THE PRESIDENT & MESSACE.

The Government of Our Acquired Territory.

CHINA MUST PUNISH AND PAY.

The Enormous Trade of the Country Sound Financial Condition and General Prosperity-The Army-Cuba's Freedom-Porto Rico's Needs.

President McKinley's message takes up first the matter of the Chinese question, on which he says: The recent troubles in China spring from The recent troubles in China spring from the anti-foreign agitation which for the past three years has gained strength in the northern provinces. Their origin lies deep in the character of the Chinese races and in the traditions of their government. The Taiping rebellion and the opening of Chinese ports to foreign trade and settlement disturbed alike the homogeneity and the seclusion of China.

Meanwhile foreign activity made itself felt in all quarters, not alone on the coast, but along the great river arteries and in the remoter districts, carrying new ideas and introducing new associations among a primitive people which had pursued for centuries a national policy of isolation.

The telegraph and the railway spreading over the land, the steamers plying on their waterways, the merchant and the missionary penetrating year by year farther to the Chinese mind.

waterways, the merchant and the missionary penetrating year by year farther to the interior, became to the Chiese mind types of an alien invasion, changing the course of their national life and fraught with vague forebodings of disaster to their beliefs and their self-control.

For several years before the present troubles all the resources of foreign diplomacy, backed by moral demonstrations of the physical forces of fleets and arms, have been needed to secure due respects for the treaty rights of foreigners and to obtain satisfaction from the responsible authorities for the sporadic outrages upon the persons and property of unoffending sojourners, which from time to time occurred at widely separated goints in the northern provinces, as in the case of the outbreak in Sze-Chuen and Shantung. case of the out.

The tect, commonly styled the Boxers, developed greatly in the provinces north of the Yang-Tre, and with the collusion of many notable efficials, including some in the immediate councils of the throne itself, became alarminely aggressive. No foreigner's life, outside of the protected treaty ports, was safe. No foreign interest was secure from spoliation.

The diplomatic representatives of the powers in Fekin strove in vain to check this movement. Protest was followed by demand and demand by renewed protest, to be met with perfunctory edicts from the palace and evasive and futile assurances from the tsung il yamen. The circle of the Boxer influence narrowed about Pekin, and while nominally stigmatized as secilitous, it was felt that its spirit pervaded the capital itself, that the imperial forces were imbued with its doctrines, and that the immediate counselors of the empress dowager were in full sympathy with the anti-foreign movement.

Our Policy, Pence.

Our Policy, Pence.

Our Policy, Pence.

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 other treaty governments, were soon appreciated by this government, causing it profound solicitude. The United States, from the earliest days of foreign intercourse with Dhina, had followed a policy of pence, omitting no occasion to testify good will, to further the extension of lawful trade, to respect the sovereignty of its government, and to insure by all legitimate and kindly but earnest means the fullest measure of protection of our law-abiding

ment, and to insure by all legitimate and kindly but earnest means the fullest measure of protection of our taw-abiding citizens and for the exercise of their beneficent callings among the Chinese people. Mindful of this it was felt to be appropriate that our purposes should be pronounced in favor of such course as would hasten united action of the powers at Fekin to promote the administrative reforms so greatly needed for screngthening the integrity of China, in which we believed the whole western world to be alike concerned. To these ends I caused to be addressed to the several powers occupying territory and maintaining spheres of influence in China the circular proposals of 1856, inviting from them declarations of their intentions and views 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

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 vast benefit to the whole commercial world.

In this conclusion, which I had the gratification to announce as a completed arrangement to the interested powers on March 39, 1990, I hopefully discerned a potential factor for the abutement of the distrust of foreign purposes which for a year past had appeared to inspire the policy of the imperial government, and for the effective exertion by it of power and authority to quell the critical anti-foreign movement in the northern or power and during the north-eral anti-foreign movement in the north-era provinces most immediately influ-enced by the manchu sentiment. Seeking to testify confidence in the will-ingness and ability of the impetial ad-

cheed by the manchu sentiment.

Seeking to testify confidence in the will-ingness and ability of the imperial administration to redress the wrongs and prevent the evils we suffered and feared, the marine guard, which had been sent to Pekin in the autumn of 1829 for the protection of the legation, was withdrawn at the earliest practicable moment, and all pending questions were remitted, as far as we were converned, to the ordinary reserts of diplomatic intercutres.

