made easy by the multiplied redemptions of our demand obligations, or increase the gold reserve for their redemption. We have $900,000,000 of currency which the government by solemn enactment has undertaken to keep at par with gold. Nobody is obliged to redeem in gold but the government. The banks are not required to redeem in gold. The government is obliged to keep equal with gold all its outstanding currency and coin obligations, while its receipts are not required to be paid in gold. They are paid in every kind of money but gold, and the only means by which the government can with certainty get gold is by borrowing. It can get it in no other way when it most needs it. The government, without any fixed gold revenue, is pledged to maintain gold redemption, which it has steadily and faithfully done, and which under the authority now given it will continue to do.

FORCE THE ISSUE OF BONDS.

The law which requires the government after having redeemed its notes to pay them out again as current funds demands a constant replenishment of the gold reserve. This is especially so in times of business panic and when the revenues are insufficient to meet the expenses of the government. At such times the government has no other way to supply its deficit and maintain redemption but through the increase of its bonded debt, and during the administration of my predecessor $262,313,400 of 4½ per cent bonds were issued and sold and the proceeds used to pay the expenses of the government in excess of the revenues and sustain the gold reserve. While it is true that the greater part of the proceeds of these bonds were used to supply deficient revenues, a considerable portion was required to maintain the gold reserve.

With our revenues equal to our expenditures there would be no deficit requiring the issuance of bonds. But if the gold reserve falls below $100,000,000 how will it be replenished except by selling more bonds? Is there any other way practicable under existing law? The serious question, then, is, shall we continue the policy that has been pursued in the past—that is, when the gold reserve reaches the point of danger, issue more bonds and supply the needed gold, or shall we provide other means to prevent these recurring drains upon the gold reserve? If no further legislation is had and the policy of selling bonds is to be continued, then congress should give the secretary of the treasury authority to sell bonds at long or short periods, bearing a less rate of interest than is now authorized by law.

BREAK THE ENDLESS CHAIN.

I earnestly recommend, as soon as the receipts of the government are quite sufficient to pay all the expenses of the government, that when any of the United States notes are presented for redemption in gold, and are redeemed in gold, such notes shall be kept and set apart, and only paid out in exchange for gold. This is an obvious duty. If the holder of the United States note prefers the gold and gets it from the government, he should not receive back from the government a United States note without paying gold in return for it. The reason for this is made all the more apparent when the government issues an interest-bearing 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, and for gold. If they are put out in any other way they may return again, to be followed by another bond issue to redeem them—another interest-bearing debt to redeem a non-interest bearing debt.

In my view it is of the utmost importance that the government should be relieved from the business of providing all the gold required for exchanges and export. This responsibility is alone borne by the government without any of the usual and necessary banking powers to help itself. The banks do not feel the strain of the gold redemption. The whole strain rests upon the government and the size of the gold reserve in the treasury has come to be, with or without reason, the signal of danger or of security. This ought to be stopped.

If we are to have an era of prosperity in the country, with sufficient receipts for the expenses of the government, we may feel no great embarrassment from our present currency, but the danger still exists and will be ever present, menacing us so long as the existing system continues. And besides it is in times of adequate revenues and business tranquillity that the government should prepare for the worst. We cannot avoid without serious consequences the wise consideration and prompt solution of this question.

PLAN FOR RELIEF.

The secretary of the treasury has outlined a plan in great detail for the purpose of removing the threatened recurrence of a depleted gold reserve and save us from future embarrassment on that account. To this plan I invite your careful consideration.

I concur with the secretary of the treasury in his recommendation that national banks be allowed to issue notes to the face value of the bonds which they have deposited for circulation, and that the tax on circulating notes secured by deposit of such bonds be reduced to one-half of 1 per cent per annum. I also join him in recommending that authority be given for the establishment of national banks with a minimum capital of $25,000. This will enable the smaller villages and agricultural regions of the country to be supplied with currency to meet their needs.

I recommend that the issue of national bank notes be restricted to the denomination of $10 and upward. If the suggestions I have herein made shall have the approval of congress then I would recommend that national banks be required to redeem their notes in gold.

REVIEW OF SITUATION IN CUBA.

Disposed to Allow New Cabinet Time to Carry Out Reforms.

The most important problem with which this government is now called upon to deal pertaining to its foreign relations concerns its duty toward Spain and the Cuban insurrection. Problems and conditions more or less in common with those now existing have confronted this government at various times in the past. The story of Cuba for many years has been one of unrest, growing discontent, an effort toward a larger enjoyment of liberty and self-control, of organized resistance to the mother country, of depression and distress and warfare, and of ineffectual settlement, to be followed by renewed revolt. For no enduring period since the enfranchisement of the continental possessions of Spain in the western continent has the condition of Cuba or the policy of Spain toward Cuba not caused concern to the United States.

The prospect from time to time that the weakness of Spain's hold upon the island and the political vicissitudes and embarrassments of the home government might lead to the transfer of Cuba to a continental power, called forth, between 1823 and 1860, various emphatic declarations of the policy of the United States to permit no disturbance of Cuba's connection with Spain unless in the direction of independence or acquisition by the United States through purchase; nor has there been any condition to this declared policy since upon the part of the government.

The revolution which began in 1868 lasted for ten years, despite the strenuous efforts of the successive peninsular governments to suppress it. Then, as now, the government of the United States testified its grave concern and offered its aid to put an end to bloodshed in Cuba. The overtures made by General Grant were refused and the war dragged on, entailing great loss of life and treasure and increased injury to American interests, besides throwing enhanced burdens of neutrality upon this government. In 1878 peace was brought about by the truce of Zanjon, obtained by negotiations between the Spanish commander Martinez de Campos, and the insurgent leaders.

