CUBAN QUESTION FORCI-BLY DEALT WITH.

SPAIN IS THREATENED.

The United States Ready to Interfere in Its Own Way Unless a Speedy Cessation of Hostilities is Brought About - The Question Exhaustively Discussed in All Its Deplorable Features.

The Situation in Turkey Little Changed But Reform Is Looked for The Venezuelan Incident Practically Closed-Tariff and Financial Views Reiterated Offens-

WASHINGTON, Dec. 7.- The following is the president's message to congress:

ive Partisanship.

excellence of our free institutions and the which hostilities of this sort may be profitness of our citizens to enjoy popular rule longed. Meanwhile as in all cases of pro-have been again made manifest. A political tracted civil strife, the passions of the comcontest involving momentous consequences. batants grow more and more inflamed and fraught with feverish apprehension and excesses on both sides are more frequent creating aggressiveness so intense as to appare and more deplorable. proach bitterness and passion, has been by the decree of free and independent suffrage, without disturbance of our tran-quility or the least sign of weakness in our

heated clash of political opinions we use the description of the description opinions we use the description opinions clation of the trust and confidence which the | itself in the towns.

acceptance of public duty invites.

In obedience to a constitutional requirement, I herein submit to the Congress certain information concerning national attain information concerning national attains, with the suggestion of such legislation soon disappear altogether. That value constains, with the suggestion of such legislation. narration, I shall omit many details con-cerning matters within federal control, have taken place during the last two years, which, though by no means unimportant. It is reliably asserted that should these inmental reports. I shall also further curtail year, and practically extend, as is this communication by omitting a minute increased to the entire sugar producing recital of many minor incidents connected territory of the island, so much time and so with our foreign relations which have here—much money will be required to restore the but are now contained in a report of the Secretary of State, which is herewith

with foreign powers, it would afford me satis faction if I could assure the Congress that the disturbed condition in Asiatic Turkey had during the past year assumed a less hideous and bloody aspect, and that either as a consequence of the awakening of the Turkish government to the demands of the transfer of the awakening of the transfer of the people and government to the demands the transfer of the people and government to the people are the people and government to the people and government to the people are the people and the people are the people and the people are the people and the people are the people are the people and the people are t part of the great nations having the right by treaty to interfere for the protection of those exposed to the rage of mere bigotry and cruel fanaticism, the shocking features of the situation had been mitigated.

Instead, however, of welcoming a softened disposition or protective intervention, we have been afflicted by continued and not unfrequent reports of the wanton destruction of home and the bloody butchery of men, women and children, made martyrs to their of our citizens in Turkey have thus far been killed or wounded. though often in the midst of dreadful scenes of danger, their safety in the future is by no means assured. Our government at home and our minister at Constantinople have left nothing undone to protect our missionaries in Ottoman terri-tory, who constitute nearly all the individuals residing there who have a right to claim our protection on the score of American citizen-hip.

Our efforts in this direction will not be relaxed, but the deep feeling and sympathy that have been aroused among our people dement as to lead them to demand imposblie things. The outbreaks of blind fury which led to murder and pillage in Turkey secur suddenly and without notice, and an attempt on our part to force such a hostile presence there as might be effective for pre-vention or protection would not only be re-lated by the Ottoman government, but would be regarded as an interruption of heir plans to the great nations who assert their exclusive right to intervene in their own time and method for the security of life and property in Turkey.

veral naval vessels are stationed in the Mediterranean as a measure of caution and to furnish all possible relief and refuge in case of emergency. We have claims against the Turkish government for the piliage and destruction of missionary property at Har-peol and Marash during uprisings at those places. Thus far the validity of these deplaces. Thus far the validity of these de-hands has not been admitted through our ninister. Prior to such outrages and in anticipation of danger we demanded protection for the persons and property of our mission-ary citizens in the localities mentioned. The notwithstanding that evidence exists of ictual complicity of Turkish soldiers in the work of destruction and robbery. The facts as they now appear do not permit us to doubt the justice of these claims, and nothing will be omitted to bring about their prompt set-dement. A number of Armenian refugees laying arrived at our ports, an order been obtained from the Turkish goverhment permitting the wives and children of such refugees to join them here. It is hoped that hereafter no obstacle will be in-terposed to prevent the escape of all those who seek to avoid the perils which threaten them in Turkish dominions.

