THE MESSAGE OF McKINLEY TO CONGRESS

Devoted Very Largely to Cuba and the Question of Currency.

The President Urges the Annexation of Hawaii, but Admits There Are Elements in Its Population Not Exactly Adapted for Citizenship.

CALL OFFICE, RIGGS HOUSE, WASHINGTON, December 6.

The full text of President McKinley's message, as read to-day to the two houses of the Fifty-fifth Congress, is a follows:

To the Senate and House of Representatives:

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

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

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

Tariff Settled, the Currency Comes Up.

Tariff legislation having been settled by the extra session of Congress, the question next pressing for consideration is that of the currency. The work of putting our finances upon a sound basis, difficult as it may seem, will appear easier when we recall the financial operation of the Government since 1866. On June 30 of that year we had outstanding demand liabilities in the sum of $728,868,447 41. On January 1, 1879, these liabilities had been reduced to $443,889,495 88. Of our interest-bearing obligations the figures are even more striking. On July 1, 1866, the principal of the interest-bearing debt of the Government was $2,332,331,208. On July 1, 1893, this sum had been reduced to $585,037,100, or an aggregate reduction of $1,747,294,108. The interest-bearing debt of the United States on December 1, 1897, was $847,365,620. The Government money now outstanding (December 1) consists of $346,681,016 of United States notes, $107,793,280 of Treasury notes issued by authority of the law of 1890, $384,963,504 of silver certificates and $61,280,761 of standard silver dollars.

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

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

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

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

Stop the Chain of Bond Redemption.

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

The law which requires the Government, after having redeemed its notes, to pay them out again as current funds, demands a constant replenishment of the gold reserve. This is especially so in times of business panic and when the revenues are insufficient to meet the expenses of the Government. At such times the Government has no other way to supply its deficit and maintain redemption but through the increase of its bonded debt, at the urgent administration of my predecessor, when $262,315,400 of 4½ per cent bonds were issued and sold and the proceeds used to pay the expenses of the Government in excess of revenues and sustain the gold reserve. While it is true that the greater part of the proceeds of these bonds were used to supply deficient revenues, a considerable portion was required to maintain the gold reserve.

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

I earnestly recommend as soon as the receipts of the Government are quite sufficient to pay all the expenses of the Government, that when any of the United States notes are presented for redemption 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 State note prefers the gold and gets it from the Government, he should 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.

Approves the Plan of Secretary Gage.

In my view it is of the utmost importance that the Government should be relieved from the business of providing for all the gold required for exchanges and export. This responsibility is alone borne by the Government without any of the usual and necessary banking powers to help itself. The banks do not feel the strain of the gold redemption. The whole strain rests upon the Government, and the size of the gold reserve in the treasury has come to be, with or without reason, the signal of danger or of security. This ought to be stopped. If we are to have an era of prosperity in the country, with sufficient receipts for the expenses of the Government, we may feel no immediate embarrassment from our present currency; but the danger still exists and will be ever present, menacing us as long as the existing system continues. And, besides, it is in times of adequate revenues and business tranquillity that the Government should prepare for the worst. We cannot avoid without serious consequences the wise consideration and prompt solution of this question.

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

I concur with the Secretary of the Treasury in his recommendation that national banks be allowed to issue notes to the face value of the bonds which they have deposited, for circulation, and that the tax on circulating notes secured by deposit of such bonds be reduced to one-half of one per cent per annum. I also join him in recommending that authority be given for the establishment of national banks with a minimum capital of $25,000. This will enable the smaller villages and agricultural regions of the country to be supplied with currency to meet their needs.

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

Give Spain a Chance to Pacify Cuba.