OUTBREAK OF HOSTILITIES.

The present insurrection broke out in February, 1895. It is not my purpose at this time to recall its remarkable increase or to characterize its tenacious resistance against the enormous forces massed against it by Spain. The revolt and the efforts to subdue it carried destruction to every quarter of the island, developing wide proportions and defying the efforts of Spain for its suppression. The civilized code of war has been disregarded, no less so by the Spaniards than by the Cubans.

The existing conditions cannot but fill this government and the American people with the gravest apprehension. There is no desire on the part of our people to profit by the misfortunes of Spain. We have only the desire to see the Cubans prosperous and contented, enjoying that measure of self-control which is the inalienable right of man, protected in their right to reap the benefit of the exhaustless treasures of their country.

The offer made by my predecessor in April, 1896, tendering the friendly offices of this government, failed. Any mediation on our part was not accepted. In brief the answer read: "There is no effectual way to pacify Cuba unless it begins with the actual submission of the rebels to the mother country." Then only could Spain act in the promised direction, of her own motion and after her own plans. The cruel policy of concentration was initiated February 16, 1896. The productive districts controlled by the Spanish armies were depopulated and the agricultural inhabitants were herded in and about the garrison towns, their lands laid waste and their dwellings destroyed. This policy the late cabinet of Spain justified as a necessary measure of war and as a means of cutting off supplies from the insurgents. It has utterly failed as a war measure. It was not civilized warfare. It was extermination.

ABUSE THE RIGHTS OF WAR.

Against this abuse of the rights of war I have felt constrained on repeated occasions to enter the firm and earnest protest of this government. There was much of public condemnation of the treatment of American citizens by alleged illegal arrests and long imprisonment, awaiting trial or pending protracted judicial procedure. I felt it my first duty to make instant demand for the release or speedy trial of all American citizens under arrest. Before the change of the Spanish cabinet in October last twenty-two prisoners, citizens of the United States, had been given their freedom.

For the relief of our own citizens suffering because of the conflict, the aid of congress was sought in a special message, and under the appropriations of April 4, 1897, effective aid has been given to American citizens in Cuba, and many of them at their own request have been returned to the United States.

The instructions given to our new minister to Spain before his departure for his post directed him to impress upon that government the sincere wish of the United States to lend its aid toward the ending of the war in Cuba by reaching a peaceful and lasting result, just and honorable alike to Spain and the Cuban people. These instructions recited the character and duration of the contest, the widespread losses it entails, the burdens and restraints it imposes upon us, with constant disturbance of national interests and the injury resulting from an indefinite continuance of this state of things. It was stated that at this juncture our government was constrained to seriously inquire if the time was not ripe when Spain of her own volition, moved by her own interests and every sentiment of humanity, should put a stop to this destructive war and make proposals of settlement honorable to herself and just to her Cuban colony. It was urged that as a neighboring nation, with large interests in Cuba, we could be required to wait only a reasonable time for the mother country to establish its authority and restore peace and order within the borders of the island; that we could not contemplate an indefinite period for the accomplishment of this result.

NO HUMILIATION TO SPAIN.

No solution was proposed to which the slightest idea of humiliation to Spain could attach, and, indeed, precise proposals were withheld to avoid embarrassment to that government. All that was asked or expected was that some safe way might be speedily provided and permanent peace restored. It so chanced that the consideration of this offer, addressed to the same Spanish administration which had declined the tenders of my predecessor, and which for more than two years had poured men and treasure into Cuba in the fruitless effort to suppress the revolt, fell to others. Between the departure of General Woodford, the new envoy, and his arrival in Spain, the statesman who had shaped the policy of his country fell by the hand of an assassin, and although the cabinet of the late premier still held office and received from our envoy the proposals he bore, that cabinet gave place within a few days thereafter to a new administration under the leadership of Sagasta.

The reply to our note was received on the 23d day of October. It is in the direction of a better understanding. It appreciates the friendly purposes of this government. It admits that our country is deeply affected by the war in Cuba and that its desires for peace are just. It declares that the present Spanish government is bound by every consideration to a change of policy that should satisfy the United States and pacify Cuba within a reasonable time. To this end Spain has decided to put into effect the political reforms heretofore advocated by the present premier, without halting for any consideration in the path which in its judgment leads to peace. The military operations, it is said, will continue, but will be humane and conducted with all regard for private rights, being accompanied by political action leading to the autonomy of Cuba, while guarding Spanish sovereignty. This, it is claimed, will result in investing Cuba with a distinct personality; the island to be governed by an executive and by a local council, or chamber, reserving to Spain the control of the foreign relations, the army and navy and the judicial administration. To accomplish this the present government proposes to modify existing legislation by decree, leaving the Spanish Cortes, with the aid of Cuban senators and deputies, to solve the economic problem and properly distribute the existing debt.

NO DEFINITE PROLONGATION.

In the absence of a declaration of the measures that the government proposes to take in carrying out its proffer of good offices, it suggests that Spain be left free to conduct military operations and grant political reforms, while the United States for its part shall enforce its neutral obligations and cut off the assistance which it is asserted the insurgents receive from this country. The supposition of an indefinite prolongation of the war is denied. It is asserted that the western provinces are already well nigh reclaimed; that the planting of cane and tobacco therein has been resumed, and that by force of arms and new and ample reforms very early and complete pacification is hoped for.

