Principal Part Devoted to a Narrative of the War With Spain.

NO STARTLING SUGGESTIONS.

The Peace Treaty Still Unsigned, th President Does Not Discuss the Pormanent Colonial Polley-The Chi-

nese Question-Little New on Currency-Army Increase 100,000.

To the Senate and House of Representatives:
Notwith tanding the added burdens rendered
a-cessary by the war, our people rejoice in a
very satisfactory and steadily increasing
fegree of prosperity, evide ced by the largest volume of business ever re-orded. Every
manufacture has been productive, agriculture
pursuits have yielded abundant returns, labor
in the fields of industry is better rewarded, revenue legislation paused by the present congress
has increased the treasury's receipts to the
smouth estimated by its authorities, the enue legislation pa sed by the present congress has increased the treasury's receipts to the amount estimated by its authorities, the figuness of the government have been carefully administrated and its credit advanced to the first rank, while its currency has been maintained at the world's highest standard. Military service under a common flaq and for a righteons cause has strengthened the national aprirt and served to cement more closely than ever the fraternal bonds between every section of the country.

A review of the relation of the United States to other powers, always appropriate, is this year of primary importance in view of the mo-mentous questions which have arisen, demanding in one instance the ultimate determination by arms and involving far-reaching conse-quences which will require the carnest atten-

THE WAR WITH SPAIN. In my last annual message very full consideration was given to the question of the duty of the government of the United States toward Spain and the Cuban insurrection as being by far the most important problem with which we see then called upon to deal. The con iderations then advanced, and the exposition of the views therein expressed, disclosed my sense of the extreme gravity of the situa-

The message then reviews in detail the state of affairs existing in Cuba up to the time of the destruction of the battle hip Maine, and con-

On the I theof Pebruary, last, occurred the Sestruction of the bittleship Maine, while rightfully lying in the harbor of Havana on a mission of international courtesy and good will—a catastrophe the suspicious nature and horror of which stirred the nation's heart profoundly. It is a striking evidence of the p ise and sturly good sense distinguishing our na-tional character that this shoc-in blow, fallto he to longer the existence of a condition of dan er and disorder at our doors that made possible such a deed by whomsoever wrought.
Yet the instinct of justice prevailed,
and the nation anxiously awaited the
result of the searching investigation at once set en feet. The finding of the naval board of in-quiry established that the origin of the exploson was external by a submarine mine, and only salted through lack of positive testimony to fix

the responsibility of its authorship.

All those things carried conviction to the most thoughtful, even before the finding of the naval court, that a crists in saval court, that a crists in our relations with Spain and toward Cuba was at hand. So strong was this bolief that it needed but a brief execu-tive suggestion to the Congress to receive improvision for the congress to receive im-mediate answer to the duty of making instant provision for the possible and perhaps speedily probable emergency of war and the remark-able, almost unique spectacle was presented of animous vote of both houses on the sth March, appropriating \$53,303,903 "for the stional defense and for each and every purpose connected therewith, to be expended at the discretion of the President."

That this act of provision came none too soon was disclosed when the application of the funds was undertaken. Our forts were practically underended. Our navy needed large provision for increased ammunition and supplies, and even numbers, to cope with any sudden attack from the navy of Spain, which comprised modern vessels of the highest type of continental perfection. Our

army also required calargement of men and munitious. The details of the hurried prepara-tions for the dreaded contingency is told in the reports of the secretaries of war and of the navy, and need not be repeated here. It is suf-ficient to say that the outbreak of war, when its lid come found our nation not unprepared to most the conflict.

Nor was the apprehension of coming strife

confined to our own country. It was felt by the confinental powers which, on April 1th, through their ambassadors and envoys, addressed to the executive an expression of hope that humanity and moderation might mark the course of this and moderation might mark the course of this government and people, and that further negotistions would lead to an agreement, which, while securing the maintenance of peace, would affirm all necessary guarantees for the restablishment of order in Cuba. In responding to the presentation, I also shared the hope that the envoys had expressed that peace might be preserved in a manner to terminate the chronic condition of disturbance in Cuba so injurious and menacing to our interests and tranquility. and menacing to our interests and tranquility, as well as shocking to our sentiments of humanity; and, while appreciating the humanita-rian and disinterested character of the commu-nity they had made on behalf of the powers, it et ted that the confidence of this government for its part, that equal appreciation would be shown for its carnest and unselfish endeavors to fainil a duty of humanity by ending a situaon, the indefinite prolongation of which had

become insufferable.

Still animated by the hope of a peaceful solution and obeying the dictates of duty, no effort was relaxed to bring about a speedy ending of the Cuban struggle. Negotiations to this object continued actively with the government of the conductor of the condu to continuous actively with the government of a continuous actively with the government of a continuous actively active in Cuba with a view to cost the recognition of her people's right to dependence. Besides this, the instant recognition of the order of reconcentration was ked, so that the sufferers, returning to their mess and nided by united American and Spansarous might be put in a way to support an effect might be put in a way to support themselves and, by orderly resumption of the sell sigh destroyed productive energies of the sland, contribute to the restoration of its tran-julity and well seling. Negotiations continued by some little time at Madrid resulting in quility and well seing. Negotiations continued for some little time at Madrid resulting in offers by the Spanish government which could not but be regarded as insisquate. It was proposed to confide the preparation of peace to the insular parliament, yet to be consened under the autonomous decrees of November, 1807, but without impairment in any wise of the constitutional powers of the Madrid government, which to that end, wou d grant an armisulce, it solicited by the insurgence, for such time as the general-in-chief might see fit to fix. How, and with what scope of discretionary powers the insular par lament was expected to set about the "preparation" of peace did not appear. If it was to be by negotiation with the insurgents, the issue seemed to rest on the one also with a body chasts by a facilion of the electors in the districts under Spanish control and the other, with the insurgent population holding the interior country, uncopressented in the so-called parliament, and the surgestion of suing for exact.