The Chinese government proved, however, unable to check the rising strength of the Boxers and appeared to be a prey to internal dissensions. In the unequal 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 Pekin and the coast, penetrated into Manchuria up to the Russian border, and through their emissaries threatened a like rising throughout northern China.

Attacks upon foreigners, destruction of their property and slaughter of native converts were reported from all sides. The tsung il yamen, already permeated with hostile sympathy, could make no effective response to the appeais of the legations. At this critical juncture, in the early spring of this year, a proposal was made by the other powers that a combined fleet should be assembled in Chinese waters as a moral demonstration, under cover of which to exact of the Chinese government respect for foreign treaty rights and the suppression of the Boxers.

The Gullty Chinks.

The Guilty Chinks.

The Guilty Chinks.

The slees and the relief of the legations has passed into undying history. In all the stirring chapter which records the heroism of the devoted band, clinging to hope in the face of despair, and the undamned spirit that led their relievers through battle and suffering to the goal, it is a memory of which my countrymen may be justly proud that the honer of our flag was maintained ailke in the siege and the rescue, and that stout American hearts have again set high, in fervent emulation with true men of other race and language, the indomitable courage that ever strives for the cause of right and justice.

The president treats at length of the struggle to relieve the legations and says. Not only are the protestations of the Chinese government that it protested and succored the legations positively contradicted, but irresistible proof accumulates that the attacks upon them were made by imperial treops, regularly uniformed, armed and officered, belonging to the commander in the f. Decrees encouraging the Boxers, organizing them large sum in the name of the empress dowager, are known to exist. Members of the tsurg lyamen who expanse ed protection of the loreigners were beineaded. Even in the elegation previnces men suspected of for-

eign sympans, these tenag Chang Yen Hoon, formerly Chinese minister in Washington.

With the negotiation of the partial armistice of July 14, a proceeding which was doubless promoted by the representations of the Chinese envoy in Washington, the way was opened for the conveyance to Mr. Conger of a test message sent by the secretary of state through the kind offices of Minister Wu Ting Fang. Mr. Conger's reply, dispatched from Feltin on July 18 through the same channel, afforded to the outside world the first tidings that the inmates of the legations were still alive and hoping for succor.

This news stimulated the preparations for a joint relief expalition in numbers sufficient to overcome the remaining between Taku and the capital. Reinforcements sent by all the co-operating soverments were constantly arriving. The United States contingent, hautily assembled from the Fallippines, or dispatched from this country, amounted to some 5,000 men, under the able command first of the lamented Col. Liseum and afterward of Gen. Chaffee.

Chaffee.

The Innocents.

Chaffee.

The Innocents.

Happily, the acute disturbances were confined to the northern provinces. It is a relief to recall and a pleasure to record the loyal conduct of the vicercys and local authorities of the southern and eastern provinces. Their efforts were continuously directed to the pacific control of the vast populations under their rule and to the scrupulous observance of foreign treaty rights. At critical moments they did not hesitate to memorialize the throne, urging the protection of the legations, the restoration and the assertion of the imperial authority against the subversive elements. They maintained excellent relations with the official representatives of foreign powers. To their kindly disposition is largely due the success of the consults in removing many of the missionaries from the interior to places of safety. In this relation the action of the consults should be highly commended. In Shang-Tung and castern Chi-Li the task was difficult; but thanks to their energy and the co-operation of American and foreign naval commanders, hundreds of foreigners, including those of other nationalities than ours, were rescued from immunent perit.

The policy of the United States through all this trying period was clearly all-nounced and scrupulously carried out.

Punishment.

Punishment.

Punishment.

The Russian proposition looking to the resteration of the imperial power in Pekin has been accepted as in full consonance with our own desires, for we have held and hold that effective reparation for wrongs suffered and an enduring settlement that will make their recurrence impossible can best be brought about under an authority which the Chinese nation reverences and obeys. While so doing we forego so jot of our undoubted right to exact exemplary and deterrent punishment of the responsible authors and abettors of the criminal acts whereby we and other nations have suffered grievous injury.

other nations have surred by jury.

For the real culprits, the evil counselors who have misled the imperial judgment and diverted the sovereign authority to their own guilty ends, full explation becomes imperative within the rational limits of reiributive justice. Regarding this as the initial condition of an acceptable settlement between China and the powers.

