PRESIDENT MCKINLEY'S ANNUAL MESSAGE.

The National Spirit Has Been Strengthened by the War.

A BRIEF RECITAL OF THE STRIFE.

Military Law Will Continue in Our New Possessions Until Congress Has Legislated Otherwise.

FRIENDLY RELATIONS WITH ENGLAND

Cubaus Encouraged to Form a Government for Themselves - Austria Still Demanding Satisfaction for the Lattimer Riot Congress Urged to Act in Regard to the Micaragua Canal Government in Sympathy With the Czar's Peace Movement Condition of the Treasury

President McKinley's message was submitted to Congress last Monday. The war is carefully reviewed from beginning to end and the president feels grateful over the result. Our new possessions and their future governments, as well as the history of the war are considered in the following

Washington, December 5.-The Pres-Washington, December 5.—The Pres-ident's message was sent to Congress To the Senate and House of Represen-

To the Senate and House of Representatives:

Notwithstanding the added burdens rendered necessary by the war our people are in a very satisfactory and steadily increasing degree of prosperties, evidenced by the largest volume of business ever recorded. Manufacture has been productive, agricultural pursuits have yielded abundant returns, labor in all fields of industry is better rewarded, revenue legislation passed by the present Congress has increased the treasury's receipts to the amount estimated by its authors; the finances of the government have been successfully administered and its credit advanced to the first rank; while its currency has been maintained at the world's highest standard. Military service under a common flag and for a righteous cause has strengthened the national spirit and served to cement more closely than ever the fraternal bonds between every section of the country.

A review of the relation of the United States to other powers, always at propriate, is this year of primary importance in view of the momentous issues which have arisen, demanding in one instance the ultimate determination by arms and involving far-reaching consequences which will inspire the carnest attention of the Congress.

In my last message very full consideration was given to the question of

the carnest attention of the Congress. In my last message very full consideration was given to the question of the government of the United States toward Spain and the Cuban insurrection as being by far the most important problem with which we were then called upon to deal. The considerations then advanced, and the exposition of the views therein expressed, disclosed my sense of the evtreme gravity of the situation. Setting aside, as logically my series of the evtreme gravity of the situation. Setting aside, as logically unfounded or practically inadmissible, the recognition of the Cuban insurg-ents as belilgerents, the recognition of Cuba, neutral intervention to end the war by imposing a rational compro-mise between the contestants, inter-vention in favor of one or the other party, and forcible annexation of the island—I concluded it was honestly due island—I concluded it was honestly due to our friendly relations with Spain that she should be given a reasonable chance to realize her expectations of reform to which she had become irrevocably committed. Within a few weeks previously she had announced comprehensive plans which it was confidently asserted would be efficacious to remedy the evils so deeply affecting our country, so injurious to the true interests of the nother country as well as to those of Cuba, and so repugnant to the universal sentiment of humanity.

ensuing month brought Herlsign of real progress toward the pacification of Cuba. The autonomous ad-ministration set up in the capital and some of the principal cities appeared not to gain the favor of the inhabitants nor to be able to extend their influence nor to be able to extend their influence to the large extent of territory held by the insurgents, while the military arm, obviously unable to cope with the still active rebellion, continued many of the most objectionable and offensive polimost objectionable and offensive poli-cies of the government that had pre-ceded it. No tangible relief was af-forded the vast numbers of unhappy reconcentrados, despite the reiterated professions made in that regard and the amount appropriated by Spain to that end. The proffered expedient of somes of cultivation proved illusory; indeed, no less practical nor more de-lusive promises of succor could wait have been tendered to the exhausted and destitute people, stripped of all that made life and home dear, and herded in a strange region among unsympathetic strangers hardly less necessitous than themselves.

MEETING A CRISIS. MEETING A CRISIS.

By the end of December the mortalty among them had frightfully inreased. Conservative estimates from
spanish sources placed the deaths
meng these distressed people at over
the per cent, from the time Gen. Weyer's decree of recincentration was entorced. With the acquiescence of the forced. With the acquiescence of the Spanish authorities a scheme was adopted for relief by charitable contributions, raised in this country and distributed, under the direction of the consul general and the several consuls, by noble and earnest ndividual effort through the organized agencies of the American Red Cross. Thousands of lives were thus saved, but many thousands were thus saved, but many thousands more were inaccessible to such forms of aid.

