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PRESIDENT'S MESSAGE.

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

NO STARTLING SUGGESTIONS.

The Peace Treaty Still Unsigned, the President Does Not Discuss the Permanent Colonial Policy—The Cuban Question—Little Need for Currency—Army Increase Recommended.

To the Senate and House of Representatives: Notwithstanding the added burdens rendered necessary by the war, our people rejoice in a very satisfactory and steadily increasing degree of prosperity, evidenced by the largest volume of business ever recorded. Every manufacture has been productive, agriculture pursuits have yielded abundant returns, labor in the fields of industry is better rewarded, revenue legislation passed by the present congress has increased the treasury's receipts to the amount estimated by its authorities, the finances 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 flag and for a righteous cause has strengthened the national spirit 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, in this year of primary importance in view of the momentous events which have taken place, culminating in one instance the ultimate determination by arms and involving far-reaching consequences which will require the earnest attention of congress.

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 were then called upon to deal. The considerations then advanced, and the exposition of the views therein expressed, disclosed my sense of the extreme gravity of the situation.

The message then reviews in detail the state of affairs existing in Cuba up to the time of the destruction of the battleship Maine, and continues:

On the 15th of February, last, occurred the destruction of the battleship Maine, while rightfully lying in the harbor of Havana on a mission of international courtesy and good will—a catastrophe whose suddenness and horror of which stirred the nation's heart profoundly. It is a striking evidence of the prompt and sturdy good sense distinguishing our national character that this shocking blow, falling upon a generous people already deeply touched by preceding events in Cuba, did not move them to an instant, desperate resolve to tolerate no longer the existence of a condition of danger 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 on foot. The finding of the naval board of inquiry established that the origin of the explosion was external by a submarine mine, and only halted through lack of positive testimony to fix the responsibility of its authorship.

All those things carried conviction to the most thoughtful mind the feeling of the naval court, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief executive suggestion to the Congress to receive immediate answer to the duty of making instant provision for the possible and perhaps speedily probable emergency of war and the remarkable, almost unique spectacle was presented of a unanimous vote of both houses on the 9th of March, appropriating $50,000,000 "for the national defense and for each and every purpose connected therewith, to be expended at the discretion of the President."

That this act of provision came none too soon was disclosed when the application of the funds was undertaken. Our forts were practically undefended. Our navy needed large provision for increased ammunition and supplies, and even numbers, to cope with any modern attack from the navy of Spain, which comprised modern vessels of the highest type of continental perfection. Our army also required enlargement of men and munitions. The details of the hurried preparations for the dreaded contingency in hand in the reports of the secretaries of war and of the navy, and need not be repeated here. It is sufficient to say that the outbreak of war, when it did come, found our nation not unprepared to meet the conflict.

Nor was the apprehension of coming strife confined to our own country. It was felt by the continental powers which, on April 6th, through their ambassadors and envoys, addressed to the executive an expression of hope that humanity and moderation might mark the course of this government and people, and that further negotiations would lead to an agreement, which, while securing the maintenance of peace, would affirm all necessary guarantees for the reestablishment 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, as well as shocking to our sentiments of humanity; and, while appreciating the humanitarian and disinterested character of the community they had made on behalf of the powers, it stated that the confidence of this government, for its part, that equal appreciation would be shown for its earnest and unselfish endeavors to fulfill a duty of humanity by ending a situation, 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 Spain, looking to the immediate cessation of hostilities between the island of Cuba and the mother territories in Cuba with a view to effect the recognition of her people's right to independence. Besides this, the instant relation of the order of reconcentration was asked, so that the sufferers, returning to their homes and aided by united American and Spanish effort, might be put in a way to support themselves, and, by orderly resumption of the well nigh destroyed productive energies of the island, contribute to the restoration of its tranquility and well being. Negotiations continued for some little time at Madrid, resulting in offers by the Spanish government which could not but be regarded as inadequate. It was proposed to confide the preparation of peace to the insular parliament, yet to be convened under the autonomous decree of November, 1897, but without legislation in any wise of the constitutional prerogatives of the Madrid government, which to that end, would grant an armistice, if solicited by the insurgents, for such time as the general-in-chief might see fit to fix. How, and with what scope of discretionary powers the insular parliament was expected to act 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 side with a body chosen by a faction of the electorate in the districts under Spanish control and the other, with the insurgent population holding the interior country, unrepresented in the so-called parliament, and defiant at the suggestion of suing for peace.

