

PRESIDENT'S MESSAGE

To the Congress of the United States: As representatives of the people in the legislative branch of their government, you have assembled at a time when the strength and excellence of our free institutions and the fitness of our citizens to enjoy popular rule have been again made manifest. A political contest involving momentous consequences, fraught with feverish apprehension, and creating aggressiveness so intense as to approach bitterness and passion, has been waged throughout our land, and determined by the decree of free and independent suffrage without disturbance of our tranquility or the least sign of weakness in our national structure.

When we consider these incidents and contemplate the peaceful obedience and manly submission which have succeeded a heated clash of political opinions, we discover abundant evidence of a determination on the part of our countrymen to abide by every verdict of the popular will, and to be controlled at all times by an abiding faith in the agencies established for the direction of the affairs of their government. Thus, our people exhibit a patriotic disposition, which entitles them to demand of those who undertake to make and execute their laws such faithful and unselfish service in their behalf as can only be promoted by a serious appreciation of the trust and confidence which the acceptance of public duty invites.

In obedience to constitutional requirement, I hereby submit to the congress certain information concerning national affairs, with the suggestion of such legislation as, in my judgment, is necessary and expedient. To secure brevity and to avoid tiresome narration, I shall omit many details concerning matters within federal control, which, by no means unimportant, are more profitably discussed in departmental reports.

I shall also further curtail this communication by omitting a minute recital of any minor incidents connected with our foreign relations which have heretofore found a place in executive messages, but are now contained in a report of the secretary of state, which is herewith submitted.

FOREIGN RELATIONS.

America a Refuge for Persecuted Armenians.

At the outset of a reference to the more important matters affecting our relations with foreign powers, it would afford me satisfaction if I could assure the congress that the disturbed conditions in Asiatic Turkey had during the past year assumed a less hideous and bloody aspect, and that, either as a consequence of the awakening of the Turkish government to the demand of humane civilization or as the result of a decisive action on the part of the great nations having the right by treaty to interfere for the protection of those exposed to the rage of mad bigotry and cruel fanaticism, the shocking features of the situation had been mitigated. Instead, however, of welcoming a softened disposition or protective intervention, we have been afflicted by continued and not infrequent reports of the wanton destruction of homes and the bloody butchery of men, women and children; made martyrs to their profession of Christian faith.

While none of our citizens in Turkey have thus far been killed or wounded, though often in the midst of dreadful scenes of danger, their safety in the future is by no means assured. Our government at home and our minister at Constantinople have left nothing undone to protect our missionaries in Ottoman territory, who constitute nearly all the individuals residing there who have a right to claim our protection on the score of American citizenship.

Our efforts in this direction will not be relaxed, but the deep feeling and sympathy that have been raised among our people ought not to so far blind their reason and judgment as to lead them to demand impossible things. The outbreaks of blind fury, which lead to murder and pillage in Turkey, occur suddenly and without notice, and an attempt on our part to force such a hostile presence there as might be effective for prevention or protection would not only be resisted by the Ottoman government, but would be regarded as an interruption of their plans by the great nations who assert their exclusive right to intervene in their own time and method for the security of life and property in Turkey.

Several naval vessels are stationed in the Mediterranean as a measure of caution and to furnish all possible relief and refuge in case of emergency.

THE CUBAN QUESTION.

Friendly Offices of the United States Offered to Settle the War.

The insurrection in Cuba still continues, with all its perplexities. It is difficult to perceive that any progress has thus far been made towards the pacification of the island, or that the situation of affairs, as depicted in my last annual message, has in the least improved.

If Spain still holds Havana and the seaports and all the considerable towns, the insurgents still roam at will over at least two-thirds of the inland country. The determination of Spain to put down the insurrection seems but strengthened with the lapse of time, as is evinced by her unhesitating devotion of largely increased military and naval forces to the task. There is much reason to believe that the insurgents have gained in number, character and resources, and are none the less inflexible in their resolve not to succumb without practically securing the great object for which they took up arms.

