The San Juan Islander.

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ANNUAL MESSAGE

Important Features of the President's Address.

OUR LATE WAR A FEATURE

No Suggestions Made Regarding the Government of Our New Territories—Foreign Relations Generally Satisfactory—Hawaiian Annexation.

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

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

In my last annual message, very full consideration was given to the question of the duty of the government of the United States toward Spain and the Cuban insurrection, as being by far the most important problem with which we were called upon to deal. The considerations then advanced, and the exposition of the views therein expressed, disclosed my sense of the extreme gravity of the situation.

Setting aside, as logically unfounded or practically inadmissible, recognition of the Cuban insurgents as belligerents, recognition of the independence of Cuba, neutral intervention to end the war by imposing a rational compromise between the contestants, intervention in favor of one or the other party and the forcible annexation of the island, I concluded it was honestly due to our friendly relations with Spain that she should be given a reasonable chance to realize her expectations of reform to which she had become irrevocably committed.

Within a few weeks previously she had announced comprehensive plans which it was confidently asserted would be efficacious to remedy the evils so deeply affecting our own country, so injurious to the true interests of the mother country, as well as to those of Cuba, and so repugnant to the universal sentiment of humanity.

Destruction of the Maine.

At this juncture, on the 15th of February last, occurred the destruction of the battle-ship Maine, while rightfully lying in the harbor of Havana on a mission of international courtesy and good will, a catastrophe the suspicious nature and horror of which stirred the nation's heart profoundly. It is a striking evidence of the poise and sturdy good sense distinguishing our national character that this shocking blow, falling upon a generous people already deeply touched by preceding events in Cuba, did not move them to desperate resolve to tolerate no longer the existence of a condition of danger and disorder at our doors that made possible such a deed by whomsoever wrought. Yet the instinct of justice prevailed, and the nation anxiously awaited the result of the searching investigation at once set on foot. The finding of the naval board of inquiry established that the origin of the explosion was external by a submarine mine, and only halted, through lack of positive testimony, to fix the responsibility of its authorship.

PREPARATIONS FOR WAR.

Congress' Appropriation of Fifty Millions for National Defense.

All those things carried conviction to the most thoughtful, even before the finding of the naval court, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief executive suggestion to congress to receive immediate answer to the duty of making instant provision for the possible and perhaps speedily probable emergency of war, and the remarkable, almost unique, spectacle was presented of a unanimous vote of both houses on the 9th of March appropriating $50,000,000 "for the national defense and for each and every purpose connected therewith, to be expended at the discretion of the president."

That this act of provision came none too soon was disclosed when the application of the fund was undertaken. Our ports were practically undefended; our navy needed large provision for increased ammunition and supplies, and even numbers to cope with any sudden attack from the navy of Spain, which comprised modern vessels of the highest type of continental perfection. Our army also required enlargement of men and munitions. The details of the hurried preparations for the decided contingency is told in the reports of the secretaries of war and of the navy, and need not be repeated here.

It is sufficient to say that the outbreak of war, when it did come, found our nation not unprepared to meet the conflict, nor was the apprehension of coming strife confined to our own country. It was felt by the continental powers, which, on April 6, through their ambassadors and envoys, addressed to the executive an expression of hope that humanity and moderation might mark the course of this government and people, and that further negotiations would lead to an attempt, which, while securing the maintenance of peace, would affirm all necessary guarantees for the re-establishment of order in Cuba.

Proposal of an Armistice.

Still animated by the hope of a peaceful solution and obeying the dictates of duty, no effort was relaxed to bring about a speedy ending of the Cuban struggle. Negotiations to this effect continued actively with the government of Spain looking to the immediate conclusion of a six months' armistice in Cuba with a view to effect the recognition of her people's right to independence. Besides this, the instant revocation of the order of reconcentration was asked, so that the sufferers, returning to their homes and aided by united American and Spanish effort, might be put in a way to support themselves, and by orderly resumption of the well-nigh destroyed productive energies of the island contribute to the restoration of its tranquillity and well-being.

Authority to Intervene.

