

THE ANNUAL MESSAGE

President McKinley's Communication to Our National Lawmakers.

REVIEW OF TROUBLE IN CHINA. What the Administration Has Been Doing to Straighten Matters Out Again

GRATIFYING SURPLUS REVENUES.

Congress Recommended to Reduce Internal Revenue Taxes—Affairs in the Philippines—The Army.

To the Senate and House of Representatives.

At the outgoing of the old and the incoming of the new century you begin the last session of the Fifty-sixth congress with evidences on every hand of individual and national prosperity and with proof of the growing strength and increasing power for good of republican institutions. Your countrymen will join with me in felicitating that American liberty is more firmly established than ever before, and that love for it and the determination to preserve it are more universal than at any former period of our history.

The republic was never so strong, because never so strongly entrenched in the hearts of the people as now. The constitution, with few amendments, exists as it left the hands of its authors. The additions which have been made to it proclaim larger freedom and more extended citizenship. Popular government has demonstrated in its 124 years of trial here its stability and security, and its efficiency as the best instrument of national development and the best safeguard to human rights.

When the sixth congress assembled for the first time the population of the United States was 5,308,482. It is now 76,364,799. Then we had sixteen states. Now we have forty-five. Then our territory consisted of 2,959,595 square miles. Education, religion and morality have kept pace with our advancement in other directions, and while extending its power the government has adhered to its foundation principles and abated none of them in dealing with our new peoples and possessions. A nation so preserved and blessed gives reverent thanks to God and invokes His guidance and the continuation of His care and favor.

In our foreign intercourse the dominant question has been the treatment of the Chinese people. Apart from this our relations with the foreign powers have been happy.

The recent troubles in China spring from the anti-foreign feeling which has gained strength in the northern provinces. Their origin lies deep in the character of the Chinese races and in the traditions of the past. The opening of Chinese ports to foreign trade and settlement disturbed alike the homogeneity and the seclusion of China. Meanwhile, the Chinese made it self felt in all quarters, not alone on the coast, but along the great river arteries and in the remote districts, carrying new ideas and new methods of agriculture and commerce to primitive people which had pursued for centuries a national policy of isolation.

PROPOSALS TO THE POWERS. Seriousness of the Situation in China Appreciated.

The increasing gravity of the conditions in China and the imminence of peril to our own diversified interests in the empire as well as to those of all the other treaty governments, were appreciated by the cabinet, and caused it to take prompt action. The United States from the earliest days of foreign intercourse with China had followed a policy of peace, omitting no occasion to extend the benefits of trade, to respect the sovereignty of its government, and to insure by all legitimate and kindly but earnest means the fullest measure of protection for the lives and property of our law-abiding citizens and for the exercise of their beneficent callings among the Chinese people.

It is not to be supposed that it is appropriate that our purposes should be pronounced in favor of such course as would hasten united action of the powers at Peking to promote the administrative reforms and to strengthen the imperial government and maintaining the integrity of China, in which we believe the whole western world to be alike concerned. These purposes are not to be achieved by the general powers occupying territory and maintaining spheres of influence in China the circular proposals of 1899, inviting from them declarations of their intentions as to the desirability of the adoption of measures insuring the benefits of equality of treatment of all foreign trade throughout China.

With gratifying unanimity the responses coincided in this common policy, enabling me to see in the successful termination of these negotiations proof of the friendly spirit which animates the various powers interested in the untrammeled development of commerce and industry in the Chinese empire as a source of benefit to the whole commercial world.

In this conclusion, which I had the gratification to announce as a completed engagement to the interested powers on March 20, 1899, I have discerned a potential factor for the abatement of the distrust of foreign purposes which for a year past had appeared to inspire the policy of the imperial government in the northern provinces most immediately influenced by the Manchurian sentiment.

Seeking to testify confidence in the willingness and stability of the imperial administration to redress the wrongs and prevent the evils we suffered and feared, the marine guard, which had been sent to Peking in the summer of 1899 for the protection of legation, was withdrawn at the earliest practicable moment, and all pending questions were remitted, as far as we were concerned, to the ordinary resorts of diplomatic intercourse.

PRINCE TUAN THE LEADER. Anti-Foreign Influences Held Sway Under His Power.