If Spain has not yet re-established her authority, neither have the insurgents yet made good their title to be regarded as an independent state. Indeed, as the contest has gone on, the pretense that civil government exists on the island, except so far as Spain is able to maintain it, has been practically abandoned. Spain does keep on foot such a government, more or less imperfectly, in the large towns and their immediate suburbs, but, that exception being made, the entire country is either given over to anarchy or is subject to the military occupation of one or the other party. It is reported, indeed, on reliable authority, that at the demand of the commander-in-chief of the insurgent army the putative Cuban government has now given up all attempt to exercise its functions, leaving that government confessedly (what there is best reason for supposing it always to have been in fact) a government merely on paper.

Our Concern in Cuba.

The spectacle of the utter ruin of an adjoining country, by nature one of the most fertile and charming on the whole globe, would engage the serious attention of the government and the people of the United States in any circumstances. In point of fact, they have a concern with it which is by no means of a wholly sentimental or philanthropic character. It lies so near to us as to be hardly separated from our territory. Our actual pecuniary interest in it is second only to that of the people of Spain. It is reasonably estimated that at least from \$30,000,000 to \$50,000,000 of American capital is invested in plantations and in railroads, mining and other business enterprises on the island. The volume of trade between the United States and Cuba, which in 1889 amounted to about \$64,000,000, rose in 1893 to about \$103,000,000, and in 1894, the year before the present insurrection broke out, amounted to nearly \$96,000,000.

Demand for Intervention.

These inevitable entanglements of the United States with the rebellion in Cuba, the large American property interests affected, and considerations of philanthropy and humanity in general, have led to a vehement demand in various quarters for some sort of positive intervention on the part of the United States. It was at first proposed that belligerent rights should be accorded the insurgents, a proposition no longer weighed because its untimely and impractical operation would be clearly perilous and injurious to our interests. It has since been and is now sometimes contended that the independence of the insurgents should be recognized. But, imperfect and restricted as the Spanish government of the island may be, no other exists there, unless the will of the military officer in temporary command of a particular district can be dignified as a species of government. It is now also suggested that the United States should buy the island—a suggestion possibly worthy of consideration if there were any evidences of a desire or willingness on the part of Spain to entertain such a proposal. It is urged, finally, that, all other methods failing, the existing internecine strife in Cuba should be terminated by our intervention, even at the cost of a war between the United States and Spain—a war which its advocates confidently prophesy could neither be large in its proportions nor doubtful in its issue.

A Character to Maintain.

The correctness of this forecast need be neither affirmed nor denied. The United States has, nevertheless, a character to maintain as a nation, which plainly dictates that right and not might should be the rule of its conduct.

Further, though the United States is not a nation to which peace is a necessity, it is, in truth, the most pacific of powers and desires nothing so much as to live in amity with all the world. Its own ample and diversified domain satisfies all possible longings for territory, precludes all claims of conquest and prevents any casting of covetous eyes upon neighboring regions, however attractive.

That our conduct towards Spain and her dominions has constituted no exception to this national disposition is made manifest by the course of our government, not only thus far during the present insurrection, but during the 10 years that followed the rising of Yara in 1868. No other great power, it may safely be said, under circumstances of similar perplexity, would have manifested the same restraint and the same patient endurance.

Respect for Spain.

It may also be said that this persistent attitude of the United States towards Spain in connection with Cuba unquestionably evinces no slight respect and regard for Spain on the part of the American people. They, in truth, do not forget her connection with the discovery of the Western hemisphere, nor do they underestimate the great qualities of the Spanish people, nor fail to fully recognize their splendid patriotism and their chivalrous devotion to the national honor. They view with wonder and admiration the cheerful resolution with which vast bodies of men are sent across thousands of miles of ocean and an enormous debt accumulated that the costly possession of the Gem of the Antilles may still hold its place in the Spanish crown.

And yet neither the government nor the people of the United States have shut their eyes to the course of events in Cuba nor have failed to realize the extent of conceded grievances which have led to the present revolt from the authority of Spain, grievances recognized by the queen regent and by the cortes, voiced by the most patriotic and enlightened of Spanish statesmen without regard to party, and demonstrated by reforms proposed by the executive and approved by the legislative branch of the Spanish government. It is in the assumed temper and disposition of the Spanish government to remedy these grievances, fortified by indications of influential public opinion in Spain, that this government has hoped to discover the most promising and effective means of composing the present strife with honor and advantage to Spain and with the achievement of all the ostensible objects of the insurrection.