The immediate amelioration of existing conditions under the new administration of Cuban affairs is predicted, and therewith all the disturbance and all occasion for any change of attitude on the part of the United States. Discussion of the question of international duties and responsibilities of the United States, as Spain understands them, is presented, with an apparent disposition to charge us with failure in this regard. This charge is without any basis in fact. It could not have been made if Spain had been cognizant of the constant efforts this government has made at the cost of millions, and by the employment of the administrative machinery at the command of the nation to perform its full duty according to the law of nations. That it has successfully prevented the departure of a single military expedition or armed vessel from our shores in violation of our laws would seem to be a sufficient answer. But of this aspect of the Spanish note it is not necessary to speak further now. Firm in the conviction of a wholly performed obligation, due response to this charge has been made in diplomatic issues. Throughout all these horrors and dangers to our own peace this government has never in any way abrogated its sovereign prerogative of reserving to itself the determination of its policy and course according to its own high sense of right and in consonance with the dearest interests and convictions of our own people should the prolongation of the strife so demand.

UNTRIED MEASURES.

Of the untried measures there remain only: "Recognition of the insurgents as belligerents; recognition of the independence of Cuba; neutral intervention to end the war by imposing a rational compromise between the contestants, and intervention in favor of one or the other parties. I speak not of forcible annexation, for that cannot be thought of. That by our code of morality would be criminal aggression."

Recognition of the belligerency of the Cuban insurgents has often been canvassed as a possible, if not inevitable step, both in regard to the previous ten years' struggle and during the present war. I am not unmindful that the two houses of congress in the spring of 1896 expressed the opinion by concurrent resolution that a condition of public war existed requiring or justifying the recognition of a state of belligerency in Cuba, and during the extra session the senate voted a joint resolution of like import, which, however, was not brought to a vote in the house. In the presence of these significant expressions of sentiment of the legislative branch, it behooves the executive to soberly consider the conditions under which so important a measure must needs rest for justification. It is to be seriously considered whether the Cuban insurrection possesses beyond dispute the attributes of statehood which alone can demand the recognition of belligerency in its favor. Possession, in short, of the essential qualifications of sovereignty by the insurgents and the conduct of the war by them according to the recognized code of war are no less important factors toward the determination of the problem of belligerency than are the influences and consequences of the struggle upon the internal policy of the recognizing state.

QUOTES GRANT'S MESSAGE.

The wise utterances of President Grant in his memorable message of December 7, 1875, are signally relevant to the present situation in Cuba, and it may be wholesome now to recall them. At that time a ruinous conflict had for seven years wasted the neighboring island. During all those years an utter disregard of the laws of civilized warfare and of the just demands of humanity, which called forth expressions of condemnation from the nations of Christendom, continued unabated. Desolation and ruin pervaded that productive region, enormously affecting the commerce of all commercial nations, but that of the United States more than any other by reason of proximity and larger trade and intercourse. At that juncture General Grant uttered these words, which now as then sum up the elements of the problem:

"A recognition of the independence of Cuba being, in my opinion, impracticable and indefensible, the question which next presents itself is that of the recognition of belligerent rights in the parties to the contest. In a former message to congress I had occasion to consider this question and reached the conclusion that the conflict in Cuba, dreadful and devastating as were its incidents, did not rise to the fearful dignity of war.

"It is possible that the acts of foreign powers, and even acts of Spain itself of this very nature, might be pointed to in defense of such recognition. But now, as in its past history, the United States should carefully avoid the false lights which might lead it into the mazes of doubtful law and of questionable propriety, and adhere rigidly and sternly to the rule which has been its guide, of doing only that which is right and honest and of good report. The question of according or withholding rights of belligerency must be judged in every case in view of the particular attending facts. Unless justified by necessity it is always, and justly, regarded as an unfriendly act and a gratuitous demonstration of moral support to the rebellion. It is necessary, and it is required, when the interests and rights of another government or of its people are so far affected by a pending civil conflict as to require a definition of its relations to the parties thereto. But this conflict must be one which will be recognized in the sense of international law as war.

WHAT CONSTITUTES WAR.

"Belligerence, too, is a fact. The mere existence of contending armed bodies and their occasional conflicts do not constitute war in the sense referred to. Applying to the existing condition of affairs in Cuba, the tests recognized by publicists and writers on international law, and which have been observed by nations of dignity, honesty and power, when free from sensitive, selfish and unworthy motives, I fail to find in the insurrection the existence of such a substantial political organization, real, palpable and manifest to the world, having the forms and capable of the ordinary functions of government toward its own people and to other states, with courts for the administration of justice, with a local habitation, possessing such organization of force, such material, such occupation of territory as to take the contest out of the category of a mere rebellious insurrection, or occasional skirmishes, and place it on the terrible footing of war, to which recognition of belligerency would aim to elevate it.

"The contest, moreover, is solely on land; the insurrection has not possessed itself of a single seaport whence it may send forth its flag, nor has it any means of communication with foreign powers, except through the military lines of its adversaries. No apprehension of any of those sudden and difficult complications which a war upon the ocean is apt to precipitate upon the vessels, both commercial and national, and upon the consular officers of other powers, calls for the definition of their relations to the parties to the contest. Considered as a question of expediency, I regard the accordance of belligerent rights still to be as unwise and premature as I regard it to be, at present, indefensible, as a measure of right.