Grisved and districts under Spanish control and the solution to suing for exact.

Grisved and districts under spanish control and the solution to and the fineness of beats practicable solution to of or requiaut here of april 11, 1802, I am Riccar requisit here of a Riccar requisit here of the provides the color, while the color, only after the jubit to the country published.

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been published.

In Cuba, and its disappointing reception by PRESIDENT'S MESSAGE Spain, to end proceed was brought to an end. I scale reviewed the alternative courses of action which I had prepared, concluding that the only one convenent with international policy and compatible with our firm set historical traditions was intervention as a set historical traditions was intervention as a neutral to stop the war and check the hopeless sacritee of life, even though that resert invo ved "hostile constraint upon both the parties to the contest as well to enforce a truce as to guide the eventual settlement. The grounds justifying that step were, the interests of humanity: the duty to protect life and property of our citizens in Cubs; the right to check injury to our commerce and people through the devastation of the island, and, most important, the need of removing at once and forever the constant menace and the burdens entailed upon our government by the uncertainty. tailed upon our government by the uncer-tainties and perils of the situation caused by the unendurable disturbance in Cuba. The President then refers to his message to Congress on the Cuban question last spring, and the passage of the resolutions demanding the withdrawal of Spanish sovereignty from

The demand, although, as abave shown, of-ficially made known to the Spanish envey here, was not delivered at Madrid. After the in-struction reached General Woodford on the morning of April 21, but before he could pre-sent it, the Spanish minister of state notified him that much the President's appropriate the sont it, the Spanish minister of state notified him that upon the Prestient's approval of the joint resolution the Madrid government, re-garding the act as "equivalent to an evident declaration of war," had ordered its minister in Washington to with iraw, thereby breaking off diplomatic relations between the two coun-tries, and ceasing all official communication between their respective representatives. General Woodford thereupon demanded his passports and quitted Madrid the same day.

Spain, having thus dealed the demand of the United States and initiated that complete form of rupture of relations which attends a state of war, the executive powers authorized by the

of war, the executive powers authorized by the resolution were at once used by me to meet the enlarged contingency of actual war between Spain and the United States.

On April 22 I proclaimed a blockade of the northern coast of Cuba, including ports on said coast between Cardenas and Bahia Lon is and the port of Cienfuegos on the south coast of Cuba; and on the 23d I called for volunteers to execute the purpose of these resolutions. By my message of April 25. these resolutions. By my message of April 25, the Congress was informed of the situation, and I recommended formal declaration of the existence of a state of war between the United States and Spain. The Congress accordingly voted on the same day the act approved April 25, 1898, declaring the existence of such war. from and including the 21st day of April, and re-enacted the provision of the resolution of ng the President to use all the April 2 , directing the President to use all the armed forces of the nation to carry that act into

THE WAR PREPARATION.

Our country this, after an interval of half i century of peace with all nations, found itself engaged in deadly conflict with a foreign enemy very nerve was strained to meet the emer-ncy. The response to the initial call for 123,000 volunteers was instant and complete as was also the r sult of the second call of May 25 for 73,000 additional volunteer. The ranks of the regular army were increased to the lim-its provided by the act of April 22. The cuforce of the navy on the 15th of Aug when it reached its maximum, numbered 24,123 men and apprentice. One hundred and three vossels were added to the navy by purchase one was presouted to the government, one leased and the four vessels of the International Navigation o mpany—the St. Paul, St. Louis New York and P ris—were chartered. In addition to these the revenue cutters and light dors were turned over t . the navy partment and became temporarily a part of the auxiliary navy.

The maximum effective fighting force of the

navy during the war, separated into classes, was as follows: Four battleships of the first class, one battle-ship of the second class, two armored cruisers six coast defense monitors, one armored ram twelve protected cruisers, three unprotected

oruisors, eighteen gunboats, one dynamite cruisor, eleven torpedo boats, fourteen old vessels of the old navy, including monitors. Auxiliar, navy: Auxiliary cruisors, twentyeight converted yachts, twenty-seven converted turs, nineteen converted colliers, four revenue cutters, four lighthouse tenders and nineteen miscellaneous vessels.

Mu h alarm was felt along our entire Atlan-

tic seaboard lost some attack might be mide by the enemy. Every precaution was taken to prevent possible injury to our great cities ly-ing along the coast. Temporary garrisons were provided drawn from the state militia, and the volunteer force. About 12,000 troops were the volunteer tores. About 1:,00 troops were thus employed. The coast signal service was est-blished for observing the approach of an enemy's ship to the coast of the United States and the lighthouse service co-operated, which enabled the navy department to have all por-tions of the At antic coast, from Maine to Tex-as, under observation. as, under observation

The auxiliary navy was created under the authority of Congress and was offi-cered and manned by the raval militia of the several states. This organization patrolled the coast and performed the duty of the second arm of defense. Under the direction of the chief of engineers.

submarine mines were placed at the most ex-posed points. Before the outbreak of the war posses points. Before the outbreak of the war permanent mining encasements and cable gal-leries had peen constructed at all important harbors. Most of the torpedo material was not to be found in the market and had to be specially manufactured. Under date of April 19 district officers were directed to take all preliminary manufactures, where of the actual attaching of measures, short of the actual attaching of the loaded mines to the cables, and on April 22 tolo-graphic orders were issued to place the loaded

nines in position.

