ANNUAL MESSAGE

Important Features of the President's Address.

OUR LATE WAR A FEATURE

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

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

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

congress.

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

situation.

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

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

Destruction of the Maine,

Destruction of the Maine. At this juncture, on the 15th of February last, occurred the destruction of the battle-ship Maine, while rightfully lying in the harbor of Havana on a mission of ternational courtesy and good will, catastrophe the suspicious nature and horror of which stirred the nation's heart refoundly. It is a striking evidence of ie polse and sturdy good sense distin-itshing our national character that this ocking blow, falling upon a generous ople already deeply touched by pre-ding events in Cuba, did not move then eding events in Cubs, did not move them o desperate resolve to tolerate no longer he existence of a condition of danger and lisorder at our doors that made possible uch a deed by whomsoever wrought let the instinct of justice prevailed, and inquiry established that the origin o he explosion was external by a subma ine mine, and only halted, through lac f positive testimony, to fix the responsi-

PREPARATIONS FOR WAR.

Congress' Appropriation of Fifty Millions for National Defense.

he most thoughtful, even before to-inding of the naval court, that a crisis a our relations with Spain and toward tuba was at hand. So strong was this seller that it needed but a brief execumost thoughtful, even before the ive suggestion to congress to receive im-nediate answer to the duty of making stant provision for the possible and per le was presented of a unanime I both houses on the 9th of March ap-ropriating \$50,000,000 "for the national de-nase and for each and every purpose con-ected therewith, to be expended at the scretion of the president."

That this act of provision came none o soon was disclosed when the applica-on of the fund was undertaken. Our orts were practically undefended; our wy needed large provision for increased navy of Spain, which comprised mod-vessels of the highest type of contii vessels of the highest type also re-ntal perfection. Our army also re-dred enlargement of men and muni-ons. The details of the hurried prepa-tors.

war, when it did come, found our na-on not unprepared to meet the conflict, or was the apprehension of coming strife nfined to our own country. It was felt the continental powers, which, on April hope that humanity and moderation tht mark the course of this govern-nt and people, and that further nego-tions would lead to an attempt, which, ile securing the maintenance of peace, ald affirm all necessary guarantees for re-establishment of order in Cuba

ill animated by the hope of a peace-solution and obeying the dictates of y, no effort was relaxed to bring about edy ending of the Cuban struggle gotiations to this effect continued ively with the government of Spain months' armistice in Cuba with a to effect the recognition of her peo-right to independence. Besides this, ers, returning to their homes and ed by united American and Spanish selves, and by orderly resumption of well-nigh destroyed productive ener-of the mand contribute to the res-tion of its tranquility and well-being. Authority to Intervene. rieved and disappointed at this barren come of my sincers endeavors to reach

a practicable solution, I felt it my duty to remit the whole question to congress. In at Dalquiri, about 15 miles east of Santithe message of April 11, 1898, I announced that with this last overture in the direction of immediate peace in Cuba and its On June 23 the movement against Santiago a practicable solution, I felt it my duty to remit the whole question to congress. In the message of April II, 1898, I announced that with this last overture in the direction of immediate peace in Cuba and its disappointing reception by Spain the effort of the executive was brought to an end. I again reviewed the alternative course of action which I had prepared, concluding that the only course consonant with international policy and compatible with our firmly set historical traditions was intervention as a neutral to stop the

with our firmly set historical traditions was intervention as a neutral to stop the war and check the hopeless sacrifice of life, even though that resort involved "hostile constraint upon both parties to the contest, as well to enforce a truce as to provide for eventual settlement."

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

The Declaration of War.

By my message of April 25, congress was informed of the situation, and I recom-mended formal declaration of the exist-ence of a state of war between the United States and Spain. Congress accordingly voted on the same day the act approved April 25, 1898, declaring the existence of such war from and including the flat day of April, and re-enacted the provision of the resolution of April 20, directing the president to use all the armed forces of the

nation to carry that act into effect.

