

THE PRESIDENT'S MESSAGE.



To the Congress of the United States:

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

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

In obedience to a constitutional requirement I herein submit to the Congress certain information concerning national affairs with the suggestion of such legislation as in my judgment is necessary and expedient.

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

While none of our citizens in Turkey have thus far been killed or wounded, though often in the midst of dreadful scenes of danger, their safety in the future is by no means assured. Our government at home and our minister at Constantinople have left nothing undone to protect our missionaries in Ottoman territory, who constitute nearly all the individuals residing there who have a right to claim our protection on the score of American citizenship. Our efforts in this direction will not be relaxed, but the deep feeling and sympathy that have been aroused among our people ought not to so far blind their reason and judgment as to lead them to demand impossible things.

Several naval vessels are stationed in the Mediterranean as a measure of caution, and to furnish all possible relief and refuge in case of emergency, and we have made claims against the Turkish Government for the pillage and destruction of missionary property at Harpoot and Marash during uprisings at those places. A number of Armenian refugees having arrived at our ports, an order has lately been obtained from the Turkish Government permitting the wives and children of such refugees to join them here. I do not believe that the present somber prospect in Turkey will be long permitted to offend the sight of Christendom.

The Cuban Rebellion.
The insurrection in Cuba still continues with all its perplexities. It is difficult to perceive that any progress has thus far been made towards the pacification of the island or that the situation of affairs as depicted in my last annual message has in the least improved. If Spain still holds Havana and the seaports and all the considerable towns, the insurgents still roam at will over at least two-thirds of the inland country. If the determination of Spain to put down the insurrection seems but to strengthen with the lapse of time, and is evinced by her unhesitating devotion of largely increased military and naval forces to the task, there is much reason to believe that the insurgents have gained in point of numbers and character and resources, and are none the less inflexible in their resolve not to succumb without practically securing the great objects 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 or keeps on foot such a government, more or less imperfectly, in the large towns and their immediate suburbs, but that exception being made, the entire country is either given over to anarchy or is subject to the military occupation of one or the other party. It is

expression of feeling. But I have deemed it not amiss to remind the Congress that a time may arise when a correct policy and care for our interests, as well as a regard for the interests of other nations and their citizens, joined by considerations of humanity and a desire to see a rich and fertile country, intimately related to us, saved from complete devastation, will constrain our Government to such action as will subserve the interests thus involved and at the same time promise to Cuba and its inhabitants an opportunity to enjoy the blessings of peace.

Other Foreign Matters.
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. The scheme of examining applicants for certain consular positions, to test their competency and fitness, adopted under an executive order issued on Sept. 20, 1895, has fully demonstrated the usefulness of this innovation. The inspection of consular offices provided for by an appropriation for that purpose at the last session of the Congress has been productive of such wholesome effects that I hope this important work will in the future be continued. I know of nothing that can be done with the same slight expense so improving to the service.

We have during the last year labored faithfully, and against unfavorable conditions, to secure better preservation of seal life in the Behring Sea. Both the United States and Great Britain have lately dispatched commissioners to these waters to study the habits and condition of the seal herd and the causes of their rapid decrease. Upon the reports of these commissioners, soon to be submitted, and with the exercise of patience and good sense on the part of all interested parties, it is earnestly hoped that hearty cooperation may be secured for the protection against threatened extinction of seal life in the Northern Pacific and Behring Sea.

Treasury Information.
The Secretary of the Treasury reports that during the fiscal year ending June 30, 1896, the receipts of the Government from all sources amounted to \$409,475,408.78. During the same period its expenditures were \$344,678,654.48, the excess of expenditures over receipts thus amounting to \$25,200,245.70. The ordinary expenses during the year were \$4,015,822.21 less than during the preceding fiscal year. Of the receipts mentioned there was derived from customs the sum of \$180,021,751.07, and from internal revenue \$146,830,615.96. The receipts from customs show an increase of \$7,863,134.22 over those from the same source for the fiscal year ending June 30, 1895, and the receipts from internal revenue an increase of \$3,584,537.31. The value of our imported dutiable merchandise during the last fiscal year was \$309,757,470, and the value of free goods imported \$409,947,470, being an increase of \$32,075,718 in the value of dutiable goods and \$14,975,074 in the value of free goods over the preceding year. Our imports of merchandise, foreign and domestic, amounted in value to \$882,696,938, being an increase over the preceding year of \$75,968,773. 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 brandies, was \$6,388,703 taxable gallons, being an increase of 6,639,108 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 barrels of beer produced was 35,859,250, as against 35,889,784 produced in the preceding fiscal year, being an increase of 2,290,406 barrels.