Taking, as a point of departure, the imperial edict appointing Earl Li Hung Chang and Prince Ching plenipotentiaries to arrange a settlement, and the edict of September E, 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.

Indemnity.

Indemnity.

The matter of indemnity for our wronged citizens is a question of grave concern. Measured by money alone, a sufficient reparation may prove to be beyond the ability of China to meet. All the powers concur in emphatic disclaimers of any purpose of aggrandizement through the dismemberment of the empire. I am disposed to think that due compensation may be made in part by increased guarantees of security for foreign rights and immunities, and mest important of all, by the opening of China to the equal commerce of all 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 protracted 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 high tribunal could not fail to reach a solution no less conducive to the stability and enlarged prosperity of

reach a solution no less conducive to stability and enlarged prosperity of ina itself than immediately beneficial to

Other Foreign Relations.

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Ratifications of a treaty of extradition with the Argentine Republic were exchanged on June 2 last.

While the Austro-Hungarian government has in the many cases that have been reported of the arrest of our naturalized citizens for alleged evasion of military service faithfully observed the provisions of the treaty and released such persons from military obligations, it has in some instances expelled those whose presence in the community of their origin was asserted to have a pernicious influence. Representations have been made against this course whenever its adoption has appeared unduly onerous.

We have been urgently solicited by Relgium to ratify the international convention of June, 1839, amendatory of the previous convention of 1890, in respect to the regulation of the liquor trade in Africa. Compliance was necessarily withheld, in the absence of the advice and consent of the senate thereto. The principle involved has the cordial sympathy of this government, which in the revisionary negotiations advocated more drastic measures, and I would gladily see its extension, by international agreement, to the restriction of the liquor tradic with all uncivilized peoples, especially in the western Pacific.

A conference will be held at Brussels, December II, 1900, under the convention for the protection of industrial property, concluded at Paris, March 26, 1883, to which delegates from this country have been appointed.

In the interest of expanding trade between this country and South Amarica.

been appointed.
In the interest of expanding trade be-In the interest of expanding trade between this country and South America, efforts have been made during the past year to conclude conventions with the southern republics for the enlargement of postal facilities. Two such agreements were signed with Bolivia on April 24, of which that establishing the money order system is undergoing certain changes suggested by the postoffice department. A treaty of extradition with that country, signed on the same day, is before the senate.

The Exposition.

The year of the exposition has been fruitful in occasions for displaying the good will which exists between this country and France. This great competition brought together from every nation the best in natural productions, industry, science, and the arts, submitted a generous rivalry to a judgment made all the more searching because of that ivalry. The extraordinary increase of experiations from this country during the past three years and the activity with which our inventions and wares had invaded new markets caused much interest to center upon the American exhibit, and every encouragement was offered in the way of space and facilities to permit of its being comprehensive as a whole and complete in every part.

It was, however, not an easy task to present of white the could fitty this The Exposition.

a whole and complete in every part. It was, however, not an easy task to assemble exhibits that could fitly illustrate our diversified resources and manifectures. Singularly enough, our national prosperity lessened the incentive to exhibit. The dealer in raw materials knew that the user must come to him, the great factories were contented with the phenomenal demand for their output, not alone at home, but also abroad, where merit had already won a prolitable trade:

trade:
A criterion of extent and success of our participation and of thoroughness with which our exhibits were organized is seen in the awards granted to American exhibitors by the international jury, namely, grand prizes, 250; gold medals, 37; silver medals, 750; bronze medals, 541, and honorable mentions, 322, 2,476 in

all, being a aumber given to the exhibit and exhibiting nation, as well as the largest number in each grade. This significant recognition of merit in competition with the chosen exhibits of all other nations and at the hands of jurios simest whelly made up of representatives of France and other competing countries is not only most gratifying, but is especially valuable, since it rets us to the front in laternational questions of supply and demand, while the large proportion of awards in the classes of art and artistic manufactures afforded unexpected proof of the stimulation of national culture by the prosperity that flows from natural productiveness joined to industrial excellence.

Apart from the exposition several oc-Apart from the exposition several oc-casions for showing international good will occurred. The inauguration in Paris of the Lafayette monument, presented by the school children of the United States and the designing of a commemorative coin by our mint and the presentation of the first piece struck to the president of the republic, were marked by appro-printe ceremonies, and the Fourth of July was especially observed in the French capital.

Relations With Germany.