Due notification of the existence of war as aforesaid was given Apr l 25 by telegraph to all the governments with which the United States maintained relations, in order that their neutrality might be asorder that their neutrality man sured during the war. The various governments responded with proclamations of ments responded with proclamations of the its own method. It neutrality, each after its own method. is not among the least gratifying incidents of the struggle that the obligations of neutrality were impartially discharged by all, often under delicate and difficult cir-The national defense fund of \$50,000,000

cumstances.

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

PROGRESS OF THE CONFLICT.

Brilliant Series of Victories for American Arms.

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

Dewey at Manila.

weeks at Hong Kong. Upon the colonial proclamation of neutrality being issued and the customary 24 hours' notice being given, it repaired to Mirs bay, near Hong ktong, whence it proceeded to the Philip-pins islands under telegraphic orders to capture or destroy the formidable Spun-ish fleet then assembled at Manila. At daybreak on May 1 the American force entered Manila bay, and after a few hours! engagement effected the total destruction of the Spanish fleet, consisting of 10 warchips and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila, with the ability to take the city at will. Not a life was lost on our ships, the wounded numbering only seven, while not a vessel was materially injured. For this gallant achievement congress, upon my recom-mendation, fitly bestowed upon the actors preferment and substantial reward.

No Divided Victory.
Only reluctance to cause needless los and property prevented the early therewith the absolute military occupation of the whole group. The insurgents, meanwhile, had resumed the active hos-tillities suspended by the uncompleted truce of December, 1887. Their forces intruce of December, 1897. Their forces invested Manila on the northern and eastern side, but were constrained by Admiral Dewey and General Merritt from attempting an assault. It was fitting that whatever was to be done in the way of decisive operations in that quarter should be accomplished by the strong arm of the

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

Following the adoption of a comprehensive scheme of general attack, powerful forces were assembled at various points on our coast to invade Cuba and Porto Rico.

our coast to invade Cuba and Porto Rice Meanwhile, naval demonstrations were made at several exposed points. May 11 the cruiser Wilmington and torpedo-boat Winslow were unsuccessful in an attempt to silence the batteries at Cardenas, in Matansas, Ensign Worth Bagies and four seamen falling. These grievous fatalities were strangely enough among the very few which occurred during our naval operations in this extraordinary conflict.

Hobson's Heroism.
The next act in the war thrilled no alone the hearts of our countrymen, but the world, by its exceptional heroism. On the night of June 3 Lieutenant Hobson, aided by seven devoted volunteers, blocked the narrow outlet from Santiago harbor by sinking the collier Merrimac in the channel under a flerce fire from the shore batteries, escaping with their lives as by a miracle, but falling into the hands of the Spaniards. It is a most gratifying incident of the war that the bravery of this little band of heroes was cordially appreciated by the Spaniards, who sent a flag of truce to notify Admiral Sampson of their safety and to compliment them upon their daring act. They were subsequently exchanged, July 7.

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

June 22 the advance of the invading

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

Destruction of the Armada.

Destruction of the Armada. Destruction of the Armada.

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

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

Surrender of Santiago.

The capitulation of Santiago followed.

The city was closely besieged by land, while the entrance of our ships into the harbor cut off all relief on that side. After a truce to allow of the removal of the noncombatants, protracted negotiations continued from July 3 until July 15, when, under menace of immediate assault, the preliminaries of surrender were agreed upon. On the 17th General Shafter occupied the city. The capitulation embraced the entire eastern end of Cuba. The number of Spanish soldiers surrendered was 2000 at 15 whom were subsequently con-22,000, all of whom were subsequently conveyed to Spain at the charge of the United States. The story of this successful campaign is told in the report of the secretary of war which will be laid before you.