"Such recognition entails upon the country according the rights which flow from it difficult and complicated duties, and requires the exaction from the contending parties of the strict observance of their rights and obligations. It confers the right of search upon the high seas by vessels of both parties; it would subject the carrying of arms and munitions of war, which now may be transported freely and without interruption in vessels of the United States, to detention and to possible seizure; it would give rise to countless vexatious questions, would release the parent government from responsibility for acts done by the insurgents, and would invest Spain with the right to exercise the supervision recognized by our treaty of 1795 over our commerce on the high seas, a very large part of which, in its traffic between the Atlantic and gulf states, and between all of them and the states on the Pacific, passes through the waters which wash the shores of Cuba. The exercise of this supervision could scarce fail to lead, if not to abuses, certainly to collisions perilous to the peaceful relations of the two states. There can be little doubt as to what result such supervision would before long draw this nation. It would be unworthy of the United States to inaugurate the possibilities of such result, by measures of questionable right or expediency, or by any indirection."

PRACTICAL EFFECT OF RECOGNITION.

Turning to the practical aspects of a recognition of belligerency and reviewing its inconveniences and positive dangers, still further pertinent considerations appear. In the code of nations there is no such thing as a naked recognition of belligerency unaccompanied by the assumption of international neutrality. Such recognition without more will confer upon neither party to a domestic conflict a status not heretofore actually possessed nor affect the relation of either party to other states. The act of recognition usually takes the form of a solemn proclamation of neutrality which recites the de facto condition of belligerency as its motives. It announces a domestic law of neutrality in the declaring state. It assumes the international obligations of a neutral in the presence of a public state of war. It warns all citizens and others within the jurisdiction of the proclaimant that they violate those rigorous obligations at their own peril and cannot expect to be shielded from the consequences. The right of visit and search on the seas and seizure of vessels and cargoes and contraband of war and good prize under admiralty law must, under international law, be admitted as a legitimate consequence of a proclamation of belligerency. While according the equal belligerent rights defined by public law to each party in our ports disfavors would be imposed on both, which, while nominally equal, would weigh heavily in behalf of Spain herself. Possessing a navy and controlling the ports of Cuba, her maritime rights could be asserted not only for the military investment of the island, but up to the margin of our own territorial waters, and a condition of things would exist for which the Cubans within their own domain could not hope to create a parallel, while its creation of aid or sympathy from within our domain would be even more impossible than now with the additional obligations of international neutrality we would perforce assume.

The enforcement of this enlarged and onerous code of neutrality would only be influential within our own jurisdiction by land and sea and applicable by our own instrumentalities. It could impart to the United States no jurisdiction between Spain and the insurgents. It would give the United States no right of intervention to enforce the conduct of the strife within the paramount authority of Spain according to the international code of war.

For these reasons I regard the recognition of the belligerency of the Cubans as now unwise and therefore inadmissible. Should that step hereafter be deemed wise as a measure of right and duty the executive will take it.

DISCUSSES INTERVENTION.

Intervention upon humanitarian grounds has been frequently suggested and has not failed to receive my most anxious and earnest consideration. But should such a step be now taken, when it is apparent that a hopeful change has supervened in the policy of Spain toward Cuba? A new government has taken office in the mother country. It is pledged in advance to the declaration that all the effort in the world cannot suffice to maintain peace in Cuba by the bayonet; that vague promises of reform after subjugation afford no solution of the insular problem; that with a substitution of commanders must come a change of the past system of warfare for one in harmony with a new policy, which shall no longer aim to drive the Cubans to the "horrible alternative of taking to the thicket or succumbing in misery;" that reforms must be instituted in accordance with the needs and circumstances of time, and that these reforms, while designed to give full autonomy to the colony and to create a virtual entity and self-controlled administration, shall yet conserve and affirm the sovereignty of Spain by a just distribution of powers and burdens upon a basis of mutual interest untainted by methods of selfish expediency.

The first acts of the new government lie in these honorable paths. The policy of cruel rapine and extermination that so long shocked the universal sentiment of humanity has been reversed. Under the new military commander a broad clemency is proffered. Measures have already been set afoot to relieve the horrors of starvation. The power of the Spanish armies, it is asserted, is to be used not to spread ruin and desolation, but to protect the resumption of peaceful agricultural pursuits and productive industries. That past methods are futile to force a peace by subjugation is freely admitted, and that ruin without conciliation must inevitably fail to win for Spain the fidelity of a contented dependency.

APPLICATION OF REFORMS.

Decrees in application of the foreshadowed reforms have already been promulgated. The full text of these decrees has not been received, but as furnished in a telegraphic summary from our minister are: All civil and electoral rights of peninsular Spaniards are, in virtue of existing constitutional authority, forthwith extended to colonial Spaniards. A scheme of autonomy has been proclaimed by decree, to become effective upon ratification by the Cortes. It creates a Cuban parliament, which, with the insular executive, can consider and vote upon all subjects affecting local order and interests, possessing unlimited powers save as to matters of state, war and navy, as to which the governor general acts by his own authority as the delegate of the central government. This parliament receives the oath of the governor general to preserve faithfully the liberties and privileges of the colony, and to it the colonial secretaries are responsible. It has the right to propose to the central government, through the governor general, modifications of the national charter and to invite new projects of law or executive measures in the interest of the colony.

