## PRESIDENT'S MESSAGE

## SPAIN GIVEN TIME.

Favorable Developments of the New Policy in Regard to Cuba Will be Awaited. Hawaii May Come In

The message is as follows: To the Senate and House of Repre sentatives:

It gives me pleasure to extend greet ing to the fifty-fifth Congress asseming to the fifty-fifth Congress assem-bled in regular session at the seat of government, with many of whose sena-tors and representatives I have been associated in the legislative service. Their meeting occurs under felicitous conditions, justifying sincere congratu-lation and calling for our grateful ac-knowledgement to a beneficent Provi-dence which has so signally blessed knowledgement to a beneficent Provi-dence which has so signally blessed and prespered us as a nation. Peace and good will with all the nations of the earth continue unbroken. A mat-ter of genuine satisfaction is the grow-ing feeling of fraternal regard and un-fication of all sections of our country, the incompleteness of which has too fication of all sections of our country, the incompleteness of which has too long delayed the realization of the highest blessings of the Union. The spirit of patriotism is universal and is ever increasing in fervor. The public questions which now most engross us are lifted far above either partisanship, prejudice or former sectional differences. They affect every part of our common country alike and permit of no division on ancient lines. Questions of foreign policy of revenue, the soundness of the currency, the inviolability of national obligations, the improvement of the public service, appeal to the earnest citizen to whatever party he belongs or in whatever section of the

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he belongs or in whatever section of the
country he may reside.

The extra session of this Congress
which closed during July last enacted
important legislation, and while its full
effect has not yet been realized, what it
has already accomplished assures us of its timeliness and wisdom. To test its permanent value further time will be required and the people, satisfied with its operation and results thus far, are in no mind to withhold from it a fair

THE CURRENCY QUESTION

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Tariff legislation having been settled by the extra session of Congress the question next pressing for consideration is that of the currency.

The work of putting our finances upon a sound basis, difficult as it may seem, will appear easier when we recall the financial operations of the government since 1866. On the 30th day of June of that year we had outstanding demand liabilities in the sum of \$728,-\$68,447.41. On the 1st of January, 1879, these liabilities had been reduced to these liabilities had been reduced to \$443,889,495.88. Of our interest-bearing obligations, the figures are even more striking. On July 1, 1865, the principal of the interest-bearing debt of the gov-ernment was \$2,332,331,298. On the 1st day of July, 1893, this sum had been reduced to \$585,037,100, or an aggregate reduction of \$1,747,294,108. The interestearing debt of the United States on he 1st day of December, 1897, was \$\$47. 365,620. The government money not outstanding (December 1) consists of \$346,681,016 of United States notes, \$107. 793,280 of treasury notes issued by au-thority of the law of 1890, \$384,963,504 of

silver certificates and \$61,280,761 of standard silver dollars. With the great resources of the gov-ernment and with the honorable example of the past before us, we ought not to hesitate to enter upon a currency re-vision which will make our demand

vision which will make our demand obligations less onerous to the government and relieve our financial laws from ambiguity and doubt.

The brief review of what was accomplished from the close of the war to 1893 makes unreasonable and groundless any distrust either of our financial ability or soundness; while the situation from 1893 to 1897 must admonish Congress of the immediate necessity of so legislating as to make the return of the conditions then prevailing impossi-

THE REAL EVIL

There are many plans proposed as a remedy for the evil. Before we can find the true remedy we must appreciate the real evil. It is not that our currency of every kind is not good, for every dollar of it is good; good because the government's pledge is out to keep it so, and that pledge will not be broken. However, the guarantee of our purpose to keep the pledge will be best shown by advancing toward its fulfillment. is fulfillment.

