## THE AFFAIRS OF STATE

President McKinley Discusses Them in a Lengthy Message.

## IMPORTANT MATTERS MENTIONED

The Situation, Present and Future, of Chinese Affairs Given Much Space-Decrease of War Tax Advocated-As to Pensions, Cuban Matters, Etc., Etc.

To the Senate and House of Representatives: At the outgoing of the old and the incoming of the new century you begin the last session of the Fifty-sixth congress with evidences on every hand of individual and national prosperity and with proof of the growing strength and increasing power for the good of republican institutions. Your countrymen will join with you in felicitation that American liberty is more firmly established than ever before, and that love for it and the determination to preserve it are more universal than at any former period of our history.

The republic was never so strong, because never so strongly entrenched in the hearts of the people as now. The constitution, with few amendments, exists as it left the hands of its authors. The additions which have been made to it proclaim larger freedom and more ex-tended citizenship. Popular government has demonstrated in its 124th year of trial here its stability and security, and its efficiency as the best instrument of national development and the best safeguard

to human rights. When the Sixth congress assembled in November, 1800, the population of the United States was 5,308,483. It is now 76,304,799. Then we had sixteen states. Now we have forty-five. Then our territory consisted of 909,050 square miles. It is now 3,846,595 square miles. Education, religion and morality have kept pace with our advancement in other directions, and while extending its power the government has adhered to its foundation principles and abated none of them in dealing with our new peoples and possessions . A nation so preserved and blessed gives reverent thanks to God and invokes His guidance and the continuance of His care and favor. In our foreign intercourse the domi-nant question has been the treatment of the Chinese problem. Apart from this our relations with the powers have been

REVIEW OF AFFAIRS IN CHINA. The recent troubles in China spring from the anti-foreign agitation which for the last three years has been gaining in strength in the northern provinces. Their origin lies deep in the character of the Chinese races and in the traditions of their government. The Taiping rebellion and the opening of the Chinese ports to foreign trade and settlement disturbed alike the homogenity and the seclusion of China.

Meanwhile foreign activity made itself felt in all quarters, not alone coast, but along the great river arteries and in the remoter districts, carrying new ideas and introducing new asosciations among a primitive people which had pursued for centuries a national policy Isolation. The telegraph and railway sperading over their land, steamers plying on their waterways, the merchants and the misionaries penetrating year by year to the interior became to the Chinese mind types of an alien invasion, changing the course of life and fraught with their national vague forebodings of disaster to their beliefs and their self-control.

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

Posting of anti-foreign placards became a daily occurrence, which the repeated reprobation of the imperial power failed to check or punish. These inflammatory appeals to the ignorance and superstition of the masses, mendacious and absurd in their accusations and deeply hostile in their spirit, could not but work cumulative harm. They aimed at no particular class of foreigners; they were impartial in attacking everything for-eign. An outbreak in Shan Tung, in which German misionaries were slain, was the too natural result of these malevolent teachings. The posting of seditious placards exhorting to the utter destruction of foreigners and of every foreign thing continued unrebuked. Hostile demonstrations toward the stranger

gained strength by organization. The sect, commonly styled the Boxers, developed greatly in the porvinces north of the Yang Tse and with the collusion of many notable officials, including some in the immediate councils of the throne itself, became alarmingly aggressive. No foreigner's life outside of the protected treaty ports" was safe. No eign interest was secure from spoliation. The diplomatic representatives of the powers in Pekin strove in vain to check this movement. Protest was followed by demand and demand by renewed protest, to be met with perfunctory edicts from the palace and everive and futile assurance from the tsung-li-yamen. The circle of the Boxer influence narrowed about Pekin, and while nominally stigmatized as seditious, it was felt that the spirit pervaded the capital itself, that the imperial forces were imbued with its doctrines and that immediate counselors of the empress downger were in full sympathy with the anti-foreign move-

in China and the imminence of peri! to our own diversified interests in the empire, as well as to those of all the other treaty governments, were soon appreciated by this government, causing it profound solicitude. The United States, from the earlies: days of foreign intercourse with China, had followed a policy of peace, omitting no occasion to testify good will, to further the exsovereignty of its government and to insure by all legitimate and kindly, but earnest means, the fulest measure of protection for the lives and property of our law-abiding citizens and for the exercise of their beneficent callings among

the Chinese people.
Mindful of this, it was felt to be appropriate that our purpose should be pronounced in favor of such a course as would hasten united action of the powers at Pekin to promote the administrative reforms so greatly needed for strengthening the imperial government and maintaining the integrity of China, in which we believed the whole western world to be alike concerned. To these ends I caused to be addressed to the several powers occupying territory and maintaining spheres of influence in China the circular proposals of 1899 inviting from them declarations of their intentions and views as to the desirability of the adoption of measures insuring the benefits of equality of treatment of all foreign trade throughout China.