The Chinese government proved, however, unable to check the rising strength of the Boxers and appeared to be a prey to internal dissensions. In a unusual contest the anti-foreign influences soon gained the ascendancy under the leadership of Prince Tuan. Organized armies of Boxers, with which the imperial forces affiliated, held the country between Peking and the coast, penetrated into Manchuria up to the Russian border, and through their emissaries threatened a like rising throughout northern China.

At the outbreak of the Boxer movement, the young emperor, already terrified by the recent earthquake, made no effective response to the appeals of the legations. At this critical juncture, in the early spring of this year, a proposal was made by the legations that a combined force should be assembled in Chinese waters as a moral demonstration, under cover of which to exact of the Chinese government respect for foreign legations and the suppression of the Boxers.

The United States, while not participating in the joint demonstration, promptly sent to the Philippines all ships that could be spared for service on the Chinese coast. A small force of marines were landed at Taku and sent to Peking for the protection of the American legation. Other powers took similar action, until some 400 men were assembled in the capital as legation guards.

The president here tells of the siege of the legation at Peking, the landing of troops and the rescue of the foreign ministers.

Taking, as a point of departure, the imperial edict appointing Earl Li as China and Prince China plenipotentiaries to arrange a settlement, and the edict of Sept. 25, whereby certain high officials were designated for punishment, this government has moved in concert with the other powers, toward the opening of negotiations, which Mr. Conger, assisted by Mr. Rockhill, has been authorized to conduct on behalf of the United States.

General bases of negotiation formulated by the government of the French republic have been accepted with certain reservations as to details, made in view of our own circumstances, but, like similar reservations by other powers, open to discussion in the progress of the negotiations. The disposition of the emperor's government to meet the just and amicable commercial relations with all foreign countries, untroubled by the industrial rivalries necessarily developed in the expansion of international trade limitations, and the foreign governments generally entertain the same purpose, although in some instances there are clamorous demands upon them for legislation specifically hostile to American interests. Should these demands prevail I shall communicate with the congress with the view of advising such legislation as may be necessary to meet the emergency.

I regard as one of the essential factors of a durable adjustment the securing of adequate guarantees for liberty of faith, since in the past the wrongs which have embroiled alien races is a scarcely less effectual assault upon the rights of foreign worship and teaching than would be the direct invasion thereof.

Indemnity for our wronged citizens is a question of grave concern. Measured in money alone, a sufficient reparation may prove to be beyond the ability of China to meet. The powers concur in emphatic claimers of any purpose of aggrandizement through dismemberment of the empire. I am disposed to think that the compensation to be made in part by increased guarantees of security for foreign rights and immunities, and most important of all, by the opening of China to the equal commerce of the world. These views have been and will be earnestly advocated by our representatives.

The government of Russia has put forward a suggestion that in the event of a settlement, divergence of views in regard to indemnities the matter may be relegated to the court of arbitration at the Hague. I favorably incline to this, believing that higher authority could not fail to reach a solution no less conducive to the stability and enlarged prosperity of China itself than immediately beneficial to the powers. The present state of our relations with other foreign countries, which are very friendly, he devotes considerable space to our exhibit at the Paris exposition, the Panama canal, and other matters in which the United States is interested with other countries.

THE NICARAGUA CANAL.

Overtures for a Convention to Effect Its Building by the United States.

The all-important matter of an interoceanic canal has assumed a new phase. Adhering to its refusal to reopen the question of the forfeiture of the contract of the Maritime Canal company, the government of Nicaragua has since supplemented that action by declaring the so-called Eze-Cramin option void for non-compliance with the stipulated conditions. Protests in relation to these acts have been filed in the state department and are under consideration. Deeming it desirable to relieve existing engagements, the Nicaraguan government shows a disposition to deal freely with the canal question either in the way of negotiations with the United States or by taking measures to promote the waterway.

SPAIN AND UNITED STATES.

Progress Toward Treaty of General Friendship and Intercourse.

Satisfactory progress has been made toward the conclusion of a treaty of friendship and intercourse with Spain, in replacement of the old treaty, which passed into abeyance by reason of the late war. A new convention of extradition is approaching completion, and I should be much pleased were a commercial arrangement to follow. I feel that we should not suffer to pass an opportunity to reaffirm the cordial ties that existed between our country and Spain from the time of our earliest independence, and to enhance the mutual benefits of that commercial intercourse which is natural between the two countries.

