

MESSAGE TO LAWMAKERS

President McKinley Addresses Congress on War and Other Problems.

FOR MONETARY REFORMS

**Increase of the Standing Army to
100,000 Men and the Temporary
Continuance of Military Rule in
New Possessions Favored.**

WASHINGTON, Dec. 5.—On the convening of congress today, President McKinley transmitted his annual message, which follows:

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 greatest volume of business ever recorded. 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 expected 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 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 arisen, demanding in one instance the ultimate determination by arms and involving far-reaching consequences which will require the earnest attention of the congress.

First Steps in the War.

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

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

The ensuing month brought little sign of real progress toward the pacification of Cuba. No tangible relief was afforded the vast numbers of unhappy reconcentrados despite the reiterated professions made in that regard and the amount appropriated by Spain to that end. By the end of December the mortality among them had frightfully increased. Conservative estimates from Spanish sources placed the deaths among these distressed people at over 40 per cent from the time General Weyler's decree of reconcentration was enforced.

The war continued on the old footing without comprehensive plan, developing only the same spasmodic encounters, barren of strategic result, that had marked the course of the earlier ten years' rebellion, as well as the present insurrection from its start. No alternative save physical exhaustion of either combatant and therewithal the practical ruin of the island lay in sight, but how far distant no one could venture to conjecture.

Blowing Up of the Maine.

At this juncture, on Feb. 15, last, occurred the destruction of the battleship 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 our generous people, did not move them to an instant, desperate resolve to tolerate no longer the existence of a condition of danger and disorder at our doors that made possible such a deed by whomsoever wrought. Yet by instinct of justice patience prevailed and the nation anxiously awaited the result of the searching investigation at once set on foot. The finding of the naval board of inquiry established that the origin of the explosion was external by a submarine mine, and only halted through lack of positive testimony to fix the responsibility of its authorship.

All these things carried conviction to the most thoughtful, even before the finding of the naval court, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief executive suggestion to the congress to receive immediate answer to the duty of making instant provision for the possible and perhaps speedily probable emergency of war, and the remarkable, almost unique, spectacle was presented of a unanimous vote of both houses on March 9 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."

Still animated by the hope of a peaceful solution and obeying the dictates of duty, no effort was spared to bring a speedy ending of the Cuban struggle.

Grieved and disappointed at the barren outcome of my sincere endeavors to reach a practicable solution, I felt it my duty to remit the whole question to congress. The congress was asked to authorize and empower the president to take measures to secure a full and final termination of hostilities between Spain and the people of Cuba.

After nine days of earnest deliberation, during which the almost unanimous sentiment of your body was developed on every point save as to the expediency of coupling the proposed action with a formal recognition of the republic of Cuba the true and lawful government of that island—a proposition which failed of adoption—the congress, on April 19, by a vote of 42 to 35 in the senate and 91 to 6 in the house of representatives, passed the memorable joint resolution declaring the people of Cuba free and independent, demanding that Spain at once relinquish authority over the island and empowering the president to use the entire land and sea forces of the United States to that end.

This resolution was approved by the executive on the next day, April 20. A copy was at once communicated to the Spanish minister at this capital, who forthwith announced that his continuance in Washington had thereby become impossible, and asked for his passports, which were given him. Simultaneously with its communication to the Spanish minister, General Woodford, the American minister at Madrid, was telegraphed confirmation of the text of the joint resolution and directed to communicate it to the government of Spain with the formal demand that it at once relinquish its authority and government in the island of Cuba and withdraw its forces therefrom.

Rupture of Relations.

That demand, although, as above shown, officially made known to the Spanish envoy here, was not delivered at Madrid. After the instructions reached General Woodford on the morning of April 21, but before he could present it, the Spanish minister of state notified him that upon the president's approval of the joint resolution, the Madrid government regarded the act as "equivalent to an evident declaration of war," had ordered its minister in Washington to withdraw, thereby breaking off diplomatic relations between the two countries. General Woodford thereupon demanded his passports and quitted Madrid the same day.

Spain having thus denied the demand of the United States and initiated that complete form of rupture of relations which attends a state of war, the executive powers authorized by the resolution were at once used by me to meet the enlarged contingency of actual war between sovereign states. By my message of April 25 the congress was informed of the situation and I recommended formal declaration of the existence of a state of war between the United States and Spain. The congress accordingly voted on the same day the act approved April 25, 1898, declaring the existence of such war from and including April 21 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.