The war continued on the old footing The war continued on the old footing without comprehensive plan, developing only the same spasmodic encounters, barren of strategic result, that had marked the course of the earlier ten years' rebellion as well as the present insurrection from its start. No alternative save physical exhaustion of either combatant, and therewithal the practical ruin of the island, lay in sight, but how far distant no one could venture to conjecture.

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At this juncture, on the 15th of February last, occurred the destruction of the battleship Maine, while rightfully jving in the harbor of Havana on a mission of international courtesy and good will—a catastrophe the suspicious nature and horror of which stirred the astion's heart profoundly. It is a striking evidence of the poise and startly good sense distinguishing our national character that this shocking how, falling upon a generous people, already deeply touched by preceding areats in Cuba, did not move them to

an instant, desperate resolve to tolerate no longer the existence of a condition of danger and disorder at our doors that made possible such a deed, by whomsoever wrought. Yet the instinct of justice prevailed and the nation anxiously awaited the result of the searching investigation at once set on foot. The finding of the naval board of inquiry established that the origin of the explosion was externally by a submarine mine, and only halted, through lack of positive testimony, to fix the responsibility of its authorship.

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All these things carried conviction to the most thoughtful, even before the finding of the naval board, that a crisis in our relations with Spain and toward Cuba was at hand. So strong was this belief that it needed but a brief executive suggestion to the congress to receive immediate answer to the duty of making instant provision for the possible and perhaps speedity probable emergency of war, and the remarkable, almost unique, spectacle was presented of a unanimous vote of both houses on the 9th of March sppropriating \$50,000,000 for the national defense and for each and every purpose connected therewith, to be expended at the discretion of the President." That this act of provision came none too soon was disclosed when the application of the fund was undertaken. Our coasts were practically undefended. Our navy needed large proen. Our coasts were practically unde-fended. Our navy needed large pro-vision for increased animunition and supplies, and even numbers to cope with any sudden attack from the navy of Spain which of Spain, which comprised modern ves-sels of the highest type of continental perfection. Our army also required en-largement of men and munitions. The details of the hurried preparations for the dreaded contingency are told in the reports of the secretaries of war and of the navy, and need not be repeated here. It is sufficient to say that the outbreak of war, when it did come, found our nation not unprepared to meet the conflict. of Spain, which comprised modern ver

PREPARING FOR HOSTILITIES. The maximum effective fighting orce of the navy during the war, separated into classes, was as follows: Four battleshps of the first class; I battleship of the second class; 2 arm-ored cruisers; 6 const defense monitors; I armored ram: 12 protected cruisers; l armored ram; 12 protected cruisers;
2 unprotected cruisers; 18 gunboats; 1
dynamite cruiser; 11 torpedo boats; 14
vessels of the old navy, including monltors. Auxiliary navy; 11 auxiliary
cruisers; 28 converted yachts; 27 converted tugs; 19 converted colliers; 15
revenue cutters; 4 lighthouse tenders
and 19 miscellaneous vessels.

Much alarm was felt along our entire
Atlantic seaboard less some attack

and 19 miscellaneous vessels.

Much alarm was felt along our entire Atlantic seaboard lest some attack might be made by the enemy. Every precaution was taken to prevent possible injury to our great cities lying along the coast. Temporary garrisons were provided, drawn from the State militia; infaniry and light batteries were drawn from the volunteer force. About 12,000 troops were thus employed. The coast signal service was established for observing the approach of an enemy's slips to the coast of the United States, and the life-saving and lighthouse services co-operated, which enabled the Navy department to have all portions of the Atlantic coast, from Maine to Texas, under observation.

servation.
The auxiliary navy was created under the authority of Congress and was officered and manned by the naval mi-litia of the several States. This or-ganization patrolled the coast and per-formed the duty of a second line of de-

Under the direction of the chief of prigincers, submarine mines were placed at the most exposed points. Be-fore the outbreak of the war, perma-ment mining casemates and cable galtore the outbreak of the war, permanent mining casemates and cable galleries had been constructed at nearly all important harbors. Most of the torpedo material was not to be found in the market, and had to be specially manufactured. Under date of April 19, district officers were directed to take all preliminary measures, short of the actual attaching of the loaded mines to the cables, and on April 22, telegraphic orders were issued to place the loaded mines in position. The aggregate number of mines placed were 1.535, at the principal harbors from Maine to California. Preparations were also made for the planting of mines at certain other harbors, but owing to the early destruction of the Spanish fleet, these were not placed.

