

MANILA Is Now On the Point of Starvation.

Situation Bad and Growing Worse Daily.

Manila, via Hong Kong, Aug. 2.—(Special.) The city of Manila is in a most precarious condition. Gaunt famine stalk abroad and the people are in a state of utter wretchedness. The Americans have not yet attacked the city. Gen. Merritt is awaiting the arrival of the Monterey, now expected in about a week, before beginning the assault or demanding Capt. Gen. Augusti's surrender.

There are now nearly 12,000 American troops here, of whom 5,000 are camping at Cavite. The others are convenient to the city.

The insurgents are becoming more and more threatening and they are causing far more concern than the Spanish.

Spain's Sad Financial Plight— Her Bonds Only Worth 37 Cents.

Washington, Aug. 2.—(Special.)—Those who are familiar with the financial situation in Spain have anticipated trouble over the settlement of the Cuban debt. Under the terms of peace proposed by President McKinley the Spanish government will be compelled to assume the entire bonded indebtedness of both Cuba and Porto Rico, which amounts to over \$600,000,000. Besides losing these important colonies, the Spaniards will have to pay their debts. Most of the money was borrowed to put down insurrections. The customs revenues have usually been sufficient to pay the interest and the Spanish people have not felt the burden. But now, in addition to the enormous cost of the war, they will be compelled to add \$600,000,000 to their bills payable, with an annual interest charge of not less than \$25,000,000, which alone will absorb nearly all the revenues of the government.

About one-half of the Cuban debt is held in France. The remainder has been placed in Spain through the Bank of France. It will be remembered that representatives of the Spanish bondholders in Paris made desperate efforts to prevent the war, and had the benefit of the services of ex-Vice-President Morton, August Belmont and several other influential American bankers. Spanish bonds have decreased in value about one-half since the war began, and are now quoted at 37cents on the dollar, but it is absurd to expect that Spain will ever recover sufficiently to pay the principal when her normal revenues in good times will not even meet the interest. The Spanish government has repudiated its bonded indebtedness three times, and its creditors are aware that it would be perfectly willing to do so again if necessary. Therefore it will be natural for them to look to the United States for some sort of guaranty of the payment of these obligations, which were issued as a lien upon the revenues of Cuba and Puerto Rico. No other government but France is interested, and if the French ambassador is made a commissioner of peace, complications may be avoided. Spain has not been able to borrow a cent in England, Germany or Holland for many years.

Easy Sailing In Porto Rico. The People Welcome the Invaders.

Washington, Aug. 2.—(Special.)—Special cablegrams give a graphic description of the manner in which the American army is received in Porto Rico. The island is becoming American with the advance of our troops. The Americans are welcomed everywhere and the people join with them in hunting down the Spaniards. At Yauco the mayor issued a proclamation welcoming American rule as soon as our forces occupied the town. The press is already professing loyalty to America. The Spaniards are concentrating at San Juan and it has been reported to Gen. Miles that they are fortifying at Albenito, in the route of our advance. If this be true there may be a fight. While our lines are stead-

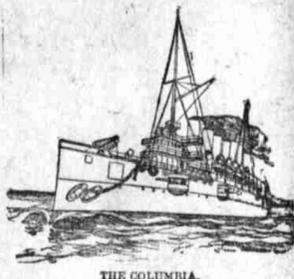
ily advancing it is expected that the movement against San Juan will be slow, as the army will wait for thorough equipment and sufficient force to leave no doubt as the result of the campaign. Gen. Miles has reported the arrival of Gen. Schwan, with a part of his brigade. The troops left Tampa July 26 on the Cherokee.

The Eagle Swoops Again And Captures a Spanish Steamer.

Key West, Fla., August 2.—(Special.)—The Spanish schooner Dolores, of sixty tons, loaded with corn and provisions and bound for Progreso, Mexico, for Batabano, has been added to the list of war prizes. She was captured by the gunboat Eagle, near Corrientes Bay, a week ago, and was brought in yesterday by Ensign Craven.

The Badger, which took her prizes to Tortugas, a few days ago, is still there awaiting orders. Her prizes are a barge, a brig and tow boat, which were trying to get from Neuvitas to Havana. Three hundred and eighty-two sick and wounded Spanish soldiers, some of whom have lost legs and arms, are aboard the prizes which are held in quarantine.

The Columbia Went Ashore In the Harbor of Pon-say.



THE COLUMBIA.