Grieved and disappointed at this barren outcome of my sincere endeavors to reach a practicable solution, I felt it my duty to submit the whole question to congress. In the message of April 11, 1898, I recounted the steps taken in the direction of insurgent recognition by Spain, the offers of the executive was brought to an end. I again reviewed the alternative courses of action which I had proposed, concluding that the only one consistent with international policy and compatible with our first and oldest traditional one was intervention, on a mutual to stop the war and establish the hopeless anarchy of this, even though that action might have led "hostile contact 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 Cuba; the right to check injury to our citizens and people through the devastation of the island, and, finally, to end the most of moving at home and thereby the earnest manner and the burdens entailed upon our government, by the disturbance and peril of the situation created by the insurrectionary situation in Cuba.

The President then refers to his message to Congress on the Cuban question last spring, and the passage of the resolution demanding the withdrawal of Spanish sovereignty from Cuba, and continues:

The demand, although, as above shown, officially made known to the Spanish envoy here, was not delivered at Madrid. After the instruction reached General Woodford on the morning of April 21, but before he could present it, the Spanish minister of state intimated him that upon the President's approval of the joint resolution the Madrid government, regarding the act as "equivalent to an evident declaration of war," had ordered its minister in Washington to withdraw, thereby breaking off diplomatic relations between the two countries, and ending all official communication between their respective representatives. General Woodford thereupon demanded his passports and quitted Madrid the same day.

Spain, having thus declared the destroyed of the United States and initiated that complete form of rupture of relations which attends a state of war, the executive power, authorized by the resolution, were at once used by me to fleet 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 Honda and the port of Cienfuegos, on the south coast of Cuba; and on the 23d I called for volunteers to execute the purposes of these resolutions. By my message of April 11, 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 April 19, directing the President to use all the armed forces of the nation to carry that act into effect.

THE WAR PREPARATION.

Our country then, after an interval of half a century of peace with all nations, found itself engaged in deadly conflict with a foreign enemy. Every nerve was strained to meet the emergency. The response to the initial call for 125,000 volunteers was instant and complete as was also the result of the second call of May 25 for 75,000 additional volunteers. The ranks of the regular army were increased to the limits provided by the act of April 26. The enlisted force of the navy on the 15th of August, when it reached its maximum, numbered 24,123 men and supernumeraries. One hundred and three vessels were added to the navy by purchase, one was presented to the government, one leased and the four vessels of the International Navigation company—the St. Paul, St. Louis, New York and Paris—were chartered. In addition to these the revenue cutters and lighthouse tenders were turned over to the navy department 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 battleship of the second class, two armored cruisers, six coast defense monitors, one armored ram, twelve protected cruisers, three unprotected cruisers, eighteen gunboats, one dynamite cruiser, eleven torpedo boats, fourteen old vessels of the old navy, including monitors, auxiliary navy: Auxiliary cruisers, twenty-eight converted yachts, twenty-seven converted tugs, nineteen converted colliers, four revenue cutters, four lighthouse tenders and nineteen miscellaneous vessels.

Much alarm was felt along our entire Atlantic seaboard lest some attack might be made by the enemy. Every precaution was taken to prevent possible injury to our great cities lying along the coast. Temporary garrisons were withdrawn from the newly militia, and infantry and light batteries were drawn from the volunteer force. About 12,000 troops were thus employed. The coast signal service was established 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 portions of the Atlantic coast, from Maine to Texas, under observation.

The auxiliary navy was created under the authority of Congress and was officered and manned by the naval 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 exposed points. Before the outbreak of the war permanent mining emplacements and cable galleries had been 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 measures, short of the actual attaching of the loaded mines to the cables, and on April 22 telegraphic orders were issued to place the loaded mines in position.