The Signal Corps was promptly organized and performed service of the most difficult and important character. Its operations during the war covered the electrical montant the electrical montant the secretical montant of the spectros.

host difficult and limp the war covered the electrical connection of all coast fortifications, the establishment of telfortifications, the establishment of telcphonic and telegraphic facilities for
the camps at Manila, Santiago and in
Porto Rico. There were constructed
300 miles of line at teu great camps,
thus facilitating military movements
from those points in a manner heretefore unknown in military administration, Field telegraph lines were established and maintained under the
enemy's fire at Manila, and later the
Manila-Hongkong cable was reopened.
MONEY PROVIDED BY CONGRESS. MONEY PROVIDED BY CONGRESS

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

of operations.

There was placed in Cuban waters of completely outfitted cable ship, with war cables and cable gear, sultable both for the destruction of communicompletly outfitted cable ship, with war cables and cable gear, sultable both for the destruction of communications belonging to the enemy and the establishment of our own. Two occan cables were destroyed under the enemy's batteries at Santiago. The day previous to the landing of Gen. Shafter's corps at Calmanera, within 20 miles of the landing place, cable communications were established and a cable station opened, giving direct communication with the government at Washington. This service was invaluable to the executive in directing the operations of the army and navy. With a total force of over 1,300, the loss was by disease in camp and field, officers and men included, only five.

The national defense fund of \$50,000,-000 was expended in large part by the army and navy, and the objects for which it was used are fully shown in the reports of the several secretaries. It was a most timely appropriation, enabling the government to strengthen its defenses and make preparations greatly neded in case of war.

This fund being inadequate to the requirements of equipment and for the conduct of the war, the patriotism of the Congress provided the means in the war revenue act of July 13, by authorizing a 3 per cent popular loan not to exceed \$400,000,000 and by levying additional imposts and taxes. Of the authorized loan, \$200,000,000 were offered and promptly taken, the subscriptions so far exceeding the call as to cover it many times over, while preference being given to the smaller bids, no single allocrient exceeded \$5,000. This was a most encouraging and significant result, showing the vast resources of the nation and the determination of the people to uphold their country's honor.

It is not within the province of the message to narrate the history of the extraordinary war that followed the spanish declaration of April 21, but a brief recital of its more salient features is appropriate. The first encounter of

the war in point of date took place April 27, when a detachment of the blockading squadron made a recon-naissance in force at Matanzas, shelled the harbor forts and demolished sev-eral new works in construction.

eral new works in construction.

DEWEY'S MAGNIFICENT VICTORY

The next engagement was destined to mark a memorable epoch in maritime warfare. The Pacific fleet, under Commodore George Dewey, had lain for some weeks at Hongkong. Upon the colonial proclamation of neutrality being issued and the customary 21 hours notice being given, it repaired to Mirs Bay, near Hongkong, whence it proceeded to the Philippine Islands under telegraphic orders to capture or destroy the formidable Spanish fleet then assembled at Manila. At daybrenk on the 1st of May the American force entered Manila Bay, and after a few hours engagement effected the total destruction of the Spanish fleet, consisting of ten warships and a transport, besides capturing the naval station and forts at Cavite, thus annihilating the Spanish naval power in the Pacific ocean and completely controlling the bay of Manila, with the ability to take the city at will. Not a life was lost on our ships, the wounded numbered only seven, while not a vessel was materially injured. For this gallant achievement the Congress, upon my recommendation, fitly bestowed upon the actors preferment and substantial reward.

The effect of this remarkable victory upon the spirit of our people and upon the fortunes of the war was instant. A prestige of invincibility thereby attached to our arms, which continued throughout the struggle, Reinforcements were hurried to Manila under the command of Mai, Gen, Merritt, and firmly established within sight of the capital, which lay helpless before our arms.

On the ith day of May the government was advised officially of the vic-DEWEY'S MAGNIFICENT VICTORY

the command of Maj. Gen. Merritt, and firmly established within sight of the capital, which lay helpless before our arms.

On the 7th day of May the government was advised officially of the victory of Manila, and at once inquired of the commander of our fleet what troops would be required. The information was received on the 15th day of May, and the first army expedition sailed May 25, and arrived off Manila June 39. Other expeditions soon followed, the total force consisting of 641 officers and 15,058 men.