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 apropos. The first encounter of the war in point of date took place April 27, when a detachment of the blockading squadron made a reconnaissance in force at Matanzas, shelled the harbor forts and demolished several new works in construction.

The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet under Commodore George Dewey had lain for some weeks at Kong Kong. Upon the colonial proclamation of neutrality being issued and the customary 24 hours notice being given, it repaired to Miao 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 the morning of May 1 the American force entered Manila bay and after a few hours engagement effected the total destruction of the Spanish fleet, consisting of ten warships and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila with the ability to take the city at will.

Following the comprehensive scheme of general attack powerful forces were assembled at various points on our coast to invade Cuba and Porto Rico. Meanwhile naval demonstrations were adopted at several exposed points.

Young Hobson's Brave Deed.

The next acts of the war thrilled not only the hearts of our countrymen, but the world by its heroism. On the night of June 3 Lieutenant Hobson, aided by seven devoted volunteers, blocked the narrow outlet at 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. They were subsequently exchanged.

On June 22, the advance of the invading army under Major General Shafter landed at Daiquiri, about 15 miles east of Santiago. On July 1 a severe battle took place, our forces gaining the outskirts at Santiago. On the second El Caney and San Juan were taken after a desperate charge and the investment of the city completed.

On the day following the brilliant achievement of our land force, July 3, occurred the decisive battle of the war. The Spanish fleet, attempting to leave the harbor, was met by the American squadron under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed, the two torpedo boats being sunk and the Maria Teresa, Almirante Oquendo, Viscaya and Cristobal Colon driven ashore. The Spanish admiral and over 1,800 men were taken prisoners, while the enemy's loss of life was deplorably large, some 600 perishing. On our side but one man was killed and one seriously wounded.

With the catastrophe of Santiago Spain's power on the ocean virtually ceased. The capitulation of Santiago followed.

The occupation of Porto Rico became the next strategic necessity. General Miles had previously been assigned to organize an expedition for that purpose. On July 27 he entered Ponce, one of the most important ports in the island, for which he thereafter directed operations for the capture of the island. The campaign was prosecuted with great vigor and by Aug. 12 much of the island was in our possession and the acquisition of the remainder was only a matter of a short time.

Negotiations For Peace.

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. On Aug. 12, M. Cambon, as the plenipotentiary of Spain and the secretary of state as the plenipotentiary of the United States, signed a peace protocol and 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 the peace commissioners on the part of the United States. Proceeding in due time to Paris, they there met on Oct. 1 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 view of the steps leading to its signature.

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

As soon as we are in possession of Cuba and have pacified the island it will be necessary to give aid and decision to its people to form a government of themselves. It should be undertaken at the earliest moment consistent with safety and assured success. It is important that our relations with these people shall be of the most friendly character and our commercial relations close and reciprocal. It should be our duty to assist in every proper way to build up the waste places of the island, encourage the industry of the people and assist them to form a government which shall be free and independent, thus realizing the best aspirations of the Cuban people. Spanish rule must be replaced by a just, benevolent and humane government, created by the people of Cuba, capable of performing all international obligations, and which shall encourage thrift, industry and prosperity and promote peace and good will among all of the inhabitants, whatever may have been their relations in the past. Neither revenge nor passion should have a place in the new government. Until there is complete tranquility in the island and a stable government inaugurated military occupation will be continued.

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 event finds most of the issues that necessarily arise in the complex relations of sovereign states adjusted or presenting no serious obstacle to a just and honorable solution by amicable agreement.

The Lattimer Tragedy.

On Sept. 10, 1897, a conflict took place at Lattimer, Pa., between a body of striking miners and the sheriff of Luzerne county and his deputies, in which 22 miners were killed and 44 wounded, of which ten of the killed and 12 of the wounded were Austrian and Hungarian subjects. This deplorable event naturally aroused the solicitude of the Austro-Hungarian government, which on the presumption that the killing and wounding involved the unjustifiable misuse of authority, claimed reparation for the sufferers. Apart from the searching investigation and peremptory action of the authorities of Pennsylvania the federal executive took appropriate steps to learn the merits of the case in order to be in a position to meet the urgent complaint of a friendly power. The sheriff and his deputies, having been indicted for murder, were tried and acquitted after protracted proceedings and the hearing of hundreds of witnesses on the ground that the killing was in the line of their official duty to uphold law and preserve public order in the state. A representative of the department of justice attended the trial and reported its course fully. With all the facts in its possession, this government expects to reach a harmonious understanding on the subject with that of Austro-Hungary, notwithstanding the renewed claim of the latter after learning the result of the trial, for indemnity for its injured subjects.