By the terms of the treaty of peace the line bounding the ceded Philippine group in the southwest failed to include a number of small islands lying west of the Sulus, which have always been recognized as under Spanish control. The occupation of Sibutu and Cagayan by our military forces led to a claim on the part of Spain, the territorial equity of which could not be gained. In order to cure the defect of the treaty by removing all possible ground for future misunderstanding respecting the interpretation of its third article, I directed the negotiation of a supplementary treaty, which will be forthwith laid before the senate whereby Spain quits all title and claim of title to the islands named as well as to any and all islands belonging to the Philippine archipelago lying outside the lines described in said third article, and that no such islands shall be comprehended in the cession of the archipelago as fully as if they had been expressly included within their lines.

In consideration of this session the United States is to pay to Spain the sum of \$100,000.

COMMERCIAL RELATIONS.

Countries with Which Special Agreements Have Been Specially Arranged.

Since my last communication to the congress on this subject special commercial agreements under the third section of the tariff act have been proclaimed with Portugal, with Italy and Germany. Commercial conventions under the second section of the same act have been concluded with Nicaragua, with Ecuador, with the Dominican republic, with Great Britain on behalf of the Island of Trinidad, and with the United States on behalf of the Island of St. Croix. These will be early communicated to the senate. Negotiations with other governments are in progress for the improvement and security of our commercial relations.

The policy of reciprocity so manifestly rests upon the principles of international equity and has been so repeatedly approved by the people of the United States, that there ought to be no hesitation in either branch of the congress in giving it full effect.

This government has moved to preserve the just and amicable commercial relations with all foreign countries, untroubled by the industrial rivalries necessarily developed in the expansion of international trade limitations, and the foreign governments generally entertain the same purpose, although in some instances there are clamorous demands upon them for legislation specifically hostile to American interests. Should these demands prevail I shall communicate with the congress with the view of advising such legislation as may be necessary to meet the emergency.

NATIONAL FINANCES.

Large Surplus Revenues for the Fiscal Year Ending June 30, 1900.

It is gratifying to be able to state that the surplus revenues for the fiscal year ended June 30, 1900, were \$79,527,000.18. For the six preceding years we had only deficits, the aggregate of which from 1894 to 1899, inclusive, amounted to \$281,022,991.14. The receipts for the year from all sources, exclusive of postal revenues, aggregated \$667,249,851.89, and expenditures for all purposes, except for the administration of the government, were \$587,722,851.71. The receipts from customs were \$223,164,871.16, an increase over the preceding year of \$27,306,289.41. The receipts from internal revenue were \$187,722,851.71, a reduction of \$1,000,000.00 over 1899. The receipts from miscellaneous sources were \$38,748,053.97, as against \$36,394,976.92 for the preceding year.

It is gratifying to note that during the year a considerable reduction is shown in the expenditures of the government. The war department expenditures for the fiscal year 1900 were \$124,767.75, a reduction of \$95,068,486.89 over those of 1899. In the navy department the expenditures were \$55,953,077.72 for the year 1900, as against \$63,942,104.25 for the preceding year, a decrease of \$7,989,026.53. In the department of the interior the expenditures in account of Indians there was a decrease in 1900 over 1899 of \$2,620,604.28; and in the fiscal and miscellaneous expenditures for 1900 there was a reduction of \$13,418,065.17. It will be the duty as I am sure it will be the disposition of the congress to provide whatever further legislation is needed to insure the continued maintenance of the national credit within the lines of authority and law.

FINANCIAL ACT OF 1900.

Its Effect as to Modification of National Banking Act is Apparent.

The beneficial effect of the financial act of 1900, as it relates to the modification of the national banking act, is already apparent. The provision for the incorporation of national banks with a capital of not less than \$25,000 and not more than \$1,000,000, which has resulted in the extension of banking facilities to many small communities hitherto unable to provide themselves with banks, is one of the most important features of the act. There is no doubt that the enactment of the law up to and including Nov. 20, 269 national banks, of which 266 were with capital of 50 per cent. in gold, silver and gold.

It is worthy of mention that the greater number of banks being organized under the new law are in sections where the banking facilities have been most pronounced. Iowa stands first, with thirty banks of the smaller class, while Texas, Oklahoma, Indian Territory, and the north and western parts of the country have availed themselves largely of the privileges under the new law.

