OUR LATE WAR A FEATURE

No Suggestions Made Regarding the Government of Our New Territories-Foreign Relations Generally Sailsfactory-Hawalian Appeaation.

To the Senate and House of Representatives: 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 ever recorded. Every manufacture has been productive, agricultural pursuits have yielded abundant returns, labor in the fields of industry is better rewarded, revenue legislation passed by the present congress has increased the treasury's re-celpts 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 flag and for a righteous cause has strengthened the national spirit and served to cement more closely than ever the fraternal bonds be

tween 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 altimate determination by arms and involving far-reaching consequences which will require the earnest attention of the

In my last annual message, very full on 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 exposition of the views therein expressed, disclosed my sense of the extreme gravity of the

Setting aside, as logically unfounded or practically inadmissible, recogni-tion of the Cuban insurgents as beliger-ents, recognition of the independence ents, recognition of the independence 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 con-cluded 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 in-jurious to the true interests of the mother country, as well as to those of Cuba, and so repugnant to the universal entiment of humanity.

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 international courtesy and good will, a catastrophe the suspicious nature and horror of which stirred the nation's heart profoundly. It is a striking evidence of the polse and sturdy good sense distinguishing our national character that this blow falling worn a generous shocking blow, falling upon a generous people already deeply touched by pre-ceding events in Cuba did not move them sperate resolve to tolerate no longer disorder at our doors that made poss such a deed by whomsoever wrought. Yet the instinct of justice prevailed, and the nation anxiously awaited the result of the searching investigation at once set op foot. The finding of the naval board of inquiry established that the origin of the explosion was external by a subma-rine mine, and only halted, through lack of positive testimony, to fix the responsi-

PREPARATIONS FOR WAR. Congress' Appropriation of Fifty Millions for National Defense.

All those things carried conviction to the most thoughtful, even before the finding of the naval court, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief executive suggestion to congress to receive im-mediate answer to the duty of making instant provision for the possible and per-haps speedily probable emergency of war, and the remarkable, almost unique, spec-tacle was presented of a unanimous vote of both houses on the 9th of March ap-propriating \$50,000,000 "for the national defense and for each and every purpose connected therewith, to be expended at the

discretion of the president."

That this act of provision came none too soon was disclosed when the applica-tion of the fund was undertaken. Our ports were practically undefended; our navy needed large provision for increased ammunition and supplies, and even numbers to cope with any sudden attack from the navy of Spain, which comprised modessels of the highest type of continental perfection. Our army also required enlargement of men and muni-tions. The details of the hurried prepa-rations for the decided contingency is told in the reports of the secretaries of war and of the navy, and need not be repeated

It is sufficient to say that the outbreak war, when it did come, found our na tion not unprepared to meet the conflict, nor was the apprehension of coming strife confined to our own country. It was felt by the continental powers, which, on April 6, through their ambassadors and envoys, addressed to the executive an expression of hope that humanity and moderation might mark the course of this govern-ment and people, and that further nego-tiations would lead to an attempt, which, curing the maintenance of peace, would affirm all necessary guarantees for e-establishment of order in Cuba. Proposal of an Armistice.

Still animated by the hope of a peace ful solution and obeying the dictates of a speedy ending of the Cuban struggle. Negotiations to this effect continued actively with the government of Spain looking to the immediate conclusion of a six mouths' armistice in Cuba with a view to effect the recognition of her peo-ple's right to independence. Besides this, the instant revocation of the order of recentration was asked, so that the sufreturning to their homes and by united American and Spanish effort, might be put in a way to support themselves, and by orderly resumption of the well-nigh destroyed productive enerof the island contribute to the restoration of its tranquillity and well-being.

Authority to Intervene.
Grieved and disappointed at this barren outcome of my sincere endeavors to reach a practicable solution, I felt it my duty to that with this last overture in the directhat with the last overture in the direc-tion of immediate peace in Cuba and its disappointing reception by Spain the ef-fort 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 ras intervention as a neutral to stop the even though that resort involved "hostile constraint upon both parties to the contest, as well to enforce a truce as

o provide for eventual settlement."