Nicaragua Canal Project.

The Nicaragua canal commission, under the chairmanship of Rear Admiral John G. Walker, appointed July 24, 1897, under the authority of a provision in the sundry civil act of June 4 of that year, has nearly completed its labors, and the results of its exhaustive inquiry into the proper route, the feasibility and the cost of construction of an interoceanic canal by a Nicaraguan route will be laid before you.

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 those 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 before 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 these states I have not hesitated to express my conviction that considerations of expediency and international policy as between the several governments interested in the construction and control of an interoceanic canal by this route require the maintenance of the status quo until the canal commission shall have reported and the United States congress shall have had an opportunity to pass finally upon the whole matter, without prejudice by reason of any change in the existing conditions.

All these circumstances suggest the urgency of some definite action by the congress at this session if its 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 seaboard demanded by the annexation of the Hawaiian Islands and the prospective expansion of our influence and commerce in the Pacific and that our national policy now more imperatively than ever calls for its control by this government, are propositions which I doubt not the congress will duly appreciate and wisely act upon.

The Partition of China.

The United States has not been an indifferent spectator of the extraordinary events transpiring in the Chinese empire, whereby portions of its maritime provinces are passing under the control of various European powers, but the prospect that the vast commerce which the energy of our citizens and the necessity of our staple production for Chinese uses has built up in those regions may not be prejudiced through any exclusive treatment by the new occupants has obviated the need of our country becoming an actor in the scene.

Our position among nations having a large Pacific coast, and a constantly expanding direct trade with the farther Orient, gives us the equitable claim to consideration and friendly treatment in this regard and it will be my aim to subserve our large interests in that quarter by all means appropriate to the constant policy of our government. The territories of Kiao Chow, of Wei-Hai-Wei and of Port Arthur and Tientsin, leased to Germany, Great Britain and Russia respectively for terms of years, will, it is announced, be open to international commerce during such alien occupation, and if no discriminating treatment of American citizens and their trade be found to exist or be hereafter developed, the desire of this government would appear to be realized. Meanwhile there may be just ground for disquietude in view of the unrest and revival of the old sentiment of opposition and prejudice to alien people which pervades certain of the Chinese provinces. As in the case of the attacks upon our citizens in Szechuan and at Kulien in 1895, the United States minister has been instructed to secure the fullest measure of protection, both local and imperial, for any menaced American interests and to demand, in case of lawless injury to person or property, instant reparation appropriate to the case. Warships have been stationed at Tien-Tsin for more ready observation of the disorders which have invaded the Chinese capital, so as to be in a position to act should need arise, while a guard of marines has been sent to Peking to afford the minister the same measure of authoritative protection as the representatives of other nations have been constrained to employ.

The French 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 markets. The preliminary report of Moses P. Handy, who, under the act approved July 19, 1897, was appointed special commissioner with a view to securing all attainable information necessary to a full and complete understanding by congress in regard to the participation of this government in the Paris exposition, was laid before you by my message of Dec. 6, 1897, and showed the large opportunities to make known our national progress in 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 the unfinished work, and on Jan. 11 last Mr. Thomas W. Oriller, third assistant secretary of state, was designated to fulfill that task. By a provision in the sundry civil appropriation act of July 1, 1898, a sum not to exceed \$50,000 was allotted for the organization of a commission to care for the proper preparation and installation of American exhibits and for the display of suitable exhibits by the several executive departments, particularly by the department of agriculture, the fish commission and the Smithsonian institution, in representation of the government of the United States. Pursuant to that enactment, I appointed Mr. Ferdinand W. Peck of Chicago commissioner general, with an assistant commissioner general and secretary. Mr. Peck at once proceeded to Paris, where his success in enlarging the scope and variety of the United States exhibit has been most gratifying. Notwithstanding the comparatively limited area of the exposition site—less than one half that of the World's Fair at Chicago—the space assigned to the United States has been increased from the absolute allotment of 157,433 square feet reported by Mr. Handy to some 202,000 square feet, with corresponding augmentation of the field for a truly characteristic representation of the various important branches of our country's development. Mr. Peck's report will be laid before you. In my judgment its recommendations will call for your early consideration, especially as regards an increase of the appropriation to at least \$1,000,000 in all, so that not only may the assigned space be fully taken up by the best possible exhibits in every class, but the preparation and installment be on so perfect a scale as to rank among the first in that unparalleled competition of artistic and unvalued production and thus counterbalance the disadvantages with