Our recently appointed consulto Erzeroum at his post and discharging the duties of his office, though for some unaccountable reason his formal exequator from the Sultan present somber prospect in Turkey will be ong permitted to offend the sight of Christ-It so mars the human and enlightened civilization that belongs to the close of the nineteenth century that it seems hardly asible that the earnest demand of good people throughout the Christian world for its corrective treatment will remain un-

The insurrection in Cuba still continues. with all its perplexities. It is dimcult to perceive that any progress has thus far been made toward the pacification of the Island or that the situation of affairs as depicted in

my last annual message has in the least improved. If Spain still holds Havana and the seaports and all considerable towns, the in seaports and all considerable lowns, the in-surgents still roam at will over at least two-thirds of the inland country. If the de-termination of Spain to put down the insur-rection seems but to strengthen with the lapse of time, and is evidenced by her nu-hesitating devotion of largely increased military and naval forces to the task, there is much reason to believe that the insurgents have gained in point of numbers and character and resources, and are none the less inflexible in their resolve not to succumb without practically securing the great pro-jects for which they took up arms. If Spain has not yet re-established her authority, neither have the insurgents yet made good their title to be regarded as an independent state. Indeed, as the contest has gone on, the pretense that civil government exists on the island, except so far as Spain is able to

maintain it, has been practically abandoned. Spain does keep on foot such a govern-ment, more or less imperfectly, in the large towns and their immediate suburbs. But, that exception being made, the entire country is either given over to anarchy or is subject to the military occupation of one or the other party. It is reported indeed on reliable authority that, at the demand of the commander-in-chief of the insurgent army the putative Cuban government has now given up all attempt to exercise its functions, leaving that government contessedly (what there is the best reason for supposing it always to have been in fact) a gov-

rnment merely on paper.

Were the Spanish armles able to meet their antagonists in the open, or in pitched battle, prompt and decisive results might be looked for, and the immense superiority of the Spanish forces in numbers, discipline and equipment, could hardly fail to tell greatly to their advantage. But they are called upon to face a foe that shuns general engagements, that can choose and does choose its own ground, that from the nature of the country is visible or invisible at pleasure, and that fights only from ambuseade and when all the advantages of nosition and numbers are on its side. In a country where all that is indispensible to To the Congress of the United States: As if the way of food, clothing and shelter representative of the people in the legislative branch of their government you have born and bred on the soil, it is obvious that

They also are participated in by bands of aged throughout our land and determined marauders, who, now in the name of one party and new in the name of the other, as may best suit the occasion, harass the counnational structure.

When we consider these incidents and condition of things would inevitably entair immense destruction of property even if it manly submission which have succeeded a heated clash of political opinions we disheated clash of political opinions. try at will and plunder its wretched inhab-itants for their own advantage. Such a agencies established for the direction of the exigencies of the contest require the wholeagencies established for the direction of the extra control of their government. Thus our peo-sale annihilation of property, that it may ple exhibit a patriotic disposition which entitles them to demand of those who underty. It is to the same end that in pursuance my. ple exhibit a patriotic disposition which ex-titles them to demand of those who under-take to make and execute their laws such faithful and unselfish service in their behalf now being withdrawn from plantations and s can only be prompted by a serious appre- the rural population required to concentrate

The sure result would seem to be that the industrial value of the island is fast dimin-lishing and that unless there is a speedy and as in my independ is necessary and expe-dient. To secure brevity and avoid tiresome farration, I shall omit many details con-reduced by interruptions to tillage which terruptions continue during the current to even make the attempt.

humane civilization or as the only to that of the people and government of decisive action on the at least from \$50,000,000 to \$50,000,000 of capital is invested in plantations in rali-toad, mining and other business enter-prises on the island. The volume of trade between the United States and Cuba, which in 1889 amounted to about \$64,000,000, rose in 1893 to about \$103,000,000, and in 1894, the year before present insurrection broke out amounted to nearly \$96,000,000. Hesides this large pecuniary interest staked in the fortunes of Cuba, the United States finds itself inextricably involved in the present contest in other ways both vexations and

indirectly promote the insurrection through the press by public ineetings, by the pur-chase and slipment of arms, by the raising of funds, and by other means which the spirit of our institutions and the tenor of our laws do not permit to be made the subtect of criminal prosecution. Some of them. though Cubaus at heart and in all their feelings and interests, have taken out papers as ment, it is believed to be not altogether unnaturalized citizens of the United States, a welcome, while, as already suggested, no sible protection by this government, and not unpaturally regarded with much indig nation by the country of their origin. insurgents are undoubtedly encouraged and the people of this country always instincttvely felt for every struggle for better and about the industrial recuperation of the freer government, and which in the case of island. It is, therefore, fervently hoped the more adventurous and restless elements on all grounds that earnest efforts for headof our population, leads in only too many ing the breach between Spain and the ininstances to active and personal participation in the contest.