In view of all this congress was asked to atherise and empower the president to measures to secure a full and final

ANNUAL MESSAGE termination of hostilities between Spain and the people of Cuba and to secure to the island the extablishment of a stable and the people of Cuba and to secure to the island the establishment of a stable government, capable of maintaining or-Important Features of the President's

Address.

Address.

Government, capable of maintaining order and observing its international obiligations, in security of its citizens as well as our own, and for the accomplishment of those ends to use the military and naval forces of the United States as might be necessary, with added authority to continue generous relief to the starving people of Cuba.

The response of congress, after nine days of earnest deliberation, during which the almost unanimous sentiment of your body was developed on every point, save as to the expediency of coupling the proposed action with a formal recognition of the republic of Cuba as the true and lawful

republic of Cuba as the true and lawful government of that island—a proposition which failed of adoption—the congress, after a conference on the 19th of April, by a vote of 42 to 34 in the senate and 311 to 6 in the house, passed the memorable joint resolution declaring:
"First-That the people of the island of Cuba are, and by right ought to be, free

Second-That it is the duty of the United States and the government of the United States hereby demands that the government of Spain at once relinquish its au-thority in the island of Cuba and with-draw its land and naval forces from Cuba

and Cuban waters.
"Third—That the president of the United States be and is hereby directed and empowered to use the entire land and naval forces of the United States and the militia of the several states to such extent as may be necessary to carry these resolu-tions into effect.

"Fourth-That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction or control over said island, except for the pacification thereof, and asserts its determina tion, when that is accomplished, to leave the government and control of the island to its people."

Rupture of Negotiations. This resolution was approved by the ex-ecutive on the next day, April 20. A copy was at once communicated to the Spanish minister at this capital, who forthwith announced that his continuance in Washington had thereby become impossible, and asked for his passports, which were given him. He thereupon withdrew from Washington, leaving the protection of Spanish interests in the United States to the French ambassador and the Aus-

tro-Hungarian minister. Simultaneously with its communication to the Spanish minister, General Woodford, the American minister at Madrid, was telegraphed confirmation of the text of the joint resolution and directed to communicate it to the government of Spain with the formal demand that it ar once relinquish its authority and govern-ment in the island of Cuba, and withdraw its forces therefrom, coupling this demand with announcements of the intentions of this government as to the future of the island, in conformity with the fourth clause of the resolution, and giving Spain

until noon of April 23 to reply.

Spain, having thus denied the demand of the United States, and initiated that complete form of rupture of relations which attends a state of war, the executive powers authorized by the resolution were used by me to meet the enlarged contingency of ictual war between Spain and the United States.

On April 22 I proclaimed a blockade of the northern coast of Cuba, including ports on said coast between Cardenas and Bahia Honda and the port of Cienfuegos, on the south coast of Cuba; and on the 23d I called for volunteers to execute the pur pose 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 existence 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 21st 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 wa

as aforesaid was given April 25 by telegraph to all the governments with which the United States maintained relations, in order that their neutrality might be assured during the war. The various governments responded with proclamations of neutrality, each after its own method. It 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 circumstances.

In further fulfillment of international duty, I issued, April 26, a proclamation announcing the treatment proposed to be accorded to vessels and their cargoes as to blockade, contraband, the exercise of the right of subjects and the immunity of neu-tral flags and neutral goods under the enemy's flag. A similar proclamation was made by the Spanish government. In the although neither was a party to that dec-

laration. 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 3 per cent popular loan, not to exceed \$400,000,000,000, and by levying additional imposts and taxes. Of the authorized loan, \$200,000,000 was offered and promptly taken,

the subscriptions so far exceeding the call as to cover it many times over. While preference was given to the small-er bids, no single allotment exceeded \$5000. This was a most encouraging and significant result, showing the vast re-sources of the nation and the determination of the people to uphold their country's honor.

PROGRESS OF THE CONFLICT. Brilliant Series of Victories

American Arms.