A large increase in national bank notes in circulation has resulted from the provision of the act which permits national banks to issue circulating notes to the par value of the United States bonds deposited as security instead of only 90 per cent. thereof, as heretofore. The increase in circulating notes from March 14 to Nov. 20 is \$7,888,570.

The party in power is committed to such legislation as will better make the currency and banking laws conform to the needs of business at all seasons and in all sections.

Our foreign trade shows a remarkable record in the past year, and industrial progress. The total of imports and exports for the first time in the history of the country exceeded \$2,000,000,000. The exports are greater than they have ever been, the total for the fiscal year 1900 being \$1,394,482,087, an increase over 1899 of \$167,459,780, an increase over 1898 of \$162,000,752, over 1897 of \$243,488,426, and a greater than 1896 by \$11,877,441.

OUR MERCHANT MARINE.

American Vessels Carry 9 Per Cent. of Our Exports and Imports.

American vessels during the past three years have carried about 9 per cent. of our exports and imports. Foreign ships should carry at least, not to mention the 36,000,000 available for needed public improvements, that a stringent civil service law is in preparation; that railroad communications are expanding, opening up rich directing and that a comprehensive scheme of education is being organized. Later reports from the commission show yet more encouraging advance toward insuring the benefits of liberty and good government to the Filipinos. In the interest of humanity and with the aim of building up an enduring, self-supporting, and self-administering community in those far eastern seas, should impress upon the congress that whatever legislation may be enacted in respect to the Philippine islands should be along these generous lines. The fortunate war has thrown upon this nation an unsought trust which should be unselfishly discharged, and devoted upon this government a moral as well as material responsibility toward these islands whom we have freed from an oppressive yoke.

recommendations on the subject in previous messages, and particularly to the opinion expressed in the message of 1899.

I am favored by the judgment of the congress in the favor of aid to our merchant marine, which will broaden our commerce and markets and up-build our sea-carrying capacity for the products of agriculture and manufacturing, and will mean more work and wages to our countrymen, as well as a safeguard to American interests in every part of the world.

The attention of congress is invited to the recommendation of the secretary of the treasury in his annual report for legislation in behalf of the revenue service, and favorable action is urged.

THE QUESTION OF TRUSTS.

Every Phase of It Should Be Carefully Studied by Congress.

In my last annual message to the congress I called attention to the necessity for early action to remedy such evils as might be found to exist in connection with combinations of capital organized into trusts, and again invite attention to my discussion of the subject at that time, which concluded with the words:

"It is apparent that uniformity of legislation upon this subject in the several states is much to be desired. It is to be hoped that such uniformity, founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations, may be obtained, and that means may be found for the congress, within the limitations of its constitutional power, so to supplement an effective code of state legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred."

This question is so important and far-reaching that I am sure no part of it will be lightly considered, but every phase of it will be the subject of deliberation of the congress, resulting in the most judicious and just restraint upon such combinations as are injurious, and which are within federal jurisdiction, should be promptly applied by the congress.

AFFAIRS IN THE PHILIPPINES.

Our Forces Successfully Control the Greater Part of the Islands.

In my last annual message I dwelt at some length upon the condition of affairs in the Philippines. While seeking to impress upon you that the grave responsibility of the future government of those islands rests with the congress, the United States, in recommending at that time a specific and final form of government for the territory actually held by the United States forces, and in that recommendation, I stated that the military arm must necessarily be supreme. I stated my purpose, until the congress shall have made known the formal expression of its will, to use the military arm in the execution of the constitution and the statutes to uphold the sovereignty of the United States in those distant islands as in all other places where our flag is planted. At that end, at the disposal of the army and navy all the means which the liberality of the congress and the people have provided. No contrary expression of the will of the congress having been made, I have steadfastly pursued the purpose so declared, employing the civil arm as well toward the accomplishment of pacification and the general good of the islands within the lines of authority and law.

Progress in the hoped-for direction has been favorable. Our forces have successfully fought the greater part of the insurrection, overcoming the organized forces of the insurgents and carrying order and administrative regularity to all quarters. What opposition remains is of the most unimportant character, and no concerted plan of strategic action, operating only by the methods common to the traditions of guerrilla warfare, which, while ineffective to alter the general course of our operations, are still sufficient to beget instability among the populations that have felt the good results of our control and thus delay the consummation of our government, of education, and of industrial and agricultural development which we stand ready to give them.