Grieved and disappointed at this barren outcome of my sincere endeavors to reach a practicable solution, I felt it my duty to remit the whole question to congress. In the message of April 11, 1898, I announced that with this last overture in the direction of immediate peace in Cuba and its disappointing reception by Spain the effort of the executive was brought to an end. I again reviewed the alternative course of action which I had prepared, concluding that the only course consonant with international policy and compatible with our firmly set historical traditions was intervention as a neutral to stop the war and check the hopeless sacrifice of life, even though that resort involved "hostile constraint upon both parties to the contest, as well to enforce a truce as to provide for eventual settlement."

On April 22 I proclaimed a blockade of the northern coast of Cuba, including ports on said coast between Cardenas and Bahia Honda and the port of Cienfuegos, on the south coast of Cuba; and on the 23d I called for volunteers to execute the purpose of the resolution.

The Declaration of War.

By my message of April 25, congress was informed of the situation, and I recommended formal declaration of the existence of a state of war between the United States and Spain. Congress accordingly voted on the same day the act approved April 25, 1898, declaring the existence of such war from and including the 21st day of April, and re-enacted the provision of the resolution of April 20, directing the president to use all the armed forces of the nation to carry that act into effect.

Due notification of the existence of war as aforesaid was given April 25 by telegraph to all the governments with which the United States maintained relations, in order that their neutrality might be assured during the war. The various governments responded with proclamations of neutrality, each after its own method. It is not among the least gratifying incidents of the struggle that the obligations of neutrality were impartially discharged by all, often under delicate and difficult circumstances.

The national defense fund of $50,000,000 was expended in large part by the army and the navy, and the objects for which it was used are fully shown in the reports of the several secretaries. It was a most timely appropriation, enabling the government to strengthen its defenses and to make preparations greatly needed in case of war. This fund being inadequate to the requirements of equipment and for the conduct of the war, the patriotism of congress provided the means in the war revenue act of June 13 by authorizing a 3 per cent popular loan, not to exceed $400,000,000, and by levying additional imposts and taxes. Of the authorized loan, $200,000,000 was offered and promptly taken, the subscriptions so far exceeding the call as to cover it many times over. While preference was given to the smaller bids, no single allotment exceeded $5000. This was a most encouraging and significant result, showing the vast resources of the nation and the determination of the people to uphold their country's honor.

PROGRESS OF THE CONFLICT.

Brilliant Series of Victories for American Arms.

It is not within the province of this message to narrate the history of the extraordinary war that followed the Spanish declaration of April 21, but a brief recital of its more salient features is appropriate. The first encounter of the war in point of date took place April 27, when a detachment of the blockading squadron made a reconnoissance in force at Matanzas, shelled the harbor fortifications and demolished several new works in construction.

Dewey at Manila.

The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet, under Commodore George Dewey, had lain for some weeks at Hong Kong. Upon the colonial proclamation of neutrality being issued and the customary 24 hours' notice being given, it repaired to Mirs bay, near Hong Kong, whence it proceeded to the Philippine islands under telegraphic orders to capture or destroy the formidable Spanish fleet then assembled at Manila. At daybreak on May 1 the American force entered Manila bay, and after a few hours' engagement effected the total destruction of the Spanish fleet, consisting of 10 warships and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila, with the ability to take the city at will. Not a life was lost on our ships, the wounded numbering only seven, while not a vessel was materially injured. For this gallant achievement congress, upon my recommendation, fitly bestowed upon the actors preferment and substantial reward.

No Divided Victory.

Only reluctance to cause needless loss of life and property prevented the early storming and capture of the city, and therewith the absolute military occupation of the whole group. The insurgents, meanwhile, had resumed the active hostilities suspended by the uncompleted truce of December, 1897. Their forces invested Manila on the northern and eastern side, but were constrained by Admiral Dewey and General Merritt from attempting an assault. It was fitting that whatever was to be done in the way of decisive operations in that quarter should be accomplished by the strong arm of the United States alone.

Obeying the stern precept of war, which enjoins the overcoming of the adversary and the extinction of his power wherever assailable as the speedy and sure means to win a peace, divided victory was not permissible, for no partition of the rights and responsibilities attending the enforcement of a just and advantageous peace could be thought of.

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

Hobson's Heroism.

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

By June 7 the cutting of the last Cuban cable isolated the island. Thereafter the invasion was vigorously prosecuted. June 10, under a heavy protecting fire, a landing force of 600 marines from the Oregon, Marblehead and Yankee was effected at Guantanamo bay, where it had been determined to establish a cable station. This important and essential port was taken from the enemy after severe fighting by the marines, who were the first organized force of the United States to land in Cuba. The position so won was held, despite the desperate attempts to dislodge our forces. By June 16 additional forces were landed and strongly intrenched.