The evil of the present system is

The evil of the present system is found in the great cost to the government of maintaining the parity of our different forms of money—that is, keeping all of them at par with gold. We surely cannot be longer heedless of the burden this imposes upon the people, even under fairly prosperous conditions, while the past four years have demonstrated that it is not only an expensive charge upon the government, but a dangerous means to the ment, but a dangerous means to the national credit

It is manifest that we must devise ome plan to protect the government ome plan to protect the government egainst bond issues for repeated redemptions. We must either curtail the opportunity for speculation, made casy by the multiplied redemption of our demand obligations, or increase the gold reserve for their redemption. We have \$300,000,000 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.

THE SALE OF BONDS.

The law which requires the government, after having redeepped its

THE SALE OF BONDS.

The law which requires the government, after having redeemed its United States notes, to pay them out again as current funds demands a constant replenishment of the gold riserve. 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, as during the administration of my predecessor, when \$252,315,400 of four and a half per cent. bonds were issued and sold and the proceeds used to pay the expenses of the government in excess of 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 receipts, a considerable portion was required to maintain the gold reserve.

With our reserve equal to our expenses, 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 resupply 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.

AN ORYLOUS DUTY.

AN OBVIOUS DUTY.

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 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 for it. The reason for this is made all the more apparent when the government issues an interest-bearing debt ment 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—an interest-bearing debt to redeem a non-interest-bearing

In my view it is the utmost importance that the government should be relieved of the burden 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 powers to help liself. The banks do not feel the strain of 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 immediate embarrassment from our present currency; but the danger still exists and will be every present menacing us as long as the existing the control of the strain of In my view it is the utmost import-

present menacing us as long as the ex-isting system continues. And besides it is in time of adequate revenues and business tranquility that the government should prepare for the worst. We cannot avoid without serious consequences the wise consideration and prompt solution of this question.

GAGE'S PLAN INDORSED.

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 embarrass-ment.ment. To this plan I invite your

careful consideration.

I concur with the secretary of the treasury in his recommendation that the 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 one per cent. per annum. I also join him in recommending that authority be given tor. per annum. I also join him in recom-mending that authority be given for the establishment of national banks with a minimum capital of \$25,000. This will enable the smaller villages and ag-ricultural regions of the country to be supplied with currency to meet their

I recommend that the issue of na-tional bank notes be restricted to the denomination of \$10 and upward. If the suggestion 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.

THE CUBAN QUISTION.

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 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 Cuba for many years has been one of unrest; growing dissent; an effort toward a large enjoyment of liberty and self-control; of organized resist-ance to the mother country; of de-pression after distress and warfare; pression after distress and warfare; and of ineffectual settlement, to be fol-lowed by renewed revolt. For no en-during period since the enfranchise-ment of the continental possessions of Spain in the western continent has the condition of Cuba or the policy of Spain toward Cuba not caused con-cern to the United States

cern to the United States.

The prospect from time to time that the weakness of Spain's hold upon the island and the political vicisitudes and embarrassments of the home government might lead to the transfer of Cuba to a continent power called forth ernment might lead to the transfer of Cuba to a continent power called forth, between 1823 and 1880, various em-phatic declarations of the policy of the United States to permit no disturb-ance of Cuba's connection with Spain, unless in the direction of independence of acquisition by us through purchase; nor has there been any change of this declared policy since upon the part of of acquisition by us through purchase; nor has there been any change of this declared policy since upon the part of the government. The revolution which began in 1868 lasted for ten years, despite the atrenuous 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 Gen. Grant were refused and the war dragged on, entailing great loss of life and increased injury to Amrican interests, beside throwing sphanced burdens of neutrality upon this government. In 1878 peace brought about by the truce of Zanjon, obtained by negotiations between the Spanish commander, Martinez de Campos and the insurgent leaders.

CIVILIZED CODE DISCHACED

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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 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 propor-

tions and defying the efforts for its suppression. The civilized code of war has been disgraced, 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.

their country.

