introducing seeds and plants of great value and promoting fuller diversification of crops. Grains, grasses, fruits, vegetables, and textiles are reported for all parts of the United States. Under this encouragement the sugar-beet factory multiplies in the North and far West, semi-tropical plants are sent to the South, and congenial climates are sought for the choice productions of the far East. The hybridizing of fruit trees and grains is conducted in the search for varieties adapted to exacting conditions. The introduction of tea gardens into the Southern States promises to provide employment for idle hands, as well as to supply the home market with tea. The subject of irrigation, where it is of vital importance to the people is being carefully studied, steps are being taken to reclaim injured or abandoned lands, and information for the people along these lines is being printed and distributed.

Markets are being sought and opened up for surplus farm and factory products in Europe and in Asia. The outlook for the education of the young farmer through agricultural college and experiment station, with opportunity given to specialize in the Department of Agriculture, is very promising. The people of Hawaii, Porto Rico, and the Philippine Islands should be helped, by the establishment of experiment stations, to a more scientific knowledge of the production of coffee, india rubber, and other tropical products, for which there is demand in the United States.

There is widespread interest in the improvement of our public highways at the present time, and the Department of Agriculture is cooperating with the people in each locality in making the best possible roads from local material and in experimenting with steel tracks. A more intelligent system of management of the forests of the country is being put in operation and a careful study of the whole forestry problem is being conducted throughout the United States. A very extensive and complete exhibit of the agricultural and horticultural products of the United States is being prepared for the Paris Exposition.

THE TREATY WITH SPAIN.

On the 10th of December, 1898, the treaty of peace between the United states and Spain was signed at Paris. By its terms among other things Spain should cede to the United States the archipelago known as the Philippine Islands, that the United States should pay to Spain the sum of twenty millions of dollars, and that the civil rights and political status of the native inhabitants of the territory hereby ceded to the United States should be determined by the Congress. The treaty was ratified by the Senate on the 6th of February, 1899, and by the Government of Spain on the 19th of March following. The ratifications were exchanged on the 11th of April and the treaty publicly proclaimed on the following day. The Congress voted the sum contemplated by the treaty and the amount was paid over to the Spanish Government on the 1st of May.

In this manner the Philippines came to the United States. The Islands were ceded by the Government of Spain, to which they had been entrusted in possession of them for centuries. They were accepted not merely by our authorized commissioners in Paris, under the direction of the Executive, but by the constitutional and well-considered action of the representatives of the People of the United States in both Houses of Congress. I had every reason to believe, and I still believe, that this transfer of sovereignty was in accordance with the wishes and aspirations of the great mass of the Filipino people.

From the earliest moment no opportunity was lost of assuring the people of the islands of our ardent desire for their welfare and of the intention of this Government to do everything possible to advance their interests. In my order of the 19th of May, 1898, the commander of the military expedition dispatched to the Philippines was instructed "to announce and proclaim in the most public manner that we come, not as invaders and conquerors, but as friends to protect the natives in their homes, in their employments, and in their personal and religious rights." That there should be no doubt as to the paramount authority there, on the 17th of August it was officially held that "there can be no joint occupant with the insurgents," that the United States must preserve the peace and protect persons and property within the territory occupied by their military and naval forces; that the insurgents and all others must recognize the military occupation and authority of the United States. As early as December 4th, before the cession, and in anticipation of that event, the commander in Manila was urged to restore peace and tranquillity and to undertake the establishment of a beneficent government which should afford the fullest security for life and property.

On the 21st of December, after the treaty was signed, the commander of the forces of occupation was instructed "to announce and proclaim in the most public manner that we come, not as invaders and conquerors, but as friends to protect the natives in their homes, in their employments, and in their personal and religious rights." On the same day, while ordering General Otis to see that the peace should be preserved in Iloilo, he was admonished that: "It is most important that there should be no conflict with the insurgents." On the 1st day of January, 1899, urgent orders were reiterated that the kindly intentions of this Government should be in every possible way communicated to the insurgents.