It is not within the province of this 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

in construction. Dewey at Manila

The next engagement was destined to mark a memorable epoca in maritime war-fare. The Pacific flest, under Commo-dore George Dewey, had lain for some 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 Kong, whence it proceeded to the Philip-pine islands under telegraphic orders to capture or destroy the formidable Spanish fleet then assembled at Manila. At daybreak on May I the American force entered Manila bay, and after a few hours' engagement effected the total destruction of the Spanish fleet, consisting of 10 war-ships 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 Manlia, with the ability to take the city at will. Not a life was lost on our ships, the wounded number-ing 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 of life and property prevented the early storming and capture of the city, and therewith the absolute military occupation of the whole group. The insurgents, meanwhile, had resumed the active hostilities suspended by the uncompleted truce of December, 1897. Their forces invested Manila on the northern and east-ern side, but were constrained by Admiral Dewey and General Merritt from attempt-

ing an assault. It was fitting that whatever was to be done in the way of de-

Obeying the stern precept of war, which 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 enforce-ment of a just and advantageous peace could be thought of.

could be thought of.
Following the adoption of a comprehensive scheme of general attack, powerful forces were assembled at various points ou our coast to invade Cuba and Porto Rico. Meanwhile, naval demonstrations were made at several exposed points. May II the cruiser Wilmington and torpedo-boat Winslow were unsuccessful in an attempt to silence the batteries at Cardenas, in Matanzas, Ensign Worth Bagley and four scamen failing. These grievous fatalities were strangely enough among the very few which occurred during our naval operations in this extraordinary conflict.

Meanwhile, the Spanish naval preparations had been pushed with great vigor. A powerful squadron under Admiral Cervera, which had assembled at the Cape

Verde islands before the beginning of hos-tilities, had crossed the Atlantic ocean and by its erratic movements in the Caribbean sea delayed our military operations, while haffling the pursuit of our fleets. For a time fears were felt lest the Oregon and Marietta, then nearing home after their long voyage from San Francisco of over 15,000 miles, might be surprised by Admiral Cervera's fleet, but their fortunate arrival ispelled the apprehensions and lent much needed reinforcements. Not until Admiral Cervera took refuge in the harbor of Santiago de Cuba, about May 9, was it practicable to plan a systematic military attack upon the Antillean possessions of

Several demonstrations occurred on the several demonstrations occurred on the scoast of Cuba and Porto Rico in preparation for the larger event. On May 12 the North Atlantic squadron shelled San Juan de Porto Rico. On May 30 Commodore Schley's squadron bombarded the forts guarding the mouth of Santiago harbor. Neither attack had any material result. It was evident that well-ordered land operations were indiagnosphe to solve edge. tions were indispensable to achieve a decided advantage.

Hobson's Heroism.

The next act in the war thrilled not 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 Spanlards. It is a most gratificing incident ifying incident of the war that the brav-ery of this little band of heroes was corery of this little band of heroes was cor-dially appreciated by the Spaniards, who sent a flag of truce to notify Admiral Sampson of their safety and to compli-ment them upon their daring act. They

were subsequently exchanged, July 7.

By June 7 the cutting of the last Cuban cable isolated the island. Thereafter the invasion was vigorously prosecuted. June 10 under a beauty prosecuted. 10, under a heavy protecting fire, a landing force of 600 marines from the Oregon, Marbichead 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 lesperate attempts to dislodge our forces, By June 16 additional forces were landed and strongly intrenched,

June 22 the advance of the invading army under Major-General Shafter landed at Daiquiri, about 15 miles east of Santi-ago. This was accomplished under great difficulties, but with marvelous dispatch. On June 23 the movement against Santiago