June 22 the advance of the invading army under Major-General Shafter landed at Daiquiri, about 15 miles east of Santiago. This was accomplished under great difficulties, but with marvelous dispatch. On June 23 the movement against Santiago was begun.

On the 24th the first serious engagement took place in which the First and Tenth cavalry and the First volunteer cavalry, General Young's brigade of General Wheeler's division, participated, losing heavily. By nightfall, however, ground within five miles of Santiago was won. The advantage was steadily increased. On July 1 a severe battle took place, our forces gaining the outer works of Santiago, and El Caney and San Juan were taken after a desperate charge and the investment of the city was completed. The navy co-operated by shelling the town and the coast forts.

Destruction of the Armada.

On the day following this brilliant achievement of our land forces, July 3, occurred the decisive naval combat of the war. The Spanish fleet, attempting to leave the harbor, was met by the American squadron under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed. Two torpedo-boats were sunk and the Maria Teresa, Almirante Oquendo, Vizcaya and Cristobal Colon were driven ashore. The Spanish admiral and over 1300 men were taken prisoners. While the enemy's loss of life was deplorably large, some 200 perishing, on our side but one man was killed and one man seriously wounded. Although our ships were repeatedly struck, not one was seriously injured. The men also conspicuously distinguished themselves, from the commanders to the gunners and the unnamed heroes in the boiler-rooms, each and all contributing toward the achievement of this astounding victory, for which neither ancient nor modern history affords a parallel in the completeness of the event and the marvelous disproportion of casualties. It would be invidious to single out any for special honor. Deserved promotion has rewarded the more conspicuous actors—the nation's profoundest gratitude is due to all of those brave men who by their skill and devotion in a few short hours crushed the sea power of Spain and wrought a triumph whose decisiveness and far-reaching effects can scarcely be measured. Nor can we be unmindful of the achievements of our builders, mechanics and artisans for their skill in the construction of our warships.

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

Surrender of Santiago.

The capitulation of Santiago followed. The city was closely besieged by land, while the entrance of our ships into the harbor cut off all relief on that side. After a truce to allow of the removal of the noncombatants, protracted negotiations continued from July 3 until July 15, when, under menace of immediate assault, the preliminaries of surrender were agreed upon. On the 17th General Shafter occupied the city. The capitulation embraced the entire eastern end of Cuba. The number of Spanish soldiers surrendered was 22,000, all of whom were subsequently conveyed to Spain at the charge of the United States. The story of this successful campaign is told in the report of the secretary of war which will be laid before you.

Invasion of Porto Rico.

With the fall of Santiago, the occupation of Porto Rico became the next strategic necessity. General Miles had previously been assigned to organize an expedition for that purpose. Fortunately, he was already at Santiago, where he had arrived on the 11th of July with reinforcements for General Shafter's army. With these troops, consisting of 3415 infantry and artillery, two companies of engineers and one company of the signal corps, General Miles left Guantanamo July 21, having nine transports convoyed by the fleet under Captain Higginson, with the Massachusetts (flagship), Dixie, Gloucester, Columbia and Yale, the two latter carrying troops. The expedition landed at Guanica, July 25, which port was entered with little opposition. Here the fleet was joined by the Annapolis and Wasp, while the Puritan and Amphitrite went to San Juan and joined the New Orleans, which was engaged in blockading that port. The major-general commanding was subsequently reinforced by General Schwann's brigade of the Third army corps, by General Wilson with a part of his division, and also by General Brooke, with a part of his corps, numbering in all 16,973 officers and men. On July 27 he entered Ponce, one of the most important points in the island, from which he thereafter directed operations for the capture of the island.

As a potent influence toward peace, the outcome of the Porto Rican expedition is due to those who participated in it.

Last Battle of the War.

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

Total Casualties.

The total casualties in killed and wounded in the army during the war was as follows:

Officers killed, 23; enlisted men killed, 257; total, 280; officers wounded, 113; enlisted men wounded, 1464; total, 1577.

Of the navy, killed, 17; wounded, 67; died as result of wounds, 1; invalided from service, 6; total, 91.

PEACE NEGOTIATIONS.

Spain's Overtures for a Cessation of Hostilities.