On the 21st of January I announced my intention of dispatching to Manila a commission composed of three gentlemen of the highest character and distinction, thoroughly acquainted with the Orient, who, in association with Admiral Dewey and Major-General Otis, were instructed "to facilitate the establishment of peace and tendered authority throughout the islands, and to secure with the least possible delay the benefits of a wise and generous protection of life and property to the inhabitants." These gentlemen were Dr. Jacob Gould Schurman, president of Cornell University, the Hon. Charles Denby, for many years minister to China, and Prof. Dean C. Worcester, of the University of Michigan, who had made a most careful study of life in the Philippines. While the treaty of peace was under consideration in the Senate these Commissioners set out on their mission of good will and liberalism. Their character was a sufficient guaranty of the beneficent purpose with which they went, even if they had not borne the positive instructions of this Government, which made their errand preeminently one of peace and friendship.

THE PHILIPPINE INSURRECTION.

But before their arrival at Manila the sinister ambition of a few leaders of the Filipinos had created a situation full of embarrassment for us and most grievous in its consequences to themselves. The clear and impartial preliminary report of the Commissioners, which I transmit herewith, gives so lucid and comprehensive a history of the present insurrectionary movement that the story need not be here repeated. It is enough to say that the claim of the rebel leader that he was promised independence by any officer of the United States in return for his assistance has no foundation in fact and is categorically denied by the very witnesses who were called to prove it. The most the insurgent leader hoped for when he came back to Manila was the liberation of the islands from the Spanish control, which they had been laboring for years without success to throw off.

The prompt accomplishment of this work by the American Army and Navy gave him other ideas and ambitions, and insidious suggestions from various quarters perverted the purposes and interests with which he was entrusted. No sooner had our army captured Manila than the Filipino forces began to assume an attitude of suspicion and hostility which the utmost efforts of our officers and troops were unable to disarm or modify. Their kindness and forbearance were taken as a proof of cowardice. The aggressions of the Filipinos continually increased until finally, just before the time set by the Senate of the United States for a vote upon the treaty an attack, evidently prepared in advance, was made all along the American lines, which resulted in a terribly destructive and sanguinary repulse of the insurgents.

Ten days later an order of the insurgent government was issued to its adherents who had remained in Manila, of which General Otis justly observes that "for barbarous intent it is unequalled in modern times." It directs that at 8 o'clock on the night of the 15th of February the "territorial militia" shall come together in the streets of San Pedro, armed with their *bolos*, with guns and ammunition where convenient; that Filipino families only shall be respected; but that all other individuals, of whatever race they may be, shall be exterminated without any compassion, after the extermination of the army of occupation, and adds: "Brothers, we must avenge ourselves on the Americans and exterminate them, that we may take our revenge for the infamies and treacheries which they have committed upon us. Have no compassion upon them; attack with vigor." A copy of this fell, by good fortune, into the hands of our officers, and they were able to take measures to control the rising, which was actually attempted on the night of February 22, a week later than was originally contemplated. Considerable numbers of armed insurgents entered the city by waterways and swamps and in concert with confederates inside attempted to destroy Manila by fire. They were kept in check during the night and the next day driven out of the city with heavy loss.

This was the unhappy condition of affairs which confronted our Commissioners on their arrival in Manila. They had come with the hope and intention of cooperating with Admiral Dewey and Major-Gen. Otis in establishing peace and order in the archipelago and the largest measure of self-government compatible with the true welfare of the people. What they actually found can be best set forth in their own words:

"Deplorable as war is, the one in which we are now engaged, was unavoidable by us. We were attacked by a bold, adventurous and enthusiastic army. No alternative was left to us except ignominious retreat.

"It is not to be conceived of that any American would have sanctioned the surrender of Manila to the insurgents. Our obligations to other nations and to the friendly Filipinos and to ourselves and our flag demanded that force should be met by force. Whatever the future of the Philippines may be, there is no course open to us now except the prosecution of the war until the insurgents are reduced to submission. The Commission is of the opinion that there has been no time since the destruction of the Spanish squadron by Admiral Dewey when it was possible to withdraw our forces from the island, either with honor to ourselves or with safety to the inhabitants."

REBELLION MUST BE PUT DOWN.