The total amount of gold exported during the last fiscal year was \$112,409,947, and of silver \$60,541,670, being an increase of \$45,941,466 of gold and \$13,246,384 of silver over the exportations of the preceding fiscal year. The imports of gold were \$33,525,065 and of silver \$28,771,186, being \$2,859,035 less of gold and \$8,566,007 more of silver than during the preceding year. The total stock of metallic money in the United States at the close of the last fiscal year ended the 30th day of June, 1896, was \$1,228,323,035, of which \$530,597,964 was in gold and \$697,725,071 in silver. On the 1st day of November 1896, the total stock of money of all kinds in the country was \$2,285,410,500 and the amount in circulation, not including that in the treasury holdings, was \$1,027,055,641, being \$22.42 per capita upon an estimated population of 71,992,000. The production of the precious metals in the United States during the calendar year 1895 is estimated to have been 2,254,769 fine ounces of gold, of the value of \$16,610,000, and 55,727,000 ounces of silver, of the commercial value of \$36,445,000 and the coinage value of \$72,051,000. The estimated production of these metals throughout the world during the same period was 9,888,821 fine ounces of gold, amounting to \$290,285,719 in value, and 139,180,249 fine ounces of silver, of the commercial value of \$110,654,000, and of the coinage value of \$218,738,100 according to our ratio. The coinage of these metals in the various countries of the world during the same calendar year amounted to \$232,701,438 in gold and \$121,995,219 in silver. The total coinage at the mints of the United States during the fiscal year ending June 30, 1896, amounted to \$71,188,468.52, of which \$58,878,490 was in gold coins and \$12,309,978.52 in standard silver dollar, subsidiary coins and minor coins.

National Banks.
The number of national banks organized from the time the law authorizing their creation was passed, up to Oct. 31, was 5,051, and of this number 3,679 were at the date last mentioned in active operation, having authorized capital stock of \$650,014,895, held by 288,902 shareholders, and circulating notes amounting to \$21,412,020. The total outstanding circulating notes of all national banks, Oct. 31, 1896, amounted to \$234,553,807, including unredeemed but fully secured notes of banks insolvent and in process of liquidation. The increase in national bank circulation during the year ending on that day was \$21,000,429. Oct. 8, 1896, when the condition of national banks was last reported, the total resources of the 3,679 active institutions was \$3,263,685,319.83, which included \$1,863,258,839.31 in loans and discounts and \$362,165,738.85 in money of all kinds on hand. Of their liabilities \$1,597,891,058.03 was due to individual depositors and \$209,944,019 consisted of outstanding circulating notes.

There were organized during the year

preceding the date last mentioned twenty-eight national banks, located in fifteen different States, of which twelve were organized in the Eastern States with a capital of \$1,180,000, six in the Western States with a capital of \$875,000 and ten in the Southern States with a capital of \$1,190,000. During the year, however, thirty-seven banks voluntarily abandoned their franchises under the national law, and in the case of twenty-seven others it was found necessary to appoint receivers. Therefore, as compared with the year preceding, there was a decrease of thirty-six in the number of active banks. The number of existing banks organized under State laws is 5,708.

Immigration.
The number of immigrants arriving in the United States during the fiscal year was 343,207, of whom 340,408 were permitted to land and 2,799 were barred on various grounds prescribed by law and returned to the countries whence they came at the expense of the steamship companies by which they were brought in. The increase in immigration over the preceding year amounted to 84,731. It is reported that with some exceptions the immigrants of the last year were of a hardy laboring class, accustomed and able to earn a support for themselves, and it is estimated that the money brought with them amounted to at least \$5,000,000, though it was probably much in excess of that sum, since only those having less than \$30 are required to disclose the exact amount, and it is known that many brought considerable sums of money to buy land and build homes.

The War Department.
The report of the Secretary of War exhibits satisfactory conditions in the several branches of the public service entrusted to his charge. The limit of our military force as fixed by law is constantly and readily maintained. The present discipline and morale of our army are excellent, and marked progress and efficiency are apparent throughout its entire organization. With the exception of delicate duties in the suppression of slight Indian disturbances along our southwestern boundary, in which the Mexican troops co-operated, and the compulsory and peaceful return, with the consent of Great Britain, of a band of Cree Indians from Montana to British possessions, no active operations have been required of the army during the year past.