The aggregate number of mines placed was 1,535 at the principal harbors from Maine to California. Preparations were also made for the planting of mines at certain other harbors, but owing to the early destruction of the Spanish fleet, those mines were not placed. The signal corps was promptly organized and performed service of the most difficult and important character. Its operations during the war covered the electrical connection of all coast fortifications, the establishment of telephonic and telegraphic facilities for the camps at Manila, Santiago and Porto Rico. There were constructed 300 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-Hong Kong cable was re-opened.

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

There was placed in Cuban waters a completely outfitted cable ship with war cables and enough gear suitable both for the destruction of communications belonging to the enemy 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's corps at Calmanera, within twenty miles of the landing place, cable communications were established and cable station opened, giving direct communication with the government at Washington. This service was invaluable to the Executive in directing the operations of the army and navy.

With a total force of over 1,210, the loss was by disease in camp and field, officers and men 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 timely appropriation, enabling the government to act against the enemy and to make preparations greatly needed in case of war. This fund being inadequate to the requirements of equipment and for the conduct of the war, the patriotism of the congress provided the means in the war revenue act of June 13, 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 subscriptions so far exceeding the call as to cover it many times over, while preference being given to the smaller bids, no single allotment exceeded five thousand dollars. This was a most encouraging and significant result, showing the wide extent 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 thus followed the Spanish declaration of April 21st, but a brief recital of its more salient features is appropriate. The first encounter of the war in point of date, took place April 27, when a detachment of the blockading squadron made a reconnaissance in force at Matanzas, within the harbor and damaged several new 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 outbreak of hostilities it sailed from that port, coaling at Mirs Bay, within 24 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, destroyed the land defenses of the Spanish fleet, consisting of two cruisers and a transport, besides capturing the naval station and forts at Cavite, then emphatically the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila with the ability to take the city at will. Not a life was lost on our ships, the wounded only numbering seven, while not a vessel was materially injured. For this gallant achievement the Congress, upon my recommendation, duly bestowed upon the victors permanent and substantial reward.

The effect of this remarkable victory upon the spirit of our people and upon the fortunes of the war was instant. A paralysis of hesitancy slightly pleading to our cause, which prevailed throughout the struggle, disappeared as if by magic. Intervention was hailed in Congress, under the command of Major General Merritt, and, following established within sight of the capital which the helpless Indians gave game. 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 15th day of May and the first army expedition sailed May 25th and arrived at Manila June 30th. Other expeditions soon followed, the total force consisting of 6th officers and 15,000 men.

Only reluctance to cause needless loss of life and property prevented the early storming and capture of the city and thereafter the absolute military occupancy of the whole group. The insurgents, meanwhile, had resumed the entire hostilities suspended by the uncompleted truce of December, 1897. Their forces invested Manila from the northern and eastern sides, reversed cantonment by Admiral Dewey and Gen. Merritt from attempting 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 already allies of the United States alone. Obeying the stern decree of war which enjoins the overcoming of the adversary and the extinction of his power wherever available as the speedy and sure means to win a peace, divided victory was not permissible, for to partition of the rights and responsibilities arising from the conquest of a just and advantageous peace, could be thought of. Following the capture of the comprehensive scheme of general attack, powerful forces were assembled at various points on our coast to invade Cuba and Porto Rico. Meanwhile naval demonstrations were made at several exposed points. On May 11 the cruiser Wilmington and torpedo boat Winslow were unmasked in an attempt to silence the batteries at Caibarien, against Matanzas, Worth Bagley and five seamen falling. These grievous fatalities were strangely enough among the very few which occurred during our naval operations in this extraordinary conflict.

Meanwhile the Spanish naval preparations had been pushed with great vigor. A powerful squadron under Admiral Cervera, which had assembled at the Cape Verde islands before the 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. At a time fears were felt lest the Oregon and Marietta then nearing home after their long voyage from San Francisco of over 15,000 miles, might be surprised by Admiral Cervera's fleet, but their fortunate arrival dispelled the apprehensions and lent much needed reinforcements. Not until Admiral Cervera took refuge in the harbor of Santiago de Cuba about May 19, was its practicable to plan a systematic military attack upon the Antillean possessions of Spain.