On the 24th the first serious engagement took place in which the First and Tenth cavalry and the First volunteer cavalry, General Young's brigade of General Wheeler's division, participated, losing neavily. By nightfall, however, ground 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 geining the outer works 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 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 Ameri-can squadron under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed. Two torpedo-boats were sunk and the Ma-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 made by the Spanish government. In the conduct of hostilities, the rules of the declaration of Paris, including abstention declaration of Paris, including abstention was killed and one man seriously wounded. not one was seriously injured. The men also conspicuously distinguished them-selves, from the commanders to the gunners and the unnamed heroes in ners and the unnamed heroes in the boiler-rooms, each and all contributing toward the achievement of this astound-ing victory, for which neither ancient nor modern history affords a parallel in the completeness of the event and the marvel-ous disproportion of casualties. It would to the requirements of equipment and for the conduct of the war, the patriotism of the conduct of the means in the war profoundest gratitude is due to all of those who by their skill and devopower of Spain and wrought a triumph whose decisiveness and far-reaching ef-fects can scarcely be measured. Nor can we be unmindful of the achievements of their skill in the construction of our war-

ships,
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 recalled after it had passed through 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 trues to allow of the removal of the noncombatants, protracted negotiations continued from July 2 until July 15, when, under menace of immediate assault, the preliminaries of surrender were agreed upon, On the 17th General Shafter occu-pled the city. The capitulation embraced the entire eastern end of Cubs. The num-ber of Spanish soldiers surrendered was 22,000, all of whom were subsequently conveyed to Spain at the charge of the United States. The story of this success-ful campaign is told in the report of the secretary of war which will be laid be-

Invasion of Porto Rico. With the fall of Bantingo, the occupation of Porto Rico became the next strategic necessity, General Miles had pre-viously been assigned to organize an expedition for that purpose. Fortunately, he was already at Santiago, where he had arrived on the 11th of July with reinforcements for General Snafter's army. With these troops, consisting of 3415 infantry these troops, consisting of Mis infantry and artillery, two companies of engineers and one company of the signal corps, General Miles left Guantanamo July 21, having nine transports convoyed by the fleet under Captain Higginson, with the Massachusetts (flagship). Dixie, Gloucester, Columbia and Yale, the two latter carrying traces. ing troops. The expedition landed at Guanica, July E, which port was entered with little opposition. Here the fleet was joined by the Annapolis and Wasp, while the Puritan and Amphirite went to San Juan and joined the New Orleans, which was engaged in blockading that port. The was engaged in blocksding 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 Brooks, with a part of his corps, numbering in all 16.9% officers and men. On July 27 he entered Poncs, and men. On July 27 he entered Ponce, one of the mest important points in the island, from which he thereafter directed operations for the capture of the leland.

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 Manila, its starting place. On August after a brief assault upon the works by the land forces, in which the squadron issisted, the capital surrendered uncondi-ionally. The casualties were comparatively few. By this conquest of the Phil-ippine 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 un-complaining 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. The total casualties in killed and wound-ed in the army during the war was as fol-Officers 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.

It will be observed that while our navy was engaged in two great battles and in numerous perilous undertakings in the blockades and bombardments, and more than 50,000 of our troops were transported to distant lands and engaged in assault and siege and battle and many skirmishes in unfamiliar territory, we lost in both arms of the service a total of 1668 killed and wounded, and in the entire campaign by land and sea we did not lose a gun or a flag, or a transport or a ship, and, with the exception of the crew of the Merri-mac, not a soldier or sailor was taken

On August 7, 46 days from the date of landing of General Shafter's army in Cuba, and 21 days from the surrender of Santiago, the United States troops commenced embarkation for home, and our entire force was returned to the United States as early as August 24. They were absent from the United States only two

PEACE NEGOTIATIONS. Spain's Overtures for a Cessation of Hostilities

The annihilation of Admiral Cervera's fleet, followed by the capitulation of San-tiago, having brought to the Spanish government a realizing sense of the hopeless-ness of continuing a struggle now becoming wholly unequal, it made overtures of peace through the French ambassador, who, with the assent of his government who, with the assent of his government, had acted as the friendly representative of Spain's interests during the war. On the 25th of July, M. Cambon presented a communication, signed by the Duke of Almodovar, the Spanish minister of state, inviting the United States to state the 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 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 roup, but appeared to seek to introduce admissible reservations in regard to our

demand as to the Philippines.