By the terms of the effective opposition of the dissatisfied Tagals to the authority of the United States was virtually ended, thus opening the door for the extension of our government to the entire archipelago. Dealing to bring this about, I appointed in March last a civil commission composed of the Hon. William H. Taft, Chief Justice of the United States, the Hon. Professor Dean C. Worcester of Michigan; the Hon. Luke E. Wright of Tennessee; the Hon. Henry C. Ide of Vermont; and Professor Bernard Moses of California. The aims of the commission and the scope of their authority are clearly set forth in my instructions of April 7, 1900, addressed to the secretary of war to be transmitted to the islands.

The president then quotes what he said in regard to the Philippines and the duties of the commission in his message to congress of December, 1899:

PROCLAMATION OF AMNESTY.

It Was Taken Advantage of by Many of the Insurgents.

Coincidentally with the entrance of the commission upon its labors, a proclamation to be issued by General MacArthur, the military governor of the Philippines, on June 21, 1900, a proclamation of amnesty in the terms of which many of the insurgents took advantage among them a number of important leaders.

This commission, composed of eminent representatives of the diverse geographical and political interests of the country, and bringing to their task the ripe fruits of long and intelligent service in educational, administrative and other fields, has been a most successful one from the outset. As early as Aug. 21, 1900, it submitted a preliminary report, which will be laid before the congress, and from which it appears that already the good effects of the return order are felt; that business, interrupted by hostilities, is improving as peace extends; that a larger area is under sugar cultivation than ever before; that the customs revenues are greater than at any time during the Spanish rule; that economy and efficiency in the military administration have created a surplus of \$6,000,000 available for needed public improvements; that a stringent civil service law is in preparation; that railroad communications are expanding, opening up rich directing and that a comprehensive scheme of education is being organized.

Later reports from the commission show yet more encouraging advance toward insuring the benefits of liberty and good government to the Filipinos. In the interest of humanity and with the aim of building up an enduring, self-supporting, and self-administering community in those far eastern seas, should impress upon the congress that whatever legislation may be enacted in respect to the Philippine islands should be along these generous lines. The fortunate war has thrown upon this nation an unsought trust which should be unselfishly discharged, and devoted upon this government a moral as well as material responsibility toward these islands whom we have freed from an oppressive yoke.

lightly assumed, it must not be otherwise than honestly fulfilled, among first of all to benefit those who have come under our fostering care. It is our duty to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Mindanao and Negros than it is at home, that there as here it shall be the revered symbol of liberty, enlightenment and progress in every avenue of development.

The Filipinos are a race quick to learn and to profit by knowledge. He would be rash who, with the feelings which are so natural to the people of our country, would limit the degree of culture and advancement yet within the reach of those people if our duty toward them be faithfully performed.

CUBA AND PORTO RICO.

What the President Says Concerning These Two Islands.

The civil government of Porto Rico provided for by the act of the congress approved April 12, 1900, is in successful operation. The courts have been established. The governor and his associates, working intelligently and harmoniously, are meeting with commendable success. On the 6th of November general elections were held in the island for members of the legislature, and the body elected has been called to convene on the first Monday of December.

I recommend that legislation be enacted by the congress consistent with the secretary of the interior supervision over the public lands in Porto Rico, and that he be directed to ascertain the location and quantity of lands the title to which remains in the crown of Spain at the date of cession of Porto Rico to the United States, and that appropriations necessary for surveys be made, and that the disposition of such lands be prescribed by law.

On the 25th of July, 1900, I directed that a call be issued for an election in Cuba for members of the congress, and that I should frame a constitution as a basis for a stable and independent government in the island.

I renew the recommendation made in my annual message of February, 1899, of the necessity for cable communication between the United States and Hawaii, with extension to Manila. Since then circumstances have strikingly emphasized the need of such a communication. The entire feasibility of a chain of cables which at each stopping place shall touch an American territory, so that the system shall be under our own control, and which will connect the Pacific with the Atlantic, and the Asiatic coast with the American continent, and which will afford a more direct route from our shores to the Orient than is now afforded by the trans-Atlantic, continental and trans-Asian lines, I urge attention to this important matter.

NATIONAL DEFENSES.

Strength of the Army—Millions of Forts and Guns.