Only reluctance to cause needless loss of life and property prevented the early storming and capture of the city, and therewith the absolute military occupancy of the whole group. The insurgents meanwhile had resumed the active hostilities suspended by the uncompleted truce of December, 1897. Their forces invested Manila from the northern and eastern side, but were constrained by Admiral Dewey and Gen. Merritt from attempting an assault. It was fitting that whatever was done in the way of decisive operations in that quarter should be accomplished by the strong arm of the United States alone. Obeying the stern precept of war which enjoins the overcoming of the adversary and the extinction of his power wherever assailable as the speedy and sure means to win a peace, divided victory was not permissible, for no partition of the rights and responsibilities attending the enforcement of a just and advantageous peace could be thought of.

THE BLOCKADE OF CUBA. THE BLOCKADE OF CUBA.

Following the comprehensive scheme of general attack, powerful forces were of general attack, powerful forces were assembled at various points on our coast to invade Cuba and Porto Rico. Meanwhile, naval demonstrations were made at several exposed points. On May 11 the cruiser Wilmington and tergedo boat Winslow were unsuccessful in an attempt to silence the batteries at Cardenas, a gallant ensign, Worth Bagley, and four seamen falling. These grievous fatalities were, strangely enough, among the very few which occurred during our naval operations in this extraordinary conoperations in this extraordinary con

mentions in this extraordinary conflict.

Meanwhile the Spanish naval preparations had been pushed with great vigor. A powerful squadron, under Admiral Cervera, which had assembled at the Cape Verde Islands before the outbreak of hostilities, had crossed the ocean, and by its erratic movements in the Caribbean sea delayed our military plans, while baffling the pursuit of our fleets. For a time fears were felt lest the battleship Oregon and gunboat Marietta, nearing home after a long voyage from San Francisco of over 15,000 miles, might be surprised by Admiral Cervera's fleet, but their fortunate arrival dispelled apprehensions and lent much needed but their fortunate arrival dispelled apprehensions and lent much needed reinforcement. Not until Admiral Cer-vera took refuge in the harbor of San-tingo de Cuba, about May 19, was it practicable to plan a systematic naval

practicable to plan a systematic naval and military attack upon the Antillean possessions of Spain.

Several demonstrations occurred on the coasts of Cuba and Porto Rico in preparation for the larger event. On May 13 the North Atlantic squadron shelled San Juan de Porto Rico. On May 20 Commodore Schiey's squadron bombarded the forts guarding the mouth of Santiago harbor. Neither attack had any material result. It was tack had any material result. It evident that well ordered land op-

evident that well ordered land operations were indispensable to achieve a
decisive advantage.

The next act in the war thrilled not
alone the hearts of our countrymen,
but the world, by its exceptional heroism. On the night of July 3 Lieut.
Hobson, aided by seven devoted volunteers, blocked the narrow outlet from
Santiago harbor by sinking the collier
Merrimac in the channel, under a fierce
fire from the shore batteries, escaping

Santiago harbor by sinking the coilier Merrimac in the channel, under a fierce fire from the shore batteries, escaping with their lives by a miracle, but failing into the hands of the Spaniards. It is a most gratifying incident of the war that the bravery of this little band off heroes was cordially appreciated by the Spanish admiral, who sent a flag of truce to notify Admiral Sampson of their safety and to compliment them on their daring act. They were subsequently exchanged July 7.

By Jûne 7 the cutting of the last Cuban cable isolated the island. Thereafter the fivasion was vigorously prosecuted. On June 10, under a heavy protecting fire, a landing of 600 marines from the Oregon, Marblehead and Yankee was effected in Guantanamo bay, where it had been determined to establish a naval station. This important and essential port was taken from the enemy after severe fighting by the marines, who were the first organized force of the United States to land in Cuba.

DESTRUCTION OF CERVERA'S DESTRUCTION OF CERVERA'S SQUADRON.

DESTRUCTION OF CERVERA'S SQUADRON.

The position so won was held despite desperate attempts to dislodge our forces. On June 22 the advance of the invading army, under Maj, Gen. Shafter, landed at Daiquiri, about 15 miles east of Santiago. This was accomplished under great difficulties, but with marvelous dispatch. On June 23, the movement against Santiago begun. On the 24th the first serious engagement took place, in which the First and Tenth Cavalry and the First and Tenth Cavalry and the First United States Volunteer Calvary, Gen. Young's brigade, Gen. Wheeler's division, participated, losing heavily. By nightfall, however, ground within five miles of Santiago was won. The advantage was steadily increased. On July 1 a severe battle took place, our forces gaining the outworks of Santiago; on the 2d El Caney and San Juan were taken, after a desperate charge, and the investment of the city was completed. The navy co-operated by shelling the town and the coast forts.