Several demonstrations occurred on the coast of Cuba and Porto Rico in preparation for a larger event. On May 13 the North Atlantic Squadron shelled San Juan de Porto Rico. On May 30 Commodore Schley's squadron bombarded the fort guarding the mouth of Santiago harbor. Neither attack had any material result. It was evident that well ordered land operations were indispensable to achieve a decided advantage.

SINKING OF THE MERRIMAC.

The next act in the war thrilled not alone the hearts of our countrymen, but the world, by its exceptional heroism. On the night of June 3, Lieutenant Hobson aided by seven devoted volunteers, blocked the narrow outlet from Santiago harbor by sinking the collier Merrimac in the channel, under a fierce fire from the shore batteries, and escaping with their lives as by a miracle, but falling into the hands of the Spaniards. This 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 landing force of 600 marines from the Oregon, Marblehead and Yankee was effected in Guantanamo bay, where it had been determined to establish a naval station. This important and essential port was taken from the enemy after severe fighting by the marines, who were the first organized forces of the United States to land in Cuba.

DESTRUCTION OF CERVERA'S FLEET.

The position so won was held despite desperate attempts to dislodge our forces. By June 16 additional forces were landed and strongly entrenched. On June 22 the advance of the invading army under Major General Shafter landed at Daiquiri, about fifteen miles east of Santiago. This was accomplished under great difficulties, but with marvelous dispatch. On June 23 the movement against Santiago was begun. On the 24th the first serious engagement took place, in which the First and Second cavalry and the First Volunteer cavalry, General Young's brigade of General Wheeler's division, participated, losing heavily. By nightfall, however, ground within five miles of Santiago was won. The advantage was steadily increased. On July 1 a severe battle took place, our forces gaining the outer works of Santiago, and El Caney and San Juan were taken after a desperate charge and the investment of the city was completed. The navy co-operated by shelling the town and the coast forts. On the day following this brilliant achievement of our land forces July 3, occurred the decisive naval combat of the war. The Spanish fleet, attempting to leave the harbor, was met by the American squadron, 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, Vizcaya and Cristobal Colon driven ashore. The Spanish admiral and over 1,300 men were taken prisoners, while the enemy's loss of life was deplorably large, some 600 perishing. On our side but one man was killed and one man seriously wounded. Although our ships were repeatedly struck not one was seriously injured. Where all so conspicuously distinguished themselves, from the commanders to the gunners and firemen in the fire and boiler rooms, each and all contributing toward the achievement of this astounding victory, for which neither ancient nor modern history affords a parallel in the completeness of the event and the marvelous disproportion of casualties, it would be invidious to single out any for special honor. Due and prompt recognition awarded the more conspicuous actors. The nation's profoundest gratitude is due to all of those brave men who by their skill and devotion in a few short hours crushed 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 artisans 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 capitulation of Santiago followed. The city was closely besieged by land, while the entrance of our ships into the harbor cut off all relief on that side. After a truce to allow the removal of non-combatants protracted negotiations continued from July 3 until July 15, when under the menace of immediate assault the position of our troops 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 24,000, 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 value of officers and soldiers was never more strikingly shown than in the several engagements leading to the surrender of Santiago, while the prompt movements and successive victories won instant and universal applause. To those who gained this complete triumph which established the sovereignty of the United States upon land as the flag of Santiago had fixed our sovereignty on the sea, the earnest gratitude of the nation is unquestionably due. Her country can never adequately pay the military of the land, the claim our toils and hardships by battle and disease must stand any exaltation, at the mouth and touch to the weight and outlet out of their however, rightful the cause or signal the victory.

With the fall of Santiago, the occupation of Porto Rico became the next strategic movement. General Miles had previously been assigned to organize an expedition for that purpose. Preceded by the arrival of his first force, whose behalf preceded on the 12th of July with reinforcements for General Shafter's army.

OCCUPATION OF PORTO RICO.

With these troops, consisting of 3,415 infantry and artillery, two companies of engineers and one company of the signal corps, under Brigadier General Ocasio, on July 25 he landed at Guanica, where he was accompanied by the fleet under Captain Higgins, with the Annapolis, Gloucester, Helena, Glacier, Gilmoth and Yale, the latter bearing troops. The expedition landed at Guanica July 25, which part was entered with little opposition. Here the first was joined by the Annapolis and Yosemite, while the Puritan and Amphitrite went to San Juan and joined the New Orleans, which was engaged in blockading that port. The major general commanding, was subsequently reinforced by General Schwan'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 corps, numbering in all 16,973 officers and men.