The offer made by my predecessor it April, 1896, tendering the friendly of fices of this government, failed. An mediation on our part was not accept ed. In brief the answer read: "Ther is no effectual way to pacify Cuba un less it begirs with the actual submis sion of the rebels to the mother coun

sion of the rebeis 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. The agricultural inhabitants were herded in and about the services towns their lands laid 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 sup-plies from the insurgents. It has ut-terly falled as a war measure. It was not civilized warfare. It was exter-

EARNEST PROTESTS ENTERED Against this abuse of the rights of our I have felt constrained on rewar I have felt constrained on re-peated occasions to enter the firm and earnest protest of this government. There was much of public condemna-tion of the treatment of American citizens by alleged illegal arrests and long imprisonment awaiting trial or pending judicial proceedings. 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 22 prisoners, citizens of the United States, had been given their

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

States. The instructions given to our 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 to the Cuban people. These instructions recited the character and duration of the contest, the widespread osses it entails, the burdens and restraints it imposes upon us, with con-stant disturbance of national interests and the injury resulting from an indefinite continuance of this state things. It was stated that at juncture our government was strained to seriously inquire if time was not ripe when Spain of her own volition, moved by her own interests and every sentiment of hu-humanity, should not put a stop to this destructive war and make pro-posals of settlement honorable to her-self and just to her Cuban colony. THE SPANISH PROPOSALS.

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 solu-tion was proposed to which the slight-est 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 some

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 occasion to consider this question had poured men and treasure into Cuba in the fruitless effort to suppress clined the tenders of my predecessor, departure of Gen. 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 rethe late premier still held office and re-ceived 'rom our envoy the proposals he bore, that cabinet gave place with-in a few days thereafter to a new ad-ministration under the leadership of Sagasta. The reply to our note was received on the 25d day of October. It is in the direction of a better under-standing. It appreciates the friendly 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.

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, is is claimed, will result with 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 and properly distribute the existing debt.

In the absence of a declaration of the measures that this government proposes to take in carrying out its proffer of good offices it suggests that Spain be left free to conduct military

fer of good offices it suggests that Spain be left free to conduct military operations and grant political reforms, while the United States, for its own while the United States, for its own part, shall enforce its neutral obligatilons 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 pacified; 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 therewithal the disturbance and all occasion for any changed 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 fallure in this regard. Tals 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 of the nation at command to perform its full duty according to the law of the rations. 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 new. Firm in the conviction of a wholly performed obligation, due response to this charge has been made in diplomatic course.

Throughout these horrors and dansponse to this charge has been made in diplomatic course. Throughout these horrors and dan-

Throughout 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 consonanse with the dearest interests and convictions of our own people should the prolongation of the strife so demand.

THE DUTY OF THE UNITED

STATES.

Of the untried measures there re-Of the untried measures there remain only: Recognition of the insurgents as belligerents; recognition of the independence of Cuba; natural intervention to end the war by proposing a rational compromise between the contestants, and intervention in favor of one or the other party. 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 beiligerency of the Cuban insurgents has often been can-Cuban insurgents has often been can-vassed as a possible if not inevitable step both in regard to the previous 10 years' struggle and during the presyears struggle and during the pres-ent war. I am not unmindful that the two Houses of Congress in the spring of 1896 expressed the opinion by con-current resolution that a condition of public war existed requiring or justify-ing the recognition of a state of bel-ligenrency in Cuba, and during the ex-tra session the Senate voted a joint tra session the Senate voted a joint resolution of like import, which, how-ever, was not brought to a vote in the House of Representatives. In the presence of these significant expressions of the sentiment of the legislative branch it behoves the executive to soberly consider the conditions under which so consider the conditions under which so important a measure must needs rest for justification. It is to be seriously considered whether the Cuban insurrection possess beyond dispute the attributes of statehood which alone can demand the recognition of belligerency in its favor. Possession, in short, of the execution of the second conditions and the condition of the second conditions are selected.