On the day following this brilliant achievement of our land forces, July 3, occurred the decisive naval combat of the war. The Spanish fleet attempting to leave the harbor, was met by the American squadron, under command of Commodore Sampson. In less than three hours all the Spanish ships were destrayed two forceds bear. American squadron, under command of Commodore Sampson. In less than three hours all the Spanish ships were destroyed, two torpedo bonts being sunk, and the Maria Teresu, Almirante Oquendo, Viscaya and Cristobal Colon driven ashore. The Spanish admiral and over 1,300 men were taken prisoners, while the enemy's loss of life was deplorably large, some 500 perishing. On our side but one man was killed, on the Brooklyn, and one man seriously wounded. Although our ships were repeatedly struck, not one was seriously injured. Where all so conspicuously distinguished themselves, from the commodore to the priners, and the unnamed heroes in the bolier rooms, each and all contributing toward the achievement of this astounding victory for which meither ancient nor modern history affords a parallel in the completeness of the event and the marvelous disproportion of casualties, it would be invidious to single out any for special honor. Deserved promotion has rewarded the more conspicuous actors—the nation's profoundest gratitude is due to all of these brave men who, by their skill and devotion, in a few short hours crushed the sea power of Spain and wrought a triumph whose decisiveness and far-reaching consequences can searcely be measured. Nor can we be unmindful of the achievements of our builders, mechanics and artisans for their skill in the construction of our warships.

With the catastrophe of Santiago Spain's efforts upon the ocean virtually casaed. A spasmodic effort toward the end of June to send her Meditterranean fleet, under Admiral Camara, to relieve Manila was abandoned, the expedition being recalled after it had passed through the Suez canal.

THE FALL OF SANTIAGO.

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The collation of Santiago followed. The collation collation continued into the harbor cut off all relief on that side and caused a truce to follow for the removal of non-combatants, Protracted negotiations continued from July 3 to July 15, when, under menace of immediate assault, the preliminaries of surrender were agreed upon. On the 17th Gen. Shafter occupied the city. The capitulation embraced the entire eastern end of Cuba. The number of Spanish soldiers surrendered was 22,000, all of whom were subsequently conveyed to Spain at the charge of the United States. The story of this successful campaign is told in the report of the secretary of war, which will be laid before you. The infolvidual valor of officers and soldiers was never more strikingly shown than in the zeveral engagements leading to the surrender of Santiago, while the prompt movements and successive victories won instant and universal applause. To those who gained this complete triumph which established the ascendency of the United States upon land as the fight off Santiago had earnest and lasting gratitude of the nation is unsparingly due. Nor should THE FALL OF SANTIAGO. earnest and lasting gratitude of the nation is unsparingly due. Nor should we alone remember the gallantry of the living: the dead claim our tears, and our losses by battle and disease must cloud any exultation at the result and

our losses by battle and disease must cloud any exuitation at the result and teach us to weigh the awful cost of war, however rightful the cause or signal the victory.

With the fall of Santiago, the occupation of Porto Rico became the next strategic necessity. Gen. Miles had previously been assigned to organize an expedition for that purpose. Fortunately he was already at Santiago, where he had arrived on the 11th of July, with reinforcements for Gen. Shafter's army.

With these troops, consisting of 3,415 infantry and artillery, two companies of engineers, one company of the Signal Corps, Gen. Miles left Guantanamo on July 21, having nine transports, convoyed by the fleet under Capt. Higginson, with the Massachusetts (flagship). Dixie, Gloucester, Columbia and Yale, the two latter carrying troops. The expedition landed at Guanica, July 25, which port was entered with little opposition. Here the fleet was toined by which part was entered with little opposition. Here the fleet was joined by the Annapolis and the Wasp, while the Puritan and Amphitrite went to San Juan and joined the New Orleans, which was engaged in blockading that which was engaged in blockading that port. The major-general commanding was subsequently reinforced by Gen. Schwan's brigade of the Third army corps, by Gen. Wilson, with a part of his division, and also by Gen. Brooks with a part of his corps, numbering in all 16,373 officers and men.