Invasion of Porto Rico. With the fall of Santiago, the occupaion of Porto Rico became the next strategic necessity. General Miles had pre-viously been assigned to organize an ex-pedition for that purpose. Fortunately, he was already at Santiago, where he had The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet, under Commodore George Dewey, had lain for some and one company of the signal corps, Gen-oral Miles left Guantanamo July 21, hav-ing nine transports convoyed by the fleet with the Mas-Columbia and Yale, the two latter carry-Ing troops. The expedition landed at Guanica, July 25, which port was entered with little opposition. Here the fleet was joined by the Annapolis and Wasp, while the Purlian and Amphitrite went to San Juan and joined the New Orleans, which was appeared in blocklading that port. The was engaged in blockading that port. The was engaged in blockading that port. The major-general commanding was subsequently reinforced by General Schwann's brigade of the Third army corps, by General Wilson with a part of his division, and also by General Brooke, with a part of his corps, numbering in all 16,973 officers and men. On July 27 he entered Ponce, one of the most important points in the island, from which he thereafter directed operations for the capture of the island. As a potent influence toward peace, the outcome of the Porto Rican expedition

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

Total Casualties.

ed in the army during the war was as folers killed, 23; enlisted men killed 257; total, 280; officers wounded, 113; en-listed men wounded, 1464; total, 1577. Of the navy, killed, 17: wounded, 67; died as result of wounds, 1; invalided from service, 6; total, 91.

PEACE NEGOTIATIONS.

Spain's Overtures for a Cessation of

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

demand as to the Philippines.

Conceiving that discussion on this point
could neither be practicable nor profitable,
I directed that, in order to avoid misunderstanding, the matter should be forthwith closed by proposing the em-bodiment in a formal protocol of the terms in which the negotiations for peace

cise terms tendered to Spain in our note of July 36, which added stipulations of details as to the appointment of commissioners to arrange for the evacuation of the Spanish Antilies. On August 12, M. Cambon announced his receipt of full powers to sign the protocol as submitted.

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

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

Cuba.

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

"Article 2. The United States will occu-py and hold the city, bay and harbor of Manila, pending the conclusion of a treaty of peace, which shall determine the control, disposition and government of the Philippines."
The fourth article provided for the appointment of joint commissions on the part of the United States and Spain to

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

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

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

Immediately upon the conclusion of the

each government to the commanders of its naval forces.

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

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

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

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

They soon afterwards met the Spanish commissioners at Havana and San Juan.

Schley, Brigadler-General W. Gordon.

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

William P. Frye and George Gray, senatory of the United States, and Whitelaw Reld, to be peace commissioners on the part of the United States. Proceeding in due the United States. Proceeding in due season to Paris, they there met, on the lst of October, five commissioners similarly appointed on the part of Spain. The negotiations have made hopeful progress, so that I trust soon to be able to lay a definite treaty of peace before the senate, with a review of the steps leading to its

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

OUR FOREIGN RELATIONS

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

With the exception of the rupture with Spain, the intercourse of the United States with the great family of nations has been marked with cordiality, and the close of the eventful year finds most of the issues that necessarily arise in the complex relations of sovereign states adjusted or pre agreement. A long-unsettled dispute as to the ex-

tended boundary between the Argentine republic and Chile, stretching along the Andean crests, from the southern bor-der of the Atacama desert to the Magel-lan straits, nearly a third of the length of the South American continent, as-sumed an acute stage in the early part of the year and afforded this government occasion to express the hope that the re-sort to arbitration, already contemplated by existing conventions between the par-ties, might prevail, despite the grave difficulties arising in its application. I am happy to say that arrangements to this end have been perfected, the questions of fact upon which the respective commiswere unable to agree being in course of reference to her Britannic ma-lesty for determination. A residual dif-ference, touching the northern boundary line across the Atacama desert, for which manner by a joint commission, upon which the United States minister at Buenos Ayres has been invited to serve as um-

pire in the last resort. International Cable Agreement.
I have found occasion to approach the Argentine government with a view to renoving differences of rate charges in posed upon the cables of an American corporation in the transmission between Buenos Ayres and the cities of Uruguay and Brazil of through messages passing from and to the United States. Although the matter is complicated by exclusive concessions by Uruguay and Brazil to foreign companies, there is a strong hope that a good understanding will be reached and that the important channels of com-mercial communication between the nercial communication between the Inited States and the Atlantic cities of South America may be freed from an al-most prohibitory discrimination.