A Way Out of It.

Nevertheless, realizing that suspicions on the part of the weaker of the two combatants are always natural and not always unjustifiable, being sincerely desirous in the interest of both as well as on our own account that the Cuban problem should be solved with the least possible delay, it was intimated by this government to the government of Spain some months ago that if a satisfactory measure of home rule were rendered the Cuban insurgents, and would be accepted by them upon a guaranty of its execution, the United States would endeavor to find a way not objectionable to Spain of furnishing such guaranty.

While no definite response to this intimation has yet been received from the Spanish government, it is believed to be not altogether unwelcome, while, as already suggested, no reason is perceived why it should not be approved by the insurgents. Neither party can fail to see the importance of early action, and both must realize that to prolong the present state of things for even a short period will add enormously to the time and labor and expenditure necessary to bring about the industrial recuperation of the island. It is, therefore, fervently hoped on all grounds that earnest efforts for healing the breach between Spain and the insurgent Cubans upon the lines above indicated may be at once inaugurated and pushed to an immediate successful issue. The friendly offices of the United States, either in the manner above outlined or in any other way consistent with our constitution and laws, will always be at the disposal of either party.

Whatever policy may arise, our policy and our interest would constrain us to object to the acquisition of the island or to any interference with its control by any other power.

Conflict Must Soon End.

It should be added that it cannot be rea-

sonably assumed that the hitherto expectant attitude of the United States will be indefinitely maintained. While we are anxious to accord all due respect to the sovereignty of Spain, we cannot view the pending conflict in all its features and properly apprehend our close relations to it and its possible results without considering that by the course of events we may be drawn into such an unusual and unprecedented condition as will fix a limit to our patient waiting for Spain to end the contest, either alone and in her own way, or with our friendly co-operation.

When the inability of Spain to deal successfully with the insurgents has become manifest, and it is demonstrated that her sovereignty is extinct in Cuba for all purposes of its rightful existence, and when a hopeless struggle for its re-establishment has degenerated into a strife which means nothing more than the useless sacrifice of human life and the utter destruction of every subject matter of the conflict, a situation will be presented in which our obligations to the sovereignty of Spain will be superseded by higher obligations, which we can hardly hesitate to recognize and discharge. Deferring the choice of ways and methods until the time for action arrives, we should make them depend upon the precise conditions then existing; and they should not be determined upon without giving careful heed to every consideration involving our honor and interest, or the international duty we owe to Spain. Until we face the contingencies suggested, or the situation is by other incidents imperatively changed, we should continue in the line of conduct heretofore pursued, thus in all circumstances exhibiting our obedience to the requirements of public law and our regard for the duty enjoined upon us by the position we occupy in the galaxy of nations.

A contemplation of emergencies that may arise should plainly lead us to avoid their creation, either through a careless disregard of present duty or even an undue stimulation and ill-timed expression of feeling. But I have deemed it not amiss to remind the congress that a time may arrive when a correct policy and care for our interests, as well as regard for the interests of other nations and their citizens, joined by considerations of humanity and a desire to see a rich and fertile country, intimately related to us, saved from complete devastation, will constrain our government to such action; will subvert the interests involved and at the same time promise to Cuba and its inhabitants an opportunity to enjoy the blessings of peace.

TREASURY DEPARTMENT.

Excess of Expenditures Over Receipts.

The secretary of the treasury reports that during the fiscal year ended June 30, 1894, the receipts of the government from all sources amounted to \$409,475,408 75. During the same period, its expenditures were \$434,678,554 48, the excess of expenditures over receipts thus amounting to \$25,203,245 72. The ordinary expenditures during the year were \$4,015,852 21 less than during the preceding fiscal year. Of the receipts mentioned, there were derived from customs the sum of \$180,021,751 67, and from internal revenue \$146,830,615 66. The receipts from customs show an increase of \$7,863,134 22 over those from the same source for the fiscal year ending June 30, 1893, and the receipts from internal revenue an increase of \$3,584,537 91.

