

PRESIDENT'S MESSAGE

Foreign Relations and the Financial Question.

RETIREMENT OF GREENBACKS

Proposed as the Sole Remedy for the Present Fiscal and Financial Ills of the Country.

Washington, Dec. 3. - President Cleveland's first message to the Fifty-fourth congress was presented to and read in the two houses today. It is as follows:

The present assemblage of the legislative branch of our government occurs at a time when the interests of our people and the needs of the country give special prominence to the condition of our foreign relations and the exigencies of our national finances.

I therefore deem my executive duty adequately performed, at this time, by presenting to congress the important phases of our situation, as related to our intercourse with foreign nations, and a statement of the financial problems which confront us.

I press the recommendations they contain upon the respectful attention of those charged with the duty of legislation, because I believe their adoption would promote the people's good.

FINANCIAL QUESTION.

A Discussion of the Situation and Some Recommendations.

As we turn to a review of our national financial situation, we are immediately aware that we approach a subject of domestic concern more important than any other which can engage our attention.

By command of the people a customs revenue system, designed for the protection and benefit of favored classes, at the expense of the great mass of our countrymen, and which, while inefficient for the purpose of revenue, entailed our trade relations and impeded our entrance to the markets of the world.

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the secretary of the treasury was authorized, not only to use any surplus revenues of the government, but to issue bonds of the United States and dispose of them for coin, and to use the proceeds for the purposes contemplated by the statute.

In May, 1878, and before the day thus appointed for the redemption and retirement of these notes, another statute was passed forbidding their further cancellation and retirement.

Some of them had, however, been previously redeemed and cancelled upon the issue of additional national bank circulation, as permitted by the law of 1875.

The government was put in the anomalous situation of owing the lenders of its notes debts payable in gold on demand, which could neither be retired by receiving such notes in discharge of obligations due the government, nor cancelled by actual payment in gold.

There had been issued and sold \$95,500,000 of the bonds authorized by the redemption act of 1875, the proceeds of which, together with other gold in the treasury, created a gold fund deemed sufficient to meet the demands which might be made upon it for the redemption of outstanding United States notes.

In this emergency, and in view of its surrounding perplexities, it became entirely apparent to those upon whom the struggle for safety was devolved, not only that our gold reserve must, for the third time in less than thirteen months, be restored by another issue and sale of bonds bearing a high rate of interest and badly suited to the purpose, but that a plan must be adopted for their disposition promising better results than those realized on previous sales.

The notes on November 1, 1893, when the law compelling the monthly purchase of silver was repealed, amounted to more than \$155,000,000. The notes of this description now outstanding, added to the United States notes still undiminished by redemption or cancellation, constitute a volume of gold obligations amounting to nearly \$500,000,000.

The reserve, as has been stated, had fallen in April, 1893, to \$97,011,330. It has from that time to the present, with very few and unimportant upward movements, steadily decreased, except it has been temporarily replenished by the sale of bonds.

The performance of this contract not only restored the reserve, but checked for a time the withdrawal of gold and brought on a period of restored confidence and such peace and quiet in business circles as were of the greatest possible benefit in every interest which affects our people.

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which was added to the reserve fund of gold then on hand. As a result of this operation this reserve, which had suffered constant and large withdrawals in the meantime, stood, March 6, 1894, at the sum of \$107,446,802. Its depletion, however, was immediately thereafter so accelerated that on June 30, 1894, it had fallen to \$64,873,025, thus losing, by withdrawals, more than \$42,000,000 in five months, and dropping slightly below its situation when the sale of \$50,000,000 in bonds was effected for its replenishment.

This was done by another sale of bonds, amounting to \$50,000,000, from which there was realized \$58,538,500, with which the fund was increased to \$111,421,081 December 4, 1894.

Again disappointment awaited the anxious hope for relief. There was not even a lull in the expatriating withdrawals of gold. On the contrary, they grew larger and more persistent than ever.

In anticipation of pending trouble I had, January 28, 1895, addressed a communication to congress, fully setting forth our difficulties, and dangerous position, and earnestly recommending that authority be given the secretary of the treasury to issue bonds bearing a low rate of interest, payable by their terms in gold, for the purpose of maintaining a sufficient gold reserve, and also for the redemption and cancellation of outstanding United States notes and treasury notes issued for the purchase of silver under the law of 1890.

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determines the foundations of honest enterprise.

I have ventured to express myself on this subject with earnestness and plainness of speech because I cannot rid myself of the belief that there lurks in the proposition for the free coinage of silver, so strongly approved and so enthusiastically advocated by a multitude of my countrymen, a serious menace to our prosperity and an insidious temptation of our people to wander from the allegiance they owe to public and private integrity.

I cannot refrain from begging them to re-examine their views and beliefs in the light of patriotic reason and familiar experience, and to weigh again and again the consequences of such legislation as their efforts have invited.