Good will prevails in our relations with the German empire. An amicable ad-justment of the long pending question of the admission of our life insurance com-panies to do business in Prussia has been reached. One of the principal companies has already been re-admitted and the way is opened for the others to share the privilers.

The settlement of the Samoan problem, The settlement of the Samoan problem, to which I adverted in my last message, has accomplished good results. Peace and contentment prevail in the islands.

An imperial meat inspection law has been enacted for Germany. While it may simplify the inspections, it prohibits certain products heretofore admitted. There is still great uncertainty as to whether our well-nigh extinguished German trade in meat products can revive under its new burdens. Much will depend upon regulations not yet promulgated, which we confidently hope will be free from the discriminations which attended the enforcement of the old statutes.

Britain and the Boers.

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Our friendly relations with Great Britain continue. The war in Southern Africa introduced important questions. A condition unusual in international war was presented in that white one beligerent had control of the seas, the other had no ports, but was only accessible through the territory of a neutral. Vexatious questions arose through Great Britain's action in respect to neutral cargos, not contraband in their own nature, shipped to Portuguese South Africa, on the score of probable or suspected ultimate destination to the Boer states.

Alaskan Boundary Question. Alaskan Boundary Question,

Alaskan Boundary Question.

The work of marking certain provisional boundary points, for convenience of administration, around the head of Lynn canal, in accordance with the temporary arrangement of October, 1879, was completed by a joint survey in July last. The modus vivendi has so far worked without friction, and the dominion government has provided rules and regulations for securing to our citizens the benefit of the reciprocal stipulation that the citizens or subjects of either power found by that arrangement within the temporary jurisdiction of the other shall suffer no diminution of the rights and privileges they have hitherto enjoyed. But however necessary such an expedient may have been to tide over the grave emergencies of the situation, it is at best but an unsatisfactory makeshift, which should not be suffered to delay the speedy and complete establishment of the frontier line to which we are entitled under the Russo-American treaty for the cession of Alaska.

In this relation I may refer again to the

In this relation I may refer again to the nced of definitely marking the Alaskan boundary where it follows the 141st mer-

Turkey Will Pay.

Our claims upon the government of the sultan for reparation for injuries suffered by American citizens in Armenia and elsewhere give promise of early and satisfactory settlement. His majesty's good disposition in this regard has been evinced by the issuance of an irade for rebuilding the American college at Harpoot.

Japan's Progress.

The closing year has witnessed a decided strengthening of Japan's relations to other states. The development of her independent judicial and administrative functions under the treaties which took effect July 17, 1829, has proceeded without international friction, showing the competence of the Japanesse to hold a foremost place among modern peoples. In the treatment of the difficult Chinese problems Japan has acted in harmonious concert with the other powers, and her generous co-operation materially aided in the joint relief of the beleaguered legations in Pekin and in bringing about an understanding preliminary to a settlement of the issues between the powers and China.

and China.

Peace Convention,

It is with satisfaction that I am able to announce the formal ratification at the Hague, on September 4, of the deposit of ratifications of convention for the pacific settlement of international disputes by sixteen powers, namely, the United States, Austria, Belgium, Denmark, Eugland, France, Germany, Rudy, Persia, Portugal, Pourmark, Reguland, France, Germany, Rudy, Persia, Portugal, Pourmark, Reguland, States, Saim, Saim, Sweden Roumania, Russia, Siam, Spain, Swede and Norway, and the Netherlands. Japa also has since ratified the convention.

The Canal. 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, which was
terminated for alleged non-execution to
October, 1899, the government of Nicaragua has since supplemented that action
by declaring the so-styled Eyre-Crasin
option void for non-payment of the stipulated advance. Protests in relation to
these acts have been filed in the state department and are new under consider a these acts have been filed in the state de-partment and are how under considera-tion. Deemlog itself relieved from exist-ing engagements, the Nieuraguan govern-ment showed 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 water way.

by taking measures to promote the water way.

Overtures for a convention to effect the building of a canal under the auspices of the United States are under consideration. In the meantime the views of the congress upon the general subject, in the light of the report of the commission appointed to examine the comparative merits of the various trans-isthmian ship-canal projects, may be awaited.

I commend to the early attention of the senate the convention with Great Britain to facilitate the construction of such a canal and to remove any objection which might arise out of the convention commonly called the Clayton-Bulwer treaty.

New Treaty With Spain.

New Treaty With Spain.

New Treaty With Spain.