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

with the exception of encounters with the enemy at Guayum, Hormiguares, Coamo and Yauco, and an attack on a force landed at Cape San Juan, there was no serious resistance. The campaign was prosecuted with great vigor, and by the last of August nauch of the island was in our possession, and the acquisition of the remainder was only a matter of a short time. At most of the points in the island our troops were enthusiastically welcomed. Protestations of loyalty to the flag and gratitude for delivery from Spanish rule met our commanders at every stage. As a potent influence toward peace, the outcome of the Porto Rican operations was of great consequence and generous commendation is With the exception of encounters quence and generous commendation is due to those who participated in

THE CAPTURE OF MANILA. The last scene of the war was enacted it Manila, its starting place. On Au gust 15, after a brief assault upon the works by the land forces, in which the squadron assisted, the capital sur-rendered unconditionally. The casual-ties were comparatively few. By this the conquest of the Philippine islands, virtually accomplished when the Span virtually accomplished when the Span-ish capacity for resistance was de-stroyed by Admiral Dewey's victory of the 1st of May, was formally sealed. To Gen. Merritt, his officers and men for their uncomplaining and devoted service, and for their gallantry in ac-tion, the nation is sincerely grateful. Their long voyage was made with sin-gular success, and the soldierly con-duct of the men, most of whom were without previous experience in the without previous experience in the military service, deserves unmeasured

praise.

The total casualties in killed and wounded in the army during the war with Spain were: Officers killed, 23; enlisted men killed, 287; total, 280; officers wounded, 113; enlisted men wounded, 1,464; total, 1,577. Of the navy, killed, 12; wounded, 67; died as result of wounded, 1; invalid from service, 6; total, 91.

It will be observed that while our navy was engaged in two great battless and the services.

It will be observed that while our navy was engaged in two great battles and in numerous perilous undertakings, in blockade and bombardment, and more than 50.000 of our troops were transported to distant lands and were engaged in assault and sieges and battle and many skirmishes in unfamiliar territory, we lost in both arms of the service a total of 1.688 killed and wounded; and in the entire campaign by land and sea we did not lose a gun or a fing or a transport or a ship, and with the exception of the crew of the Merrimac not a soldier or sailor was taken prisoner.

On August 7, 46 days after the date of the landing of Gen. Shafter's army

in Cuba and 21 days from the surrender of Santiago, the United States troops commenced embarkation for home, and our entire force was returned to the United States as early as August 24. There were absent from the United States only two months.

It is fitting that I should bear testimony to the patriotism and devotion of that large portion of our army which, although eager to be ordered to the post of greater exposure, fortu-

the post of greater exposure, fortu-nately was not required outside of the United States. They did their whole duty, and like their comrades at the front, have earned the gratitude of the reation. In like manner, the officers and men of the army and of the may who temalord in their departments a stations faithfully performing in important duties connected with war, and whose requests for assi-ment in the field and at sea I was copelled to refuse because their services were indispensable here, are entitled to the highest commendation. It is my regret that there seems to be no suit-able provision for their recognition. SPAIN SUES FOR PEACE.

able provision for their recognition. SPAIN SUES FOR PEACE.

In this connection it is a pleasure for me to mention in terms of cordial appreciation the timely and useful work of the American National Red Cross, both in relief measures preparatory to the campaigns, in sanitary assistance at several of the camps of assembling, and later, under the able and experienced leadership of the president of the society, Miss Clara Barton, in the fields of battle and in the hospitals at the front in Cuba. Working in conjunction with the governmental authorities and under their sanction and approval, and with the enthusiastic co-operation of many patriotic women and societies in the various States, the Red Cross mis fully maintained its already high reputation for intense earnestness and ability to exercise the noble purposes of its international organization, thus justifying the confidence and support which it has received at the hands of the American people. To the members and officers of this society, and all who aided them in their philanthropic work, the sincere and lasting gratitude of the soldiers and the public is due and is freely accorded.

In tracing these events we are constantly reminded of our obligations to the Divine Master, of His watchful

In tracing these events we are con-stantly reminded of our obligations to the Divine Master, of His watchful care over us and His safe guidance, for which the nation makes reverent ac-knowledgment and offers humble prayer for the continuance of His