The course thus clearly indicated has been unflinchingly pursued. The rebellion must be put down. Civil government can not be thoroughly established until order is restored. With a devotion and gallantry worthy of its most brilliant history, the Army, ably and loyally assisted by the Navy, has carried on this unwelcome but most righteous campaign with richly deserved success. The noble self-sacrifice with which our soldiers and sailors whose terms of service had expired refused to avail themselves of their right to return home as long as they were needed at the front forms one of the brightest pages in our annals. Although their operations have been somewhat interrupted and checked by a rainy season of unusual violence and duration, they have gained ground steadily in every direction, and now look forward confidently to a speedy completion of their task.

The unique circumstances connected with an active campaign have not been permitted to interfere with the equally important work of reconstruction. Again I invite your attention to the report of the Commissioners for the interesting and encouraging details of the work already accomplished in the establishment of peace and order and the inauguration of self-governing municipal life in many portions of the archipelago. A notable beginning has been made in the establishment of a government in the island of Negros, which is deserving of special consideration. This was the first island to accept American sovereignty. Its people unreservedly proclaimed allegiance to the United States and adopted a constitution looking to the establishment of a popular government. It was impossible to guarantee to the people of that island that the form so adopted should be the ultimate form of government. Such a question, under the treaty with Spain and in accordance with our own Constitution and laws, came exclusively within the jurisdiction of the Congress. The government actually set up by the inhabitants of Negros has generally proved unsatisfactory to the natives themselves. A new system was put into force by order of the Major-General Commanding the Department, of which the following are the most important elements:

It was ordered that the government of the island of Negros should consist of a military governor appointed by the United States military governor of the Philippines, and a civil governor and an advisory council elected by the people. The military governor was authorized to appoint secretaries of the treasury, interior, agriculture, public instruction, an attorney-general and an auditor. The seat of government was fixed at Bacolod. The military governor exercises the supreme executive power. He is to see that the laws are executed, appoint to office, and fill all vacancies in office not otherwise provided for, and may, with the approval of the military governor of the Philippines, remove any officer from office. The civil governor advises the military governor on all public civil questions and presides over the advisory council. He, in general, performs the duties which are performed by secretaries of state in our own system of government.

The advisory council consists of eight members elected by the people within territorial limits which are defined in the order of the commanding general.

The times and places of holding elections are to be fixed by the military governor of the island of Negros. The qualifications of voters are as follows:

(1) A voter must be a male citizen of the island of Negros. (2) Of the age of 21 years. (3) He shall be able to speak, read, and write the English, Spanish, or Visayan language, or he must own real property worth $500, or pay a rental on real property of the value of $1,000. (4) He must have resided in the island not less than one year preceding, and in the district in which he offers to register as a voter not less than three months immediately preceding the time he offers to register. (5) He must register at a time fixed by law before voting. (6) Prior to such registration he shall have paid all taxes due by him to the Government. Provided, that no insane person shall be allowed to register or vote.

The military governor has the right to veto all bills or resolutions adopted by the advisory council, and his veto is final if not disapproved by the military governor of the Philippines.

The advisory council discharges all the ordinary functions of a legislature. The usual duties pertaining to said offices are to be performed by the secretaries of the treasury, interior, agriculture, public instruction, the attorney-general and the auditor.

The judicial power is vested in three judges, who are to be appointed by the military governor of the island. Inferior courts are to be established.

Free public schools are to be established throughout the populous districts of the island, in which the English language shall be taught, and this subject will receive the careful consideration of the advisory council.

The burden of government must be distributed equally and equitably among the people. The military authorities will collect and receive the customs revenue, and will control postal matter and Philippine inter-island trade and commerce.

The military governor, subject to the approval of the military governor of the Philippines, determines all questions not specifically provided for and which do not come under the jurisdiction of the civil government.

The authorities of the Sulu Islands have accepted the succession of the United States to the rights of Spain, and our flag floats over that territory. On the 10th of August, 1899, Brig. Gen. J. C. Bates, United States Volunteers, negotiated an agreement with the Sultan and his principal chiefs, which I transmit herewith. By Article I the sovereignty of the United States over the whole archipelago of Jolo and its dependencies is declared and acknowledged.