With gratifying unanimity the responses coincided with this common policy, enabling me to see in the successful termination of these negotiations proof of the friendly spirit which animates the various powers interested in the untrammeled development of commerce and industry of the Chinese empire as a source of vast benefit to the whole commercial

world. In this conclusion, which I had the gratification to anounce as a completed engagement to the interested powers, on March 20, 1900, I hopefully discerned a potential factor for the abatement of the distrust of foreign purposes, which for a year past had appeared to inspire the policy of the imperial government and for the effective exertion by it of power and authority to quell the critical anti-foreign movement in the northern provinces most immediately influenced

by the Hanchu sentiment. Seeking to testify confidence in the willingness and ability of the imperial

prevent the evils we suffered and feared the marine guard, which had been sent to Pekin in the autumn of 1899 for the protection of the legation, was withdrawn at the earliest pra ctical moment and all the pending questions were rethe ordinary resorts of diplomatic inter-

The Chinese government proved, how-ever, unable to check the rising strength of the Boxers and appeared to be a prey to internal dissensions. In the unequal contest the anti-foreign infiuences soon gained the ascendancy under the leadership of Prince Tuan. Organized armies of Boxers, with which the Imperial armies affiliated, held the country between Pekin and the coast, penetrated into Manchuria up to the Russian border, and through their emissaries threatened a like rising throughout northern China.

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

Boxers. The United States, while not participating in the joint demonstration, promptly sent from the Philippines all ships that could be spared for service on the Chinese coast. A small force of marines was landed at Taku and sent to Pekin for the protection of the Americaa legation. Other powers took similar action until some 400 men were assembled

in the capital as legation guards.
Still the peril increased. The legations reported the development of the seditious movement in Pekin and the need of increased provision for defense against it While preparations were in progress for a larger expedition to strengthen the legation guards and keep the railways open an attempt of the foreign ships to make a landing at Taku was met by a fire from the Chinese forts. The forts were thereupon shelled by the foreign vessels, the American admiral taking no part in the attack on the ground that we were not at war with China and that a hostile demonstration might consolidate the antiforeign elements and strengthen the Boxers to oppose the relieving column. Two days later the Taku forts were captured after a sanguinary conflict. Severance of communication with Pekin followed and a combined force of additional guards, which were advancing to Pekin by the Pei Ho, was checked at Lang Fang. The

isolation of the legations was complete. On June 19 the legations were cut off. An identical note from the yamen ordered each minister to leave Pekin, under a promised escort, within twentyfour hours. To gain time, they replied, asking prolongation of the time, which was afterward granted, and requesting an interview with the tsungli-yamen on the following day. No reply being received, on the morning of the 20th the German minister, Baron von Ketteler set out for the yamen to obtain a response, and on the way was murdered.

An attempt by the legation guard to recover his body was foiled by the Chinese. Armed forces turned out against the legations. Their quarters were sur rounded and attacked. compounds were abandoned, their inmates taking refuge in the British legation, where all the other legations and guards gathered for more effective defense. Four hundred persons were crowded in its narrow compass. Two thousand native converts were assembled in a nearby palace under protection of the foreigners. Lines of defense were strengthened, trenches dug, barricades raised and preparations made to stand a siege, which at once began. "From June 20 until July 17," writes Minister Conger, "there was scarcely an hour during which there was not firing upon some part of our mes and into some of the legations, varying from a single shot to a general and continuous attack along the whole line." Artillery was placed around the legations and on the overlooking palace walls, and thousands of 3-inch shot and shell were fired, destroying some buildings and damgaing all. So thickly did the balis rain that, when the ammunition of the besieged ran low, five quarts of Chinese bullets were gathered in an hour in one

ompound and recast. Attempts were made to burn the legations by setting neighboring houses on fire, but the flames were successfully fought off, although the Austrian, Beigian, Italian and Dutch legations were then and subsequently burned.