The annihilation of Admiral Cervera's fleet, followed by the capitulation of Santiago, having brought to Spanish government a realizing sense of the hopelessness of continuing a struggle now become wholly unequal, it made overtures of peace through the French ambassador, who, with the assent of his government, had acted as the friendly representative of Spanish interests during the war. On the ish interests during the war. On the 26th of July M. Cambon presented a communication signed by the Duke of Almodovar, the Spanish minister of state, inviting the United States to state the terms upon which it would state the terms upon which it would be willing to make peace. On July 30, by a communication addressed to the Duke of Almondovar and handed to M. Cambon, the terms of this govern-ment were announced, substantially as in the protocol afterward signed. On as in the protocol atterward signed. On August 10 the Spanish reply, dated August 7, was handed by M. Cambon to the secretary of state. It accepted unconditionally the terms imposed as to Cuba, Porto Rico and an island of the Ladrone groupe, but appeared to seek to introduce inadmissible reservations in regard to our demand as to the Philippine islands, Conceiving dis-cussion on this point could neither be practical nor profitable, I directed that practical nor profitable, I directed that in order to avoid misunderstanding, the matter should be forthwith closed by proposing the embodiment in a formal protocol of the terms upon which the negotiations for peace were to be undertaken. The vague and inexplicit suggestions of the Spanish note could not be accepted, the only reply being to present as a virtual ultimatum a draft or protocol embodying the precise terms tendered to Spain in our note of July 30, with added stipulations of detail as to the appointment of commissioners to arrange

A PROTOCOL SIGNED. A PROTOCOL SIGNED.

On August 12 M. Cambon announced his receipt of full powers to sign the protocol so submitted. Accordingly, on the afternoon of August 12, M. Cambon, as the plenipotentiary of Spain, and Secretary of State, as the plenipotentiary of the United States, signed a providing. protocol providing

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

claim of sovereignty over and the title to Cuba.

"Article 2. Spain will cede to the United States the Island of Porto Rico and other Islands now under Spanish sovereignty in the West Indies, and also an island in the Ladrones, to be selected in the United States,
"Article 3. The United States will occupy and hold the city, bay and harbor of Manila pending the conclusion of a treaty of peace which shall determine the control, disposition and government of the Philippines."

The fourth article provided for the

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

Juan, respectively, for the purpose of arranging and carrying out the details of stipulated evacuation of Cuba, Perto Rico and other Spanish islands in the West Indies.

The fifth article provided for the appointment of not more than five commissioners on each side to meet at Paris not later than October 1, and to proceed to the negotiation and conciusion of a treaty of peace, subject to ratification according to the respective constitutional forms of the two countries.

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

commanders of its military and naval forces.

Immediatly upon the conclusion of the protocol I issued a proclamation of August 12 suspending hostilities on the part of the United States. The necessary orders to that end were at once given by telegraph. The blockade of the ports of Cuba and San Juan de Porto Rico was in like manner raised. On August 18 the muster out of 100,000 volunteers, or as near that number as was found to be practicable, was ordered.

volunteers, or as near that number as was found to be practicable, was ordered.

MILITARY COMMISSIONERS NAMED.

On December 1, 101,165 officers and men had been mustered out and discharged from the service and 9,002 more will be mustered out by the 10th of the month. Also a corresponding number of general and general staff officers have been honorably discharged from the service. The military commissions to superintend the evacuation of Cuba, Porto Rico, and the adtacent islands were forthwith appointed;
For Cuba—Maj. Gen. James F. Wade, Rear Admiral William T. Sampson. Maj.-Gen. Matthew C. Butler; for Porto Rico, Maj.-Gen. John R. Hrooke, Rear Admiral William T. Seeley, Brig. Gen. Wm. G. Gordon, who soon afterward met the Spanlah commissioners at Havana and San

Juan respectively. The Porto Ricas joint commission speedily accomplished its task, and by October 18 the evaguation of the island was completed. The United States hag was raised over the island at noon on that day. The administration of its affairs has been provisionally intrusted to a military governor until the Congress shall otherwise provide. The Cuban joint high commission has not yet terminated its labors. Owing to the difficulties in the way of removing the large numbers of Spanish troops still in Cuba, the evacuation cannot be completed before the 1st of January next. Pursuant to the fifth article of the protocol, I appointed William R. Day, lately secretary of state; Cushman K. Davis, William P. Fry and George Gray, senators of the United States, and Whitelaw Reid, to be the peace commissioners on the part of the United States. Proceeding in due season to Paris, they there met on the first of October, five commissioners similarly appointed on the part of Spain. Their negotiations have made hopeful progress, so that I trust soon to be able to lay a definite treaty of peace before the Senate, with a review of the steps leading to its signature.