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

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

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

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

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

The offer made by my predecessor in April, 1896, tendering the friendly offices of this Government, failed, and mediation on our part was not accepted. In brief, the answer read: "There is no effectual way to pacify Cuba unless it begins with the actual submission of the rebels to the mother country." Then only could Spain act in the promised direction of her own motion and after her own plans. The cruel policy of concentration was initiated February 16, 1896. The productive districts controlled by the Spanish armies were depopulated, and the agricultural inhabitants were herded in and about the garrison towns, their lands laid waste and their dwellings destroyed. This policy the late Cabinet of Spain justified as a necessary measure of war and as a means of cutting off supplies from the insurgents. It has utterly failed as a war measure. It was not civilized warfare; it was extermination.

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

For the relief of our citizens suffering because of the conflict the aid of Congress was sought in a special message, and under the appropriation of April 4, 1897, effective aid has been given to American citizens in Cuba and many of them at their own request have been returned to the United States.

Minister Woodford and His Mission.

The instructions given to our new Minister to Spain before his departure for his post directed him to impress upon that Government the sincere wish of the United States to lend its aid toward ending the war in Cuba by reaching a peaceful and lasting result, just and honorable alike to Spain and the Cuban people. These instructions recited the character and duration of the contest, the widespread losses it entails, the burdens and restraint it imposes upon us, with constant disturbance of national interests and the injury resulting from an indefinite continuance of this state of things.

It was stated that at this juncture our Government was constrained to seriously inquire if the time was not ripe when Spain, of her own volition, moved by her own interests and by sentiments of humanity, should put a stop to this destructive war and make proposals of settlement honorable to herself and just to her Cuban colony. It was urged that as a neighboring nation with large interests in Cuba, we could be required to wait only a reasonable time for the mother country to establish its authority and restore peace and order within the borders of the island; that we could not contemplate an indefinite period for the accomplishment of this result.

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

The reply to our note was received on the 23d day of October. It is in the direction of a better understanding. It appreciates the friendly purposes of this Government. It admits that our country is deeply affected by the war in Cuba, and that its desires for peace are just. It declares that the Spanish Government is bound by every consideration to a change of policy that should satisfy the United States and pacify Cuba within a reasonable time. To this end Spain has decided to put into effect the political reforms heretofore advocated by the present Premier, without halting for any consideration in the path which, in its judgment, leads to peace.

The military operations, it is said, will continue, but will be humane and conducted with all regard for private rights, being accompanied by political action leading to the autonomy of Cuba while guarding Spanish sovereignty. This, it is claimed, will result in investing Cuba with a distinct personality; the island to be governed by an executive and by a local council or chamber, reserving to Spain the control of the foreign relations, the army and navy and the judicial administration.

To accomplish this the present Government proposes to modify existing legislation by decree, leaving the Spanish Cortes, with the aid of Cuban Senators and Deputies, to solve the economic problem and properly distribute the existing debt.

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

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

But on this aspect of the Spanish note it is not necessary to speak further now. Firm in the conviction of a wholly performed obligation due response to this charge has been made in diplomatic issues. Throughout all these horrors and dangers to our own peace this Government has never in any way abrogated its sovereign prerogative of reserving to itself the determination of its policy and course according to its own high sense of right and in consonance with the dearest interests and convictions of our own people should the prolongation of the strife so demand.

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

Recognition of the belligerency of the Cuban insurgents has often been canvassed as a possible if not inevitable step, both in regard to the previous ten years' struggle and during the present war. I am not unmindful that the two houses of Congress in the spring of 1896 expressed the opinion by concurrent resolution that a condition of public war existed requiring or justifying the recognition of a state of belligerency in Cuba, and during the extra session the Senate voted a joint resolution of like import, which, however, was not brought to a vote in the House.

In the presence of these significant expressions of the sentiment of the legislative branch it behooves the executive to soberly consider the conditions upon which so important a measure must needs rest for justification. It is to be seriously considered whether the Cuban insurrection possesses beyond dispute the attributes of statehood which alone can demand the recognition of belligerency in its favor. Possession, short of the essential qualifications of sovereignty, by the insurgents, and the conduct of the war by them according to the recognized code of war, are no less important factors toward the determination of the problem of belligerency than are the influences and consequences of the struggle upon the internal policy of the recognizing state.