Satisfactory progress has been made toward the conclusion of a general treaty of friendship and intercourse with Spain. In replacement of the old treaty, which passed into abeyance by reason of the latewar. A new convention of extradition is approaching completion, and I should be very much pleased were a commercial arrangement to follow. I feel that, we should not suffer to pass any opportunity to reaffirm the cordial ties that existed between us and Spain from the time of our earliest independence, and to enhance the mutual benefits of that cammerrial 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 several small islands lying west of the Spius, which have always been recognized as under Spanish control. The occupation of Sibutu and Cyagan Sulu by our naval forces elicited a claim on the part of Spain, the essential equity of which could not be gainsaid. In order to cure the defect of the treaty by removing all possible ground of future misunderstanding respecting the laterpretation of its third article, I directed the negotiation of a supplementary treaty, which will be fortiwith 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 eribed in said third article, and agree that all such islands shall be comprehended in the cession of the archipelago as fully as if they had been expressly includ-

this cossion the United States is to pay to Spain the sum of \$190,000.

It is gratifying to be able to state that the surplus revenues for the fiscal year ended June 30, 1369, were \$73,25,000 is. For Recit, the secretary of the fiscal year flow in the sum of \$190,000.

It is gratifying to be able to state that the surplus revenues for the fiscal year flow in the surplus revenues for the fiscal year flow in the postal department of the postal department aggregated \$457,20,561 is 9, and expenditures for all purposes, except for the administration of the postal department aggregated \$457,20,561 is 9, and expenditures for all purposes, except for the administration of the postal department aggregated \$457,20,561 is 9, and increase over the preceding year of \$27,005,203 it. The recipts from customs were \$252,304,571 if, an increase over the preceding year of \$27,005,203 it. The region internal revenue year.

It is gratifying also 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 1000 were \$134,713,757 78, a reduction of \$25,000,536 90 over those of \$150,001 33; and in the expenditures of the year 1000 year, a decrease of \$7,000,000,500 is 31, and in the civil and miscellaneous expensions of the excess of revenues over expenditures quare account of Indians there was a decrease in 1900 over 1820 of \$1,500,000 is 31, and in the civil and miscellaneous expensions of the excess of revenues over expenditures quare account of the state of the state

It is gratifying to be able to state that the surplus revenues for the fiscal year ended June 39, 180, were \$79,537,000 18. For the six preceding years we had only deficits, the aggregate of which from 1834 to 1898, inclusive, amounted to \$352,022,091 41. The receipts for the year from all sources, exclusive of postal revenues, aggregated \$507,290,51 89, and expenditures for all purposes, except for the administration of the postal department, aggregated \$457,732,731 71. The receipts from customs were \$253,364,571 16, an increase over the preceding year of \$27,003,390 41. The receipts from miscellaneous sources were \$35,745,633 37, as against \$45,222,55 5, an increase of \$24,803,552 5 over 1892. The receipts from miscellaneous sources were \$35,745,633 37, as against \$45,222,55 5, an increase of \$24,803,552 5 over 1892. The receipts from miscellaneous sources were \$35,745,633 37, as against \$45,222,55 5, an increase of \$24,803,552 5 over 1892. The receipts from miscellaneous sources were \$35,745,633 37, as against \$45,222,552 over 1892. In the previous year.

It is gratifying also 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 \$32,747,7457 78, a reduction of \$35,006,456 69 over those of 1899. In the navy department the expenditures were \$5,532,977 72 for the year 1900, as against \$55,321,942 5 for the preceding year, a decrease of \$7,289,026 53. In the expenditures qualities of \$32,800,000 38, against \$35,321,942 5 for the preceding year, a decrease of \$7,289,026 53. In the expenditures of account of indians there was a decrease of 1900 over 1890 of \$2,500,000 38, against \$35,321,935 70 for the preceding year, and crease of \$7,289,026 53. In the expenditures of \$25,000,000 38, and in the civil and miscellaneous expenses for 1900 there was a reduction of \$12,410,05 74.

Because of the excess of revenues over expenditures of \$25,000,000 3, and in the civil and miscellaneous expenses for 1900 the pre

20. is \$77.889,570.

The party in power is committed to such legislation as will better make the currency responsive to the varying needs of business at all seasons and in all sec-

Foreign Trade Growing.