The aggregate number of mines placed was ,635 at the principal harbors from Maine to salifornia. Preparations were also made for he planting of mines at certain other harbors owing to the early destruction of the Span ish fleet, those mines were not placed. The signal corps was promptly organized and per-formed service of the most difficult and important character. Its operations during the war ortifications, the establishment of telephon nd telegraphic facilities for the camps at Ma and tolegraphic facilities for the camps at Ma-nila, Santiago and Porto Rico. There were constructed 301 miles of line at ten great camps, thus facilitating military movements from those points in a manner heretofore unknown in military administration. Field telegraph lines were established and maintained under the enemy's fire at Manila, and later the Manila. Hone Kone cable was re-const.

Manila-Hong Kong cable was re-opened.

In Porto Rico cable communications were opened over a discontinued route, and on land the headquarters of the commanding officer was kept in telegraphic and telephonic communicadon with the division commanders on four dis erent lines of operations.

There was placed in Cuban waters a complete by outfitted cable ship with war cables and cable cear suitable both for the destruction of commu ideations belonging to the elemy and the establishment of our own. Two ocean cables were destroyed under the enemy's batteries at Santiago. The day previous to the landing of General Shafter acorps at Catmanera, within twenty miles of the landing place, cable communica-tions were established and cable station opened. giving direct communication with the govern-ment at Washington. This service was invalu-

ble to the Executive in directing the operation with a total force of over 1,3 0, the loss was by disease in camp and field, officers and men included, only five.

included, only five.

The national defense, under the \$50,000,000 fund, was expended in large part by the
army and navy, and the objects for which
it was used are fully shown in the reports
of the several secretaries. It was a most timeity appropriation, enabling the government to
str nighten its defense and to make preparations greatly needed in case of war. This fund
being inside, onto to the requirements of equiptions greatly needed in case of war. And tub-being insidequate to the requirements of equip-ment and for the conduct of the war, the pa-triotism of the congress provided the mean, in the war revenue act of June 13, by authorizing the war revenue act of June 18, by authorizing a three per cent popular loan not to exceed four hundred million dollars and by levying additional imports and taxes. Of the authorized loan, two hundred millions were offered and promptly taken, the authorized to be subscriptions so far exceeding the call as to cover it many times over, while preference being viven to the smaller

and significant result, showing the vast re-sources of the nation and the determination of the people to uphold their nation's honor,

THE BATTLE OF MANILA

It is not within the province of this message to narrate the history of the extraordinary war that followed the Spanish declaration of April 18t, but a brief recitat of its more salient features is appropriate. The first encounter of the war in point of date, took place April 27, when a detachment of the blockading squadron made a reconnaisance in force at Matanzas, shilled the harbor and demoli hed appreniare works in construction. The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet, under Commodore George Dewey, had lain for some weeks at Hong Kong. Upon the colonial proclamation of neutrality being issued and the customary twenty-four hours notice being given, it repaired to Mirs bay, near Hong Kong, whence it proceeded to the Philippine islands under telegraph orders to capture or destroy the formidable Spanish fleet then assembled at Manila. At daybreak on the 1st of May, the American force entered Manila bay and after a few hours' engagement, effected the total destruction of the Spanish fleet, consisting of tenstruction of the Spanish fleet. few hours' engagement, effected the total de-struction of the Spanish fleet, consisting of ten warships and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila with the ability to take the city at will. ot a life was lost on our ships, the wounded only numbering seven, while not a vessel was materially injured. For this galiant achievement the Congress, upon my recommendation, fitly bestowed upon the actors preferment and substantial reward.

The effect of this remarkable victory upon the the effect of this remarkable visits y upon the fortunes of the war was instant. A prestige of invincibility thereby attached to our arms, which continued throughout the struggle. Reinforcements were hurried to Manila under the comments were hurried to Manila under the comments were hurried to Manila under the comments. mand of Major General Merritt and firmly established within sight of the capital which lay helplesa before our guns. On the 7th day of May the government was advised officially of the victory at Manila, and at once inquired of the commander of our fleet what troops would be required. The information was received on the 1-th day of May and the first army expedi-tion sailed May 25th and arrived at Manila June 3 th. Other expeditions soon followed, the total force consisting of 641 officers and 15, 038 men.