The result is that this government is constantly called upon to protect American cit-izens, to claim damages for injuries to per-either in the manner above outlined or in sons and property, now estimated at many any other way consistent with our constitumillions of dollars, and to ask explanations and apologies for the acts of Spanish omcials whose real for the repression of rebel-lion seatiments blinds them to the immun-

United States is compelled to actively police a long line of sea coast against unlawful expeditions, the escape of which the utmost igilance will not always suffice to prevent. These inevitable entanglements of the

the large American property interests alfected and considerations of philasthropy and humanity in general, have led to a vehement demand in various quarters for some sort of positive intervention on the part of the United States. It was at first proposed that belligerent rights should be corded to the insurgents, a proposition no longer urged because untimely and in pruc-tical operation clearly perilous and injurious to our own interests. It has since been and s now sometimes contended that the independence of the insurgents should be recognized, but imperfect or restricted as the Spanish government of the island may be, no other exists there, unless the will of the military officer in temporary command of a gested that the United States should buy the island, a suggestion possibly worthy of consideration if there were any evidence of a desire or willingness on the part of Spain. entertain such a proposal. It is urged, finally, that all other methods failing, the existing internecine strife in Cuba should be terminated by our intervention, even at the ost of a war between the United States and I ful heed to every consideration involving Spain—a war which its advocates confidently our hoper and interest or the international Spain-a war which its advocates confidently prophecy could be neither large in its pro portions nor doubtful in its issue. The cor-rectness of this forecast need be neither affirmed nor denied. The United States has

might should be the role of its conduct. Further, though the United States is not a nation to which peace is a necessity, it is, in truth, the most pacific of powers and desires nothing so much as to live at amity with all the world. Its own ample and diversified domains satisfy all possible longings for territory, preclude all dreams of conques and prevent the easting of any covetous eyes upon neighboring regions, however attract-ive. That our conduct towards Spain and her dominions has constituted no excention to this national disposition is made manifest by the course of our government, not only thus far during the present insurrection, but during the ten years that followed the rising at Yara in 1868. No other great posers it may safely be said, under circumstances of dmilar perplexity, would have manifested the same restraint and the same patient en-

It may also be said that this persistent attitude of the United States towards Spain in connection with Cuba will unquestionably evince no slight respect and regard for Spain on the part of the American people. They in truth do not forget her connection with the discovery of the Western hemis-phere, nor do they underestimate the great qualities of the Spanish people, nor fail to fully recognize their splendid patriotism and their chivalrous devotion to the national honor. They view with wonder and admiration the cheerful resolution with which vast sotles of men are sent across thousands of miles of ocean and an enormous debt accumulated, that the costly position of the gem of the Autilies may still hold its place in the Spanish crown. And yet neither the govern-ment nor the people of the United States have shut their eyes to the course of events in Cuba or have failed to realize the existence of conceded grievances which have led to the present revolt from the authority of Spain, grievances recognized by the Queen Regent and by the Cortes, voiced by the most patriotic and enlightened of Spanish statesmen, without regard to party, remonstrated by reforms proposed by the execu-tive and approved by the legislative branch of the Spanish government.

It is in the assumed temper and disposition of the Spanish government to remedy these grievances, fortified by indications of influential public opinion in Spain that this government has hoped to discover the most promising and effective means of composing the present strife, with honor and advantage to Spain and with the achievement of all the reasonable objects of the insurrec-

It would seem that if Spain would offer to Cuba genuine autonomy, a measure of home rule which, while preserving the sovercirnity of Spain, would satisfy all rational requirements of her Spanish subjects, there should be no just reason why the pacification of the island might not be effected on that basis. Such a result would appear to be in the true interest of all concerned. It would at once stop the conflict, which is now consuming the resources of the island and making it worthless for whichever party may ultimately prevail. It would keep intact the possessions of Spain without touch-ing her honor, which will be consulted rather than impugned by the adequate re-dress of admitted grievances. It would put the prosperity of the island and the fortunes of its inhabitants within their own control, without severing the natural and ancien ties which bind them to the mother country, and would yet enable them to test their ca-

pacity for self government under the most favorable conditions.

It has been objected on the one side that Spain should not promise autonomy until her insurgent subjects lay down their arms. On the other side, that promised autonomy, however liberal, is insufficient because without assurance of the promise being ful-

filled.