The present strength of the army is 100,000 men—60,000 regulars and 40,000 volunteers. Under the act of March 2, 1899, on the 30th of June next the present volunteer force will be discharged and the regular army will be reduced to 2,447 officers and 29,025 enlisted men.

In 1888 a board of officers convened by President Cleveland adopted a comprehensive scheme of coast defense fortifications, which involved the outlay of \$100,000,000. The congress has since received the approval of the congress, and since then regular appropriations have been made and the work of fortification has steadily progressed. More than \$50,000,000 have been invested in a great number of forts and guns, with all the complicated and scientific machinery and electrical appliances necessary for their use. The proper care of this defensive machinery requires men trained in its use. The number of men necessary to perform this duty alone is ascertained by the war department to be 200,000 men. There are fifty-eight or more military posts in the United States other than the coast defense fortifications.

The number of these posts is being constantly increased by the congress. More than \$22,000,000 have been expended in building and equipment, and they can only be cared for by the regular army. The posts now in existence are 1,000 in number, and the number of men required to man them, if fully garrisoned, require 26,000 troops. Many of these posts are along our frontier or at important strategic points, the maintenance of which is necessary.

We have in Cuba between 5,000 and 6,000 troops. For the present our troops in that island cannot be withdrawn or materially diminished, and certainly not until the conclusion of the war. In session and a government provided by the new constitution shall have been established, and until that time the garrisons in Cuba will be reduced to 1,636, which include 896 native troops. There is no reason for further reduction here. We will be required to maintain a considerable force of Philippine islands for some time to come. From the best information obtainable we shall need there for the immediate future from 50,000 to 60,000 men to insure the maintenance of the authority of the United States, of which there are assuring indications.

It must be apparent that we will require an army of about 60,000 and that during present conditions in Cuba and the Philippines the president should have authority to increase the force to the present number of 100,000. Included in this number authority should be given to raise native troops in the Philippines up to 15,000, which the Taft commission believe will be more effective in detecting and suppressing guerrilla, assassinations and ladrones than our own soldiers. The full discussion of this subject by the secretary of war in his annual report is called to your earnest attention.

GROWTH OF POSTAL SERVICE.

Extension of Rural Free Delivery—Increase of the Navy.

The continued and rapid growth of postal service is a sure index of the great and increasing business activity of the country. Its most striking new development is the extension of rural free delivery. This service, which is wholly within the last year. At the beginning of the fiscal year 1899-1900 the number of routes in operation was only 391, and most of these had been running less than two months. On the 15th of November, 1900, the number had increased to 2,614, reaching into forty-four states and territories, and serving a population of 1,801,524. The number of applications now pending and awaiting action nearly equals all those granted up to the present time, and by the close of the current fiscal year about 4,000 routes will have been established, providing for the daily delivery of mails at the scattered homes of about 2,500,000 of rural population.

This service ameliorates the isolation of farm life, conduces to good roads, and quickens and extends the dissemination of general information. Experience thus far has tended to ally the apprehension that it would be so extensive as to forbid its general adoption or make it a serious burden. Its actual application has shown that it increases postal receipts, and can be maintained by reduction in other branches of the service, so that the augmented revenues and the accomplished savings together materially reduce the net cost. The evidences which

point to these conclusions are presented in detail in the annual report of the postmaster general, which, with its recommendations, is recommended to the consideration of the congress. The full development of this postal service, however, requires such an outlay of money that it should be undertaken only after a careful study and thorough understanding of all that it involves.

Very efficient service has been rendered by the navy in connection with the insurrection in the Philippines and the recent disturbance in Porto Rico. A very satisfactory settlement has been made of the long-pending question of the manufacture of armor-plate. A reasonable price has been secured and the necessity for a government armor-plant avoided.

I approve of the recommendation of the secretary of the navy for new vessels and for additional officers and men which the required increase of the navy makes necessary. I commend to the favorable action of the congress the measure now pending for the creation of a status to the memory of Admiral Paul H. Porter, which would also the establishment of a national naval reserve and of the grade of vice admiral. Provision should be made, as recommended by the secretary for suitable officers who rendered the most distinguished service during the recent war with Spain have received in return no reward from the congress.