Only reluctance to cause needless loss of life and property prevented the early storming and capture of the city and therewith the absolute military occupancy of the whole group. The insurgents meanwhile, had resumed the active hostilities suspended by the uncompleted truce of December, 1807. Their forces invested Ma-nila from the northern and eastern side, but were constrained by Admiral Dowey and Go: eral Merritt from a tempting an assault. It was fitting that whatever was to be done in the way of decisive operations in that quarter should be accomplished by the strong arm of the United States alone. Obeying the storn pre-cept of war which enjoins the overcoming of the adversary and the extinction of his power wherever assailable as the speedy and sure means to win a peace, divided victory was not permissable, for no partition of the rights and responsibilities attending the enforcement of a just and advantageous peace could be thought of. Following the coming of the comprehensive scheme of general attack, powerful forces were assembled at various coin s on our coast to invade Cuba and Porto Rico. Meanwhile naval demonstrations were made at several exposed points. On May if the cruiser Wilmington and torpedo boat Winslow were unsuccessful in an attempt to ellence the batteries at Cardenas, against Matanzas, Worth Bagloy and four seamen fallng. These grievous fatalities were strangely enough among the very few which occurred during our naval operations in this extraordin-

Meanwhile the Spanish naval preparations had been pushed with great vigor. A powerful squadron under Admirel Corvers, which had assembled at the Caps Verde islands before the outbreak of hostilities had crossed the ocean and by its erratic movements in the Caribbean sea delayed our military operations while baffling the pursuit of our fleets. For a time fears were felt lest the Oregon and Marietta. then nearing home after their long voyage from surprised by Admiral Cervera's fleet, but their fortunate arrival dispolled the approhousions and lent much needed reinforcements. Not until Admiral Cervera took refuge in the harbor of San iago de Cuba about May 9, was it practicable to plan a systematic military at-tack upon the Antillean possessions of Spain. Several demonstrations occurred on the past of Cuba and Por for a larger event. On May 13 the North Atlan-tic Squadron shelled San Juan de Porto Rico On May 80 Commodore Schley's squadron bom barded the forts guarding the mouth of Santi ago harbor. Neither attack had any materia result. It was evident that well ordered lanoperations were indispensible to achieve a de

SINKING OF THE MERRIMAC. The next act in the war thrilled not alone th earts of our countrymen, but the world, by itexceptional heroism. On the night of June 1 Lieutenant Hobson sided by seven devote-volunteers, blocked the narrow outlet from volunteers, blocked the narrow outlet from Santiago harbor by sinking the collier Merrimae in the channel, under a flerce fire from the shore batteries, and escaping with their lives as by a miracle, but falling into the hands of the Spaniards. It i a most gratifying incident of the war that the bravery of this little band of heroes was cordially appreciated by the spaniards, who sent a flag of truce to notify Admiral Sampson of their safety and to compliment them upon their daring act. They were subsequently exchanged July 7.

By June 7, the cutting of the last Cuban cable isolated the island. Thereafter the invasion was vigorously prosecuted. On June 10, under a heavy protecting fire, a 1 ading force of 600 marines from the Oregon, Marblehead and Yankee was effected in Guantaname bay, where it had been determined to establish a naval station. This important and essential port

station. This important and essential por-was taken from tdo onemy after sive calghting by the marines, who were the first organized forces of the United Stateto land in Cuba.

DESTRUCTION OF CREVERA'S FLEET The position so won was held despite de per-ate attempts to disiodge our forces. B; June 6 additional forces were landed and strongly entrenched. On June 21 the advance of the in-vading army under Mejor General Shafter tanded at Dalquiri about fifteen miles east of Santiago. This was accomplished under great liffeuities, but with marvelous disputch. On Santiago. This was accomplished under great limeuities, but with marvelous dispatch. On June 21 the movement against Santiago was occum. On the 21th the first serious engagement took place, in which the First and Tenth cavalry and the First Volunteer cavairy. General Young's brigade of General Waveler's division, parti ipated, losing heavily. By nightfall, however, ground within five miles of Santiago was won. The advantage was steadily increased. On July 1 a severe battle too place, our forces gaining the outer works of Santiago, and El Canry and San Juan were taken after a desperate charge and the investment of the city was completed. The navy coopyrated by shelling the town and the coast forts. On the day following this brilliant achievement of our land forces. July 2, occurred the decisive accept the American squafren, under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed, the two torpedo boats sunk, and the Maria Teresa, Almirante Oquendo, Viresya and Cristocal Colon driven a hore. The Spanish admiral and over 1100 men were taken prisoners, while the cacry's less of life was depl rably large, some 500 perishing. On our side but one man was killed and one man seriously wounded. Although our ships were re ea edly struck not one was seriously injured. Where all so complexiously distinguished the mealways, from the commandera of the gunners and the angamed heroes in the outly injured. Where all so complemental dis-tinguished themselves, from the commanders of the gunners and the amazined heroes in the boiler rooms, each and all contributing toward the achievement of this astounding victory, for which neith rangient no modern history af-fords a parallel in the completeness of the event and the marvelous dispropertion of cas-ualities, it would be invidion to single out any for aper all hours. Deep ved premotion has refor spec at honor. Desc ved promotion has r warded the more conspicuous actors. The n while, preference being given to the smaller bids, no single allotment exceeded five thousand dollars. This was a most encouraging them in a few above hours cousied the sea power

of Spain and wrought a triumph whose decisiveness and far reaching effects can scarcely be measured. Nor can we be unmindful of the achievements of our builders, mechanics and artians for their skill in the construction of our warships.

THE SURRENDER OF SANTIAGO.