Our foreign trade shows a remarkable record of commercial and industrial progress. The total of imports and experts for the first time in the history of the country exceeded two billions of dollars. The exports are greater than they have ever been before, the total for the fiscal year 1800 being \$1.394,483,082, an increase over 1830 of \$457,459,780, an increase over 1830 of \$456,000,782, over 1831 of \$331,459,220, and greater than 1896 by \$511,576,144.

The growth of manufactures in the United States is evidenced by the fact that exports of manufactured products largely exceed those of any previous year, their value for 1900 being \$433,851,756, against \$439,852,146 in 1839, an increase of \$25 per cent.

against \$129,552,146 in 1829, an increase of 28 per cent.

Agricultural products were also exported during 1900 in greater volume than in 1800, the total for the year being \$35,558,-123, against \$781,76,142 in 1829.

The imports for the year amounted to \$819,941,184, an increase over 1809 of \$152,-792,655. This increase is largely in materials for manufacture, and is in response to the rapid development of manufacturing in the United States. While there was imported for use in manufactures in 1900 material to the value of \$75,768,972 in excess of 1809, it is reassuring to observe that there is a tendency toward decrease in the importation of articles manufactured ready for consumption, which in 1900 formed 15.17 per cent of the total imports, against 15.44 per cent in 1829 and 21.09 per cent in 1826.

Revenue Taxes.

I recommend that the congress at its

I recommend that the congress at its present session reduce the internal revenue taxes imposed to meet the expenses of the war with Spain in the sum of thirty millions of dollars. This reduction should be secured by the remission of those taxes which experience has shown to be the most burdensome to the industries of the nearly

to be the most introduction to the tries of the people.

I specially fige that there be included in whatever reduction is made the legacy tax bequests for public uses of a literary, educational or charitable character.

Encourage Shipping.

educational or charitable character.

Encourage Shipping.

American vessels during the past three years have carried about 9 per cent of our exports and imports. Foreign ships should carry the least, not the greatest, part of American trade. The remarkable growth of our steel industries, the progress or shipbuilding for the domestic trade, and our steadily maintained expenditures for the navy have created an opportunity to place the United States in the first rank of commercial maritime powers.

powers.
I am satisfied the judgment of the coun-I am satisfied the ludgment of the cointry favors the policy of sid to our merchant marine, which will broaden our commerce and markets and upbuild our sea-carrying capacity for the products of agriculture and manufacture, which, with the herease of our navy, mean more work and wages to our countrymen as well as a safeguard to American interests in every part of the world.

The Trasts.

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 those 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 compet a general observance of the salutary rules to which I have referred.

The whole question is so important and far-reaccing that I am sure no part of it will be lightly considered, but every phase of it will have the studied deliberation of the congress, resulting in wise and judicious action.

Restraint upon such combinations as are injurious and which are within federal jurisdiction should be promptly applied by the congress.

The Philippines.

The Philippines.

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 Iuture government of those islands rests with the congress of the United States, I abstained from recommending at that time a specific and final form of government for the territory actually held by the United States forces and in which, as long as insurrection continues, 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 authority vested in me by the constitu-

the secretary of war to be transmitted to them.

In the message transmitted to the congress on the 5th of December, 1900, I said, speaking of the Philippine Islands:

"As long as the insurrection continues the military arm must necessarily be supreme. But there is no reason well steps should not be taken from time to time to inaugurate governments essentially pepular in their form as fast as territory is held and controlled by our troops. To this end I am considering the advisability of the return of the commission, or such of the members thereof as can be secured, to aid the existing authorities and facilitate this work throughout the islands."

The Taft Commission.

The Taft Commission.

To give effect to the intention thus expressed, I have appointed Hon, William H. Taft, of Ohio; Prof. Dean C. Worcester, of Michiran; Hon, Luise I, Wright, of Tennessee; Hon, Henry C. Ide, of Vermont, and Prof. Bernard Moses, of California, commissioners to the Philippine Islands, to continue and perfect the work of organizing and establishing civil governments aiready commenced by the military authorities, subject in all respects to any laws which congress may hereafter enact.

You will instruct the commission to proceed to the city of Manila, where they will make their principal office, and to communicate with the military governor of the Philippine Islands, whom you will at the same time direct to render to them every assistance within his power in the performance of their duties. Without hampering them by too specific instructions, they should in general be enjoined, after making themselves familiar with the conditions and needs of the country, to devote their attention in the first instance to the establishment of municipal governments, in which the natives of the islands, both in the cities and in the rural communities, shall be afforded the opportunity of managing their own local anairs to the fullest extent of which they are capable, and subject to the least degree of supervision, and control which a careful study of their capacities and observation of the workings of native control show to be consistent with the maintenance of law, order and loyalty. order and loyalty.