On July 27 he entered Ponce, one of the most important ports in the island, from which he thereafter directed operations of the capture of the island.

With the exception of encounters with the enemy at Guayama, Hormigueros, Coamo and Yauco, and an attack on a fever landed at Cape San Juan, there was no serious resistance. The campaign was prosecuted with great vigor and by the 12th of August, much of the island was in our possession and the negotiation of the protocol of Saturday was only a matter of a short time. A most of the ports in the island, our troops were enthusiastically welcomed. Proclamations of loyalty to the flag and gratitude for deliverance from Spanish rule met our commanders at every stage. As a general indication toward peace, the governor of the Porto Rico adjutants was of great assistance and gave no embarrassment in the work of pacification.

LAST SCENE OF THE WAR.

The last scene of the war was enacted at Manila, its starting place. On August 13 a strong land attack upon the works by the land forces, in which the navy participated, was made. The Spanish resistance was comparatively feeble. By the capture of the Philippine Islands virtually accomplished when the Spanish capacity for resistance was destroyed by Admiral Dewey's victory of the 1st of May, was formally sealed. To General Merritt, his officers and men for their unremitting and devoted services for their gallantry in action, the nation is sincerely grateful. Their long voyage was made with singular success, and the soldierly conduct of the men, most of whom many were without previous experience in the military services, deserves unmeasured praise.

The total casualties in killed and wounded in the army during the war was as follows: Officers killed, 23; enlisted men killed, 257; total, 280; officers wounded, 113; enlisted men wounded, 1,464; total, 1,577 of the navy, killed 17; wounded 67; died as result of wounds, one; invalided from service 6; total, 91.

It will be observed that while our navy was engaged in two great battles and in numerous perilous undertakings in the blockades, and bombardment and more than 24,000 of our troops were transported to distant lands, and engaged in assault and siege and battle and many skirmishes in unhealthy territory, we lost in both areas of the service a total of 1,020 killed and wounded; and in the entire campaigning by land and sea we did not lose a gun or a flag or a transport or a ship, and with the exception of the crew of the Merrimac, not a soldier of a sailor was taken prisoner.

On August 7th, forty-six days from the date of landing of General Shafter's army in Cuba and twenty-six days from the surrender of Santiago, the United States troops commenced embarkation for Spain. Transports sailed with them and returned to the United States as early as August 15th. They were absent from the United States only two months.

It is fitting that I should bear testimony to the patriotism and devotion of that large portion of our army which, although eager to be ordered to the post of greatest exposure, fortunately was not required outside of the United States. They did their whole duty and like their comrades in the front, have earned the gratitude 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 highest commendation. It is my regret that there cannot 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 acknowledgment 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 message then reviews the opening of peace negotiations on the signing of the following protocol:

"Article 1. Spain will relinquish all claim of sovereignty over and title to Cuba.

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

"Article 3. The United States will occupy and hold the city, bay and harbor of Manila, pending the conclusion of a treaty of peace which shall determine the control, disposition and government of the Philippines."

The fourth article provided for the appointment of joint commissions on the part of the United States and Spain, to meet in Havana and San Juan, respectively, for the purpose of arranging and carrying out the details of the stipulated evacuation of Cuba, Porto Rico and other Spanish islands in the West Indies.

The fifth article provided for the appointment of not more than five commissioners on each side to meet at Paris not later than October 1st, and to proceed to the negotiations and conclusion 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 Paris and military commissions to Cuba and Porto Rico to arrange for evacuation are referred to.

The Porto Rico 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 Cuba, the evacuation cannot be completed before the 1st of January next.

Of the Paris peace negotiations the message says:

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

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 Spain. Such a discussion will be appropriate after the treaty of peace shall be ratified. In the meantime and until Congress has legislated otherwise, it will be my duty to continue the military governments which have existed since our occupation and give its people security in life and property and encouragement under a just and beneficent rule.

CUBAN GOVERNMENT.