Conceiving that discussion on this point could neither be practicable nor profitable, I directed that, in order to avoid mis understanding, the matter should be understanding, the matter should be forthwith closed by proposing the embodiment in a formal protocol of the terms in which the negotiations for peace were undertaken. The vague and inexplicit suggestions of the Spanish note could not be accepted, the only reply being to present as a virtual ultimatum a draft of the protocol embodying the predraft of the protocol, embodying the pre-cise terms tendered to Spain in our note of July 30, which added stipulations of details as to the appointment of com-missioners to arrange for the evacuation of the Spanish Antilles. 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 2. M. Cambon as the plenipotentiary of plenipotentiary of the United States, signed the protocol providing: "Article 1. Spain will relinquish all

claim of sovereignty over and title to "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 e Ladrones to be selected by the United

"Article 3. The United States will occupy 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 meet in Havana and San Juan, respective-ly, for the purpose of arranging and carying 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 apsioners 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 ac-cording to the respective constitutional forms of the two countries.

The sixth and last article provides that upon the signing of the protocol, hostili-ties 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 protocol, I issued the proclamation of August 12, suspending hottlitties on the part of the United States. The necessary orders to that end were at once given by tel-egraph. The blockade of the ports of Cu-ba and of San Juan de Porto Rico was in ha and of San Juan to Port Rec value of San Juan to Police Inc.

Ilke 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 of-ficers 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 hon-orably discharged from the service.

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

For Cuba-Major-General James Wade, Rear-Admiral William T. Sampson, Major-General Matthew C. Butler. For Porto Rico-Major-General John C. Brooke, Rear-Admiral Winfield Schley, Brigadier-General W. Gordon. They soon afterwards met the Spanish commissioners at Havana and San Juan, respectively. The Porto Rico joint commis-sion speedily accomplished its task, and by October 15 the evacuation of the Island was completed. The United States flag day. The administration of its affairs has been provisionally intrusted to a military governor until congress shall otherwise provide. The Cuban joint high commis-sion has not yet terminated its labors. Ow-ing to the difficulties fit the way of remov-ing the large number of Spanish troops still in Cuba, the evacuation cannot be completed before the lat of January next.

The Pence 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, senators of the United States, and Whiteinw Reld, to be seen a commissioners on the part of of the United States, and Whiteline Reid, to be peace commissioners on the part of the United States. Proceeding in due season to Paris, they there met, on the lat 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 stansium.

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

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

With the exception of the rupture with pain, the intercourse of the United Stare, 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-centing no serious obstacles to adjust-ment and honorable solution by amicable agreement.

A long-unsettled dispute as to the extended boundary between the Argentine republic and Chile, stretching along the Andean crests, from the southern border 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 with whom the admiral and the United of the year and afforded this government of the year and afforded this government occasion to express the hope that the resort to arbitration, already contemplated appropriate arrangements for transfer-ring the sovereignty of the islands to the United States. This was simply but impressively accomplished on August 12 last, the delivery of a certified copy of end have been perfected, the questions of fact upon which the respective commissloners were unable to agree being in course of reference to her Britannic majesty for determination. A residual dif-ference, touching the northern boundary line across the Atacama desert, for which existing treaties provided no adequate ad-ferred upon me, I directed that the civil. existing treaties provided no adequate ad-justment, bids fair to be settled in like manner by a joint commission, upon which the United States minister at Buenos Ayres has been invited to serve as umpire in the last resort. International Cable Agreement

I have found occasion to approach the Argentine government with a view to re-moving differences of rate charges imposed upon the cables of an American corporation in the transmission between Suenos 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 concessions by Uruguay and Brasile foreign companies, there is a strong hope that a good understanding will be reached that the important channels of commercial communication between the United States and the Atlantic cities of mercial 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 distinction of a larger proportion of awards, having regard to the number and classes of articles entered, than those of other countries. The worth of such a result in making known our national capacity to supply the world's