Foreign Exhibitions. Despite the brief time allotted for preparation, the exhibits of this country at the universal exposition at Brussels in 1897 enjoyed the singular d'atinction of a larger proportion of awards, having re-gard to the number and classes of articles entered, than those of other countries, The our national capacity to supply the world's markets is obvious.

The Nienragua Canal.

could not be accepted, the only reply being to present as a virtual ultimatum a
draft of the protocol, embodying the pre-Rear-Admiral John G. Walker, appointed July 24, 1897, under the authority of a provision in the sundry civil act of June 4, of that year, has nearly completed its labors, and the results of its exhaustive inquiry into the proper route, the feasibility and the cost of construction of an interoceanic canal by the Nicaragua route, will be laid before you. In the performance of its work the commission received all possible courtesy and assistance from the governments of Nicaragua and Costa Rica, which thus testified their apprecia-Rica, which thus testified their apprecia-tion of the importance of giving a speedy and practical outcome of the project that

has for so many years engrossed the at-tention of the respective countries.

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

ions.

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

The Paris Exposition

There is now every prospect that the participation of the United States in the universal exposition to be held in Paris in 1900 will be on a scale commensurate with the advanced position held by our products and industries in the world's chief marts. The preliminary report of Moses P. Handy, who, under the act approved July 19, 1897, was appointed special commissioner with a view of securing all attainable information necessary to a full and complete understanding completed before the lst of January next.

The Peace Commission.

Pursuant to the fifth article of the protocol, I appointed William R. Day, lately secretary of state; Cushman K. Davis, William P. Frye and George Gray sensions of progress in art. science and manufacture of the protocol Handy's death soon afterward rendered complete his unfinished work, and January 11 last, Mr. Thomas W. Cridler, third assistant secretary of state, was designated to fulfill that task. His report was laid before you by my message of June 14, 1898, with the gratifying result of wakening renewed interest in the pro-

Germany.

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

ANNEXATION OF HAWAII.

Existing Laws in Force Pending Action by Congress.

Pending the consideration by the senat

of the treaty signed June 16, 1897, by the plenipotentiaries of the United States and of the republic of Hawaii, providing for of the republic of Hawan, providing to the annexation of the island, a joint reso-lution to accomplish the same purpose by accepting the offered cession and incor-porating the ceded territory into the Union was adopted by congress and ap-proved July 7, 1898. I thereupon directed the United States steamer Philadelphia to convey Rear-Admiral Miller to Hono-lulu and entrusted to his hands this important legislative act to be delivered to the president of the republic of Hawaii, with whom the admiral and the United States minister were authorized to mak appropriate arrangements for transfer-ring the sovereignty of the islands to the United States. This was simply but impressively accomplished on August 12 last, by the delivery of a certified copy of the resolution to President Dole, who thereupon yielded up to the representa-tive of the government of the Unite States the severeignty and public prop-erty of the Hawalian islands. Pursuan to the terms of the joint resolution and in exercise of authority thereby con-ferred upon me, I directed that the civil, judicial and military powers heretofore exercised by the officers of the govern-ment of the republic of Hawali should continue to be exercised by those officers until congress should provide a govern-ment for the incorporated territory, subject to my power to remove such officers and to fill vacancies. The present offi-cers and troops of the republic thereup-on took the oath of allegiance to the United States, thus providing for the uninterrupted continuance of all the admin-istrative and municipal functions of the annexed territory until congress shall oth Following the further provision of the joint resolution, I appointed the Honor-ables Shelby M. Cullom, of Illinois; John

of Illinois; Sanford B. Dole, of Hawaii, and Walter F. Grier, of Hawaii, as com missioners to confer and recommend to congress such legislation concerning the Hawaiian islands as they should deem

Recommendations of the Commission The commissioners having fulfilled the mission confided to them, their report will be laid before you at an early day. It is believed that their recommenda-tions will have the earnest consideration due to the magnitude of the responsibility

the highest degree, realizing the aspira-tions of the community that has cast its lot with us and elected to share our political heritage, while, at the same time, justifying the foresight of those who for three-quarters of a century have looked to the assimilation of Haw-ii as a natural and inevitable consummation in harmony with our needs and in full-illment of our cherished traditions.

cherished traditions.