General Grant's Words Fit the Situation.

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

"A recognition of the independence of Cuba being, in my opinion, impracticable and indefensible, the question which next presents itself is that of the recognition of belligerent rights in the parties to the contest. In a former message to Congress I had occasion to consider this question and reached the conclusion that the conflict in Cuba, dreadful and devastating as were its incidents, did not rise to the fearful dignity of war.

"It is possible that the acts of foreign powers, and even acts of Spain herself of this very nature, might be pointed to in defense of such recognition. But now, as in its past history, the United States should carefully avoid the false lights which might lead it into the mazes of doubtful law and of unquestionable propriety, and adhere rigidly and sternly to the rule, which has been its guide, of doing only that which is right and honest and of good report. The question of according or of withholding rights of belligerency must be judged, in every case, in view of the particular attending facts. Unless justified by necessity it is always, and justly, regarded as an unfriendly act and a gratuitous demonstration of moral support to the rebellion. It is necessary and it is required when the interests and rights of another Government or of its people are so far affected by a pending civil conflict as to require a definition of its relations to the parties thereto. But this conflict must be one which will be recognized in the sense of international law as war.

"Belligerence, too, is a fact. The mere existence of contending armed bodies and their occasional conflicts do not constitute war in the sense referred to. Applying to the existing condition of affairs in Cuba the tests recognized by publicists and writers on international law, and which have been observed by nations of dignity, honesty and power when free from sensitive or selfish and unworthy motives, I fail to find in the insurrection the existence of such a substantial political organization, real, palpable and manifest to the world, having the forms and capable of the ordinary functions of ordinary government toward its own people and to other states, with courts for the administration of justice, with a local habitation, possessing such organization of force, such material, such occupation of territory as to take the contest out of the category of a mere rebellious insurrection, or occasional skirmishes, and place it on the terrible footing of war, to which a recognition of belligerency would aim to elevate it.

"The contest, moreover, is solely on land; the insurrection has not possessed itself of a seaport whence it may send forth its flag, nor has it any means of communication with foreign powers except through the military lines of its adversaries. No apprehension of any of these sudden and difficult complications, which a war upon the ocean is apt to precipitate upon the vessels, both commercial and national, and upon the consular officers of other powers, calls for the definition of their relations to the parties to the contest. Considered as a question of expediency, I regard the accordance of belligerent rights still to be as unwise and premature as I regard it to be at present indefensible as a measure of right.

"Such recognition entails upon the country according the rights which flow from it difficult and complicated duties and requires the exaction from the contending parties of the strict observance of their rights and obligations. It confers the right of search upon the high seas by vessels of both parties; it would subject the carrying of arms and munitions of war, which now may be transported freely and without interruption in vessels of the United States, to detention and to possible seizure; it would give rise to countless vexatious questions; would release the parent Government from responsibility for acts done by the insurgents and would invest Spain with the right to exercise the supervision recognized by our treaty of 1795 over our commerce on the high seas, a very large part of which, in its traffic between the Atlantic and the Gulf States and between all of them and the States on the Pacific, passes through the waters which wash the shores of Cuba. The exercise of this supervision could scarce fail to lead, if not to abuses, certainly to collisions perilous to the peaceful relations of the two states. There can be little doubt as to what result such supervision would before long draw this nation. It would be unworthy of the United States to inaugurate the possibilities of such result by measure of questionable right or expediency or by any indirection."

Recognition of Belligerency Not to Be Accorded.

Turning to the practical aspects of a recognition of belligerency and reviewing its inconveniences and positive dangers, still further pertinent considerations appear. In the code of nations there is no such thing as a naked recognition of belligerency unaccompanied by the assumption of international neutrality. Such recognition without more will not confer upon either party to a domestic conflict a status not theretofore actually possessed or affect the relations of either party to other states. The act of recognition usually takes the form of a solemn proclamation of neutrality which recites the de facto condition of belligerency as its motives.