But the reasonableness of a requirement by Spain, of unconditional surrender on the part of the Insurgent Cubans before their autonomy is conceded is not altogether aption has given to the insurrection; the feas-Phility of its prolongation in the nature of things, and as shown by past experience the tefore found a place in executive messages, land to its normal productiveness that it is things, and as shown by past experience the but are now contained in a report of the extremely doubtful if capital can be induced utter and imminent rain of the island, unless the present strife is speedily composed; THEREY.

At the outset of a reference to the more important matters affecting our relations.

The speciacle of the utter ruin of an adjoining country by nature, one of the most fertile and charming on the globe, would engage the serious attention of the government and bronkers of near the profess a desire to remove. Facing the profess a desire to remove. Facing mentions of the Cutted States under the present strife is speedily composed; the present strife is speedily composed; above all, the rank abuse, which all parties in Spain, all branches of her government and bronkers of the Utter ruin of an adjoining country by nature, one of the most fertile and charming on the globe, would engage the serious attention of the growing above all, the rank abuse, which all parties above all, the rank abuse, which all parties of the utter ruin of an adjoining country by nature, one of the most fertile and charming on the globe, would engage the serious attention of the growing above all, the rank abuse, which all parties of the utter ruin of an adjoining country by nature, one of the most fertile and charming on the globe, would engage the serious attention of the growing above all, the rank abuse, which all parties above all the present strife is specific above all, the rank abuse, which all parties above all, the rank abuse, and the profess above all the present strife is specific above all, the rank abuse, which all parties above all the profess and the profess above all th of needed reforms until the parties of ing them put themselves at mercy by throwing them put themselves at mercy by throwing down their arms, has the appearance of direction, but it ought to be at once supplies the direction of this improvised prison and the of needed reforms until the parties demandfessed willingness to grant reforms. The objection on behalf of the insurgents that promised reform cannot be veiled upon must of course be considered, though we have no right to assume, and no reason for assuming, that anything Spain undertakes to do for the relief of Cuba will not be done according to both the spirit and the letter of

the undertaking. Nevertheless, realizing that suspicions and precautions on the part of the weaker of two combatants are always natural and not always unjustifiable, being sincerely desirous in the interest of both as well as on its own account, that the Cuban problem should be solved with the least possible delay, it was intimated by this government to Many Cubans reside in this country, and the government of Spain some months ago were tendered the Cuban Insurgents, and would be accepted by them upon a guaranty of its execution, the United States would endeavor to find a way not objectionable to Spain of furnishing such guaranty. While no definite response to this intimation has yet been received from the Spanish governwelcome, while, as already suggested, no reason is perceived why it should not be approved by the insurgents, neither party can fail to see the importance of early action and both must realize that to prolong the present state of things for even a short period will add enormously to the time and labor and expenditure necessary to bring surgent Cubaus, upon the lines above indi-cated, may be at once inaugurated and pushed to an immediate successful issue. tion and laws will always be at the disposal

of either party. Whatever circumstances may arise, our policy and our interests would constrain us itles belonging to the unoffending citizens of a friendly power. to obtect to the acquisition of the island or an interference with its control by any other. It follows from the same causes that the It should be added that it cannot be reasonably assumed that the hitherto expectant attitude of the United States will be inden-

nitely maintained. White we are auxious to accord all due respect to the sovereignty of Spain, we cannot lew the pending conflict in all its features and properly apprehend our inevitable relations to it and its possible results without considering that by the course of events we may be drawn into such an unusual and unprecedented condition as will fix a limit to our patient waiting for Spain to end the conflict, either alone and in her own way, or with our friendly co-operation.

When the inability of Spain to deal suc-cessfully with the insurrection has become manifest, and it is demonstrated that her sovereignty is extinct in Cuba for all pur-poses of its right ul existence, and when a hopeless strugg for its re-establishment has degenerated into a strife which means nothing more than the useless sacrifice of human life and then utter destruction of the urged, methods until the time for action arrives, ng. the we should make them depend upon the precise conditions then existing, and they should not be determined upon without giving careduty we owe to Spain. Until we face the rectness of this forecast need be neither by other incidents imperatively changed we affirmed nor denied. The United States has should continue in the line of conduct herenevertheless a character to maintain as a tofore pursued, thus in all circumstances ex-

nation, which plainly dictates that right and | hibiting our obedience to the requirements in the family of nations.