With the catastrophe of Santiago Spain's effort upon the ocean virtually ceased. A spasmodic effort toward the end of June to send her Mediterranean fleet under Admiral Camara to relieve Manila was abandoned the expedition being recalled after it had passed through the Suez canal. The capulation of Santiago followed. The city was closely besieged y land, while the entrance of our ships into the harbor cut off all relief on that side. After a truce to allow the removal of non-combatants protracts cut off all relief on that side. After a truce to allow the removal of non-combatants protracted negotiations continued from July 3 until July 15, when under the manage of immediate assault the proliminaries of surrender were agreed upon. On the 17th General Shafter occupied the city. The capitulation embraced the entire eastern end of Cuba. The number of Spanish soldiers surrendered was 2.00, all of whom were subsequently conveyed to Spain at the charge of the United States.

The story of this successful campaign is told in the report of the secretary of war which will be laid before you. The individual valor of offi-cers and soldiers was never more strikingly shown than in the several engagements leading to the surren der of Santiago, while the prompt movements and successive victories won in stant and universal applause. To those who stant and universal applause. To those who gained this complete triumph which established the ascendency of the United States upon land as the fight off Santiago had fixed our supremacy on the seas, the earnest gratitude of the nation is unsparingly due. Nor should we alone remember the gall intry of the living, the dead claim our tears and losses by buttle and discussed. remember the gall intry of the living, the deau claim our tears and losses by battle and disease must cloud any exultation at the result and teach us the weight and awful cost of war, how-

ever, rightful the cause or signal the victory.

With the fall of Santiago, the occupation of Porto Rico became the next stategic necessity. General Miles had previously been assigned to organize an expection for that purpose. Fortunately he was already at Santiago, where he had arrived on the 11th of July with reinforcements for General Shatters, arms.

ents for General Shafter's army. OCCUPATION OF PORTO RICO.

With these troops, consisting of 3,415 infantry with these troops, consisting of 3,416 infantry and artillery, two companies of engineers and one company of the signal corps, General Miles left Guantanamo on July 21 having nine transports convoyed by the fleet under Captain Higginson with the Massachusetts (flagship), Dixle, Gloucester, Columbia and Yale, the two latter carrying troops. The expedition lande at Guanica July 25, which port was entered with little opposition. Here the fleet was joined by the Annapolls and Wasp, while the joined by the Annapolls and Wasp, while the Puritan and Amphitrite went to San Juan and joined the New Orleans, which was en aged in blockading that port. The major general commanding was subsequently reinforced by General Schwann's brigade of the Third army corps by General Wilson, with a part of his division and also by General Brooke with a part of his army corps. sumbering in all 16,973 officers and of his corps, numbering in all 16,973 officers and

On July 37 he entered Ponce, one of the most important ports in the island, from which he thereafter directed operations of the capture of

With the exception of encounters with the enciny at Guayama, Hormiguerez, Coamo and Yauco, and an attack on a force landed at Cape San Juan, there was no serious resista ce. The campaign was prosecuted with great vigor and by the 12th of August, much of the Island was in our possession and the acquisition of the remainder was only a matter of a short time. At most of the points in the island, our troop were enthusiastically welcomed Protestation of loyalty to the flag and gratitude for delivery from Spanish rule met our commanders at ever stage. As a potent influence toward peace, the outcome of the Porto Rican expedition was of reat consequence and generous comm s due to those who participated in it

LAST SCENE OF THE WAR.

The last scene of the war was enacted at Ma nila, its starting place. On August 15th after a brief assault upon the works by the land forces, in which the squadron assisted, the capital surrendered unconditionally. The casual ties were comparatively few. By this conques of the Philippine islands virtually accomplished when the Spanish capacity for resistance was destroyed by Admiral Dewey's victory of the lat of May, was formally scaled. To General Merritt, his officers and men for their uncomplaining and devoted services for their gal-lantry in action, the nation is sincerely grateful. Their long voyage was made with singular success, and the soldierly conduct of the men as of whom many were without previous exmeasured praise.

The total casualties in killed and wounded in

he army during the war was as follows: Off killed, 23; enlisted men killed, 237; total 8 officers wounded, 113; enlisted men wounde .161: total 1.577 of the navy, killed 17: wounde das result of wounds, one; invalided from service 6; total 91.

observed that while our engaged in two great battles and in numerou perilous undertakings in the blockades, and bombardment and more than 35,900 of our troop were transported to distant lands, and engage in assault and siege and battle and many skirm ishes in unfamiliar territory, we lost in both arms of the service a total of 1,668 killed and wounded; and in the entire campaigning by iand and sea we did not lose a gun or a flag or a transport or a ship, and with the exception of he crew of the Merimae, not a soldier or a sallo was taken prisoner.

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

only two months.
It is fitting that I should bear testimony t the patriotism and devotion of that large por-tion of our army which, although eager to be ordered to the post of greatest exposure, for-tunately was not required outside of the United States. They did their whole duty and like States. They did their whole duty and liktheir comrades at the front, have carned the gratifude of the nation. In like manner, the officers and men of the army and of the navy who remained in their departments and stations of the navy, performing most important duties connected with the war, and whose requests for assignment in the field and at sea it was compelled to refuse because their services were indispensable here, are entitled to the higsest commendation. It is my regret that there seems to be no provision for their suit-

were indispensable nere, are entitled to the highest commendation. It is my regret that there seems to be no provision for their suitable recognition.

The President here pays a graceful tribute to the Red Cross, and continues:

In tracing these events we are constantly reminded of our obligations to the Divine Master for His watchful care over us and His safe guidance, for which the nation makes reverent acknowledgement and offers humble prayer for the continuance of His favor.