The value of our imported dutiable merchandise during the last fiscal year was \$369,757,770, and the value of free goods imported \$409,967,470, being an increase of \$5,523,675 in the value of dutiable goods and \$41,251,034 in the value of free goods over the preceding year. Our exports of merchandise, foreign and domestic, amounted in value to \$382,696,938, being an increase over the preceding year of \$75,068,773. The average ad valorem duty paid on dutiable goods imported during the year was 39.94 per cent, and on free and dutiable goods taken together 20.55 per cent.

The cost of collecting the internal revenue was 2.78 per cent, as against 2.81 per cent for the fiscal year ending June 30, 1893.

THE WAR DEPARTMENT.

Little Active Work for the Army During the Year.

The report of the secretary of war exhibits satisfactory conditions in the several branches of the public service entrusted to his charge. The limit of our military force, as fixed by law, is constantly and readily maintained. The present discipline and morals of our army are excellent, and marked progress and efficiency are apparent throughout its entire organization.

With the exception of delicate duties in the suppression of slight Indian disturbances along our southwestern boundary, in which the Mexican troops co-operated, and the compulsory but peaceful return of a band of Cree Indians from Montana to the British possessions, no active operations have been required of the army during the year past.

Changes in the method of administration, the abandonment of unnecessary posts, and the consequent concentration of troops, and the exercise of care and vigilance by the various officers charged with the responsibility in the expenditures of the appropriations, have resulted in reducing to a minimum the cost of maintenance of our military establishment.

During the past year the work of constructing permanent infantry and cavalry posts has been continued at places heretofore designated. The secretary of war repeats his recommendation that appropriations for barracks and quarters should more strictly conform to the need of the service, as judged by the department, rather than respond to the wishes and importunities of localities. It is imperative that much of the money provided for such construction should now be allotted to the erection of necessary quarters for the garrisons assigned to the coast defenses, where many men will be needed to properly care for and operate modern guns. It is essential, too, that early provision be made to supply the necessary force of artillery to meet the demands of this service.

Coast Fortifications.

During the past year, rapid progress has been made toward the completion of the scheme adopted for the protection and armament of fortifications along our seacoast, while equal progress has been made in providing the material for submarine defenses in connection with these works. It is peculiarly gratifying, at this time, to note the great advance that has been made in this important undertaking since the date of my annual message to the 53d congress at the opening of its second annual session in December, 1893. At that time, I informed the congress of the approaching completion of nine 12-inch, 20 10-inch, and 34 8-inch high-power steel guns, and 75 12-inch rifled mortars. This total then seemed insignificant compared with the great work remaining to be done, yet it was none the less a source of satisfaction to every citizen when he reflected that it represented the first installment of the new ordinance of American design and American manufacture, and demonstrated our ability to supply from our own resources guns of

unexcelled power and accuracy. At that date, however, there were practically no carriages upon which to mount these guns, and only 31 emplacements for guns and 54 for mortars. Nor were all these emplacements in condition to receive their armament. Only one high-power gun was at that time in position for the defense of the entire coast. Since that time, the number of guns actually completed has been increased to 21 12-inch, 56 10-inch, and 61 8-inch rifled mortars.

In addition there are in process of construction one 16-inch-type gun, 50 12-inch, 56 10-inch, 27 8-inch high-power guns, and 66 12-inch rifled mortars, in all 423 guns and mortars.

POSTOFFICE DEPARTMENT.

The Deficit Less Than in Former Years.

Our postoffice department is in good condition, and the exhibit made of its operations during the fiscal year ended June 30, 1894, if allowance is made for imperfections in the laws applicable to it, is very satisfactory. The total receipts during the year were \$32,499,208 40. The total expenditures were \$30,626,286 84, exclusive of \$1,559,898 27, which was earned by the Pacific railroads for transportation and credited on their debt to the government. There was an increase of receipts over the previous year of \$5,516,080 21, or 7.1 per cent, an increase of expenditures of \$3,835,124 02, or 4.42 per cent. The deficit was \$1,679,956 19 less than that of the preceding year.

The chief expenditures of the postal service are regulated by law and are not in the control of the postmaster-general. All that he can accomplish by the most watchful administration and economy is to enforce prompt and thorough collection and accountings for public moneys and such minor savings in small expenditures and in letting those contracts for postoffice supplies and star service which are not regulated by statute.