A contemplation of emergencies that may arise should plainly lead us to avoid their creation, either through a careless disregard of present duty or even an undue stimulation and ill-timed expression of feeling the best, prospect of success has become Bet I have deemed not amiss to remind the more promising. The efforts should be to congress that a time may arrive when a correct policy and a care for our interests their own mistakes and improvidence, and as well as a regard for the interests of other to secure to the real Indian his rights as nations and their citizens, joined by consid- against intruders and professed friends who erations of humanity and a desire to see a profit by his retrogression. rich and fertile country intimately related to us, spared from complete devastation, will constrain our government to such action its inhabitants an opportunity to enjoy the blessings of peace.

VENEZUELA.

The Venezuelan boundary question has ceased to be a matter of difference between Great Britain and the United States, their respective governments having agreed upon the substantial provisions of a treaty be-tween Great Britain and Venezuela submitting the whole controversy to arbitration: The provisions of the treaty are so eminently just and fair that the consent of Ven-eznela thereto may confidently be antici-

Negotiations for a treaty of general arbitration for all differences between Great Britain and the United States are far advanced and promise to reach a successful

consummation at an early date. TREASURY DEPARTMENT.

The secretary of the treasury reports that during the fiscal year ended June 30, 1896, the receipts of the government from all sources amounted to \$409.475.408.78. Dur-ing the same period its expenditures were \$434.678.654.48. The excess of expenditures over receipts thus amounted to \$25,203,-23370. The ordinary expenditures during the year were \$4,015.852.21 less than during the preceding fiscal year. Of the re-ceipts mentioned there was derived from customs the sum of \$160,021,751.67, and from internal revenue \$146,830,615.66. The receipts from customs show an increase of \$7,863,134.22 over those from the same source for the fiscal year ended June 30, 1895, and the receipts from internal revenue an increase of \$3,584,537.91.

The value of our imported dutiable merchandise during the last fiscal year was ment holds a second and subordinate mort-\$369,757,470, and the value of free goods gage lien. In consequence of these proceedimported \$409,967.470, being an increase of lings and increasing complications, added to \$6,523.675 in the value of dutiable goods, the default occurring on the first day of \$6,523,675 in the value of dutiable goods, the default occurring on the first day of and \$1,231,034 in the value of free goods. January, 1897, a condition will be presented over the preceding year.

domestic, amounted invalue to 1882,606,938, being an increase over the preceding year of \$75,068,773. The average ad valorem duty paid on dutiable goods imported during the year was 39.94 per cent, and on free and dutiable goods taken together, 20.55 per cent.

The cost of collecting our internal revenue was 2.78 per cent as against 2.81 per cent for the fiscal year ending June 30, 1895. The total production of distilled spirits, exclusive of fruit brandles, was \$6.588,703 taxable gallons, being an increase of 6.639.

OFFENSIVE PARTIES. 108 gallons over the preceding year. There was also an increase of 1.443.676 gallons of spirits, produced from fruit as compared with the preceding year. The number of friends as well as the rancor of its enemies; barrels of beer produced was 35,859,250 as and has gained a permanent place among against 33,589,784 produced in the preced-the agencies destined to cleanse our politics. 466 barrels.

OTHER DEPARTMENTS.

The report of the secretary of war exhibits conditions in the several branches of the public service intrusted to his charge. The various recommendations of the secretary are indersed.

The attorney general presents a detailed and interesting statement of the important parent. It ignores important features of the situation the stability two years' dura-last fiscal year. The ownership and management by the government of positen-tiaries for the confinement of the consisted in United States courts of violations of federal laws, which for many years has been a subject of executive recommendation, has at last to a light extest been realized by the utilization of the abandoned military prison at Fort Leavenworth as a United States

largement of this improvised prison and the construction of at least one more, to be located in the southern states. The capacity of the Leavenworth pentientiary is so lim-ited that the expense of its maintenance, calculated at a per capita rate upon the number of prisoners it can accommodate. does not make as economical an exhibit as it would if it were larger and better adapted to prison purposes, but I am thoroughly convinced that economy, humanity and a proper sense of responsibility and duty towards those whom we ponish for violations of federal law dictate that the federal government should have the entire control and management of the penitentiaries where convicted violators are confined. It appears that since the transfer of the Fort Leaven-worth military prison to its new uses the work previously done by prisoners confined there, and for which expensive machinery has been provided, has been discontinued This work consisted of the manufacture of articles for army use, now done eisewhere. On all grounds it is exceedingly desirable that the convicts confined in this penitentiary be allowed to resume work of this de-

tion and the exhibit made of its operations if allowance is made for imperfections in laws applicable to it, is very satisfatory. The total receipts during the year were \$82,499,208.40. The total expenditures were \$90,626,296.94, exclusive of \$1,559,698.27 which was earned by the Pacific railroads for transportation and credited on their debt to the government. There was an increase of receipts over the previous year of \$5,516,680.21, or 7.1 per cent, and an increase of expenditures of \$3,836,124.02, or 4.43 per cent. The deficit was \$1,079,956.19 less than that of the preceding year. The chief expenditures of the postal service are regulated by law and are not in the control

of the postmaster general.