As soon as we are in possession of Cuba and have pacified 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 these 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 assist 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, humane and honest government, created by the people of Cuba, capable of performing all international 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 passion should 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 close of the war in Cuba with Spain the interest 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 adjusted or presenting no serious obstacles to a just and honorable solution by amicable agreement.

NICARAGUAN CANAL.

The Nicaraguan canal commission, under the chairmanship of Rear Admiral John G. Walker, appointed July 24, 1897, under the act of Congress of February 19, 1895, has continued its work during the year, and the results will be laid before you. As the result of the exhaustive labors of this commission, the feasibility and the proper route, the feasibility and the cost of construction of an inter-oceanic canal by a Nicaraguan route will be laid before you. In the performance of the task the commission availed of all possible existing data and ordered from chosen corps of engineers of Nicaragua and Costa Rica, which then rendered their approbation of the impartiality of giving a speedy and practical ship canal. Its report has been the most exhaustive and satisfactory of any upon the subject ever made.

As the scope of naval duty extends over the whole subject, with the aid of maps and charts and survey for a canal by the most convenient route, it necessarily included a review of the report of previous surveys made by the Maritime Canal company under its existing concessions from Nicaragua and Costa Rica, so that to the extent these grants necessarily hold an essential part in the deliberations and conclusions of the naval commission, as they have held, and must jointly hold, in the discussion of the matter by the Congress. Under these circumstances, and in view of commitments to the governments of Nicaragua and Costa Rica by other parties for a ship canal, it would be premature and out of place for a naval engineer corps, composed of officers of the active list of the navy, to express any conclusion that could be construed into a conflict of opinion or interference with the several governmental interests in the consideration and control of an enterprise which by the treaty requires the authorization of the sovereign, and of the canal company, which have acquired and control of the concessions. It appears that the commission of Nicaragua, at end of the last sovereign, which, however, has been leased by the United States government for a term of years, and the proposition of giving a speedy and practical ship canal, is one project that has for its main object the attention of the commission.

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SITUATION IN CHINA.

The United States has not been an indifferent spectator of the extraordinary events transpiring in the Chinese empire, whereby portions of its maritime provinces are passing under the control of various European powers; but the prospect that the vast commerce which the energy of our citizens and the economy of our simple productions for Chinese trade have built up in those regions may not be prejudiced through any exclusive treatment by the new occupants has obviated the need of our country becoming an actor in the scene.

Our position among nations having a large Pacific coast, and a constantly expanding direct trade with the farther orient, gives us the equitable claim to consideration and friendly treatment to this region, and it will be my pleasure to do all in my power to secure the gratitude of the nation. It has manifested, 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 highest commendation. It is my regret that there cannot 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 acknowledgment 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 message then reviews the opening of peace negotiations on the signing of the following protocol:

"Article 1. Spain will relinquish all claim of sovereignty over and title to Cuba.

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

"Article 3. The United States will occupy and hold the city, bay and harbor of Manila, pending the conclusion of a treaty of peace which shall determine the control, disposition and government of the Philippines."

The fourth article provided for the appointment of joint commissions on the part of the United States and Spain, to meet in Havana and San Juan, respectively, for the purpose of arranging and carrying out the details of the stipulated evacuation of Cuba, Porto Rico and other Spanish islands in the West Indies.

The fifth article provided for the appointment of not more than five commissioners on each side to meet at Paris not later than October 1st, 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 Paris and military commissions to Cuba and Porto Rico to arrange for evacuation are referred to.

The Porto Rico 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 Cuba, the evacuation cannot be completed before the 1st of January next.

Of the Paris peace negotiations the message says:

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

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 Spain. Such a discussion will be appropriate after the treaty of peace shall be ratified. In the meantime and until Congress has legislated otherwise, it will be my duty to continue the military governments which have existed since our occupation and give its people security in life and property and encouragement under a just and beneficent rule.

CUBAN GOVERNMENT.

As soon as we are in possession of Cuba and have pacified 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 these 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 assist 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, humane and honest government, created by the people of Cuba, capable of performing all international 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 passion should 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 close of the war in Cuba with Spain the interest 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 adjusted or presenting no serious obstacles to a just and honorable solution by amicable agreement.

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