To save life and ammunition the besieged sparingly returned the incessant fire of the Chinese soldiery, fighting only to repel attack or make an occasional successful sortie for strategic advantage, such as that of fifty-five Americans, British and Russian marines, led by Captain Myers of the United States Marine corps, which resulted in the capture of a formidable barricade on the wall that gravely menaced the American position. It was held to the last and proved an invaluable acquisition, because commanding the water gate through which the relief

column entered. During the siege the defenders lost sixty-five killed, 135 wounded and seven

by disease-the last all children. On July 14 the besieged had their first communication with the tsungli-yamen, from whom a message came inviting to a conference, which was declined. Correspondence, however, ensued and a sort of armistice was agreed upon, which stopped the bombardment and lessened the rifle fire for a time. Even then no protection whatever was afforded, nor any aid given, save to send to the legations a small supply of fruit and three sacks of flour.

Indeed, the only communication had with the Chinese government related to the occasional delivery or dispatch of a telgeram or to the demands of the tsungli yamen for the withdrawal of the legation to the coast under escort. Not only are the protestations of the Chinese government that it protected and succored the legations positively contradicted, but irresistible proof accumulates that the attacks upon them were made by imperial troops, regularly uniformed, armed and officered, belonging to the command of Jung Lu, the imperial commander-in-Decrees encouraging the Boxers, organizing them under prominent imperial officers, provisioning them and even granting them large sums in the name of the empress dowager are known to exist. Members of the tsungli-yamen who counseled protection of the foreigners were beheaded. Even in the distant prov-inces men suspected of foreign sympathy were put to death, prominent among these being Chang Yen Hooh, formerly

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

This news stimulated the powers for a joint relief expedition in numbers sufficient to overcome the resistance which for a month had been organizing between Taku and the capital. Reinforcements sent by all the co-operating governments were constantly arriving. The United States contingent, hastily assembled from the Philippines or dispatched from this country, amounted to some 5,000 men, under the able command first of the lamented Colonel Liscum and afterward of

General Chaffee. Toward the end of July the movement began. A severe conflict followed at Tien Tsin, in which Colonel Liscum was killed. The city was stormed and partly destroyed. Its capture afforded the base of operations from which to make the final advance, which began in the first days of August, the expedition being made of Japanese, Russian, British and American troops at the outset.

Another battle was fought and won at Yang Tsun. Thereafter the disheartened Chinese troops offered little show of resistance. A few days later the important position of Ho Si Woo was taken. A rapid march brought the united forces to the populous city of Tung Chow, which administration to redress the wrongs and | capitulated without a contest.

On August 14 the capital was reached. After a brief conflict beneath the walls the relief column entered and the legations were saved. The United States soldiers, sailors and marines, officers and men alike, in those distant climes and mitted, as far as we were concerned, to unusual Eurroundings, showed the same valor, discipline and good conduct and gave proof of the same high degree of intelligence and efficiency which have distinguished them in every emergency.

The imperial family and the government had fled a few days before. The city was without visible control. The remaining imperial soldiery had made on the night of the 13th a last attempt to exterminate the besieged, which was gallantly repelled. It fell to the occupying forces to restore order and organize a provisional administration.

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

The policy of the United States through all this trying period was clearly announced and scrupulously carried out. A circular note to the powers dated July 3, proclaimed our attitude. Treating the condition in the north as one of virtual anarchy, in which the great provinces of the south had no share, we regarded the local authorities in the latter quarters as representing the Chinese people with whom we sought to remain in peace and friendship. Our declared aims involved no war against the Chinese nation. We adhered to the legitimate office of rescuing the imperiled legation, obtaining redress for wrongs already suffered, securing wherever possible the safety of American life and property in China and preventing a spread of the disorders or their recur-

As was then said, "the policy of the government of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territory and adminis-trative entity, protect all rights guaranteed to friendly powers by treaty and international law and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese

Faithful to those professions which, as it proved, reflected the views and purposes of the other co-operating governments, all our efforts have been directed toward ending the anomalous situation in China by negotiations for a settlement at the earliest possible moment. As soon as the sacred duty of relieving our legation and its dependents was accomplished we withdrew from active hostilities, leaving our legation under an adequate guard at Pekin as a channel of negotiations and settlement-a course adopted by others of the interested powers. Overtures of the empowered representatives of the Chinese emperor have not been considerably entertained. The Russian propositions looking to the restoration of the imperial power in Pekin has been accepted as in full consonance with our own desires, for we have held and hold that effective reparation for wrongs suffered and an enduring settlement that will make their recurrence impossible, can best be brought about under an authority which the Chinese nation reverences and obeys. While so doing, we forego no jot of our undoubted right to exact exemplary and deterrent punishment of the responsible authors and abettors of the criminal acts whereby we and other nations have suffered grievous injuries.