The deficit for the last year, although much less than that of the last and preceding years, emphasizes the necessity for leg-islation to correct the growing abuse of second-class rates to which the deficit is mainly attributable. The transmission at the rate of one cent a pound of serial libraadvertising sheets, "house periodicals advertising some particular "house" or institution), sample copies and the like, ought certainly be discontinued. This subject is discussed at considerable length and reforms urgently recommended.

Navy.

The work of the navy department and its present conditions are fully exhibited in the report of the secretary. The construction of vessels for our new navy has been energetically prosecuted by the present administration upon the general lines pre-viously adopted, the department having seen no necessity for radical changes in prior methods under which the work was found to be progressing in a manner highly satisfactory. It has been decided, however, to provide in every ship building contract that the builder should pay all trial expenses, and it has also been determined to pay no speed premiums in future contracts. FIVE CIVILIZED TRIBES.

The condition of affairs among the five land in the Indian Territory, and who have governments of their own, has assumed such an asspect as to render it almost indispensible that there should be an entire change in the relations of these Indians to the general government. This seems to be necessary in furtherance of their own interests as well as for the protection of non-Indian residents in their territory. A commission organized and empowered under several recent laws is now negotiating with these Indians for the relinquishment of their

courts and the division of tasir common of public law and our record for the duty lands in severalty, and abling in the settle-enjoined upon us by the position we occupy ment of the troublerome question of tribal membership. The recognion of their first proffers of negotions was not encouraging, but through patience and such conduct on

A change is also needed to protect life and property through the operations of courts as will subserve the interests thus involved strong enough to enfures their mandates.

and at the same time promise to Cuba and ys a sincere friend of the Indian I am exceedingly anxious that these reforms should be accomplished with the consent and aid of the tribes and that no necessity may be presented for radical or drastic legislation. I hope, therefore, that the commission now onducting negotiations will soon be able to report that progress has been made toward friendly adjustment of existing dimculties.

* PACIFIC RAILROADS.

On January 11, 1807, with the amount already matured, more than \$13,000,000 of the principal of the subsidary bond issued by the United States in aid of the construc-tion of the Union Pacific railway, including its Kansas line, and more than \$6,000,000 of like bonds, issued in aid of the Central Pacific railroad, including those issued to the Western Railway company will have fallen due and been paid or must on that day be paid by the government. Without any ref-erence to the application of the sluking fund now in the treasury this will create such a default on on the part of the companies to the government as will give it the right to at once institute proceedings to force lose its mortgage lien. In addition to this indebtedness which will be due January 1, 1897 there will mature between that date and January 1, 1800 the remaining principal of such subsidy bonds which must also be met by the government. These amount to more than \$20,000,000 on account of the Union Pacific lines and exceeds \$21,000,000 on account of the Central Pacific lines.

In the case of the Union Pacific company the situation has become especially urgent Proceedings have been instituted to force close a first mortgage upon those aided parts of the main lines upon which the Governover the preceding year.

Our exports of merchandise, foreign and cerned that must emphasize the mandate of the act of 1887 and give to executive duty its provisions a more imperative

Unless Congress shall otherwise direct or chiess congress shall otherwise direct or shall have previously determined upon a different solution of the problem there will hardly appear to exist any reason for delay-ing beyond the date of the default above mentioned such executive action as will promise to subserve the public interests and

The progress made in civil service reform furnishes a cause for the utmost congratu-

lation. It has survived the doubts of its friends as well as the rancor of its enemies: fiscal year, being an increase of 2.269,- and improve, economize and elevate the barrels. petitive classified service upwards of \$4,000 places. More than haif of these have been included from time to time since March 4, 1893. A most radical and sweeping extension was made by executive order dated the 6th day of May, 1896. And if fourth class vice law are now classified. Abundant rea-sons exist for including these postmaster-In default of this, however ships, based upon economy, improved service and the peace and quiet of neighborproper cases a consolidation of the National postolices to the end that through this pro-cess the result desired may to a limited extent be accomplished.