The annihilation of Admiral Cervera's fleet, followed by the capitulation of Santiago, having brought to the Spanish government a realizing sense of the hopelessness of continuing a struggle now becoming wholly unequal, it made overtures of peace through the French ambassador, who, with the assent of his government, had acted as the friendly representative of Spanish interests during the war.

THE PEACE NEGOTIATIONS.

THE PEACE NEGOTIATIONS. The message then reviews the opening of eace negotiations on the signing of the fol-

"Article L. Spain will relinquish all claim of "Article I. Spain will reliaquish all claim of sovereignty over and title to Cuba.

"Article 2. Spain will cede to the Uzit's States the island of Porto Rico and other islands now under Spanish sovereignty in the West Indies, and also an island in the Ladrones to be selected by the United States.

"Article 2. The United States will occupy and hold the city, bay and harbor of Manlia, ending the conclusion of a treaty of peace which shall determine the control, disposition and government of the Philippines."

The fourth article provided for the appointment of joint commissions on the part of the United States and Spain, to meet in Havana and San Juan, respectively, for the purpose of

and San Juan, respectively, for the purpose of arranging and carrying out the details of the stipulated evacuation of Cuba, Porto Rico and

o her Spanish islands in the West Indies.

The article provided for the appointment of act more than five commissioners on each talls to meet at l'aris not later than Octo-

ber ise and to proceed to the negotiations and conclusions of a treaty of peace, subject to ratification according to the respective constitutional forms of the two countries.

The sixth and last article provided that upon the signing of the protocol, hostilities between the two countries should be suspended and that notice to that effect should be given as soon as possible by each government to the commanders of its military and naval forces.

The appointment of peace commissions to The appointment of peace commissions to Paris and military commissions to Cubs and Porto Rico to arrange for evacuation are re-

ferred to.

The Porto Rican joint commission speedily accomplished its task October 18, and the American flag was raised over the island at noon that day. Owing to the difficulties in the way of removing the large numbers of Spanish troops still in Cubs, the evacuation cannot be completed before the 1st of January next. Of the Paris peace negotiations the message

says:

The negotiations cave made hopeful progress, so that I trust soon to be able to lay a definite treaty of peace before the Senate, with a review of the steps leading to its signature.

I do not discuss at this time the government or the future of the new possessions which will come to us as the result of the war with Sp in. Such a discussion will be appropriate after the treaty of peace shall be ratified. In the meantime and until Coursess has legislated treaty of peace shall be ratified. In the mean-time and until Congress has legislated otherwise, it will be my duty to con-tinue the military governments which have existed since our occupation and give its people security in life and property and encouragement under a just and beneficient

CUBAN GOVERNMENT.

As soon as we are in possession of Cuns and have pa ified the island, it will be necessary to give aid and direction to this people to form a government for themselves. This should be undertaken at the earliest moment consistent with safety and assured success. It is important that our relations with there people shall be of the most friendly character and our commercial relations close and reciprocal. It should be our duty to assist in every proper way to build up the waste places of the island, encourage the industry of the people and as ist them to form a government which shall be free and independent, thus realizing the best aspirations of the Cuban people.

Spanish rule must be replaced by a just, benevolent and humane government, created by

nevolent and humane government, created by the people of Cuba, capable of performing all international obligations and which shall eninternational obligations and which shall encourage thrift, industry and prosperity and promote peace and good will among all of the inhabitants, whatever may have been their relations in the past. Neither revenge nor passin abould have a place in the new government. Until there is complete tranquility in the Island and a stable government inaugurated, military occupation will be continued. With the exception of the rupture with Spain the intercourse of the United States with the great family of nations has been marked with cordiality, and the close of the eventful year finds most of the issues that necessarily arise in the complex relations of sovereign states

in the complex relations of sovereign states adjusted or presenting no serious obsticles to a just and honorable solution by amicable

NICABAGUA CANAL

The Nicaragua canal commission, under the championshio of Rear Admiral John G. Walker, appointed July 24, 1897, under the authorty of a provision in the sundry civil act of June 4 of that year, has nearly completed its labors, and the results of its exhaustive inquiry int the proper route, the feasibility and the by a Nica aguan route will be laid b fore you In the performance of its task the commission received all possible courtesy and assistance from the governments of Nicaragus and Cost ...ica, which thus testified their appreciation of the importance of giving a speedy and pratical on come to the g eat project that has for many years engrossed the attention of the respective countries.

As the scope of recent inquiry embraced the whole subject, with the aim of making plans

whole subject, with the aim of making plans and surveys for a canal by the most convenient route, it necessarily included a review of the re-sults of previous surveys and plans, and in par-ticular those adopted by the Maritime Canal company under its existing concessions from Nicaragua and Costa Rica, so that to this extent those grants necessarily held an essential part in the deliberations and conclusions of the canal commission, as they have held, and must needs held, in the discussion of the matter by the Conhold, in the discussion of the matter by the Congress. Under these circumstances, and in view of overtures made to the governments of Nicaragus and Costa Rica by other parties for a new canal concession predicated on the assumed approaching lapse of the contracts of the Marimpany, with thos not hesitated to express my conviction that con siderations of expediency and international pol icy as between the several governments inter-ested in the construction and control of an inter-oceanic canal by this route require the mainten occanic canal by this route require the mainten ance of the status quo, until the canal commis sion shall have reported and the United State Congress shall have had the opportunity t pass finally upon the whole matter during th present session, without prejudice by reason any change in the existing conditions.

negant assion, whose projunce by reason or any change in the existing conditions.