of the essential qualifications of sov-ereignty by the insurgents and the conduct of the war by them according to the received code of war are no less

important factors toward the deter-mination of the problem of belligeren-cy than are the influences and consequences of the struggle upon the inter-The wise utterances of President Grant in his memorable message of December 7, 1875, are signally relevent 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 selection. had for seven years wasted the neigh-boring island. During all those years an utter disregard of the laws of civil-ized warfare and of the just demands of humanity, which called for the ex-pressions of condemnation from the nations of Christendom, continued unabated. Desolution and ruin pervaded that productive region, enormously ef-fecting the commerce of all commer-cial nations, but that of the United cial nations, but that of the United States more than any other by reason of proximity and larger trade and in-tercourse. At that juncture Gen. Grant uttered these words, which now, as then, sum up the elements of the problem: "A recognition of the in-dependence of Cuba being, in my-sopinimpracticable and indefensible the question which next presents itself is that of the recognition of belligerent rights to the parties to the contest. Between the tating as were its incidents, did no rise to the fearful dignity of war.

• • It is possible that the acts of foreign powers, and even Spain her-self, of this very nature, might be pointed to in defense of such recogni-tion. But now, as in its past history tion. 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 of withholding rights of belligenrency 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

> must be one which will be recognized in the sense of international law as ear." 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 conditions 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, nations of dignity, honesty and power, when free from sensitive or selfish and unworthy motive; 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 a recognition of belligerency would aim to elevate it.
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> The contest, moreover, is solely on

moral support to the rebellion. It is necessary, and it is required, when the interests and rights of another gov-

ernment or of its peope are so far af-fected by pending civil conflict as to require a definition of its relations to the parties thereto. But this conflict

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 communicating 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 de-

finition of their relations to the par-ties to the contest. Considered as a question of expediency, I regard the accordance of beiligerent rights still to

accordance of beliggerent rights still to be as unwise and premature as I re-gard it to be, at present, indefensible as a measure of right. Such a recognition entails upon the country accordingto the rights which flow from it difficult and cimplicated duties, and requires the exaction from the contending parties of the strict obthe contending parties of the strict ob-servance of their rights and obliga-tions. 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 ransported freely and without interruption in vessels of the United States, to detention and to pos-sible selzure; it would give rise to countless vexatious questions, would release the parent government from responsibility for acts done by the in-surgents and would invest Spain with responsibility for acts done by the insurgents and would invest Spain with the right to exercise the supervision recognized by our treaty 1795 over our commerce on the high seas, a very large part of which, in its traffic between the Atlantic and the Guif 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 abuses, certainly to collisions perilous abuses, certainly to collisions perilous to the peaceful relations of the two nations. 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 a result, by measures if questionable right or expediency, or by any indis-

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 will not confer upon either party to a domestic conflict a status not therefore actually possessed of affect the relaactually possessed of affect the rela-tions of either party to other states. The act of recognition usually takes the form of a solemn proclamation of neutrality, which relates the de facto condition of belligerency as its motive. It announces a domestic law of neu-trality in the deciaring state. It as-sumes the international obligations of trailty 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 vesels 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 condithe island, but up to the margin of our own territorial waters, and a condi-tion of things would exist for which the Cubans within their own domain could not hope to create a parallel; while its creation through aid of sympathy from within our domain would be even more impossible than now with the additional obligations of international neutrality we would per

The enforcement of this enlarged and erous code of neutrality would only influential within our own jurisdiction by land and sea and applicable to our own instrumentalities. It could impart to the United States no right of intervention to enforce the conduct of the strife within the paramount

the strife within the paramount au-therity of Spain acording to the inter-national code of war.