The Micaragua Canal. The Nicaragua canal commission, under 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 exhaustly nquiry into the proper route, the feasibility and the cost of construction of an interoceanic canal by the Nicsragua 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 appreciation of the importance of giving a speedy and practical outcome of the project that has for so many years engressed 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 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 es-sential 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. Un-der these circumstances, and in view of overtures made to the governments of Nicaragua and Costa Rica by other par-ties for a new canal concession predicated Spain and the secretary of state, as the on the assumed approaching lapse of the plenipotentiary of the United States, 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 interbetween the several governments inter-ested in the construction and control of an interoceanic canal by this route require the maintenance of the status quo until the canal commission shall have reported and the United States congress shall have had the opportunity to pass finally upon the whole matter during the present session without prejudice by reaon of any change in the existing condi-

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 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 session if the labors of the past are to be utilized and the linking of the are to be utilized and the linking of the Atlantic and Pacific oceans by a practical waterway is to be realized. That the construction of such a maritime highway is now more than ever indispensable to that intimate and ready intercommuniseaboards demanded by the annexation of the Hawaiian islands and the prospec-tive expansion of our influence and commerce to the Pacific, and that our national ley now more imperatively than ever calls for its control by this government, are propositions which I doubt not congrene will duly appreciate and wisely act

convention providing for the revival of the late United States and Chilean claims commission and the consideration of claims which were duly presented to the late commission, but not considered because of the expiration of the time limited for the duration of the commission, was signed May 24, 1897, and has remained unacted upon by the senate. The term therein fixed for effecting the exchange of ratifications having elapsed, the con-vention falls unless the time be extended by amendment, which I am endeavoring to bring about, with the friendly con-currence of the Chilean government. 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 1999 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 Mones P. Hardy, who, under the act approved July 19, 1897, was appointed special commissioner with a view of se-curing all attainable information necessary to a full and complete understanding congress in regard to the participation this government in the Paris exposi-in, was laid before you by my message December 6, 1897, and shows the large opportunities to make known our national progress in art, science and manufac-tures, as well as the urgent need of immediate and adequate provision to enable due advantage thereof to be taken. Mr. Handy's death soon afterward rendered it necessary for another to take up and complete his unfinished work, and Janu-ary Il last, Mr. Thomas W. Cridler, third nasistant secretary of atute, was designated to fulfill that task. His report was laid before you by my message of June 14. 1884, with the gratifying result of awakening renewed interest in the projected display.

Trade Relations With France and Germany.

The commercial arrangements made with France on May 28, 1828, 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 export trade from serious embarrasament, Further negotiations are now pending under section 4 of the same act, with a view to the increase of trade between the two countries to their mutual ad-vantage. Negotiations with other govern-ments, 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 sion of congress.

ANNEXATION OF HAWAIL Existing Laws in Force Pending Action by Congress.

Pending the consideration by the senate of the treaty signed June 16, 1897, by the plenipotentiaries of the United States and of the republic of Hawaii, providing for 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 Honolulu and entrusted to his hands this imby 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 United States the sovereignty and public prop judicial and military powers heretofore exercised by the officers of the govern-ment of the republic of Hawaii should continue to be exercised by those officers until congress should provide a government for the incorporated territory, sub-ject 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 un-interrupted continuance of all the administrative and municipal functions of the annexed territory until congress shall othrwise enact. Following the further provision of the

Joint resolution, I appointed the Honorables Shelby M. Cullom, of Illinois; John T. Morgan, of Alabama; Robert R. Hitt, of Illinois; Sanford B. Dole, of Hawaii, and Walter F. Grier, of Hawaii, as commissioners to confer and recommend to congress such legislation concerning the Hawalian islands as they should deem necessary or proper

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 recommendations tions will have the earnest consideration due to the magnitude of the responsibility resting upon you to give such shape to the relationship of those mid-Pacific lands to our home union as will benefit both in to our home union as will benefit both in the highest degree, realizing the aspira-tions of the community that has cast its lot with us and elected to share our po-litical heritage, while, at the same time, justifying the foresight of those who for three-quarters of a century have looked to the assimilation of Hawaii as a natural and inevitable consummation in harmony with our needs and in fulfillment of our

with our needs and in fulfillment of our 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 demnity to the government of Japan.