An effective co-operation between the auditor's office and the postoffice department, and the making and enforcement of orders by the department requiring immediate notification to their surities of any delinquencies on the part of postmasters and compelling such postmasters to make more frequent deposits of postal funds, have resulted in a prompt auditing of their accounts and much less default to the government than heretofore.

The year's report shows large extensions of both star route service and railway mail service, with increased postal facilities. Much higher accuracy in handling mails has also been reached, as appears by the decrease of errors in the railway mail service and the reduction of mail matter returned to the dead-letter office.

THE TARIFF.

The President's Defense of the Wilson Bill.

I desire to refer to the statement elsewhere made concerning the government receipts and expenditures for the purpose of venturing upon some suggestions touching our present tariff law and its operation.

This statute took effect on the 28th day of August, 1894. Whatever may be its shortcomings as a complete measure of tariff reform, it must be conceded that it has opened the way to a freer and greater exchange of commodities between the United States and other countries, and thus furnished a wider market for our products and manufacturing. The only entire fiscal year during which this law has been in force ended on the 30th day of June, 1895. In that year our imports increased over those of the previous year more than \$6,500,000, while the value of the domestic product we exported and which found markets abroad was nearly \$70,000,000 more than during the preceding year.

Those who insist that the cost to our people of articles coming to them from abroad for their needful use, should only be increased through tariff charges to an extent necessary to meet the expenses of the government, as well as those who claim that tariff charges may be laid upon such articles beyond the necessities of the government revenue and with the additional purpose of so increasing their price in our markets as to give American manufacturers and producers better and more profitable opportunities, must agree that our tariff laws are only primarily justified as sources of revenue to enable the government to meet the necessary expenses of its maintenance.

Considered as to its sufficiency in this aspect, the present law can by no means fall under just condemnation. During the only complete fiscal year of its operation, it has yielded nearly \$8,000,000 more revenue than was received from tariff duties in the preceding year. There was, nevertheless, a deficit between our receipts and expenditures of a little more than \$25,000,000.

The situation was such in December, seven months before the close of the fiscal year, that the secretary of the treasury foretold a deficiency of \$17,000,000. The great and increasing apprehension and timidity in business circles and the depression in all activities intervening since that time, resulting from causes perfectly well understood and entirely disconnected with our tariff law or its operation, seriously checked the imports we would have otherwise received and readily account for the difference between the estimate of the secretary and the actual deficiency as well as for a continued deficit. Indeed, it must be confessed that we could hardly have had a more unfavorable period than the last two years for the collection of a tariff revenue.

We cannot reasonably hope that our recuperation from this business depression will be sudden, but it has already set in with a promise of acceleration and continuance.

FINANCIAL MATTERS.

The Weakness and Vices of Our Present Methods.

This reference to the condition and prospects of our revenues naturally suggests an allusion to the weakness and vices of our financial methods. They have been frequently pressed upon the attention of congress in previous executive communications, and the inevitable danger of their continued toleration pointed out. Without now repeating these details, I cannot refrain from again earnestly presenting the necessity of the prompt reform of a system opposed to every rule of sound finance, and shown by experience to be fraught with the gravest peril and perplexity.

The terrible war which shook the foundations of our government more than 30 years ago brought in its train the destruction of property, the wasting of our country's substance and the estrangement of brethren. These are now past and forgotten. Even the distressing loss of life the conflict entailed is but a sacred memory which fosters patriotic sentiment and keeps alive a tender regard for those who nobly died. And yet there remains with us today in full strength, as an incident of that tremendous struggle, a feature of its financial necessities not only unsuited to our present circumstances, but manifestly a disturbing menace to business security and

an ever-present agent of monetary distress. Because we may be enjoying a temporary relief from its depressing influence, we not lull us into a false security of repose, but to forget the suddenness of panic.

INTERIOR DEPARTMENT.

Spent as Much Money as It Took to Run the Government.

The report of the secretary of the interior presents a comprehensive and interesting exhibit of the numerous and important affairs committed to his supervision. More than briefly refer to a few subjects concerning which the government gives full and instructive information. The money appropriated to this department for its discharge during the fiscal year ending June 30, 1894, was more than \$47,000,000, or a sum than was appropriated for the maintenance of the government for two fiscal years ended June 30, 1891.

Public Lands.