For these reasons, I regard the recog-nition of the belligerency of the Cuban insurgents as now unwise, and there-fore inadmssible. Should that step hereafter be deemed wise as a measure of right and duty the executive will of right and duty the executive will

Intervention upon humanitarian grounds has been frequently suggested and has not failed to receive my most anxious and earnest consideration. But it is apparent that a hopeful change has supervened in the policy of Spain toward Cuba? A new government has 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 solu-tion 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 insti-tuted in acordance with the needs and tuted in acordance with the needs and circumstances of the 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 hundred word buydens upon a basis of mutual inand burdens upon a basis of mutual in-terest untainted by methods of selfish

expediency.

The first acts of the new government the first acts of the next section o 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 preferred. Measures have already been set on foot to relieve the horrors of starvation. The power of the Spanish armies, it is asserted, is to be used not to spread ruin and dissola-tion, 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 concillation must inevitably fail to win for Spain the fidelity of a

contented dependency.

Not a single American citizen is now in arrest or confinement in Cuba, of whom this government has any knowwhom 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
will be determined in the line of indisputable right and duty. It will be
faced, without misgiving or hesitancy
in the light of the obligation this government owes to tself, to the people ernment owes to tself, to the people who have confided to it the protection of their interests and honor, and to hu-

manity. Sure of the right, keeping free from all offense ourselves, actuated only by upright and patriotic considerations, moved neither by passion, nor selfish-ness, the government will continue its

watchful care over the rights and pro-

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 hereafter appear to be a duty imposed by our obligations to curseives, to civilization and humanity to intervene with force, it shall be without fault on our part, and only because the necessty for such action will be so clear as to command the support and approval of the civilized world.

THE ANNEXATION OF HAWAII. By a special message dated the 16th day 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 the Congress is required to determine by legislation many details of the eventual union should the fact of action of the Congress is required to de-termine by legislation many details of the eventual union should the fact of annexation be accomplished, as I be-lieve it should be. While consistently disavowing from a

while consistently disavowing from a very early period any aggressive policy of absorption in regard to the Hawaiian group, a long series of deciarations, 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 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 pasage 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, heretofore offered but declined, should in the ripeness of time come about as the natural result of the strengthening 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 16th of September last, and only awaits the favorable action of the American Senate to effect the complete absorption of the islands into the domain of the United States. What the conditions of such a union shall be, the political relations thereof to the United States, the character of the local administration, the quality and degree of the elective franchise of the inhabitants.

States, the character of the local admin-istration, the quality and degree of the 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 there-of, the regulation if need be of the labor system therein, are all matters which the treaty has wisely relegated to the Congress.

Congress. If the treaty is confirmed, as every consideration of dignity and honor re-quires, 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 citi-zenship, and having due regard to the zenship, 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 fulfill the obligations of self-gyerning state-hood, come of their free will to politic. politic.

hood, come of their free will to politic, merge their destinies in our body 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 conventon 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 piece to impair privileges to which Japan hon-orably laid claim, have given place to confidence in the uprightness of this government, and in the sincerity of its purpose to deal with all possible ul-terior questions in the broadest spirit of friendliness.

NEGOTIATIONS FOR INTERNA-TIONAL BIMETALLISM. Under the provisions of the act of Congress, approved March 3, 1897, for agreement respecting bimetallism, I ap-pointed on the 14th day of April, 1897, Hon Edward O. Wolcott, of Colorado; Hon Edward O. Wolcott, of Colorado; Hon. Adiai E. Stevenson, of Illinois, and Hon. Charles J. Paine, of Massa-chusetts, as special envoys to represent the United States. They have been diligent in their efforts to secure the concurrence and co-operation of Euro-pean countries in the international set-tlement of the question but up this tlement of the question, but up to this time have not been able to secure an agreement contemplated by their mis-

The gratifying action of our great sister republic of France, in joining this country in the attempt to bring about an agreement among 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 The gratifying action of our great sisactively 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 position of maintaining the stability of the party 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 sliver 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.

RECIPROCITY ARRANGEMENTS.

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RECIPROCITY ARRANGEMENTS.

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 the Hon. John A. Kesson, 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 Euronean and amendments.