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

Conceiving that discussion on this point could neither be practicable nor profitable, I directed that, in order to avoid misunderstanding, the matter should be forthwith closed by proposing the embodiment in a formal protocol of the terms in which the negotiations for peace were undertaken. The vague and inexplicit suggestions of the Spanish note could not be accepted, the only reply being to present as a virtual ultimatum a draft of the protocol, embodying the precise terms tendered to Spain in our note of July 30, which added stipulations of details as to the appointment of commissioners to arrange for the evacuation of the Spanish Antilles. On August 12, M. Cambon announced his receipt of full powers to sign the protocol as submitted.

Terms of the Protocol.

Accordingly, on the afternoon of August 12, M. Cambon as the plenipotentiary of Spain and the secretary of state, as the plenipotentiary of the United States, signed the protocol providing:

"Article 1. Spain will relinquish all claim of sovereignty over and title to Cuba.

"Article 2. Spain will cede to the United States the island of Porto Rico and other islands now under Spanish sovereignty in the West Indies, and also an island in the Ladrones to be selected by the United States.

"Article 3. The United States will occupy and hold the city, bay and harbor of Manila, pending the conclusion of a treaty of peace, which shall determine the control, disposition and government of the Philippines."

The fourth article provided for the appointment of joint commissions on the part of the United States and Spain to meet in Havana and San Juan, respectively, for the purpose of arranging and carrying out the details of the stipulated evacuation of Cuba, Porto Rico and other Spanish islands in the West Indies.

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

The sixth and last article provides that upon the signing of the protocol, hostilities between the two countries shall be suspended, and that notice to that effect should be given as soon as possible by each government to the commanders of its naval forces.

Immediately upon the conclusion of the protocol, I issued the proclamation of August 12, suspending hostilities on the part of the United States. The necessary orders to that end were at once given by telegraph. The blockade of the ports of Cuba and of San Juan de Porto Rico was in like manner raised. On August 18, the muster-out of 100,000 volunteers, or as near that number as was found to be practicable, was ordered. On December 1, 101,655 officers and men had been mustered out and discharged from the service; 9002 more will be mustered out by the 10th of the month; also a corresponding number of generals and general staff officers have been honorably discharged from the service.

The military commissions to superintend the evacuation of Cuba, Porto Rico and the adjacent islands were forthwith appointed:

For Cuba—Major-General James F. Wade, Rear-Admiral William T. Sampson, Major-General Matthew C. Butler.

For Porto Rico—Major-General John C. Brooke, Rear-Admiral Winfield Scott Schley, Brigadier-General W. Gordon.

They soon afterwards met the Spanish commissioners at Havana and San Juan, respectively. The Porto Rico joint commission speedily accomplished its task, and by October 18 the evacuation of the island was completed. The United States flag was raised over the island at noon that day. The administration of its affairs has been provisionally intrusted to a military governor until congress shall otherwise provide. The Cuban joint high commission has not yet terminated its labors. Owing to the difficulties in the way of removing the large number of Spanish troops still in Cuba, the evacuation cannot be completed before the 1st of January next.

The Peace Commission.

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

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

OUR FOREIGN RELATIONS.

Aside From Spain We Have Had No Serious Differences With Other Nations.

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

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

International Cable Agreement.

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

Foreign Exhibitions.

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

The Nicaragua Canal.

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

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

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

The Paris Exposition.

There is now every prospect that the participation of the United States in the universal exposition to be held in Paris in 1900 will be on a scale commensurate with the advanced position held by our products and industries in the world's chief marts. The preliminary report of Moses P. Handy, who, under the act approved July 19, 1897, was appointed special commissioner with a view of securing all attainable information necessary to a full and complete understanding by congress in regard to the participation by this government in the Paris exposition, was laid before you by my message of December 6, 1897, and shows the large opportunities to make known our national progress in art, science and manufactures, as well as the urgent need of immediate and adequate provision to enable due advantage thereof to be taken. Mr. Handy's death soon afterward rendered it necessary for another to take up and complete his unfinished work, and January 11 last, Mr. Thomas W. Cridler, third assistant secretary of state, was designated to fulfill that task. His report was laid before you by my message of June 14, 1898, with the gratifying result of awakening renewed interest in the projected display.

Trade Relations With France and Germany.

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

ANNEXATION OF HAWAII.