which we start as compared with other countries whose appropriations are on a more generous scale and whose preparations are of a state of much greater forwardness than our own.

Annexation of Hawaii.

Pending consideration by the senate of the treaty signed June 16, 1897, by the plenipotentiaries of the United States and of the republic of Hawaii, providing for the annexation of the islands, a joint resolution to accomplish the same purpose by accepting the offered cession and incorporating the ceded territory into the Union was adopted by the congress and approved July 7, 1898. I thereupon directed the 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 islands to the United States. This was simply but impressively accomplished on Aug. 12 by the delivery of a certified copy of the resolution to President Dole, who thereupon yielded up to the representatives of the government of the United States the sovereignty and the public property of the Hawaiian Islands.

Pursuant to the terms of the joint resolution and in exercise of the authority thereby conferred upon me, I directed that the civil, judicial and military powers theretofore exercised by the officers of the government of the republic of Hawaii should continue to be exercised by those officers until congress shall provide a government for the incorporated territory, subject to my power to remove such officers and to fill vacancies. The president, officers and troops of the republic thereupon took the oath of allegiance to the United States, thereby 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 Hon. Shelby M. Cullom of Illinois, John T. Morgan of Alabama, Robert R. Hitt of Illinois, Sanford B. Dole of Hawaii and Walter P. Frear of Hawaii as commissioners to confer and recommend to congress such legislation concerning the Hawaiian islands as they should deem necessary or proper.

The commissioners having fulfilled the mission confided to them their work 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.

Under the provisions of the joint resolutions 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 revenue. It would be desirable that all foreign consuls in the Hawaiian Islands should receive new exequaturs from this government.

Czar's Disarmament Plan.

The proposal of the Russian czar for a general reduction of the vast military establishments that weigh so heavily upon many peoples in time of peace was recently communicated to this government with an earnest invitation to be represented in the conference which it is contemplated to assemble with a view to discussing the means of accomplishing so desirable a result. His majesty was at once informed of the cordial sympathy of this government with the principle involved in his exalted proposal and of the readiness of the United States to take part in the conference.

The active military force of the United States as measured by our population, territorial area and taxable wealth, is and under any conceivable prospective conditions must continue to be in time of peace so conspicuously less than that of the armed powers to whom the czar's appeal is especially addressed that the question can have for us no practical importance save as marking an auspicious step toward the betterment of the condition of the modern peoples and the cultivation of peace and good will among them, but in this view it behooves us as a nation to lend countenance and aid to the beneficent project.

The Currency Question.

The secretary of the treasury reports that the receipts of the government from all sources during the fiscal year ending June 30, 1898, including \$4,751,223 received from sale of Pacific railroads, amounted to \$405,321,335 and its expenditures to \$443,368,582. There was collected from customs \$149,575,062 and from internal revenue \$170,900,641. Our dutiable imports amounted to \$324,735,479, a decrease of \$58,156,000 over the preceding year, and importations free of duty amounted to \$291,414,175, a decrease from the preceding year of \$99,544,093.

Internal revenue receipts exceeded those of the preceding year by \$24,212,068. The total tax collected on distilled spirits was \$92,540,909, on manufactured tobacco \$36,230,522 and on fermented liquors \$39,515,421. We exported merchandise during the year amounting to \$1,231,482,330, an increase of \$180,498,774 from the preceding year.

It is estimated upon the basis of present revenue laws that the receipts from the government for the year ending June 30, 1899, will be \$377,574,607 and its expenditures \$680,874,647, resulting in a deficiency of \$112,000,000. On Dec. 1, 1898, there was held in the treasury gold coin amounting to \$138,411,547, gold bullion amounting to \$130,512,545, silver bullion amounting to \$93,260,250 and other forms of money amounting to \$451,953,931.