Whenever the commission is of the opin-Whenever the commission is of the opinion that the condition of affairs in the islands is such that the central administration may safely be transferred from military to civil control, they will report that
conclusion to you with their recommendations as to the form of central government to be established for the purpose of
taking over the control.

In the establishment of municipal ernments the commission will take as the basis of their work the governments established by the military governor under his order of August 8, 1859, and under the report of the beard constituted by the military governor by his order of January 25, 1900, to formulate and report a plan of municipal government, of which his honor municipal government, of which his honor Cayetano Arellano, president of the Audiencia, was chairman, and they will give to the conclusions of that beard the weight and consideration which the high character and distinguished abilities of its members justify.

members justify.

The many different degrees of civilization and varieties of custom and expacity among the people of the different islands preclude very definite instructions as to the part which the people shall take in the selection of their own officers; but these general rules are to be observed: That in all cases the municipal officers, who administer the local affairs of the people are to be selected by the people, and that wherever officers of more extended jurisdiction are to be selected in any way, natives of the islands are to be preferred, and if they can be found competent and willing to perform the duties, they are to receive the offices in preference to any others.

It will be necessary to fill some offices for the present with Americans which after a time may well be filled by natives of the islands. As soon as practicable a system for ascertaining the merits and fitness of candidates for civil office should be put in force. An indispensable qualification for all offices and positions of trust and authority in the islands must be absolute and unconditional loyalty to the United States, and absolute and unhampered authority and power to remove and punish any officer deviating from that standard must at all times be re-

and punish any officer deviating from that standard must at all times be re-tained in the bunds of the central author-ity of the islands.

tained in the hands of the central authority of the Islands.

That the provision of the treaty of Paris pledging the United States to the protection of all rights of property in the Islands, and as well the principle of our own government which prohibits the taking of private property without due process of law, shall not be violated; that the welfare of the people of the Islands, which should be a paramount consideration, shall be attained consistently with this rule of property rights; that if it becomes necessary for the public interest of the people of the islands to dispose of claims to property which the commission finds to be not lawfully acquired and held, disposition shall be made thereof by due legal procedure, in which there shall be full opportunity for fair and impartial hearing and judgment; that if the same public interests require the extinguishment of property rights lawfully acquired and held due compensation shall be made out of the public treasury therefor; that no form of religion and no minister of religion shall be forced upon any community or upon any citizen of the islands; that, apon the other hand, no minister of religion shall be interfered with or molested in following his calling, and that the separation between state and church shall be real, entire and absolute.

It will be the duty of the commission to promote and extend, and as they find necessary to prove, the system of education already inaugurated by the relitary authorities.

The articles of capitulation of the city of Marilla on the 12th of August, 1898, con-

The articles of capitulation of the cify of Manila on the 12th of August, 1898, concluded with these words:

"This city, its inhabitants, its churches and religious worship, its educational establishments, and its private property of all descriptions, are placed under the special safeguard of the faith and honor of the American army."

I believe that this pledge has been faithfully kept.

Anthesty Proclamation. Coincidently with the entrance of the commission upon its labors I caused to be issued by Gen. MacArthur, the military governor of the Philippines, on June 21, 1990, a proclamation of amnesty in generous terms, of which many of the insurgents took advantage, among them a number of important leaders.

I have on another occasion called the I have on another occasion called the Filipinos "the wards of the nation." Our obligation as guardian was not lightly assumed; it must not be otherwise that honestly fulfilled, alming first of aff to benefit those who have come under our featering care. It is our duty so to treat them that our flag may be no less beloved in the mountains of Luzon and the fertile zones of Afindanao and Negros than it is at home, that there as here it shall be the revered symbol of liberty, enlightenment and progress in every avessee of development.

Porte Rico.

Porte Rico.

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

Cuba's Mection.

Cuba's Mection.

On the 25th of July, 1909, I directed that a call be issued for an election in Cubs for members of a constitutional convention to frame a constitution as a basis for a stable and independent government in the island. The election was held on the list of September and the convention assembled on the 3th of November, 1809, and is now in session.