It announces a domestic law of neutrality in the declaring state. It assumes the international obligations of a neutral in the presence of a public state of war. It warns all citizens and others within the jurisdiction of the proclaimant that they violate those rigorous obligations at their own peril and cannot expect to be shielded from the consequences. The right of visit and search on the seas and seizure of vessels and cargoes and contraband of war and good prize under admiralty law must under international law be admitted as a legitimate consequence of a proclamation of belligerency. While according equal belligerent rights, defined by public law, to each party in your ports disfavors would be imposed upon both, which, while nominally equal, would weigh heavily in behalf of Spain herself. Possessing a navy and claiming the ports of Cuba her maritime rights could be asserted not only for the military investment of the island, but up to the margin of our own territorial waters, and a condition of things would exist for which the Cubans within their own domain could not hope to create a parallel, while its creation through aid or sympathy from within our domain would be even more impossible than now with the additional obligations of international neutrality we would perforce assume.

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

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

Intervention upon humanitarian grounds has been frequently suggested, and has not failed to receive my most anxious and earnest consideration. But should such a step be now taken when it is apparent that a hopeful change has supervened in the policy of Spain toward Cuba? A new government has taken office in the mother country. It is pledged in advance to the declaration that all the effort in the world cannot suffice to maintain peace in Cuba by the bayonet; that vague promises of reform after subjugation afford no solution of the insular problem; that with a substitution of commanders must come a change of the past system of warfare for one in harmony with a new policy which shall no longer aim to drive the Cubans to the horrible alternative of taking to the thicket or succumbing in misery; that reforms must be instituted in accordance with the needs and circumstances of time, and that these reforms, while designed to give full autonomy, to create virtual entity and self-control administrations, shall yet conserve and affirm the sovereignty of Spain by a just distribution of powers and burdens upon a basis of mutual interest untainted by methods of selfish expediency.

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

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

Spain's Better Temper to Be Fairly Tested.

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

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

Not a single American citizen is now under arrest or in confinement in Cuba, of whom this Government has any knowledge. The near future will demonstrate whether the indispensable condition of a righteous peace, just alike to the Cubans and to Spain as well as equitable to all our interests so intimately involved in the welfare of Cuba, is likely to be attained. If not, the exigency of further and other action by the United States will remain to be taken. When that time comes that action will be determined in the line of the indisputable right and duty. It will be faced, without misgiving or hesitancy, in the light of the obligation this Government owes to itself, to the people who have confided to it the protection of their interests and honor, and to humanity.

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

Hawaiian Annexation as a Logical Sequence.

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

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

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

If the treaty is confirmed, as every consideration of dignity and honor requires, the wisdom of Congress will see to it that, avoiding abrupt assimilation of elements perhaps hardly yet fitted to share in the highest franchises of citizenship and having due regard to the geographical conditions, the most just provisions for self-rule in local matters with the largest political liberties as an integral part of our nation will be accorded to the Hawaiians.

Objectionable Elements of the Islands' Population.

No less is due to a people who, after nearly five years of demonstrated capacity to fulfill the obligations of self-governing statehood, come of their free will to merge their destinies in our body politic.

The questions which have arisen between Japan and Hawaii by reason of the treatment of Japanese laborers emigrating to the islands under the Hawaiian-Japanese convention of 1888 are in a satisfactory stage of settlement by negotiation. This Government has not been invited to mediate, and on the other hand has sought no intervention in that matter further than to evince its kindliest disposition toward such a speedy and direct adjustment by the two sovereign states in interest as shall comport with equity and honor.

It is gratifying to learn that the apprehensions at first displayed on the part of Japan lest the cessation of Hawaii's national life through annexation might impair privileges to which Japan honorably laid claim have given place to confidence in the Government and the sincerity of its purpose to deal with all possible ulterior questions in the broadest spirit of friendliness.