I do not discuss at this time the government or the nature of the new possessions which will come to us as the result of the war with Spain. Such discussion will be appropriate after the treaty of peace before the senate, with a review of the steps leading to its signature.

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OUR RELATIONS WITH CURA. As soon as we are in possession of Cuba and have pacified the island it will be necessary to give aid and dispenses.

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OUR RELATIONS WITH CURA.

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

Spanish rule must be replaced by a just, benevolent and humane government, created by the people of Cuba, capable of performing all international obligations and which shall encourage thrift, industry and prosperity and promote peace and good will among all the inhabitants, whatever may have been their relations in the past. Neither revenge nor passion should have a place in the new government. Until there is complete tranquility in the island a stable government inaugurated, military ocupation will continue.

With the one exception of the rupture with Spain, the intercourse of the United States with the great family of nations has been marked with cordis ity and the close of the eventful year finds most of the issues that necessarily arise in the complex relations of sovercing States adjusted or presenting no serious obstacle to a just and honorable solution by amicable ugreement.

THE LATTIMER RIOT INCIDENT.

On the 10th of Sentember, 1897, a

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THE LATTIMER RIOT INCIDENT.
On the 19th of September, 1897, a conflict took place at Lattimer, Pa, between a body of striking miners and the sheriff of Luzerne county and his deputies, in which 22 miners were killed and 44 wounded, of whom 19 of the killed and 12 of the wounded were Austrian and Hungarian subjects. This deplorable event naturally aroused the solicitude of the Austro-Hungarian government, which, on the assumption that the killing and wounding involved the unjustifiable misuse of authority, claimed reparation for the sufferers. Apart from the arching investigation and peremptory action of the authorities of Pennsylvania, the federal executive took appropriate steps to learn the merits of the case, in order to be in a position to meet the urgent complaint of a friendly power. The sheriff and his deputies having been indicted for murder, were tried and acquitted after protracted proceedings and the hearing of hundreds of witnesses on the ground that the killing was in the line of their official duty to uphold law and preserve public order in the State. A representative of the department of justice attended THE LATTIMER RIOT INCIDENT. duty to uphold law and preserve public order in the State. A representative of the department of justice attended the trial for indemnity for its injured Wih all the facts in its possession, this government expects to reach a har-monious understanding on the subject with that of Austria-Hungary, not-withstanding the renewed claim of the latter after learning the result of the trial for indemnity for its injured

THE NICARAGUA CANAL THE NICARAGUA CANAL
The Nicaragua carai commission,
under the chairmanship of Rear Admiral John G. Walker, appointed July
24, 1897, under the authority of a provision in the sundry civil act of June
4 of that year, has nearly completed
its labors, and the results of its exhaustive inquiry into the proper route,
the feasibility and the cost of construction of an inter-oceanic canal by a
Nicaraguan route. In view of overtures made to the governments of Niction of an inter-oceanic canal by a Nicaraguan route. In view of over-tures made to the governments of Nicaragua and Costa Rica, by other parties for a new canal concession predicated on the assumed approaching lapse of the contracts of the Maritime Canal company, with those states, I have not hesitated to express my conviction that considerations of expediency and international policy as between the several governments interested in the construction and control of an inter-oceanic canal by this route require the maintenance of the status quo, until the canal commission shall have reported and the United States congress shall have the whole matter during the present session, without prejudice by reason of any change in the existing conditions.

Nevertheless, it appears that the government of Nicaragua, as one of its last sovereign acts before merging its powers in those of the newly found.

Nevertheless, it appears that the government of Nicaragua, as one of its last sovereign acts before merging its powers in those of the newly found United States of Central America, has granted an optional concession to another association, to become effective on the expiration of the present grant. It does not appear what spreeys have been made or what route is proposed under this contingent grant, so that an examination of the feasibility of its plans is necessarily not embraced in the report of the canal commission. All these circumstances suggest the urgency of some definite action by the congress at this session if the labors of the past are to be utilized and the linking of the Atlantic and Pazific oceans by a practical waterway is to be realized. That the construction of such maritime highway is now more than ever indispensable to that intimate and ready inter-communication between our eastern and western seaboards demanded by the prespective expansion of our influence and commerce in the Pacific, and that our national policy now more imperatively than ever calls for its control by this ional policy now more imperatively than ever calls for its control by this government, are propositions which doubt not the congress will duly ap

preciate and wisely act upon.

OUR RELATIONS WITH CHINA.

The United States has not been an indifferent spectator of the extraordinary events transpiring in the Chinese