Taking as a point of departure the imperial edict appointing Li Hung Chang and Prince Chin plenipotentiaries to arrange a settlement, and the edict of September 25, whereby certain high officials were designated for punishment, this government has moved in concert with the other powers, toward the opening of negotiations, which Mr. Conger, assisted by Mr. Rockhill, has been authorized to conduct on behalf of the United

States. General bases of negotiation formulated by the government of the French republic have been adopted with certain reservations as to details, made necessary by our own circumstances, but, like similar reservations by other powers, open to discussion in the progress of the negotiations. The disposition of the emperor's government to admit liability for wrongs done to foreign governments and their national representatives and to act upon such additional designation of the guilty persons as the foreign ministers at Pekin may be in a position to make, gives hope of a complete settlement of all questions involved, assuring foreign rights of residence and intercourse on terms of equality for all the world.

The matter of indemnity for our wronged citizens is a question of grave concern. Measured in money alone, a sufficient reparation may prove to be beyond the ability of China to meet. All the powers concur in emphatic disclaimers of any purpose of aggradizement through the dismemberment of the empire. I am disposed to think that due compensation may be made in part by increased guaranties of security for foreign rights and immunities, and, most important of all, by the opening of China to the equal commerce of all the world. These views have been and will be earnestly advocated by our representatives. TREASURY OPERATIONS FAVOR-

ABLE. It is gratifying to be able to state that the surplus revenues for the fiscal year ended June 30,1900, were \$79,527,060.18. For the six preceding years we had only deficits, the aggregate of which, from 1894 to 1899, inclusive, amounted to \$283,022,-991.14. The receipts for the year from all sources, exclusive of postal revenues, aggregated \$567,240,851.89, and expanditures for all purposes, except for the administration of the postal department, aggregated \$487,713,791.71. The receipts from customs were \$233,164,871.16, an increase over the preceding year of \$27,036,389.41. Receipts from internal revenue were \$295,327,926.76, an increase of \$21,890,765.25 over 1899. The receipts from miscellaneous sources were \$38,748,053.97, as against \$36,394,976.92 for the previous year.

It is gratifying also to note that during the year a considerable reduction is shown in the expenditures of the government. The war department expenditures for the fiscal year 1900 were \$134,-774,767.78, a reduction of \$95,066,486.69 over those of 1899. In the navy department the expenditures were \$55,953,077.72 for the year 1900, as against \$63,942,104.25 for the preceding year, a decrease of \$7,989,026.53. In the expenditures on account of Indians there was a decrease in 1900 over 1899 of \$2,630,604.38; and in the civil and miscellaneous expenses for 1900 there was

a reduction of \$13,418,065.74. Because of the excess of revenues over expenditures, the secretary of the treasury was enabled to apply bonds and other securities to the sinking fund to the amount of \$56,554,556.06. The details of the sinking fund are set forth in the report of the secretary of the treasury. to which I invite attention. The secretary of the treasury estimated that the receipts for the current fiscal year will aggregate \$580,000,000, and the expenditures \$500,000,000, leaving an excess of revenues over expenditures of \$80,000,000. The present condition of the treasury is one of undoubted strength. The available cash balance in November was \$139,303,-794.50. Under fhe form of statement prior to the financial law of March 14 last, there would have been included in the statement of available cash gold coin and bullion held for the redemption of United

States notes. If this form were pursued the cash balance, including the present gold reserve of \$150,000,000, would be \$289,303,794.50. Such balance, November 30, 1899, was \$296,495,-301.55. In the general fund, which is wholly separate from the reserve and trust funds, there was, on November 30, \$70,090,073.15 in gold coin and bullion, to which should be added \$22,957,300 in gold

certificates, subject to issue against which in every part of the world." there is held in the division of redemption gold coin and bulplion, making a total holding of free gold amounting to

\$93,047,373.15. It will be the duty, as I am sure it will be the disposition of the congress to provide whatever further legislation is needed to insure the continued parity under all conditions between our two forms of metallic money, silver and gold. Our surplus revenues have permitted the secretary of the treasury, since the close of the fiscal year, to call in the funded loan of 1891, continued at 2 per cent in the sum of \$25,364,500. To and including November 30, \$23,458,100 of these bonds has been paid. This sum, together with the amount which may accrue from further redemptions under the call, will be applied to the sinking

The beneficial effect of the financial act of 1900 so far as it relates to the modification of the national banking act is already apparent. The provision for the incorporation of national banks with a capital of not liess than \$25,000 in places not exceeding 3,000 inhabitants has resulted in the extension of banking facilities to many small communities hitherto unable to provide themselves with banking institutions under the national system. There were organized from the enactment of the law up to and including November 30, 369 national banks, of which 266 were with capital less than \$50,000 and 103 with capital of \$50,000 or more.