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

Under the provisions of the joint resolution, the existing customs relations of the Hawaiian islands with the United States and with other sountries remain un-

and with other countries remain un-changed until legislation shall otherwise provide. The consuls of Hawari, here and in foreign countries, continue to fulfill their commercial agencies, while the United States consulate at Honolulu is maintained for all proper services per-taining to trade and the revenue. It would be desirable that all foreign consuls in the Hawalian islands should re-ceive new exequaturs from this govern-

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

ARMY REORGANIZATION. Standing Force of 100,000 Men Needed

Under Present Conditions.

Under the act of congress approved April 26, 1898, authorizing the president in his discretion, upon a declaration of war by congress or a declaration by congress
that war exists, I directed the increase
of the regular army to the maximum of
62,000, authorized in said act.
There are now in the regular army 57,862 officers and men. In said act it was
provided. "That at the add of a tree of the congress o

provided: "That at the end of any war in which the United States may become involved, the army shall be reduced to a peace basis by transfer in the same arm of the service or absorption, by promotion or honorable discharge, under such regulations as the secretary may establish of supersupersure. tablish, of supernumerary command offi-cers and the honorable discharge or trans-fer of supernumerary enlisted men, and nothing contained in this act shall be construed as authorizing the permanent increase of the command of enlisted force of the regular samy beyond that now reof the regular army beyond that now pro-vided by the law in force prior to the passage of this act except as to the in-crease of 25 majors provided for in section

I hereof."

The importance of legislation for the permanent increase of the army is therefore manifest, and the recommendation of the secretary of war for that purpose has my unqualified approval. There can be no question that at this time and probably for some time in the future 100,000 men will be none too many to meet the increasities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the president to enlist that force 1 hereof.' if in his discretion it should be neces-sary, and the further discretion should be given him to recruit within the above limit from the inhabitants of the islands with the government of which we are

charged. It is my purpose to muster out the en-tire volunteer army as soon as congress shall provide for the increase of the regular establishment. This will be only an act of justice, and will be much appreciated by the brave men who left their

homes and employments to help the country in its emergency. POSTAL SERVICE.

Extraordinary Growth and Gratifying Increase in Efficiency.

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

menting use.

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

Capital Centennial.

In the year 1900 will occur the centen-nial anniversary of the founding of the city of Washington for the permanent capital of the government of the United States by authority of an act of congress approved July 16, 1790. In May, 1800, the archives and general offices of the national congress met here for the first esting event assumes all the more significance when we recall the circumstances attending the choosing of the site, the naming of the capital in honor of the father of his country, and the interest taken by him in the adoption of plans for its future development on a magnificent These orginal plans have been wrough

out with a constant progress and a sig-nal success, even beyond anything their framers had foreseen. Labor Laws.

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

consideration of congress.
WILLIAM M'KINLEY.

GOVERN HAWAH

President Transmits Report of the Commission.

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

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

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

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

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

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

by general election. Sessions of the legislature are limit-

ed to 60 days. Five registration districts are provided, and the governor of the territory is authorized to appoint registration

boards with the advice of the senate.

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

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

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

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

Bill for Sugar-Beet Bounty. Salem, Or., Dec. 8 .- While looking

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

Washington, Dec. 8 .- The transport Puebla arrived at Manila today. deaths are reported.

Massacred by Niger Tribesmen London, Dec. 8.—The British for-eign office has received news that Lieutenants Keating and Gale and 12 native soldiers were massacred in October, while parleying with the tribesmen of the Niger territory between Jobba and Ilo.

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