Besides its local powers it is competent, first, to regulate electoral registration and procedure and prescribe the qualifications of electors and the manner of exercising suffrage; second, to organize courts of justice with native judges from members of the local bar; third, to frame the insular budget both as to expenditures and revenues to meet the Cuban share of the national budget, which latter will be voted by the national Cortes, with the assistance of Cuban senators and deputies; fourth, to institute or take part in the negotiations of the national government for commercial treaties which may affect Cuban interests; fifth, to accept or reject commercial treaties which the national government may have concluded without the participation of the Cuban government; sixth, to frame the colonial tariff, acting in accord with the peninsular government in scheduling articles of mutual commerce between the mother country and the colonies. Before introducing or voting upon a bill, the Cuban government, or the Chambers, will lay the project before the central government and hear its opinion thereon, all the correspondence in such regard being made public. Finally, all conflicts of jurisdiction arising between the different municipal, provincial and insular assemblies, or between the latter and the insular executive power, and which from their nature may not be referable to the central government for decision, shall be submitted to the courts.

NEW CABINET SINCERE.

That the government of Sagasta has entered upon a course from which recession with honor is impossible can hardly be questioned; that in the few weeks it has existed it has made earnest of the sincerity of its professions is undeniable. I shall not impugn its sincerity, nor should impatience be suffered to embarrass it in the task it has undertaken. It is honestly due to Spain and to our friendly relations with Spain that it should be given a reasonable chance to realize its expectations and to prove the asserted efficacy of the new order of things to which it stands irrevocably committed. It has recalled the commander whose brutal orders inflamed the American mind and shocked the civilized world. It has modified the horrible order of concentration and has undertaken to care for the helpless and permit those who desire to resume the cultivation of their fields to do so and assures them of the protection of the Spanish government in their lawful occupations. It has just released the Competitor prisoners, heretofore sentenced to death, and who have been the subject of repeated diplomatic correspondence during both this and the preceding administration.

Not a single American citizen is now under arrest or in confinement in Cuba of whom this government has any knowledge. The near future will demonstrate whether the indispensable condition of a righteous peace, just alike to the Cubans and to Spain, as well as equitable to all our interests so intimately involved in the welfare of Cuba, is likely to be attained. If not, the exigency of further and other action by the United States will remain to be taken. When that time comes that action will be determined in the line of the indisputable right and duty. It will be faced without misgiving or hesitancy in the light of the obligation this government owes to itself, to the people who have confided to it the protection of their interests and honor, and to humanity.

Sure of the right, keeping free from all offense ourselves, actuated only by upright and patriotic considerations, moved neither by passion or selfishness, the government will continue its watchful care over the rights and property of American citizens and will abate none of its efforts to bring about by peaceful agencies a peace which shall be honorable and enduring. If it shall hereafter be a duty imposed by our obligations to ourselves, to civilization and humanity, to intervene with force, it shall be without fault on our part and only because the necessity for such action will be so clear as to command the support and approval of the civilized world.

URGES ANNEXATION OF HAWAII.

Asserts Every Condition of Honor Requires Ratification of Treaty.

By a special message dated the 16th of June last I laid before the senate a treaty signed that day by the plenipotentiaries of the United States and of the Republic of Hawaii having for its purpose the incorporation of the Hawaiian islands as an integral part of the United States, and under its sovereignty. The senate having removed the injunction of secrecy, although the treaty is still pending before that body, the subject may be properly referred to in this message because the necessary action of congress is required to determine by legislation many details of the eventual union should the fact of annexation be accomplished, as I believe it should be.

While consistently disavowing from a very early period any aggressive policy of absorption in regard to the Hawaiian group, a long series of declarations through three-quarters of a century has proclaimed the vital interest of the United States in the independent life of the islands and their intimate commercial dependency upon this country. At the same time it has been repeatedly asserted that in no event could the entity of Hawaiian statehood cease by the passage of the islands under the domination or influence of another power than the United States. Under these circumstances the logic of events required that annexation, before offered but declined, should in the ripeness of time come about as the natural result of strengthening the ties that bind us to those islands and be realized by the free will of the Hawaiian state.

That treaty was unanimously ratified without amendment by the senate and president of the republic of Hawaii on the 10th of September last, and only awaits the favorable action of the American senate to effect the complete absorption of the islands into the domains of the United States. What the conditions of such a union shall be, the political relation thereof to the United States, the character of the local administration, the quality and degree of elective franchise of the inhabitants, the extension of the federal laws to the territory or the enactment of special laws to fit the peculiar condition thereof, the regulation of needs of labor therein, are all matters which the treaty has wisely relegated to the congress.

PROVISIONS FOR SELF-RULE.

If the treaty is confirmed, as every consideration of dignity and honor requires, the wisdom of congress will see to it that, avoiding abrupt assimilation of elements perhaps hardly yet fitted to share in the highest franchises of citizenship and having due regard to the geographical conditions, the most just provisions for self-rule in local matters with the largest political liberties as an integral part of our nation will be accorded to the Hawaiians. No less is due to a people who, after nearly five years of demonstrated capacity to fulfill the obligations of self-governing statehood, come of their free will to merge their destinies in our body politic.

The questions which have arisen between Japan and Hawaii by reason of the treatment of Japanese laborers emigrating to the islands under the Hawaiian-Japanese convention of 1888 are in a satisfactory stage of settlement by negotiation. This government has not been invited to mediate, and on the other hand has sought no intervention in that matter, further than to evince its kindliest disposition toward such a speedy and direct adjustment by the two sovereign states in interest as shall comport with equity and honor. It is gratifying to learn that the apprehensions at first displayed on the part of Japan lest the cessation of Hawaii's national life through annexation might impair privileges to which Japan honorably laid claim, have given place to expressions of confidence in the government and the sincerity of its purpose to deal with all possible ulterior questions in the broadest spirit of friendliness.