Under the provisions of the joint resolu tion, the existing customs relations of the Hawaiian islands with the United States and with other countries remain unchanged until legislation shall otherwise provide. The consuls of Hawaii, here and in foreign countries, continue to fulfill their commercial assences. 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 Hawaiian 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 Porto Rico and the Philippines sulting from the war, compel the prompt adoption of a maritime policy by frequent 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 Hawali with facilities, under national control, for their export and import trade. It will be conceded 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,-\$62 officers and men. In said act it was provided: "That at the end of any war in which the United States may become in-volved, the army shall be reduced to a peace basis by transfer in the same arm of the service or absorption, by pro-motion or honorable discharge, under such regulations as the secretary may es-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 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

hereof." The importance of legislation for the permanent increase of the army is 'here-fore 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 necessities 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 if in his discretion it should be necessary, and the further discretion sho be given him to recruit within the above limit from the inhabitants of the islands with the government of which we are charged.

Volunteers to Be Sent Home. It is my purpose to muster out the en-tire volunteer army as soon as congress shall provide for the increase of the reglar establishment. This will be only an act of justice, and will be much appreclated by the brave men who left homes and employments to help the country in its emergency.

Capital Centennial. In the year 1999 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 federal government were removed to this piace. On the 17th of November, 1860, the national congress met here for the first time and assumed exclusive control of the federal district and city. This interesting 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 scale.

These orginal plans have been wrought out with a constant progress and a sig-nal success, even beyond anything their framers had foreseen.

Departmental Reports. The several departmental reports will be laid before you. They give in great detail the conduct of the affairs of the government during the past year, and dis-

curs many questions upon which con-

called upon to act.

PACIFIC COAST TRADE.

Seattle Markets.

Tomatoes, 50@85c per box. Onions, 85@c90c per 100 pounds. Potatoes, \$10@12. Beets, per snek, \$1. Turning, per sack, 60@65c. Carrots, per sack, 65c. Parsnips, per sack, \$1. Beans, green, 2@3c. Cauliflower, 50@75c per doz. Celery, 40@50c. Cabbage, native and California

\$1.00@1.50 per 100 pounds. Apples, 50c@fac per box. Pears, 75c@\$1 per box. Prunes, 50c per box. Peaches, 75c. Plums, 50c. Butter-Creamery, 27c . per pound;

Eggs, 35c.

Cheese-Native, 12@1214c. Poultry-Old hens, 15c per pound; pring chickens, 15c; turkeys, 16c. Fresh meats-Choice dressed beef steers, prime, 61/2 @7c; cows, prime,

lairy and ranch, 18@20c per pound.

6 16c; mutton, 7 16c; pork, 6@7c; veal, Wheat-Feed wheat, \$21. Oats-Choice, per ton, \$23. Hay-Puget Sound mixed, \$9.50@

10; choice Eastern Washington timothy, \$12. Corn-Whole, \$23.50; cracked, \$24;

feed meal, \$23.50. Barley-Rolled or ground, per ton,

\$24@25; whole, \$22. Flour-Patent, per barrel, \$3.60; straights, \$3.25; California brends, \$3.25; buckwheat flour, \$3.75; graham, per barrel, \$3.70; whole wheat flour, \$3.75; rye flour, \$4.

Millstuffs-Bran, per ton, \$14; shorts, per ton, \$16. Feed-Chopped feed, \$17@21 per ton; middlings, per ton, \$17; oil cake meal, per ton, \$35.

Portland Market.

Wheat-Walla Walla, 58@60c; Valley and Bluestem, 63c per bushel. Flour-Best grades, \$3.30; graham, \$2.50; superfine, \$2.25 per barrel.

Oats-Choice white, 42@43c; choice gray, 40@41c per bushel. Barley-Feed barley, \$22@23; brewing, \$24 per ton.

Millstuffs-Bran, \$16 per ton; middlings, \$21; shorts, \$16; chop, \$15.50 Hay-Timothy, \$9@10; clover, \$7 @8; Oregon wild hay, 6\$ per ton.