Existing Laws in Force Pending Action by Congress.

Pending the consideration by the senate of the treaty signed June 16, 1897, by the plenipotentiaries of the United States and of the republic of Hawaii, providing for the annexation of the island, a joint resolution to accomplish the same purpose by accepting the offered cession and incorporating the ceded territory into the Union was adopted by congress and approved July 7, 1898. I thereupon directed the United States steamer Philadelphia to convey Rear-Admiral Miller to Honolulu and entrusted to his hands this important legislative act to be delivered to the president of the republic of Hawaii, with whom the admiral and the United States minister were authorized to make appropriate arrangements for transferring the sovereignty of the islands to the United States. This was simply but impressively accomplished on August 12 last, by the delivery of a certified copy of the resolution to President Dole, who thereupon yielded up to the representative of the government of the United States the sovereignty and public property of the Hawaiian islands. Pursuant to the terms of the joint resolution and in exercise of authority thereby conferred upon me, I directed that the civil, judicial and military powers heretofore exercised by the officers of the government of the republic of Hawaii should continue to be exercised by those officers until congress should provide a government for the incorporated territory, subject to my power to remove such officers and to fill vacancies. The present officers and troops of the republic thereupon took the oath of allegiance to the United States, thus providing for the uninterrupted continuance of all the administrative and municipal functions of the annexed territory until congress shall otherwise enact.

Following the further provision of the joint resolution, I appointed the Honorables Shelby M. Cullom, of Illinois; John T. Morgan, of Alabama; Robert R. Hitt, of Illinois; Sanford B. Dole, of Hawaii, and Walter F. Grier, of Hawaii, as commissioners to confer and recommend to congress such legislation concerning the Hawaiian islands as they should deem necessary or proper.

Recommendations of the Commission.

The commissioners having fulfilled the mission confided to them, their report will be laid before you at an early day. It is believed that their recommendations will have the earnest consideration due to the magnitude of the responsibility resting upon you to give such shape to the relationship of those mid-Pacific lands to our home union as will benefit both in the highest degree, realizing the aspirations of the community that has cast its lot with us and elected to share our political heritage, while, at the same time, justifying the foresight of those who for three-quarters of a century have looked to the assimilation of Hawaii as a natural and inevitable consummation in harmony with our needs and in fulfillment of our cherished traditions.

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

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

New Maritime Policy.

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

ARMY REORGANIZATION.

Standing Force of 100,000 Men Needed Under Present Conditions.

Under the act of congress approved April 26, 1898, authorizing the president in his discretion, upon a declaration of war by congress or a declaration by congress that war exists, I directed the increase of the regular army to the maximum of 62,000, authorized in said act.

There are now in the regular army 57,862 officers and men. In said act it was provided: "That at the end of any war in which the United States may become involved, the army shall be reduced to a peace basis by transfer in the same arm of the service or absorption, by promotion or honorable discharge, under such regulations as the secretary may establish, of supernumerary command officers and the honorable discharge or transfer of supernumerary enlisted men, and nothing contained in this act shall be construed as authorizing the permanent increase of the command of enlisted force of the regular army beyond that now provided by the law in force prior to the passage of this act except as to the increase of 25 majors provided for in section 1 hereof."

The importance of legislation for the permanent increase of the army is therefore manifest, and the recommendation of the secretary of war for that purpose has my unqualified approval. There can be no question that at this time and probably for some time in the future 100,000 men will be none too many to meet the necessities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the president to enlist that force if in his discretion it should be necessary, and the further discretion should be given him to recruit within the above limit from the inhabitants of the islands with the government of which we are charged.

Volunteers to Be Sent Home.

It is my purpose to muster out the entire volunteer army as soon as congress shall provide for the increase of the regular establishment. This will be only an act of justice, and will be much appreciated by the brave men who left their homes and employments to help the country in its emergency.

POSTAL SERVICE.

Extraordinary Growth and Gratifying Increase in Efficiency.

The postal service of the country advances with extraordinary growth. Within 20 years both the revenues and expenditures of the postoffice department have multiplied three-fold. In the last 10 years they have nearly doubled. Our postal business grows much more rapidly than our population. It now involves an expenditure of $100,000,000 a year, numbers 73,000 postoffices and enrolls 200,000 employes. This remarkable extension of a service, which is an accurate index of the public conditions, presents gratifying evidence of the advancement of education, of the increase of communication and business activity and of the improvement of mail facilities, leading to their constantly augmenting use.