The United States flag will be used in the archipelago and its dependencies, on land and sea. Piracy is to be treated as such. The Sultan agrees to cooperate heartily with the United States authorities to that end and to make every possible effort to arrest and bring to justice all persons engaged in piracy. All trade in domestic products of the archipelago of Jolo when carried on with any part of the Philippine Islands and under the American flag shall be free, unlimited and undutiable. The United States will give full protection to the Sultan in case any foreign nation should attempt to impose upon him. The United States will not sell the island of Jolo or any other island of the Jolo archipelago to any foreign nation without the consent of the Sultan. Salaries for the Sultan and his associates in the administration of the islands have been agreed upon to the amount of $760 monthly.

Article X provides that any slave in the archipelago of Jolo shall have the right to purchase freedom by paying to the master the usual market value, as agreement by General Bates was made subject to confirmation by the President and to future modifications by the consent of the parties in interest. I have confirmed said agreement, subject to the action of the Congress, and with the reservation, which I have directed shall be communicated to the Sultan of Jolo, that this agreement is not to be deemed in any way to authorize or give the consent of the United States to the existence of slavery in the Sulu archipelago. I communicate these facts to the Congress for its information and action.

Every thing indicates that with the speedy suppression of the Tagalo rebellion life in the archipelago will soon resume its ordinary course under the protection of our sovereignty, and the people of those favored islands will enjoy a prosperity and a freedom which they have never before had or even dreamed of. Our ports are open and "dollars with children. Religious freedom is sacredly assured and enjoyed. The courts are dispensing justice. Business is beginning to circulate in its accustomed channels. Manila, whose inhabitants were fleeing to the country a few months ago, is now a busy and thriving mart of commerce. The earnest and unremitting endeavors of the Commission and the Admiral and the Major-General commanding the Department of the Pacific to assure the people of the beneficent intentions of this Government have had their legitimate effect in convincing the great mass of them that our sovereignty and a liberal and stable government can only be found in a loyal acceptance of the authority of the United States.

FUTURE RESTS WITH CONGRESS.

The future government of the Philippines rests with the Congress of the United States. Few graver responsibilities have ever been confided to us. If we accept them in a spirit worthy of our race and our traditions, a great opportunity comes with them. The islands lie under the shelter of our flag. They are ours by every title of law and equity. They cannot be abandoned. If we desert them we leave them at once to anarchy and finally to barbarism. We fling them, a golden apple of discord, among the rival powers, no one of which could permit another to seize them unquestioned. Their rich plains and valleys would be the scene of endless strife and bloodshed. The advent of Dewey's fleet in Manila Bay instead of being, as we hope, the dawn of a new day of freedom and progress, will have been the beginning of an era of misery and violence worse than any which has darkened their unhappy past. The suggestion has been made that we could renounce our authority over the islands and, giving them independence, could retain a protectorate over them. This proposition will not be found, I am sure, worthy of your serious attention. Such an arrangement would involve at the outset a cruel breach of faith. It would place the peaceable and loyal majority, who ask nothing better than to accept our authority, at the mercy of the minority of armed insurgents. It would make us responsible for the acts of the insurgent leaders and give us no power to control them. It would charge us with the task of protecting them against each other and defending them against any foreign power with which they choose to quarrel. In short, it would take from the Congress of the United States the power of declaring war and vest that tremendous prerogative in the Tagal leader of the hour.

It does not seem desirable that I should recommend at this time a specific and final form of government for these islands. When peace shall be restored, it will be the duty of Congress to construct a plan of government which shall establish and maintain freedom and order and peace in the Philippines. The insurrection is still existing, and when it terminates further information will be required as to the actual condition of affairs before inaugurating a permanent scheme of civil government. The full report of the Commission, now in preparation, will contain information and suggestions which will be of value to Congress, and which I will transmit as soon as it is completed.

As long as the insurrection continues, the military arm must necessarily be supreme. But there is no reason why steps should not be taken from time to time to inaugurate governments essentially popular in their form as fast as territory is held and controlled by our troops. To this end I am considering the advisability of the creation of the Commission, or such of the members thereof as can be secured, to aid the existing authorities and facilitate this work throughout the islands. I have believed that reconstruction should not belug by the establishment of one central civil government for all the islands, with its seat at Manila, but rather that the work should be commenced by building up from the bottom, first establishing municipal governments and then provincial governments, a central government at last to follow.