Ponce, Porto Rico, Aug. 2.—(Special.)—Col. Hulings, with ten companies of the Sixteenth Pennsylvania, has occupied Juan Diaz, about eight miles northeast of Ponce, on the road to San Juan. The American flag was raised and greeted with great enthusiasm by the populace. The protected cruiser Columbia went ashore while attempting to enter the harbor of Ponce, but it is expected she will be floated to-day.

Cable communication has been opened but the line will not be in full operation for several days.

ALMOST OVER Is the War, Says the President.

An Armistice Liable to Be The Next Step.

Washington, August 2.—(Special.)—The President state this afternoon that he believes that the war is practically over. An armistice will be declared the moment Spain yields and accepts the conditions of the peace proposition. Military operations will then cease until a Peace Commission can agree upon the details. The Cabinet is now in session.

Cabinet Wants a Diagram Of the Peace Proposition.

Madrid, Aug. 2.—(Special.)—The Cabinet Council sat until late last evening discussing the peace terms. A dispatch was then sent to Washington for "further explanation of some difficult points."

When the replies are received the Cabinet will reassemble. Senor Sagasta, the Premier, confirms the report that some "modifications of the original terms have been obtained."

Madrid Predicts Peace Within the Next Two Weeks.

Paris, Aug. 2.—(Special.)—A special dispatch to the Temps from Madrid says:

"That it is believed the Spanish Government will accept the terms immediately after official assent is given to them, and that hostilities will be suspended in the Antilles."

In conclusion, the dispatch says it is the general belief that peace will be an accomplished fact before August 15.

Ponce, Porto Rico, via St. Thomas, D. W. I., Aug. 2.—(Special.)—The second part of Gen. Miles' army has arrived off Samanco Bay, on the north-east coast of Hayti.

CITY May Surrender Before Miles Gets There.

San Juan is Blockaded and Ready to Give Up.

St. Thomas, Danish West Indies, August 2.—(Special.)—The United States and French consuls are conferring in regard to the surrender of Gov. Machias at San Juan, Porto Rico.

San Juan is effectively blockaded by the New Orleans, the Puritan, the Dixie and the Gloucester. Gen. Miles' forces are occupying the interior of the island and it will be only a question of days when the city will be invested closely by land and sea.

Heavy Reinforcements Will Be Sent to Merritt.

San Francisco, Aug. 2.—(Special.)—It is reported that 25,000 additional troops will be sent to Manila as quickly as possible. They will embark from either Portland, Oregon, or Seattle, Washington.

Alarm at Washington For The Safety of Gen. Merritt.

Washington, Aug. 2.—(Special.)—Assistant Secretary Meiklejohn says all troops necessary will be sent to Gen. Merritt at Manila. The situation in the Philippine islands is daily growing more critical for the small American force there.

A Joint Commission Will Meet in London.

Washington, Aug. 2.—(Special.)—Everything is now being considered as if peace had already been declared. The Spanish-American commission to decide the future of the Philippines will meet in London.

Preparations are being made for the government of Cuba after the conclusion of peace. The Cuban debt must be assumed by Spain, but Spain objects to paying damages to American citizens.

Lee and Brooke Will Govern In Cuba and Porto Rico.

Washington, Aug. 2.—If peace negotiations are successful our army of not less than 50,000 will be sent to Cuba this fall. The army will be under command of Maj. Gen. Lee and its principal duty will be to establish law and order in the island.

Owing to the danger from yellow fever the movement of these forces is not expected to begin until the middle of September or the first of October. In the meantime ten of the immune regiments will be sent to Cuba.

The army of occupation will consist almost entirely of volunteers. Since the beginning of the war the President has contemplated sending Gen. Lee to Cuba as Military Governor. Gen. Lee's experience in Cuba and his knowledge of Cuban character especially fits him for the position. Whether or not he will govern the whole of the island or confine his jurisdiction to Havana Province cannot at present be stated. The volunteer forces are now in condition to take the field.

The President and Secretary Alger, realized the desire of the men for active service, will select for this campaign as far as possible regiments which have not seen the enemy, but which have for months lived a monotonous life. Forces will probably be taken from Chickamauga, Jacksonville and Camp Alger.

The army of occupation will be scattered over the whole island occupying under trusted officers the principal towns and cities. Military rule will be established in Cuba. When the natives establish their government and show their ability to properly conduct the affairs of the island the troops will be withdrawn. How long this will be no one can say, and it may prove necessary to keep an armed force for years to come. The same course will be pursued in Porto Rico. Gen. Brooke, it is said, will be given the management of the affairs of that island.

Madrid, Aug. 2.—(Special.)—Capt. Gen. Machias cables his home government that the American fleet is off San Juan and he is momentarily expecting the city to be attacked.