Sea Coast Defense.
During the last year rapid progress has been made toward the completion of the scheme adopted for the erection and armament of fortifications along our seacoast, while equal progress has been made in providing the material for submarine defense in connection with these works. This improved situation is largely due to the recommendations of the war department. Thus we shall soon have complete about one-fifth of the comprehensive system, the first step in which was noted in my message to the Congress of Dec. 4, 1893. When it is understood that a masonry emplacement not only furnishes a platform for the heavy modern high-power gun, but also in every particular serves the purpose and takes the place of the fort of former days, the importance of the work accomplished is better comprehended.

We should always keep in mind that of all forms of military preparation coast defense alone is essentially pacific in its nature. While it gives the sense of security due to a consciousness of strength, it is neither the purpose nor the effect of such permanent fortifications to involve us in foreign complications, but rather to guarantee us against them. They are not a preparation to war, but security against it. They are thoroughly in accord with all the traditions of our national diplomacy.

Fees of Federal Officers.
It is most gratifying to note the satisfactory results that have followed the inauguration of the new system provided for by the act of May 28, 1896, under which certain Federal officials are compensated by salaries instead of fees. The new plan was put in operation on July 1, 1896, and already the great economy it enforces, its prevention of abuses, and its tendency to a better enforcement of the laws are strikingly apparent. Detailed evidence of the usefulness of this long-delayed but now happily accomplished reform will be found clearly set forth in the Attorney General's report.

The Postal Service.
Our Postoffice Department is in good condition, and the exhibit made of its operations during the fiscal year ended June 30, 1896, if allowance is made for imperfections in the laws applicable to it, is very satisfactory. The total receipts during the year were \$2,490,298.30. The total expenditures were \$20,626,296.84, exclusive of \$1,559,898.27, which was earned by the Pacific Railroad for transportation and credited on their debt to the Government. There was an increase of receipts over the previous year of \$5,510,080.21, or 7.1 per cent., and an increase of expenditures of \$3,836,124.07, or 4.42 per cent. The deficit was \$1,679,956.19 less than that of the preceding year.

Our postal service should meet the wants and even the conveniences of our people at a direct charge upon them so slight as perhaps to exclude the idea of our postoffice department being a money-making concern. In the face of a constant and recurring deficiency in its revenues, and in view of the fact that we supply the best mail service in the world, it seems to me it is quite time to correct the abuses that swell enormously our annual deficit. I recommend that legislation be at once enacted to correct these abuses and introduce better business ideas in the regulation of our postal rates. This involves the following reforms, which I earnestly recommend:

The Navy.
The work of the Navy Department and its present condition 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 previously 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 shipbuilding contract that the builder should pay all trial expenses, and it has also been determined to pay no speed premiums on future contracts. The premiums recently earned and some yet to be decided are features of the contracts made before this conclusion was reached.

Interior Affairs.
The report of the Secretary of the Interior presents a comprehensive and interesting exhibit of the numerous and important affairs committed to his supervision. I agree with the Secretary that the remainder of our public lands should be more carefully dealt with

and their alienation guarded by better economy and greater prudence.

The Indians.
The total Indian population of the United States is 177,236, according to a census in 1895, exclusive of those within the State of New York and those comprising the five tribes of the Northwest. Of this number there are approximately 38,000 children of school age. During the year 23,393 of these were enrolled in schools. The progress which has attended recent efforts to extend Indian education is most gratifying, and the continued liberal appropriations to that end cannot fail to afford the utmost satisfaction to those who believe that the education of Indian children is a prime factor in the accomplishment of Indian civilization. It may be said in general terms that in every particular the improvement of the Indians under Government care has been most marked and encouraging.

Civil Service Reform.
The progress made in civil-service reform furnishes a cause for the utmost congratulation. There are now in the competitive classified service upward of eighty-four thousand places. A most radical and sweeping extension was made by executive order on the 15th day of March in the fourth-class postmasterships, but not included in the statement it may be said that practically all positions contemplated by the civil-service law are now classified.

National Finances and the Tariff.
I desire to recur to the statements elsewhere made concerning the Government's receipts and expenditures for the purpose of venturing upon some suggestions touching our present tariff law and its operation. This statute took effect on the 28th day of August, 1894. Whatever may be its shortcomings as a complete measure of tariff reform, it must be conceded that it has opened the way to a freer and greater exchange of commodities between us and other countries, and thus furnished a market for our products and manufacturing. The only entire fiscal year during which this law has been in force ended the 30th day of June 1896. In that year the exports increased over those of the previous year more than \$6,000,000, while the value of the domestic products we exported and which found markets abroad was \$1,800,000,000 more than during the preceding year.