AFFAIRS IN CENTRAL AMERICA.

Complications Arise Out of Changes in Government.

As to the representation of this government to Nicaragua, Salvador and Costa Rica I have concluded that Mr. William L. Merry, confirmed as minister of the United States to the states of Nicaragua, Salvador and Costa Rica, shall proceed to San Jose, Costa Rica, and there temporarily establish the headquarters of the United States to those three states. I took this action for what I regarded as the paramount interests of this country. It was developed upon an investigation by the secretary of state that the governor of Nicaragua, while not unwilling to receive Mr. Merry in his diplomatic capacity, was unable to do so on account of the compact concluded June 20, 1895, whereby that republic and those of Salvador and Honduras, forming what is known as the Greater Republic of Central America, had surrendered to the representative Diet thereof their right to receive and send diplomatic agents. The Diet was not willing to accept him because he was not accredited to that body. I could not accredit him to that body because the appropriation law of congress did not permit. Mr. Baker, the present minister at Managua, has been directed to present his letters of recall.

Mr. W. Godfrey Hunter has likewise been accredited to the governments of Guatemala and Honduras, the same as his predecessor. Guatemala is not a member of the Greater Republic of Central America, but Honduras is. Should this latter government decline to receive him, he has been instructed to report this fact to his government and await its further instructions. A subject of large importance to our country and increasing appreciation on the part of the people is the completion of the great highway of trade between the Atlantic and Pacific known as the Nicaraguan canal. Its utility and value to American commerce is universally admitted. The commission appointed under date of July 24 last, "To continue the surveys and examinations authorized by the act approved March 2, 1895," in regard "to the proper route, feasibility and cost of construction of the Nicaragua canal, with a view of making complete plans of entire work of construction of such canal," is now employed in the undertaking. In the future I shall take occasion to transmit to congress the report of this commission, making at the same time such further suggestions as may then seem advisable.

NEGOTIATIONS WITH OTHER NATIONS

Silver, Reciprocity, Arbitration and Paris Exposition Reviewed.

Under the provisions of the act of congress, approved March 3, 1897, for the promotion of an international agreement respecting bimetallism, I appointed on the 14th day of April, 1897, Hon. Edward O. Wolcott of Colorado, Hon. Adlai E. Stevenson of Illinois and Hon. Charles J. Paine of Massachusetts as special envoys to represent the United States. They have been diligent in their efforts to secure the concurrence and co-operation of European countries in the international settlement of the question, but up to this time have not been able to secure an agreement contemplated by their mission.

The gratifying action of our great sister republic of France in joining this country in the attempt to bring about an agreement between the principal commercial nations of Europe whereby a fixed and relative value between gold and silver shall be secured, furnishes assurance that we are not alone among the larger nations of the world in realizing the international character of the problem, and in the desire of reaching some wise and practical solution of it. The British government has published a resume of the steps taken jointly by the French ambassador in London and the special envoys of the United States, with whom our ambassador at London actively co-operated in the presentation of this subject to her majesty's government. This will be laid before congress. Our special envoys have not made their final report, as further negotiations between the representatives of this government and the governments of other countries are pending and in contemplation. They believe that doubts which have been raised in certain quarters respecting the possibility of maintaining the stability of the parity between the metals and kindred questions may yet be solved by further negotiations.

Meanwhile it gives me satisfaction to state that the special envoys have already demonstrated their ability and fitness to deal with the subject, and it is to be earnestly hoped that their labors may result in an international agreement which will bring about recognition of both gold and silver as money upon such terms and with such safeguards as will secure the use of both metals upon a basis which shall work no injustice to any class of our citizens.

PROGRESS ON RECIPROCITY.

In order to execute as early as possible the provisions of the third and fourth sections of the revenue act approved July 24, 1897, I appointed Hon. John A. Kasson of Iowa a special commissioner plenipotentiary to undertake the requisite negotiations with foreign countries desiring to avail themselves of these provisions. The negotiations are now proceeding with several governments, both European and American. It is believed that by a careful exercise of the powers conferred by that act some grievances of our own and of other countries in our mutual trade relations may be either removed or largely alleviated, and that the volume of our commercial exchanges may be enlarged with advantages to both contracting parties.

Most desirable from every standpoint of national interests and patriotism is the effort to extend our foreign commerce. To this end our merchant marine should be improved and enlarged. We should do our full share of the carrying trade of the world. We do not do it now. We should be the laggard no longer. The inferiority of our merchant marine is justly humiliating to the national pride. The government, by every proper constitutional means, should aid in making our ships familiar visitors at every commercial port of the world, thus opening up new and valuable markets to the surplus products of the farm and the factory.

PROTECTION OF SEALS.

The efforts which had been made during the two previous years by my predecessor to secure better protection to the fur seals in the north Pacific ocean and Bering sea were renewed at an early date by this administration and have been pursued with earnestness. Upon my invitation the governments of Japan and Russia sent delegates to Washington, and an international conference was held during the months of October and November last, wherein it was unanimously agreed that under the existing regulations this species of useful animals was threatened with extinction, and that an international agreement of all the interested powers was necessary for their adequate protection.

The government of Great Britain did not see proper to be represented at this conference, but subsequently sent to Washington as delegates the expert commissioners of Great Britain and Canada, who had during the past two years visited the Pribyloff islands and who met in conference similar commissioners on the part of the United States. The result of this conference was an agreement on important facts connected with the condition of the seal herd heretofore in dispute, which should place beyond controversy the duty of the governments concerned to adopt measures without delay for the preservation and restoration of the herd. Negotiations to this end are now in progress, the result of which I hope to be able to report to congress at an early day.