Butter-Fancy creamery, 50@55c; seconds, 45@50c; dairy, 35@45c store, 27 @ 32c. Cheese-Oregon full cream, 11@13c; Young America, 15c; new cheese,

10c per pound. Poultry-Chickens, mixed, \$2.75@3 per dozen; hens, \$3.50@4.00; springs, \$1.25@3; geese, \$5.00@6.00 for old. \$4.50@5 for young; ducks, \$4.00@ 5.00 per dozen; turkeys, live, 11@

12c per pound. Potatoes-50@60c per sack; sweets,

2c per pound. Vegetables-Beets, 90c; turnips, 75c per sack; garlic, 7c per pound; cab-bage, \$1@1.25 per 100 pounds; cauliflower, 75c per dozen; parsnips, 75c per sack; beans, 8c per pound; celery, 70@75c per dozen; cucumbers, 50c per box; peas, 8@816c per pound.

Onions-Oregon, 75c@\$1 per sack. Hops-15@18e; 1897 crop, 4@6c. Valley, 10@120 Eastern Oregon, 8@12c; mohair, 25c per pound.

Mutton-Gross, best sheep, wethers and ewes, 31/2c; dressed mutton, 7c; spring lambs, 716c per lb. Hogs-Gross, choice heavy, \$4.75; light and feeders, \$3.00@4.00; dressed, \$5.50@6.50 per 100 pounds.

Beef-Gross, top steers, 3.50@\$3.75; cows, \$2.50@3.00; dressed beef, 5@6%c per pound. Veal-Large, 51/2 @6c; small, 61/2 @

71/2c per pound. San Francisco Market.

Wool-Spring-Nevada, 10@12c per pound; Oregon, Eastern, 10@12c; Valley, 15@17c; Northern, 9@11c. Millstuffs-Middlings, \$19@21.00;

bran, \$14.50@15.50 per ton. Onions-Silverskin, 50@ 60c per sack. Butter - Fancy creamery, 26c; do seconds, 22@24c; fancy dairy, 21@ 22c; do seconds, 17@21c per pound.

85 @ 37 14c. Citrus Fruit-Oranges, Valencia, \$2 @2.50; Mexican limes, \$6 @ 6.50; Cali, fornia lemons, \$2.00@.800; do choice-\$3.50@4.50; per box.

Eggs - Store, 18@22c; fancy ranch,

Marble Cut by Diamonds.

Many of the stonecutters formerly at work at the shops of the Paris exposition, between the Champs Elysees and the Seine, have lost their jobs. Not. perhaps, on account of a strike or the lack of work, for both the Grand Palais and the new Bridge Atexander III require an immense amount of hewn stone, but because of a new stone saw, constructed by a mechanical engineer, Felix Fromholt, of Paris. It is the largest diamond saw ever built on the continent, and the diamonds are set into the metal in a novel manner, after the inventor carefully studied the effect of high temperatures upon the crystallized and the powdered diamond,

The saw is of the circular kind, seven feet six inches in diameter, and set with 200 diamonds let into the metal and disposed of in such a way that 80 stones are set into the points of the saw teeth, 80 more into the faces of the teeth near their points and 40 more into the side of the teeth. The saw rotates at the rate of 300 revolutions per minute; its tangential speed is of 120 feet per second, and it cuts into the stone at the rate of a foot per minute for the hard face stones; for soft building stone the saw makes but 13 revolutions per minute, advancing 40 inches into the stone during that time. The stones are mounted on a chariot, the movement of which can be regulated to suit the adarnce of the raw. Blocks up to six feet high by four feet wide can be out with this monster saw just like so much wood.

The saw has been in operation for some little time, and has given perfect satisfaction. The saw not only cuts, but also trims rough-faced stones, and its use represents a great saving to the exposition company for the simple reason that while they had to pay workmen to smooth the big blocks \$2 per square metre, the same surface is now prepared by machine at an expense of about 25 cents.

The smallest flower known to the botanist is said to be that of the yeast plant. It is microscopic in size and is said to be only 100th of a millimeter in diameter.