The total area of public lands as given by the secretary of the interior is approximately 1,671,881,662 acres, of which 97,208,880 acres are undisposed of and 145,382 acres have been reserved for various purposes. The public lands disposed of during the year amount to 13,453,887.96 acres, including 62,425.00 acres of Indian lands, an increase of 1,000 acres over the preceding year. The total receipts from the sale of public lands during the fiscal year were \$1,279,758.10, an increase of \$1,309,627.76 over the preceding year. The proceeds obtained from our forest policy have demonstrated its wisdom and the necessity in the interest of the public for its continuance and increased appropriation by the congress for the support of the work. On June 29, 1900, there were thirty-seven forest reserves, created by presidential proclamation under section 24 of the act of March 3, 1879, embracing an area of 64,625.23 acres.

During the past year the Olympic reserve, in the state of Washington, was reduced 256,000 acres, leaving its present area at 927,410 acres. The Prescott reserve in Arizona was increased from 10,240 acres to 423,680 acres, and the Big Horn reserve, in Wyoming, was increased from 1,300,000 acres to 1,330,000 acres. A new reserve, the Santa Ynez, in California, embracing an area of 145,000 acres, was created during this year. On Oct. 10, 1900, the Cross Creek forest reserve, in Oregon, was created, with an area of 56,320 acres.

THE PENSION RULE.

Number of Names Added During the Fiscal Year Was 45,344.

At the end of the fiscal year there were on the pension roll 993,225 names, a net increase of 2,910 over the fiscal year 1899. The number added to the roll during the year was 45,344. The amount disbursed for any persons during the year was \$79,709,797.21, and for navy pensions \$2,561,333.41, a total of \$82,271,130.62, leaving an unexpended balance of \$4,743,255.25 to be carried into the treasury, which shows an increase over the previous year's expenditure of \$107,677.20. There were 684 names added to the roll during the year, and 684 names passed at the first session of the Fifty-sixth congress. The act of May, 1900, among other things, provides for an extension of income tax, in the pension law, under said act to \$250 per annum. The secretary of the interior believes that by the operations of this act the number of persons pensioned under it will increase to 1,000,000. The number of pensioners will be between \$2,000,000 and \$4,000,000.

The director of the census states that the work in connection with the twelfth census is progressing rapidly. This national undertaking, ordered by the congress each decade, has finally resulted in the collection of an aggregation of statistical data, which will be of national and international importance, as well as questions pertaining to sociological conditions.

DEPARTMENT OF AGRICULTURE.

Great Deal of Progress Made During the Past Year.

The department of agriculture has been extending its work during the past year, reaching farther for new varieties of seeds and plants; co-operating more fully with the states in the movement along useful lines; making progress in meteorological work relating to lines of wireless telegraphy and forecasts for ocean-going vessels; continuing inquiry as to the character of food adulteration; outlining plans for the care, preservation and intelligent harvesting of our woodlands; studying soils that had been neglected, with better knowledge of conditions, and helping to clothe desert places, with grasses suitable to our arid regions. Our island possessions are being considered, and that they receive aid to help to produce the tropical products now so extensively brought into the United States. Inquiry into methods of improving our roads has been active during the year. It invites the attention of many localities, and scientific investigation of material in the states and territories has been inaugurated. Irrigation problems in our semi-arid regions are receiving careful and increased consideration.

The civil service commission is greatly embarrassed in its work for want of an adequate permanent force for clerical and other assistance. Its needs are fully set forth in its report. I invite attention to the report, and especially urge upon the congress that this important bureau of the public service, which passes upon the qualifications and character of so large a number of the officers and employees of the government, should be supported by all needed appropriations to secure promptness and efficiency.

The president recommends the building of a hall of records in Washington and concludes his message as follows:

In our great prosperity we must guard against the danger it invites of extravagance in government expenditures and appropriations; and the chosen representatives of the people will, I doubt not, furnish an example in their legislation of that prudent economy which is a season of plenty husbandry for the future. In this era of great business activity and opportunity caution is not untimely. It will not abate, but strengthen, confidence in the people, and promote legitimate industrial and commercial expansion. Our growing power brings with it temptations and perils requiring constant vigilance to avoid. It invites us to invite conflicts, not for oppression, but for the more effective maintenance of those principles of equality and justice upon which our institutions and happiness depend. Let us remember that the foundations of our government is liberty; its superstructure peace. WILLIAM MCKINLEY.