INTERNATIONAL ARBITRATION.

International arbitration cannot be omitted from the list of subjects clamoring for our consideration. Events have only served to strengthen the general views on this question expressed in my inaugural address. The best sentiment of the civilized world is moving toward the settlement of differences between nations without resorting to the horrors of war. Treaties embodying these humane principles on broad lines without in any way imperilling our interests or our honor shall have my constant encouragement.

The acceptance by this government of the invitation of the republic of France to participate in the Universal exposition of 1900 at Paris was immediately followed by the appointment of a special commissioner to represent the United States in the proposed exposition, with special reference to the securing of an appropriation for an adequate exhibition on behalf of the United States. The special commissioner delayed his departure for Paris long enough to ascertain the probable demand for space by American exhibitors. His inquiries developed an almost unprecedented interest in the proposed exposition and the information thus acquired enabled him to justify an application for a much larger allotment of space for the American section than had been reserved by the exposition authorities. The result was particularly gratifying in view of the fact that the United States was one of the last countries to accept the invitation of France.

The reception accorded our special commissioner was most cordial and he was given every reasonable assurance that the United States would receive a consideration commensurate with the proportions of our exhibition. The reports of the special commissioner as to the importance and magnitude of the coming exposition and the great demand for space for American exhibits supplies new arguments for a liberal and judicious appropriation by congress to the end that an exhibit fairly representative of the industries and resources of our country may be made in an exposition which will illustrate the world's progress during the nineteenth century. That exposition is intended to be the most important and comprehensive of the long series of international exhibitons of which our own at Chicago was a brilliant example, and it is desirable that the United States should make a worthy exhibit of American genius and skill and their unrivaled achievements in every branch of industry.

REQUIREMENTS OF THE NEW NAVY.

Facilities Rather Than Ships Now in Demand.

The present immediate effective force of the navy consists of four battleships of the first class, two of the second and forty-eight other vessels, ranging from armored cruisers to torpedo boats. There are under construction five battleships of the first class, sixteen torpedo boats and one submarine boat. No provision has yet been made for the armor of three of the five battleships, as it has been impossible to obtain it at the price fixed by congress. It is of great importance that congress provide this armor, as until then the ships are of no fighting value.

The present naval force, especially in view of its increase by ships now under construction, while not as large as that of a few other powers, is a formidable force; its vessels are the very best of each type, and with the increase that should be made to it from time to time in the future, and careful attention to keeping it in a high state of efficiency and repair, it is well adapted to the necessities of the country.

The great increase of the navy which has taken place in recent years was justified by the requirements for national defense and has received public approbation. The time has now arrived, however, when this increase, to which the country is committed, should for a time take the form of increased facilities commensurate with the increase of our naval vessels. It is an unfortunate fact that there is only one dock on the Pacific coast capable of docking our largest ships and only one on the Atlantic coast, and that the latter has for the last six or seven months been under repair and therefore incapable of use. Immediate steps should be taken to provide three or four docks of this capacity on the Atlantic coast, at least one on the Pacific coast and a floating dock on the gulf. This is the recommendation of a very competent board appointed to investigate the subject. There should also be ample provision made for powder and projectiles and other munitions of war and for an increased number of officers and enlisted men. Some additions are also necessary to our navy yards for the repair and care of our larger number of vessels.

As there are now on the stocks five battleships of the largest class, which cannot be completed for a year or two, I concur with the recommendation of the secretary of the navy for an appropriation authorizing the construction of one battleship for the Pacific coast, where at present there is only one in commission and one under construction, while on the Atlantic coast there are three in commission and four under construction; and also that several torpedo boats be authorized in connection with our general system of coast defense.

ALASKA IN NEED OF ATTENTION.

Some More Comprehensive System of Government Demanded.

The territory of Alaska requires the prompt and early attention of congress. The conditions now existing demand material changes in the laws relating to the territory. The great influx of population during the past summer and fall and the prospect of a still larger immigration in the spring will not permit us to longer neglect the extension of civil authority within the territory or postpone the establishment of a more thorough government.

A general system of public surveys has not yet been extended to Alaska and all entries thus far made in that district are upon special surveys. The act of congress extending to Alaska the mining laws of the United States contained the reservation that it should not be construed to put in force the general land laws of the country. By act approved March 3, 1891, authority was given for entry of lands for townsite purposes and also for the purchase of not exceeding 160 acres then or thereafter occupied for purposes of trade and manufacture. The purpose of congress as thus far expressed has been that only such rights should apply to the territory as shall be specifically named.

It will be seen how much remains to be done for that vast and remote and yet promising portion of our country. Special authority was given to the president by the act of congress approved July 24, 1897, to divide that territory into two land districts and to designate the boundaries thereof and to appoint registers and receivers of said land offices and the president was also authorized to appoint a surveyor general for the entire district. Pursuant to this authority, a surveyor general and receiver have been appointed with offices at Sitka. If in the ensuing year the conditions justify it, the additional land district authorized by law will be established, with an office at some point in the Yukon valley. No appropriation, however, was made for this purpose, and that is now necessary to be done for the two land districts into which the territory is to be divided.