Pacific Cable.

Pacific Cable.

I renew the recommendation made in my special message of February 10, 1839, as to the necessity for cable communication between the United States and Hawaii, with extension to Manila. Since then circumstances have strikingly emphasized this need. Surveys have shown the entire feasibility of a chain of cables which at each stopping place shall touch on American territory, so that the system shall be under our own complete control. Manila once within telegraphic reach, connection with the systems of the Asiatic coast would open increased and profitable opportunities for a more directable 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.

The Army.

the Continental and trans-Asian lines. I urge attention to this important matter.

The Army.

The present strength of the army is 100,000 men—65,000 regulars and 35,000 volunteers. Under the act of March 2, 1899, on the 30th of June the present volunteer force will be discharged and the regular army will be reduced to 2,447 officers and 25,025 enlisted men.

We will be reduced to 2,447 officers and 25,025 enlisted men.

We will be required to keep a considerable force in the Philippine islands for some time to come. From the best information obtainable, we will need there for the immediate future from 45,000 to 60,000 men. I am sure the number may be reduced as the insurgents shall come to acknowledge the authority of the United States, of which there are assuring indications.

It must be apparent that we will require an army of about 60,600 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 guerillas, assassins and Ladrones that our own soldiers.

I renew the recommendation made in my last annual message that the congress provide a special medal of honor for the volunteers, regulars, sailors and marine on duty in the Philippines who voluntarily remained in the service after their terms of enlistment had expired.

The Navy.

The Navy.

Very efficient service has been rendered by the navy in connection with the insurection in the Philippines and the recent disturbance in China.

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 recommendations of the

avoided.

I approve of the recommendations of the secretary for new vessels and for additional officers and men which the required increase of the navy makes necessary.

Pensions.

At the end of the fiscal year there were on the pension roll 993,570 names, a net increase of 2,010 over the fiscal year 1899. The number added to the rolls during the year was 45,344. The amount disbursed for army pensions during the year was 51,344, 760,697 24 and for mavy pensions 33,761,533 14, a total of \$138,42,130 65, leaving an unexpended balance of \$5,542,768 25 to be covered into the treasury, which shows an increase over the previous year's expenditure of \$197,677 70. There were 681 names added to

over the previous year's expenditure of \$107,677.70. There were 681 names added to the rolls during the year by special acts passed at the first session of the fifty-sixth congress.

The act of May 8, 1900, among other things provides for an extension of income to widows pensioned under sail act to \$220 per annum. The secretary of the interior believes that by the operations of this act the number of persons pensioned under it will increase, and the increased annual payments for pensions will be between \$3,000,000 and \$4,000,000.

Hawali.

Much interesting information is given in the report of the governor of Hawali as to the progress and development of the islands during the period from July 7, 1898, the date of the approval of the joint 1893, the date of the approval of the joint resolution of congress providing for their annexation, up to April 20, 1990, the date of the approval of the net providing a government for the territory, and thereafter. The last Hawaiian census, taken in the year 1896, gives a total population of 199, 620, of which 31,619 were native Hawaiians. The number of Americans reported was 5,855. The results of the federal census, taken this year, show the islands to have a total population of 154,691, showing an increase over that reported in 1896 of 44,981, or 41.2 per cent.

There has been marked progress in the educational, agricultural and railroad development of the islands.

SCRAPS.

The Sunday schools in Spain are said to have only 3,200 pupils. The ezar has 27,000 wood police, who each cut £45 worth of wood a

year. A memorial bust of Chopin has been unveiled in the Luxembourg Gardens at Paris.

There are 994 creameries in Iowa, a net increase over those of a year ago of forty-six.

King Oscar of Sweden is the tallest reigning monarch. He is a little over six feet.

There are 300,000 French Canadians, of whom 25,000 are voters, in Massachusetts. The baggage checking system, which

is universal in America, is coming into use in England. Thirty-six per cent of the area of the state of Washington is covered

with merchantable timber. The Argentine Republic exported only 205,105 bales of wool last year,

as against 287,479 in 1898. Australians hold a world's record in tea consumption, drinking nearly

eight pounds a head yearly. In Milwaukee recently during a rainstorm several trees were set on fire by diverted electric currents,

A new photographic machine takes five different views of a person at one sitting. This is done by means of mirrors.

An election judge in San Francisco cast his vote early, but forgot to mark it, and consequently it was counted as a blank.