The present law, during the only complete fiscal year of its operation, has yielded nearly \$3,000,000 more revenue than was received from tariff duties in the preceding year. There was, nevertheless, a deficit between our receipts and expenditures of a little more than \$22,000,000. This, however, was not unexpected. The situation was such in December last, seven months before the close of the fiscal year, that the Secretary of the Treasury estimated 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, however, from causes perfectly well understood and entirely disconnected with our tariff law or its operation, seriously retarded the imports we would have otherwise received. It is my 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 tariff revenue. We could not have had that our recuperation from this business depression will be sudden, but it has already set in, with a promise of acceleration and continuance.

I believe our present tariff law, if allowed a fair opportunity, will in the near future yield a revenue which will not only meet our expenditures, but will overcome all deficiencies. Meantime no deficit that has occurred or may occur need excite or disturb us. To meet any emergency that may arise in the treasury, in addition to a gold reserve of \$100,000,000, a surplus of more than \$128,000,000 applicable to the payment of the expenses of the Government, which must, unless expended for that purpose, remain a useless hoard, or, if not so, be extravagantly wasted, must in any event be diverted from the present use of the currency by our people. The payment, therefore, of any deficiency in the revenue from this fund is nothing more than its proper and legitimate use.

The Currency System.
I am more convinced than ever that we can have no assured financial peace and safety until the government may be demanded from the treasury are withdrawn from circulation and canceled. This might be done, as has been heretofore recommended, by the exchange for long-term bonds bearing a low rate of interest or by their redemption by the United States Government, 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 pending in the hands of the public, would not create much disturbance, as they might from time to time when received in the treasury by redemption in gold or otherwise, be gradually and profitably replaced by silver coin.

In default of this plan, however, it would be a step in the right direction if currency obligations redeemable by the Government, so redeemed, should be canceled instead of being released.

National banks should redeem their own notes. They should be obliged to issue circulation to the par value of bonds deposited as security for their redemption, and the tax on their circulation should be reduced to one-fourth of 1 per cent.

In considering projects for the retirement of United States notes and treasury notes issued under the law of 1890, I am of the opinion that we have been hitherto invited to do so by better and safer financial methods. It is not so much a contraction of our currency that should be avoided, as such unequal distribution of the currency as, obviated, and any fear of harmful contraction at the same time removed, by allowing the organization of such banks in less populous communities than are now permitted, and authorizing banks to establish branches in small communities under proper restrictions.

The entire case may be presented by the statement that the day of sensible and sound financial methods will not dawn until our government has re-established the banking business and the accumulation of funds, and confines its monetary operations to the receipts of the money contributed by the people for its support, and the expenditure of such money for the people's benefit.

Our business interests and all good citizens long for rest from the present situation, and the inauguration by the Government of a reformed financial policy, which will encourage enterprise and make certain the rewards of labor and industry for the trusts.

Another topic in which our people rightfully take a deep interest may here be briefly considered. I refer to the aggregations of capital and other huge trusts, the object of which is to secure the monopoly of some particular branch of trade, industry, or commerce and so stifle competition. When these trusts are defended, it is usually on the ground that though they increase profits they also reduce prices and thus may benefit the people. It must be remembered, however, that a reduction of prices to the people is not one of the real objects of these organizations, nor is their tendency necessarily to crush out individual independence and to hinder or prevent the free use of human faculties and the full development of human character.

In concluding this communication, its last words shall be an appeal to the Congress for the most rigid economy in the expenditure of the money it has at its disposal. The way to perplexing extravagance is easy, but a return to frugality is difficult. When, however, it is considered that those who bear the burden of taxation have no guaranty of honest care save in the fidelity of their public servants, the duty of all possible retrenchment is plainly manifest.

When our differences are forgotten and our contentions of political opinion are no longer remembered, nothing in the retrospect of our public service will be so fortunate and comforting as the recollection of official duty well performed and the memory of a constant devotion to the interests of our confiding fellow countrymen.

William McKinley

A comparison of the great cycle shows of England and America shows that the coming event, to be held at the Chicago Coliseum in January, will be far ahead of anything yet attained.