Our foreign trade shows a remarkable record of commercial and industrial progress. The total of imports and exports for the first time in the history of the country exceeded \$2,000,000,000. The exports are far greater than they have ever been before, the total for the fiscal year 1900 being \$1,394,483,082, an increase over 1899 of \$167,459,780, an increase over 1898 of \$163,000,072, over 1897 of \$343,489,526, and greater than 1896 by \$511,876,144. The growth of manufactures in the United States is evidenced by the fact that the exports of manufactured products last year exceed those of any previous year, their value being \$483,851,756, against \$339,592,146 in 1899, an increase of

Agricultural products were also exported during 1900 in greater volume than in 1899, the total ofr the year being \$835,-858,123, against \$784,776,142 in 1899.

28 per cent.

EXTENSION OF AMERICAN TRADE. The failure of action by the senate at its last session upon the commercial conventions then submitted for its consideration and approval, although caused by the great pressure of other legislative business, has caused much disappointment to the agricultural and industrial interests of the country, which hoped to profit by their provisions. The conventional periods for their ratification having expired, it became necessary to sign articles extending the time for that purpose. This was requested on our part and the other governments interested have concurred, with the exception of one convention, in respect to which no formal reply has been received. In my last communication to congress on this subject special commercial agreements under the third section of the tariff act have been proclaimed with Portugal, with Italy and with Germany. Commercial conventions under the general limitations of the fourth section of the same have been concluded with Nicaragua, with Ecuador, with the Dominican republic, with Great Britain on behalf of the Island of Triniand with Denmark on behalf of the Island of St. Croix. This will be early communicated to the senate. Negotiations with other governments are in progress for the improvement and security of our commercial relations.

The policy of reciprocity so manifestly rests upon the principle of international equality and has been so readily approved by the people of the United States that there ought to be no hesitation in either branch of congress in giving to it full

This government desires to preserve the most just and amicable commercial relations with all foreign countries, unmoved by the industrial rivalries necessarily developed in the expansion of international trade. It is believed that the foreign governments generally entertain the same purpose, although in some instances there are clamorous demands upon them for legislation specifically hostile to American nterests. Should these demands prevail shall communicate with congress with view of advising such legislation as may be necessary to meet the emergency. The exposition of the resources and products of the western hemisphere to be held at Buffalo next year promises im-

portant results, not only for the United States, but for the other participating countries. It is gratifying that the Latin-American states have evinced the liveliest interest, and the fact that an international American congress will be held in the City of Mexico while the exposition is in progress encourages the hope of a larger display at Buffalo than might otherwise be practicable. The work of preparing an exhibit of our national resources is making satisfactory progress under the direction of the different officials of the federal government and the various states of the union have shown a disposition toward the most liberal participation in the enterprise.

The Bureau of American Republics continues to discharge with the happiest results the important work of promoting cordial relations between the United States and the Latin-American countries, all of which are now active members of the International union. The bureau has been instrumental in bringing about the agreement for another international American congress, which is to neet in the City of Mexico in October, 1901. The bureau's future for another term of ten years is assured by the international compact, but the congress will doubtless have much to do with shaping new lines of work and a general policy. Its usefulness to the interests of Latin-American trade

is widely appreciated and shows a gratfying development. The practical utility of the consular service in obtaining a wide range of information as to the industries and commerce of other countries, for introducing the sale of our goods, has kept steadily in advance of the notable expansion of our foregin trade and abundant evidence has been furnished, both at home and abroad. of the fact that the consular reports, including many from our diplomatic representatives, have to a considerable extent pointed out ways and means of disposing of a great variety of manufactured goods which otherwise might not have found

sale abroad. REVISION OF REVENUE LAWS I recommend that the congress at its present session reduce the internal revenue taxes imposed to meet the expenses of the war with Spain in the sum of \$30,-000,000. This reduction should be secured by the remission of those taxes which experience has shown to be the most burdensome to the industries of the peo-