TO UPHOLD OUR SOVEREIGNTY.

Until Congress shall have made known the formal expression of its will I shall use the authority vested in me by the Constitution and the statutes to uphold the sovereignty of the United States in those distant islands as in all other places where our flag rightfully floats. I shall put at the disposal of the Army and Navy all the means which the liberality of Congress and the people have provided to cause this unprovoked and wasteful insurrection to cease. If any orders of mine were required to insure the merciful conduct of military and naval operations, they would not be lacking; but every step of the progress of our troops has been marked by a humanity which has surprised even the misguided insurgents. The truest kindness to them will be a swift and effect blow at their present misguided leader. The hour of victory will be the hour of clemency and reconstruction.

No effort will be spared to build up the waste places desolated by war and by long years of misgovernment. We shall not wait for the end of strife to begin the beneficent work. We shall continue, as we have begun, to open the schools and the churches, to set the courts in operation, to foster industry and trade and agriculture, and in every way in our power to make these people whom Providence has brought within our jurisdiction feel that it is their liberty and their welfare and not our gain, we are seeking to enhance. Our flag has never waved over any community but in blessing. I believe the Filipinos will soon recognize the fact that it has not lost its gift of benediction in its world-wide journey to their shores.

THE HAWAIIAN ISLANDS.

Some embarrassment in administration has occurred by reason of the peculiar status which the Hawaiian Islands at present occupy under the joint resolution of annexation approved July 7, 1898. While by that resolution the Republic of Hawaii as an independent nation was extinguished its separate sovereignty destroyed, and its property and territory ceded to and vested in the United States, a complete establishment for its government under our system was not effected. While the municipal laws of the islands not enacted for the fulfillment of treaties and not inconsistent with the joint resolution or contrary to the Constitution of the United States or any of its treaties remain in force, yet these laws relate only to local and an internal affairs of the islands, and do not touch many subjects of importance which are of a broader national character. For example, the Hawaiian Republic was divested of all title to the public lands in the islands, and is not only unable to dispose of any of the domain, but can not take up homestead sites, but is without power to give complete title in cases where lands have been entered upon under lease or other conditions which carry with them the right to the purchaser, lessee, or settler to have a full title granted to him upon compliance with the conditions prescribed by law or by his particular agreement of entry.

Questions of doubt and difficulty have also arisen with reference to the collection of tonnage tax on vessels coming from Hawaiian ports, with reference to the status of Chinese in the islands, their entrance into the territory of the United States, and copyrights, as to the register of vessels under the navigation laws, as to the necessity of holding elections in accordance with the provisions of the Hawaiian statutes for the choice of various officers, and as to several other matters of detail touching the interests both of the island and of the Federal Government.

By the resolution of annexation the President was directed to appoint five commissioners to recommend to Congress such legislation concerning the islands as they should deem necessary or proper. These commissioners were duly appointed, and after careful investigation and study of the system of laws and governments prevailing in the islands, and of the conditions existing there, they prepared a bill to provide a government under the title of "The Territory of Hawaii." The report of the commission, with the bill which they prepared, was transmitted by me to Congress on December 6, 1898, but the bill still awaits final action.

The people of these islands are entitled to the benefits and privileges of our Constitution, but in the absence of any act of Congress providing for Federal courts in the islands, and for a procedure in them conforming to the laws and other judicial proceedings necessary for the enforcement of civil rights may be prosecuted, they are powerless to secure their enforcement by the judgment of the courts of the United States. It is manifestly important, therefore, that an act shall be passed as speedily as possible erecting these islands into a judicial district, providing for the appointment of a judge and other proper officers and methods of procedure in appellate proceedings, and that the government of this newly acquired territory under the Federal Constitution shall be fully defined and provided for.

NEEDS OF ALASKA.

A necessity for immediate legislative relief exists in the Territory of Alaska. Substantially the only law providing a civil government for this Territory is the act of May 17, 1884. This is meagre in its provisions, and is f