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

Capital Centennial.

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

These orginal plans have been wrought out with a constant progress and a signal success, even beyond anything their framers had foreseen.

Labor Laws.

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

WILLIAM M'KINLEY.

Executive Mansion, December 6, 1898.

TO GOVERN HAWAII

President Transmits Report of the Commission.

THREE BILLS ACCOMPANY IT

First of These Provides for General Organization of the Territory.

Washington, Dec. 8.—The president today transmitted to congress the report of the Hawaiian commission, together with the text of bills drawn by the commission for government of the islands as part of the United States. Three bills are formulated for the consideration of congress. The first and principal one outlines a general plan of government and the other two deal with subordinate questions.

The main bill provides for the formation of the islands into a territory of the United States, to be styled the territory of Hawaii. The bill contains provisions for government of the territory, giving it legislative, executive and judicial officers. A governor, secretary of the territory, United States district judge, United States district attorney and United States marshal are to be appointed by the president and an internal revenue district and a customs district created.

The offices of president, minister for foreign affairs, finance, public instruction, auditor-general, deputy auditor-general, surveyor-general and marshal are abolished.

The officers of the territory under the new regime are attorney-general, superintendent of public works, superintendent of public instruction, auditor and deputy auditor, surveyor, treasurer, and a chief sheriff, to succeed to the duties of marshal of the republic, all to be appointed by the governor.

Probably the most important portion of the bill is section 4, defining citizenship, which provides: "All white persons, including Portuguese and persons of African descent, and all persons descending from the Hawaiian race on either paternal or maternal side who were citizens of the republic of Hawaii immediately prior to the transfer of sovereignty thereof to the United States are hereby declared citizens of the United States."

Provision is made for a legislature, to consist of two houses; a senate, to consist of 15 members, and a house of representatives, consisting of 30 members. The members are to be elected by general election.

Sessions of the legislature are limited to 60 days.

Five registration districts are provided, and the governor of the territory is authorized to appoint registration boards with the advice of the senate.

The bill also provides for the election of a delegate to the house of representatives in congress, this delegate to possess the same powers and privileges now accorded to other delegates in congress. The governor is to appoint a chief justice and two associate justices of the supreme court, the judges of the circuit court, the members of the board of health, commissioners of public instruction, prison inspectors, boards of registration, inspectors of election and other public offices that may be created by law and all officers whose salaries exceed $2,000 per annum. Other provisions of the report are as follows:

The governor is to possess the veto power, but his veto may be overridden by a two-thirds vote of both houses of the legislature. The legislature is authorized to create town, city or county municipalities. Foreign goods and articles imported into the islands after July 7, 1898, are, if afterwards brought into the United States, to pay the same duty charged upon like articles which are imported from any foreign country.

Existing laws of Hawaii, not inconsistent with the constitution and laws of the United States or this act, continue in force subject to repeal or amendment by the legislature of Hawaii or by congress. The laws of Hawaii relating to public or government lands will continue in force until changed by congress. Laws relating to agriculture and forestry are continued in force.

The bill also provides that the constitution and laws of the United States locally applicable shall have the same force and effect in the territory of Hawaii as elsewhere in the United States.

Bill for Sugar-Beet Bounty.

Salem, Or., Dec. 8.—While looking after other business interests at the capital, Turner Oliver is incidentally doing what he can to further the interests of a bill providing for a sugar-beet bounty. It is his purpose to have introduced at the coming session of the legislature the bill introduced at the special session, which failed to get through. The report that a colony of Mormons have settled in the Grand Ronde valley, in pursuance of a contract to supply the factory with sugar beets, Mr. Oliver says, is not correct. A number of farmers are under contract, he says, to furnish beets to the factory, but there is no Mormon colony.

Washington, Dec. 8.—The transport Puebla arrived at Manila today. No deaths are reported.

Massacred by Niger Tribesmen.

London, Dec. 8.—The British foreign office has received news that Lieutenants Keating and Gale and 13 native soldiers were massacred in October, while parleying with the tribesmen of the Niger territory between Jobba and Ilo.

San Francisco, Dec. 8.—Another body, supposed to be that of Judge Carter, an Eastern racing judge, was found in the ruins of the Baldwin hotel today.