I specially urge that there be included

in whatever reduction is made the legacy tax, bequests for public uses of a literary, educational or charitable character. American vessels during the last three years have carried about 9 per cent of our exports and imports. Foreign ships should our steadily maintained expenditures for the navy have created an opportunity to

place the United States in the first rank of commercial maritime powers. Besides realizing a proper national aspiration this will mean the establishment and healthy growth along all our coasts of a distinctive national industry, expanding the field for profitable employment of labor and capital. It will increase the transportation facilities and reduce freight charges on the vast volume of products brought from the interior to the seaboard for export, and will strengthen an arm of the national defense upon which the founders of the government and their successors have relied. In again urging immediate action by the congress on measures to promote American ship building and foreign trade, I direct attention to the recommendations on the subject in previous messages, and particularly to the opinion expressed in the

message of 1899: "I am satisfied the judgment of the country favors the policy of aid to our merchant marine, which will broaden our work and wages to our countrymen, as well as a safeguard to American interests | believes will be more effective in detect-

The attention of congress is invited to the recommendation of the secretary of the treasury in his annual report for leg-islation in behalf of the revenue cutter service, and favorable action is urged.

In my last annual message to the congress I called attention to the necessity for early action to remedy such evils as might be found to exist in connection with combinations of capital organized into trusts, and again invite attention to my discussion of the subject at that time, which concluded with these words: "It is apparent that uniformity of legislation upon this subject in the several states is much to be desired. It is to be hoped that such uniformity, founded in a wise and just discrimination between what is injurious and what is useful and necessary in business operations, may be obtained, and that means may be found for the congress, within the limitations of its constitutional power, so to supplement an effective code of state legislation as to make a complete system of laws throughout the United States adequate to compel a general observance of the salutary rules to which I have referred." The whole question is so important and far-reaching that I am sure no part of it

phase of it will have the studied deliberation of the congress, resulting in wise and judicious action. Restraint upon such combinations as are injurious, and which are within federal jurisdiction, should be promptly ap-

will be lightly considered, but every

plied by the congress. GOVERNMENT OF PORTO RICO. The civil government of Porto Rico provided for by the act of congress approved April 12, 1900, is in successful operation. The courts have been established. The governor and his associates, working intelligently and harmoniously, are meet-

ng with commendable success. On November 6 a general election was held in the island for members of the legislature and the body elected has been called to convene on the first Monday in December.

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

FRAMING CONSTITUTION FOR CUBA On July 25, 1900, I directed that a call be issued for an election in Cuba for members of a constitutional convention to frame a constitution on a basis for a stable and independent government in the island. In pursuance thereof the military governor issued the following instruc-

"Whereas, The congress of the United States by its joint resolution of April 20, 1898. declared: 'That the people of the island of Cuba are and of right ought to be free and in-

dependent. '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 determination, when that is accomplished, to leave the government and control of the island to its people.'

"And whereas the people of Cuba have established municipal governments, riving their authority from the suffrages of the people given under just and equal laws, and are now ready, in like manner, to proceed with the establishment of a general government which shall assume and exercise sovereignty, jurisdiction and control over the island;

"Therefore it is ordered that a general election be held in the island of Cuba on the third Saturday of September, in the year 1900, to elect delegates to the convention to meet in the city of Havana at 12 o'clock, noon, on the first Monday of November, in the year 1900, to frame and adopt a constitution for the people of Cuba and, as a part thereof, to provide or and agree with the government of the Inited States upon the relations to exist between that government and the government of Cuba, and to provide for the election by the people of officers under such constitution and the transfer of gov-

ernment to the officers so elected.

"The election will be held in the several voting precincts of the island under and pursuant to the provisions of the electoral law of April 18, 1900, and the amendments thereof.' The election was held on September 15

and the convention assembled on November 5, 1900, and is now in session. In calling the convention to order the military governor of Cuba made the following statement: "As military governor of the island

representing the president of the United States, I call this convention to order. "It will be your duty, first, to frame and adopt a constitution for Cuba, and when that has been done to formulate what in your opinion ought to be the relations between Cuba and the United

"The constitution must be adequate to secure a stable, orderly and free government. When you have formulated the relations which in your opinion ought to ex-

ist between Cuba and the United States, the government of the United States will doubtless take such action on its part as shall lead to a final and authoritative agreement between the people of the two countries to the promotion of their common interests. "All friends of Cuba will follow your deliberations with the deepest interest,

earnestly desiring that you shall reach just conclusions and that by the dignity, individual self-restraint and wise conservatism which shall characterize your proceedings the capacity of the Cuban people for representative government may be signally illustrated." EXPLAINS NEEDS OF THE NAVY.