The civil service rules as amended during the last year provides for a sensible and uniform method of promotion, basing eligto better positions upon demonstrated efficiency and faithfulness. The absence of fixed rules on this subject has been an infirmity in the system more and more apparent, its other benefits have been better appreciated. The advantage of civil service methods in their business aspects ment. Their application has become a necessity to the executive work of the govern-ment. But those who gain through the operation of these methods should be made understand that the non-partisan scheme through which they receive their appointments demands from them, by way of re-ciprocity, non-partisan and faithful perormance of duty under every administraion, and cheerful fidelity to every While they should be encouraged to decently exercise their rights of citizenship and to support through their suffrages the political beliefs they honestly profess the olsy, persistent and partisan employe, who loves political turmoil and contention, or who renders lax and grudging service to an administration not representing his political dews, should be promptly and fearlessly warning to others who may be likewise dis-

THE TARIFF LAW.

I desire to recur to the statements else where made concerning the government's receipts and expenditures for the purpose of venturing upon some suggestions touch-ing our present tariff law and its operation This statute took effect on the 25th day of August, 1894. Whatever may be its short comings as a complete measure reform, it must be conceded that it has hange of commodities between us and other ountries, and thus furnished a wider market for our products and manufactures.

The only entire year during which this law has been in force ended on the 30th day of June, 1896. In that year our imports in creased over those of the previous year more than \$6,500,000, while the value of the demestic products we expected and which found markets abroad was nearly \$70,000,-000 more than during the preceding year. Those who insist that the cost to o

ple of articles coming to them from abroad for their needful use should only be in-creased through tariff changes to an extent necessary to meet the expenses of the government, as well as those who claim that tariff charges may be laid upon such articles beyond the necessities of government revenue and with the additional purpose of so increasing their price in our markets as ducers better and more profitable opportu-nities, must agree that our tariff laws are only primarily justified as sources of revenue to enable the government to meet the naces sary expenses of its maintenance. Considered as to its sufficiency in this aspect the present law can by no means fail under just condemnation. During the only complete fiscal year of its operation it has yielded only \$8,000,000 more revenue than was re-ceived from tariff duties in the preceding year. There was nevertheless, a deficit be-tween our receipts and expenses of a little more than \$25,000,000. This, however, was

more than \$25,000,000. This, however, was not unexpected.

The situation was such on December last seven months before the close of the fiscal year, that the secretary of the treasury foretoid a deficiency of \$17,000,000. The great and increasing apprehension and timidity in business circles and the depression in all activities intervening since that time, resulting from causes perfectly well understood and entirely disconnected with our tariff law or operation seriously checked the imports we would have otherwise received and readily account for the difference between this estimate of the secretary and the actual deficiency as well as for a continued deficit.

Indeed, it must be confessed that we could hardly have had a more unfavorable period than the last two years for the collection of official duty well performed and the memory confiding fellow countrymen.

Executive Mansion, December 7, 1896.

hardly have had a more unfavorable period than the last two years for the collection of

tariff revenue. We cannot reasonably hope that our recuperation from the business de-pression will be sudden, but it has aiready set in with a promise of acceleration and continuance. I believe our present target law, if allowed a fair opportunity, will in the near future yield a revenue which with reasonably economical expenditures, will

overcome all deficiencies.
In the meantime no deficit that has occurred or may occur need excite or disturb us. To meet any such dedoit we have in the treasury, in addition to the gold reserve of \$100,000,000, a surplus of more than \$128. 000.000 applicable to payment of the ex-penses of the government, and which must, unless expended for that purpose, remain a useless heard, or, if not extravagantly wasted, must in any event be perverted from the purpose of its transition from our ple, the payment, therefore, of any ciency in the revenue from this fund is nothing more than its proper and legitimate use. It is immeasurably better to appropri-ate our surplus to the payment of justifiable expenses than to allow it to become an invitation to reckless appropriations and ex-travagant expenditures.

I suppose it will not be denied that under the present law our people obtain the neces-saries of a comfortable existence at a cheaper rate than formerly. This is a matter of supreme importance, since it is the palpable duty of every just government to make the burdens of taxation as light as possible. The people should not be required to relinquish this privilege of cheaper living except under the stress of their government's necessity made plainly manifest.

FINANCIAL.