Nevertheless, it appears that the government of Nicaragua, as one of its powers in those of the newly-formed United States of Central America has granted an optional concession to another association to become effective on the expiration of the present rank. It does not appear what surveys have been made or what route is proposed under this contingent granted so that an exemination of the feasibility of its plans is necessarily not contingent granted so that an examination of the fea-ibility of its plans is necessarily not embraced in the report of the canal commission. All these circumstances suggest the urgency of some definite action by the Congress at this session if the labors of the past are to be utilized and the linking of the Atlantic and Pucific eccans by a practical waterway is to be realized. That the construction of such a maritime highway is now more than ever indispensable to that intimat; and ready inter-communication between our eastern and western seaboards dem nded by the annexation of the Hawnitan islands and the prospective expansion of our influence and commerce to Pacific and that our national policy new more imperatively than ever calls for its control of this government, are prop sittens which I doubt not the Congress will duly appreciate and wisely act upon.

SITUATION IN CHINA.

The United States has not been an indifferent spectator of the extraordinary events transpir-ing in the Chinese empire, whereby portions of its maritime provinces are passing under the its maritime provinces are passing under the control of various European por s; but the prespect that the vast commerce which the energy of our citizens and the n cessity of our staple productions for Chinese uses has built up in those regions may not be prejudiced through any exclusive treatment by the new occupants has obvisted the need of our country becoming an act r in the scene.

Our position among nations having a large Pacific coast, and a constantly expanding direct trade with the further orient, gives us the

Pacific coast, and a constantly expanding direct trade with the farther orient, gives us the equitable c. im to consideration and friendly treatment in this regard, and is will be my aim to subserve our large interests in that quarter by all means appropriate to the constant policy of our government. The territories of Kiao Chow, of Wei-Hai-Wei, and of Port Arthur and Talien Wan, leased to Germany, Great Britain and Russia respectively for terms of years will it is announced, be open to international commerce furing such alien occupation: and if no discriminating treatment of American etizens an their trade be found to exist, or be hereafter developed. treatment of American detains and their trees be found to exist, or be hereafter develope the desire of this government would appear be realized.

OUR RELATIONS WITH ENGLAND.

Our relations with Great Britain have continued on the most friendly feeling. Assetting to our request, the protection of Americans and their interests in Spanish jurisdiction, was assumed by the diplomatic and consular representations of Great Britain, who fulfilled their delicate and arduous trust with tact and zeal, cliciting high commendation. I may be allowed to make fitting allusion to the instance of Mr. Ramsden, her majestry's consulat Santiage de Cuba, whose untimely death after distinguished service and untiring effort during the slegge of that city, was sincerely lamented.

In the early part of April last, pursuant to a request made at the instance of the scoretary of state, the British ambassador at this capital, the Canadian governments granted facilities for

the passage for United States revenue cetters from the Great Lake, to the Allantic come by way of the Canadian canal and the St. Lawrence river. The vessels had reached Lake Ontario, river. The vessels had reached Lake Ontaris, and were there awaiting he opening of navigation, when war was declared between the United States and Spain. Her majesty's government thereupon, by a communication of the latter part of April, stated that the permission granted before the outbreak of hostilities would not be withdrawn, provided the United States government gave assurance that the vissels id question will proceed direct to a United States port without engaging in any hostile operation. This the government promptly agreed to the stipulated condition, it being understood that the vessels would not be prohibited from resisting any hostile attack.

tack.

It will give me special satisfaction if I shall be authorized to communicate to you a favorable co-clusion of the pending negotiations with Great Brimin in respect to the Dominion of Canada. It is the earnest wish of this government. rnment to remove all sources of discord and fr-ritation in the relations with the neighboring dominion. The trade between the two countries is constantly increasing and it is imported to both coun ries that all reasonable facilities should ge grante i for its development.

MONETARY MATTERS.

The secretary of the treasur, reports that the receipts of the government from all sources during the fiscal year ending June 31, 1998, including \$51,751,223 re cived from sale of Pacific cluding \$31,751,223 re cived from sale of Pacific railroads, amounted to \$0.53, 1,335 and its expenditures to \$413,303,832. There was obtained from customs \$119,575,092, and from internal rovenue \$179,993,641. Our dutiable imports amounted to \$23,735,479, a de rease of \$8,156,6 9 over the preceding year, and importations free of duty amounted to \$231,414,17, a decrease from the preceding year of \$91,34,78. Internal rovenue receipts exceeded those of the preceding year by \$21,212,98.

The total tax collected on distilled spirits was \$21,445,999; on manufactured tobacco \$38.

was \$1,46,999; on manufactured tobacco \$38,-10,522, and on fermented liquors \$39,515,421. We exported merchandise during the year amounting to \$1,221,482, ...0, an increase of \$183,-

amounting to 11,241,482, ...0, an increase of \$183,-488,774 from the preceding year.

It is estimated upon the basis of present revenue laws that the receipts of the government for the year ending June 31, 1899, will be \$577, 874,607, and its expenditures \$639,874,647, resulting in a deholousy of \$112,500,500.