The personal strength of the army is 100,000 men-65,000 regulars and 35,000 volunteers. Under the act of March 2, 1899, on June 30 next the present volunteer force will be discharged and the regular army will be reduced to 2,447 officers and 29.025 enlisted men. In 1888 a board of officers convened by President Cleveland adopted a compre-

hensive scheme for coast defense fortifications, which involved the outlay of something over \$100,000,000. This plan received the approval of congress and since then regular appropriations have been made and the work of fortification has steadily progressed. More than \$60,000,000 has been invested in a great number of forts and guns, with all the complicated and scientific machinery and electrical appliances necessary for their use. The proper care of this defensive machinery requires men trained to its use. The number of men necessary to perform this duty alone is ascertained by the war department, at a minimum allowance, to be 19,420.

There are fifty-eight or more military posts in the United States other than the coast defense fortifications. The number of these posts is being constantly increased by congress. More than \$22,000,-000 has been expended in building and equipment and they can only be cared for by the regular army. The posts now carry the least, not the greatest, part of American trade. The remarkable growth of our steel industries, the progress of fully garrisoned, require 26,000 troops. ship building for the domestic trade and | Many of these posts are along our frontier or at important strategic points, the occupation of which is necessary.

We have in Cuba between 5,000 and 6,000 troops. For the present our troops in that island cannot be withdrawn or materially diminished, and certainly not until the conclusion of the labors of the constitutional convention now in session and a government provided by the new constitution shall have been established and its stability assured.

In Porto Rico we have reduced the garrisons to 1,636, which includes 896 native troops. There is no room for further reduction here. We will be required to keep a considerable force in the Philippine islands for some time to come. From the best information obtainable we shall need there for the immediate future from 50,000 to 60,000 men. I am sure the number may be reduced as the insurgents shall come acknowledge the authority of the United States, of which there are assur-

ing indications. It must be apparent that we will require an army of about 60,000 and that during the present conditions in Cuba and the Philippines the president should commerce and markets and upbuild our have authority to increase the force to sea-carrying capacity for the products of the present number of 100,000. Included agriculture and manufacture, which, with in this number authority should be given the increase of our navy, mean more to raise native troops in the Philippines work and wages to our countrymen, as up to 15,000, which the Taft commission

ing and suppressing guerillas, assassins and ladrones than our own soldiers.
The full discussion of this subject by the secretary of war in his annual report

is called to your earnest attention. I renew the recommendation made in my last annual message that the congress provide a special medal of honor for the volunteers, regulars, sailors and marines on duty in the Philippines who voluntarily remained in the service after their terms of enlistment had expired. I favor the recommendation of the secretary of war for a detail of officers of the line of the army when vacancies occur in the adjutant general's department, inspector general's department, quartermaster general's department, subsistence department, pay department, ordnance department and signal corps. The army cannot be too highly com-mended for its faithful and effective service in active military operations in the field and the difficult work of civil administration.

RURAL FREE DELIVERY A FEA-The continued and rapid growth of the postal service is a sure index of the great and increasing business activity of the country. Its most striking new develop-ment is the extension of rural free delivery. This has come almost wholly within the last year. At the beginning of the fiscal year 1899-1900 the number of routes in operation was only 391 and most of these had been running less than twelve months. On the 15th of November, 1900, the number had increased to 2,614, reaching into forty-four states and territories, and serving a population of 1,801,524. The number of applications now pending and awaiting action nearly equals all those granted up to the present time, and by the close of the current fiscal year about 4,000 routes will have been established, providing for the daily delivery of mails at the scattered homes of about 3,500,000 rural population. .

This service ameliorates the isolation of farm life, conduces to good roads, and quickens and extends the dissemination of general information. Experience thus far has tended to allay the apprehension that it would be so expensive as to forbid its general adoption or to make it a serious burden. Its actual application has shown that it increases postal receipts, and can be accompanied by reductions in other branches of the service, so that the augmented revenues and the accom-plished savings together materially reduce the net cost. The evidences which point to these conclusions are presented in detail in the annual report of the postmaster general, which, with its recommendations, is recommended to the consideration of the congress. The full development of this special service, however, requires such a large outlay of money that it should be undertaken only after a careful study and thorough un-derstanding of all that it involves.