OUR FOREIGN RELATIONS.

Questions at Issue Between This and Other Governments.

By mandatory tariff legislation, in January last, the Argentine Republic, recognizing the value of the large market opened to the free importation of its wool under our tariff act, has admitted certain products of the United States to enter at reduced duties.

The missions boundary dispute between the Argentine Republic and Brazil, referred to the president of the United States as arbitrator during the term of my predecessor, and which was submitted to me for determination, resulted in an award in favor of Brazil, upon the historical and documentary evidence presented; thus ending a long-protracted controversy, and again demonstrating the wisdom and desirability of settling international boundary disputes by recourse to friendly arbitration.

Negotiations are progressing for a revival of the United States and Chilean claims commission, whose work was abruptly terminated last year by the expiration of the stipulated time within which amendments could be made.

Chinese Outbreaks.

The close of the momentous struggle between China and Japan, while relieving the diplomatic agents of this government from the delicate duty they undertook, at the request of both countries, of rendering such service to the subjects of either belligerent within the territorial limits of the other as our neutral position permitted, developed a domestic condition in the Chinese empire which has caused much anxiety and called for prompt and careful attention.

The demands of the United States and other powers for the degradation and punishment of the responsible officials of the respective cities and provinces who, by neglect or otherwise, had permitted uprisings, and for the adoption of stern measures by the emperor's government for the protection of the life and property of foreigners, were followed by the disgrace and dismissal of certain provincial officials found derelict in duty, and the punishment by death of a number of those adjudged guilty of participating in the outrages.

China will not forget either our kindly service to her citizens during her late war, nor the further fact that, while furnishing all the facilities at our command to further the negotiations of a peace between her and Japan, we sought no advantages, and interposed no counsel.

The customary cordial relations between this country and France have been undisturbed, with the exception that a full explanation of the treatment of John L. Waller by the expedition-

ary military authorities of France still remain to be given. Mr. Waller, formerly United States consul at Tamatave, remained in Madagascar after his term of office expired, and was, apparently, successful in procuring business concessions from the Hovas, of greater or less value.

After the occupation of Tamatave and the declaration of martial law by the French, he was arrested upon various charges, among them that of communicating military information to the enemies of France; was tried and convicted by a military tribunal and sentenced to thirty years' imprisonment.

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An agreeable contrast to the difference above noted, respecting a matter of common concern where nothing is sought except such a mutually satisfactory outcome as the true merits of the case require, is the recent resolution of the French chambers favoring the conclusion of a permanent treaty of arbitration between the two countries.

An invitation has been extended by France to the government and the people of the United States to participate in a great international exposition at Paris in 1900, as a suitable commemoration of the close of this, the world's marvelous century of progress.

Our relations with the states of the German empire are, in some aspects, typical of a condition of things elsewhere found in countries whose productions and trade are similar to our own.

The close of the momentous struggle between China and Japan, while relieving the diplomatic agents of this government from the delicate duty they undertook, at the request of both countries, of rendering such service to the subjects of either belligerent within the territorial limits of the other as our neutral position permitted, developed a domestic condition in the Chinese empire which has caused much anxiety and called for prompt and careful attention.

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The Cuban Revolt.

Cuba is again gravely disturbed. An insurrection, in one respect more active than the last preceding revolt which continued from 1868 to 1878, now exists in a large part of the eastern interior of the island, menacing even some population on the coast, besides deranging the commercial exchanges of the island, of which our country takes the predominant share, this flagrant condition of hostilities, by arousing sentimental sympathy and inciting adventurous support among our people, has entailed earnest effort on the part of this government to enforce obedience to our neutrality laws, and to prevent the territory of the United States from being abused as a vantage ground from which to aid those bearing arms against Spanish sovereignty.

Whatever may be the traditional sympathy of our countrymen, as individuals, with a people who seem to be struggling for larger autonomy and greater freedom, and as such sympathy naturally must be in behalf of our neighbors, yet the plain duty of their government is to observe in good faith the recognized obligations of international relationships. The performance of this duty should not be made more difficult by a disregard on the part of our citizens of the obligations growing out of their allegiance to their country, which should restrain them from violating as individuals, the neutrality which the nation of which they are members is bound to observe in its relations to friendly sovereign states.

The deplorable lynching of several Italian laborers in Colorado was naturally followed by international representations, and I am happy to say that the best efforts of the state, in which the outrages occurred, have been put forward to discover and punish the authors of this atrocious crime. The dependent families of some of the unfortunate victims invite, by their deplorable condition, gracious provision for their needs.

Japan has furnished abundant evidence of her vast gain in every trait and characteristic which constitute a nation's greatness. We have reason for congratulation in the fact that the government of the United States by the exchange of liberal treaty stipulations with the new Japan, was the first to recognize her wonderful advance, and to extend the consideration and confidence due to her national enlightenment and progressive character.

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