On the 1st of December, 1893, there was held in the treasury gold coin amounting to \$128,502,545, silver buillon amounting to \$238,502,545, silver buillon amounting to \$238,502,545, silver forms of money amounting to \$33,302,20, and other forms of money amounting to \$33,302,20,

On the same date the amount of m olding, was 41,855,879,504, an increase for the year of \$165,701,9 6. Estimating our population at 73, 104,000 at the time mentioned, the per capita circulation was \$.5.

On the same date there was in the treasury gold bullion amounting to \$128,302,345.

The provisions made for strengthening the resources of the treasury in connection with the war has given increased confidence in the purpose and power of the gove meent to maintain the p courts andard, and has established and the p eacht's andard, and has established more firmly than ever the national credit as home and abroad. A marked evidence of this is found in the inflow of gold to the treasury. Its net go d holdings on November 1, 1893, were \$.31,835,16, as compared with \$183,573,147 on November 1, 1897, and an increase of not cash of \$247.756, 190, November 1, 1897, to \$1.0 238,275, November 1, 1897, and an increase of not cash of \$247.756, 190, November 1, 1897, to \$1.0 238,275, November 1, 1897, and an increase of not cash of \$247.756, 190, November 1, 1897, to \$1.0 238,275, November 1, 1897, and an increase of not cash of \$247.756, 190, November 1, 1897, and an increase of not cash. November 1, 1898. The present ratio of net treasury gold outstanding government liabilties, including United States treasury notes of 18:0 sliver certificates, currency certificates, tandard silver dollars and fractional silver oin, November 1, 1 98, was 15 35 per cent as com-

I renew so much of my recommendation of December, 1897, as fo lows: "That when any of the United States notes are pres nied for redemption and are redeemed in gold such not s shall be kept and set apart and set apart." and only paid out in exchange for gold. This is an obvious duty. If the holder of the United states note prefer the gold and gets it from the government, he should not receive back from the government a United States note without paying gold in exchange for it. The without paying gold in exchange for it. The rea-on for this is made all the more apparent when the government issues an interest bear-in debt to provide gold for the redemption of United States notes—a non-interest bearing debt Surely it should not pay them out again except on demand a d for gold. If they are put out in any other way they may roturn again, to be followed by another bend issue to redeem them, another interest-bearing debt to redeem a non-interest bearing debt."

This recommendation was made in the bellef

This recommendation was made in the belief that such provisions of law would i sure to a greater degree the safety of the present stan-dard and better protect our currency from the dangers to which it is subjected f. om a disturb-

In my judgment the present condition of the in my laugment the present condition or the troasury amply justifies the immediate enactment of the legisla ion recommend d one year uso, under which a portion of the gold holdings should be placed in a trust fund from which greenbacks should be redeemed about not therefore the relief of the resident of the relief.

after be paid out except fo gold.

It is not to be inferred that other legislation relating to our currency is not required. On the contrary, there is an obvious demand for it

the contrary, there is an obvious demand for its. The imp riance of adequate provision which will insure to our future a money standard related as our money standard now and to that of our commercial rivals is generally recognized. The companion proposition that our domes is paper currency shall be kept safe and yet be serelated to the needs of our industries and internal commerce as to be adequate and responsive te such needs is a proposition sourcely less important. The subject, in all its parts, is commended to the wise consideration of the Congress.

ARMY INCREASE.

The importance of legislation for the permanent increase of the army is manifest ant the recommendation of the secretary of war too that purpose has my unqualified approval, there can be no question that as this time and prebably for some time in the Tuture 100,000 men will be a me too many to meet the necessities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the President to enlist that fore: if, in his discretion, is should be given him to recruit within the above limit from the inhabitants of the islands with limit from the inhabitants of the Islands with the government of which we are charged.

the government of which we are charged.

It is my purpose to muster out the entire volunteer army as soon as the Congress shall provide for the increase of the regular establishment. This will be only an act of justice and will be much appreciated by the brave mea who left their homes and employments to help the country in its emergency.

The following recommendations of the Secretary of the navy relative to the increase of the navy have my earnest approval:

navy have my earnest approval:

1. Three sea-going sheathed and coppered battleships of about 13, 00 tons trial displace-

ment, carrying the heaviest armor and moss powerful ordnance for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclu-sive of armor and armament, \$1,60), 80 each.

sive of armor and armament, \$1,600, 900 each.

2. Three sheathed and coppered armored cruisers of about 12,000 tons trial dispinoument, carrying the heaviest armor and most powerful orduance for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$1,03,000 each.

3. Three sheathed and copper protected cruisers of about 6,000 trial dispincement; to have the highest practicable speed and great radius of action and to carry the most powerful ordnance suitable for vessels of their class. Estimated cost, exclusive of armor and armament, \$2,150,000 each.

4. Six sheathed and coppered cruisers of about 2,500 tons trial displacement; to have the high-

4. Six sheared and coppered cruisers of above 2,500 tons trial displacement; to have the high-est speed compatible with good cruising quali-ties, great radius of action and to carry the most powerful ordnance suited to vessels of their class. Estimated cost, exclusive of arma-

their class. Estimated cost, exclusive of armament, \$1,141,500 cach.

I join with the Secretary of the Navy in recommending that the grades of admiral and vice-admiral be temperarily revived, to be filled by officers who have specially distinguished themselves in the war with Spain.

The several departmental reports will be laid before you. They give in great letaff the conduct of the affairs of the government during the past year and discuss mr 1y questions upon which the congress may be called to act.