INTERIOR DEPARTMENT AFFAIRS. The total area of public lands as given by the secretary of the interior is approximately 1,071,881,662 acres, of which 917,935,880 acres are undisposed of and 154,145,782 acres have been reserved for various purposes. The public lands disposed of during the year amount to 13,-453,887.96 acres, including 62,423.09 acres of Indian lands, an increase of 4,271,474.80 over the preceding year. The total reover the preceding year. The total re-ceipts from the sale of public lands during the fiscal year were \$4,379,758.10, an increase of \$1,309,620.76 over the preceding

The results obtained from our forest the necessity in the interest of the public for its continuance and increased appropriations by the congress for the carrying on of the work. On June 30, 1900, there were thirty-seven forest reserves, created by presidential proclamations under section 24 of the act of March 3, 1891, embracing an area of 46,456,489 acres.

SOME GENERAL RECOMMENDA-TIONS. In my annual message of December 5 1898, I called attention to the necessity for some amendment of the allen con-There still remain important features of the rightful application of the eight-hour law for the benefit of labor and of the principle of arbitration, and I again commend these subjects to the careful attention of the congress.

That there may be secured the best service possible in the Philippine islands have issued, under date of November 0, 1900, the following order: "The United States civil service commission is directed to render such assistance as may be practicable to the civil service board, created under the act of the United States Philippine commission, for the establishment and maintenance of an honest and efficient civil service in the Philippine islands, and for that purpose to conduct examinations for the civil service of the Philippine islands, upon the request of the civil service board of said islands, under such regulations as may be agreed upon by the said board and the said United States

civil service commission." The civil service commission is greatly embarrassed in its work for want of an adequate permanent force for clerical and other assistance. Its needs are fully set forth in its report. I invite attention to the report, and especially urge upon the congress that this important bureau of the public service which passes upon the qualifications and character of so large a number of the officers and employes of the government should be supported by all needed appropriations to

secure promptness and efficiency. I am very much impressed with the statement made by the heads of all the departments of the urgent necessity of a nall of public records. In every departmental building in Washington, so far as I am informed, the space for official records is not only exhausted, but the walls of rooms are lined with shelves. the middle floor space of many rooms is filled with file cases, and garrets and basements, which were never intended, and are unfitted for their accommodation, are crowded with them. Aside from the nconvenience there is great danger, not only from fire, but from the weight of these records upon timbers not intended for their support. There should be a separate building especially designed for the purpose of receiving and preserving the annually accumulating archives of the several executive departments. Such a hall need not be a costly structure, but should be so arranged as to permit of enlargement from time to time. I urgently recommend that the congress take early action in this matter. The transfer of the government to this

city is a fact of great historical interest. Among the people there is a feeling of genuine pride in the capital of the repub-lic. It is a matter of interest in this connection that in 1800 the population of the District of Columbia was 14,093; today it is 278,718. The population of the city of Washington was then 3,210; today it is 218,196. The congress having provided for

appropriate national celebration of the centennial anniversary of the establishment of the seat of government in the District of Columbia," the committee authorized by it have prepared a program for the 12th of December, 1900, which date has been selected as the anniversary day. Deep interest has been shown in the arrangements for the celebration by the members of the committees of the senate and house of representatives, the committee of governors appointed by the president, and the committees appointed by the citize habitants of the District of Columbia generally. The program, in addition to a reception and other exercises at the executive mansion, provides commemorative exercises to be held jointly by the senate and house of representatives in the hall of the house of representatives, and a reception in the evening at the Corcoran gallery of art in honor of the governors of the states and territories. In our great prosperity we must guard against the danger it invites of extravagance in government expenditures and appropriations, and the chosen representatives of the people will, I doubt not, furnish an example in their legislation of that wise economy which in a season of plenty husbands for the future. In this era of great business activity and opportunity caution is not untimely. It will not abate, but strengthen confidence. It will not retard, but promote legitimate industrial and commercial expansion. Our growing power brings with it the complications and perils requiring constant vigilance to avoid. It must not be used to invite conflicts, nor for oppression, but for the most effective maintenance of those principles of equality and justice upon which our institutions and happiness depend. Let us keep always in mind that the foundation of our government is liberty; its superstructure peace.
WILLIAM McKINLEY.

Executive Mansion, Dec. 3, 1900.