This reference to the condition and prospects of our revenues naturally suggests an allusion to the weakness and vices of our financial methods. They have been frequently pressed upon the attention of the Congress in previous executive communications and the inevitable danger of their con-tinued toleration pointed out. Without now repeating these details, I cannot refrain from again earnestly presenting the necessity of the prompt reform of a system opposed to every rule of sound finance and shown by experience to be fraught with the gravest peril and perplexity. The terrible civil war which shook the foundations of our government, more than thirty years ago, brought in its train the destruction of property, the wasting of our country's substance, and the estrangement of brethren. These are now past and forgotten. Even the distressing loss of life the conflict enters patriotic sentiment and keeps alive a tender regard for those who nobly died. And yet there remains with us to-day, in full strength and activity as an incident of that tremendous struggle, a feature of its financial necessity not only unsuited to our present circumstances, but manifestly a disturbing menace to business security and an ever present agent of monetary distress.

Because we may be enjoying a temporary relief from its depressing influence this should not lull us into a faise security or lead us to forget the suddenness of past visi-tation. I am more convinced than ever that we can have not assured financial peace and safety until the government currency obli-gations upon which gold may be demanded from the treasury are withdrawn from cir-culation and cancelled. This might be done as has been recommended, by their exchange for long term bonds bearing a low rate of interest, or by their redemption with the proceeds of such bonds.

Even if only United States notes known as greenbacks were thus retired it is probable that the treasury notes issued in payment of silver purchases under the act of July 14, 1890, now paid in gold when demanded, would not create much disturbances, as they might from time to time, when received in sion was made by executive order dated the 6th day of May 1896. And ir fourth class postmasterships are not included in the statement it may be said that practically all positions contemplated by the civil serpears to be the most effective and direct

In default of this, however, it would be a step in the right direction if currency oblivice and the peace and quiet of neighbor-hoods. If, however, obstacles prevent such action at present I carnestly hope that con-press will, without increasing postoffice ap-

> National banks showld redeem their own as security for its redemption and the tax on their circulation should be reduced to one-fourth of 1 per cent. The entire case may be presented by the statement that the day of sensible and sound financial methods will not dawn upon us until our government abandons the banking business and the accumulation of funds, and confines its mone-tary operations to the receipts of money contributed by the people for its support, and to the expenditure of such money for the people's benefit. Our business interests and all good citizens long for rest from feverish agitation, and the inauguration by the government of a reformed financial policy which will encourage enterprise and make certain the rewards of labor and industry.

TRUSTS. Another topic in which our people right-

fully take a deep interest may be here briefly considered. I refer to the expanse of trusts and other huge aggregations of capi-tal, the object of which is to secure the monopoly of some particular branch of trade, industry or commerce, and to stifle wholesome competition. When these are defended it is usually on the ground that though they ncrease profits, they also reduce prices and thus may benefit the public. It must be re-membered, however, that a reduction of prices to the people is not one of the real objects of these organizations, nor is their tendency necessarily in that direction. If it occurs in a particular case it is only because it accords with the pur-poses or interests of those managing their scheme. Such occasional results fall short, of composing the palpable evils charged to the account of trusts and monopolies. Their endency is to crush out individual independence and to hinder and to prevent the ree use of human faculties and the full development of human character.

Though Cougress has attempted to deal with this matter by legislation, the laws passed for that purpose thus far have provedineffective, not because of any lack of disposition or attempt to enforce them but simply because the laws themselves as interpreted by the courts do not reach the difficulty. If the insufficiencies of existing laws can be remedied by further legislation, it should be done. The fact must be recognized, however, that all federal legislation on this subject may fall short of its purpose because of inherent obstacles, and also because of the complex character of our governmental system, which, while making the federal authority surreme within its metes and bounds waich cannot be transgressed. The decision of our highest court on this precise question renders it quite doubtful whether the evils of trusts and monopolies can be adequately treated through federal action unless they seek directly and purposely to include in their objects trans-portation or intercourse between states or between the United States and foreign

between the United States and foreign countries. It does not follow, however, that this is the limit of the remedy that may be applied. Even though it may be found that federal authority is not broad enough to fully reach the case, there can be no doubt of the power of the several states to act effectively in the premises and there should be no reason to doubt their wikingness to judiciously exercise such power. In concluding this communication its last words shall be an appet to the congress for the most rig. economy in the expenditure of the money it holds in trust for the people. The way to perplexing extravagance is casy, but a return to frugality is difficult. When, however, it is considered that those who bear the burdens of taxation have no guaranty of honest care save in the idelity of their reliable servants, the duty of all possible retrenchment is plainly manifest.

Executive Mansion, December 7, 1898.