I concur with the secretary of war in his suggestions as to the necessity for a military force in the territory of Alaska for the protection of persons and property. Already a small force consisting of twenty-five men with two officers, under command of Lieutenant Colonel Randall of the Eighth infantry, has been sent to St. Michael to establish a military post. As it is to the interest of the government to encourage the development and settlement of the country and its duty to follow up its citizens there with the benefits of legal machinery, I earnestly urge upon congress the establishment of a system of government of such flexibility as will enable it to adjust itself to the future areas of greatest population.

The startling though possibly exaggerated reports from the Yukon river country of the probable shortage of food for the large number of people who are wintering there without the means of leaving the country are confirmed in such a measure as to justify bringing the matter to the attention of congress. Access to that country this winter can be had only by the passes from Dyea and vicinity, which is a most difficult and perhaps an impossible task. However, should these reports of the suffering of our fellow citizens be further verified, every effort at any cost should be made to carry them relief.

TROUBLES IN INDIAN TERRITORY.

Present Conditions Jeopardize the Rights of Many People.

For a number of years past it has been apparent that the conditions under which the five civilized tribes were established in the Indian territory under treaty provisions with the United States, with the right of self-government and the exclusion of all white persons from within their borders, have undergone so complete a change as to render the continuance of the system thus inaugurated practically impossible. The total number of the five civilized tribes, as shown by the last census, is 45,494, and this number has not materially increased, while the white population is estimated at from 200,000 to 250,000 which, by permission of the Indian government, has settled in the territory. The present area of the Indian territory contains 25,693,564 acres, much of which is very fertile land. The United States citizens residing in the territory, most of whom have gone there by invitation or with the consent of the tribal authorities, have made permanent homes for themselves. Numerous towns have been built in which from 500 to 5,000 white people now reside.

CHILDREN NEED EDUCATION.

Valuable residences and business houses have been erected in many of them. Large business enterprises are carried on in which vast sums of money are employed, and yet these people, who have invested their capital in the development of the productive resources of the country, are without title to the land they occupy and have no voice whatever in the government either of the nations or the tribes. Thousands of their children who were born in the territory are of school age, but the doors of the schools of the nations are shut against them and what education they get is by private contribution. No provision for the protection of the life or property of these white citizens

(Continued on Third Page.)

FROM FOOT TO KNEE

Ohio Woman Suffered Great Agony From a Terrible Sore—Her Story of the Case, and Her Cure.

"For many years I was afflicted with a milk leg, and a few years ago it broke out in a sore and spread from my foot to my knee. I suffered great agony. It would burn and itch all the time and discharge a great deal. My health was good with the exception of this sore. I tried a great many kinds of salve, but some would irritate the sore so that I could hardly stand the pain. I could not go near the fire without suffering intensely. Someone sent me papers containing testimonials of cures by Hood's Sarsaparilla, and I told my husband I would like to try this medicine. He got me a bottle and I found it helped me. I kept on taking it until my limb was completely healed. I cannot praise Hood's Sarsaparilla enough for the great benefit it has been to me. It cleanses the blood of all impurities and leaves it rich and pure." MRS. ANNA E. EAKEN, Whittlesey, Ohio.

You can buy Hood's Sarsaparilla of all druggists. Be sure to get only Hood's.

Hood's Pills are the favorite family cathartic. Price 25c.

...THE BEE Voting Contest FOR...

Queen of the Ice Carnival

MY CHOICE FOR QUEEN POLARIS

IS ______________________

Ballot Boxes located at Millard Hotel, Bee Bldg, King Pharmacy, 27th and Leavenworth sts.; Chas. A. Tracy's, 16th and Douglas; Shrader's Drug Store, North 24th and Seward sts.

DEC. 7

NORRIS & LOVE, Carnival Managers.

This ballot must be deposited within 3 days from date. Coupons may be mailed within two days to Carnival Dep't., Bee Office, Omaha.

A SMALL SECRET.

Couldn't Understand the Taste of His Customers.

Two men in Keokuk were discussing the various food products now being supplied in such variety and abundance. One, a grocer, said: "I frequently try a package or so of any certain article before offering it to my trade, and in that way sometimes form a different idea than my customers have. For instance, about three weeks ago, I thought I would try some Postum Food Coffee, to see what reason there was for such a call for it. At breakfast I didn't like it and supper proved the same, so I naturally concluded that my taste was different from that of the customers who bought it right along; a day or two after I waited on a lady who was buying a 25 c package and told her I couldn't understand how one could fancy the taste of Postum. 'I know just what is the matter,' she said. 'You put the coffee boiler on the stove for just fifteen minutes, and ten minutes of that time it simmered, and perhaps five minutes it boiled. Now if you will have it left to boil full fifteen minutes after it commences to boil, you will find a delicious Java like beverage, rich in food value of gluten and phosphates, so choice that you will never abandon it, particularly when you see the great gain in health.' Well, I took another trial and sure enough I have joined the Postum army for good, and life seems worth living since I have gotten rid of my old time stomach and kidney troubles.

Postum is no sort of medicine, but pure food, and this, together with a relief from coffee, has worked the change.

Postum is the only cereal coffee yet discovered, with a coffee taste, that is pure and free from low grade coffee or other drugs.

SLEEP FOR SKIN-TORTURED BABIES

And rest for tired mothers in a warm bath with CUTICURA SOAP, and a single application of CUTICURA (ointment), the great skin cure. CUTICURA REMEDIES afford instant relief, and point to a speedy cure of torturing, disfiguring, humiliating, itching, burning, bleeding, crusted, scaly skin and scalp humors, with loss of hair, when all else fails.

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SKIN SCALP and Hair Beautified by CUTICURA SOAP.