Our public lands, originally amounting to 1,840,000,000 acres, have been so encumbered that only 600,000,000 still remain in government control, excluding Alaska. The land, being by far the most valuable new estates and to railroads, or to other comparatively nominal sum.

The patenting of land, in excess of railroad grants has progressed rapidly during the year, and since the 4th of March, 1893, about 25,000,000 acres have been conveyed to these corporations. I agree with the secretary that the remainder of our public lands should be carefully dealt with, and their alienation guarded against by better economy and greater prudence.

Pacific Railroads.

The secretary calls attention to the public interests involved in an adjustment of the obligations of the Pacific railroads to the government. I deem it to be a important duty to especially present this subject to the consideration of the congress.

On January 1, 1897, with the amount ready matured, more than \$13,000,000 of principal of the subsidy bonds loaned the United States in aid of the construction of the Union Pacific railway, including its Kansas line, and more than 6,000 of like bonds issued in aid of the construction of the Western Pacific Railway Company will have fallen due and been paid or on that day be paid by the government. Without any reference to the application of the sinking fund now in the treasury, will create such a default on the part of these companies to the government as to give it the right to at once institute proceedings to foreclose its mortgage. In addition to this indebtedness that will be due January 1, 1897, there will be between that date and January 1, 1898, remaining principal of such subsidy bonds which must also be met by the government. These amount to more than \$100,000 on account of the Union Pacific line, and exceed \$21,000,000 on account of the Central Pacific line.

The situation of these roads and condition of their indebtedness to the government have been fully set forth in reports of various committees to the present and prior congresses, and as early 1887 they were thoroughly examined by a special commission appointed pursuant to an act of congress. The considerations requiring an adjustment of the government relations to the companies have been fully presented, and the conclusion reached with practical uniformity that if relations are not terminated they should be revised upon a basis securing their continuance.

Under a section of the act of congress passed March 3, 1887, the president charged with the duty, in the event of any mortgage or other incumbrance upon the property of the Pacific railroads, to exist and be lawfully liable to be enforced, to direct action of the department of the treasury and of justice for the protection of the interest of the United States by thorough judicial proceedings including foreclosure of the government liens. In view of the fact that the congress has for a number of years ago constantly had under consideration plans for dealing with the conditions existing between these roads and the government, have thus far felt justified in withholding action under the statute above mentioned.

DEPARTMENT OF AGRICULTURE.

Exports of Farm Products.

The secretary reports that the value of our exports of farm products during the last fiscal year amounted to \$50,000,000, an increase of \$17,000,000 over those of the year immediately preceding. This statement is none the less welcome because of the fact that notwithstanding such an increase the proportion of exported agricultural products to our total exports of all descriptions fell off during the year. The benefits of an increase in agricultural exports being assured, the decrease in the proportion to our total exports is the more gratifying, when we consider that it is owing to the fact that such total exports for the year increased more than \$25,000,000.

The large and increasing exportation of our agricultural products suggests the great usefulness of the organization lately established in the department for the purpose of giving to those engaged in farming pursuits reliable information concerning the condition and needs and advantages of different foreign markets. Inasmuch as the success of the farmer depends upon the advantageous sale of his products and inasmuch as the destinies of such products, it is quite apparent that a knowledge of the conditions and wants that affect those markets ought to result in sowing more intelligently and reaping with a better promise of profit. Such information points out the way to a prudent foresight in the selection and cultivation of crops and to a release from the bondage of unreasoning monopoly of production, a glutted and depressed market, and constantly recurring unprofitable toll.

Concluding Remarks.

In concluding this communication, the last words shall be an appeal to the congress for the most rigid economy in the expenditure of the money it holds in trust for the people. The way to a return to extravagance is easy, but a return to frugality is difficult. When, however, it is considered that those who can bear the burdens of taxation have no guaranty of honest care, save in the fidelity of their public servants, the duty of all possible retrenchment is plainly manifest. When our differences are forgotten and our contests of political opinion are no longer remembered, nothing in the retrospect of our public service will be as fortunate and comforting as the recollection of official duty well performed, and the memory of a constant devotion to the interests of our confiding fellow countrymen.

GROVER CLEVELAND.

Executive Mansion, Dec. 7, 1894.