As to the representation of this Government to Nicaragua, Salvador and Costa Rica, I have concluded that William L. Merry, confirmed as Minister of the United States to the States of Nicaragua, Salvador and Costa Rica, shall proceed to San Jose, Costa Rica, and there temporarily establish the headquarters of the United States to those three states. I took this action for what I regarded as the paramount interests of this country. It was developed upon an investigation by the Secretary of State that the Government of Nicaragua, while not unwilling to receive Mr. Merry in his diplomatic quality, was unable to do so on account of the compact concluded June 20, 1895, whereby that republic and those of Salvador and Honduras, forming what is known as the Greater Republic of Central America, had surrendered to the Representative Diet their right to receive and send diplomatic agents. The Diet was not willing to accept him because he was not accredited to that body. I could not accredit him to that body because the appropriation of Congress did not permit. Mr. Baker, the present Minister at Managua, has been directed to present his letters of recall.

Mr. Godfrey Hunter has likewise been accredited to the Government of Guatemala and Honduras, the same as his predecessor.

Guatemala is not a member of the Greater Republic of Central America, but Honduras is. Should this latter Government decline to receive him he has been instructed to report this fact to his Government and await its further instructions in the matter.

The Greater Republic and the Canal.

A subject of large importance to our country and increasing appreciation on the part of the people is the completion of the great highway of trade between the Atlantic and the Pacific known as the Nicaragua canal. Its utility and value to American commerce are universally admitted. The commission appointed under date of July 24 last to continue the surveys and examinations authorized by the act approved March 2, 1885, in regard to the proper route, feasibility and cost of construction of the Nicaragua canal, with a view of making complete plans of the entire work of construction of such canal, is now employed in the undertaking. In the future I shall take occasion to transmit to Congress the report of this commission, making at the same time such further suggestions as may then seem advisable.

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

International Bimetallism and Wolcott's Mission.

The gratifying action of our great sister republic of France in joining this country in the attempt to bring about an agreement between the principal commercial nations of Europe, whereby a fixed and relative value between gold and silver shall be secured, furnishes assurances that we are not alone among the larger nations of the world in realizing the international character of the problem and in the desire of reaching some wise and practical solution of it.

The British Government has published a resume of the steps taken jointly by the French Embassador in London and the special envoys of the United States, with whom our Embassador in London actively co-operated in the presentation of this subject to her Majesty's Government. This will be laid before Congress. Our special envoys have not made their final report, as further negotiations between the representatives of this Government and the Governments of other countries are pending and in contemplation. They believe that doubts which have been raised in certain quarters respecting the possibility of maintaining the stability of the parity between the metals and kindred questions may yet be solved by further negotiations.

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

In order to execute as early as possible the provisions of the third and fourth sections of the revenue act approved July 24, 1897, I appointed the Hon. John A. Kasson of Iowa a special commissioner plenipotentiary to undertake the requisite negotiations with foreign countries desiring to avail themselves of these provisions. The negotiations are now proceedings with several Governments, both European and American. It is believed that by a careful exercise of the powers conferred by that act some grievances of our own and of other countries in our mutual trade relations may be either removed or largely alleviated and that the volume of our commercial exchanges may be enlarged with advantages to both contracting parties. Most desirable from every standpoint of national interests and patriotism is the effort to extend our foreign commerce. To this end our merchant marine should be improved and enlarged. We should do our full share of the carrying trade of the world. We do not do it now. We should be the laggard no longer. The inferiority of our merchant marine is justly humiliating to the national pride. The Government, by every proper constitutional means, should aid in making our ships familiar visitors at every commercial port of the world, thus opening up new and valuable markets to the surplus products of the farm and the factory.

The Merchant Marine Should Be Fostered.

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

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

The Duty of Preserving the Seal Herd.

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

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

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

Good Woods for the Paris Exposition.

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

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