

phere, has become a more efficient instrument of the wise purpose of its founders and is receiving the cordial support of the contributing members of the international union which are actually represented in its board of management. A commercial directory in two volumes containing a mass of statistical matter, descriptive of the industrial and commercial interests of the various countries, has been printed in English, Spanish, Portugal and German and a monthly bulletin published in these four languages and distributed in the Latin-American countries as well as in the United States has proved to be a valuable medium for disseminating information and furthering the varied interests of the international union.

During the past year the important work of collecting information of practical benefit to American industries and trade through the agency of diplomatic and consular officers has been steadily advanced, and in order to lay such data before the public with the least delay the practice was begun in January, 1898, of issuing the commercial reports from day to day as they are received by the department of state. It is believed that for promptitude as well as fullness of information the service thus supplied to our merchants and manufacturers will be found to show sensible improvement and to merit the liberal support of Congress.

PRIVATE PROPERTY.

The experiences of the last year bring forcibly home to us a sense of the burdens and the waste of war. We desire, in common with most civilized nations, to reduce to the lowest possible point the damage sustained in time of war by peaceable trade and commerce. It is true we may suffer in such cases less than other communities, but all nations are damaged more or less by the state of uneasiness and apprehension into which an outbreak of hostilities throws the entire commercial world. It should be our object, therefore, to minimize, so far as practicable, this inevitable loss and disturbance. This purpose can probably be best accomplished by an international agreement to regard all private property at sea as exempt from capture or destruction by the forces of belligerent powers. The United States government has for many years advocated this humane and beneficent principle and is now in position to recommend it to other powers without the imputation of selfish motives. I therefore suggest for your consideration that the executive be authorized to correspond with the governments of principal maritime powers with a view of incorporating into the permanent law of civilized nations the principle of the exemption of band of war, from capture or destruction all private property at sea, not contraband by belligerent powers.

NATION'S FINANCES.

The secretary of the treasury reports that the receipts of the government from all sources during the fiscal year ending June 30, 1898, including \$84,751,223 received from sale of Pacific railroads, amounted to \$405,321,335, and its expenditures to \$443,363,582. There was obtained from customs \$149,575,062, and from internal revenue \$170,900,641. Our dutiable imports amounted to \$324,735,479, a decrease of \$58,156,690 over the preceding year, and importations free of duty amounted \$291,414,175, a decrease from the preceding year of \$90,524,063. Internal revenue receipts exceeded those of the preceding year by \$24,212,068.

The total tax collected on distilled spirits was \$92,546,999, on manufactured tobacco \$36,230,522, and on fermented liquors \$39,515,421. We exported merchandise during the year amounting to \$1,231,482,330, in increase of \$180,438,774 from the preceding year.

DEFICIENCY OF \$112,000,000.

It is estimated upon the basis of present revenue laws the receipts of the government for the year ending June 30, 1899, will be \$577,374,607, and its expenditures \$689,374,647, resulting in a deficiency of \$112,000,000.

On the 1st of December, 1893, there was held in the treasury, gold coin amounting to \$138,441,547; gold bullion amounting to \$138,502,545; silver bullion amounting to \$93,359,250, and other forms of money amounting to \$451,963,981.

On the same date the amount of money of all kinds in circulation or not included in treasury holdings was \$1,836,891,504, in increase for the year of \$165,794,966.

Estimating our population at 75,004,000, at the time mentioned the per capita circulation was \$25.09.

On the same date there was in the treasury gold bullion amounting to \$138,502,545.

GOLD STANDARD.

The provision made for strengthening the resources of the treasury in connection with the war, has given increased confidence in the purpose and power of the government to maintain the present standard, and has established more firmly than ever the national credit at home and abroad. A marked evidence of this is found in the inflow of gold to the treasury. Its net gold holdings on November 1, 1898, were \$239,885,160, as compared with \$153,573,147 on November 1, 1897, and an increase of net cash of \$207,756,100, November 1, 1898, to \$300,233,275, November 1, 1898. The present ratio of net treasury gold outstanding, giving liabilities, including United States treasury notes of 1890, silver certificates, currency certifications, standard silver dollars and fractional silver coin, November 1, 1898, was 25.35 per cent, as compared with 16.96 per cent November 1, 1897.

I renew so much of my recommendation of December 1, 1897, as follows:

"That when any of the United States notes are presented for redemption 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 a United States note prefers gold and gets it from the government he should not receive back from the United States a note without paying gold for it in exchange. 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." This recommendation is made in the belief that such provisions of law would insure to a greater degree the safety of the present standard and better protect our currency from the dangers to which it is subjected from a disturbance in the general business conditions of the country. In my judgment the present condition of the treasury justifies the immediate enactment of the legislation recommended one year ago, under which a portion of the gold holdings should be placed in a trust fund from which greenbacks should be redeemed upon presentation, but when once redeemed should not thereafter be paid out except for gold."

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

The importance of adequate provision which will insure to our future money standard related as our money standard now and to that of our commercial rivals, is generally recognized.

The companion proposition that our

domestic paper currency shall be kept safe and yet be so related to the needs of our industries and internal commerce as to be adequate and responsive to such needs is a proposition scarcely less important. The subject in all its parts is commended to the wise consideration of the Congress.

STEAMSHIP LINES.

The annexation of Hawaii and the changed relations of the United States to Cuba, Porto Rico and the Philippines resulting from the war compel the prompt adoption of a maritime policy by frequent steamship communication encouraged by the United States under the American flag with the newly acquired islands. Spain furnished to its colonies at an annual cost of about two million dollars, steamship lines communicating with a portion of the world's markets as well as with trade centers of the home government. The United States will not undertake to do less. It is our duty to furnish the people of Hawaii with facilities under national control for their export and import trade. It will be conceded that the present situation calls for legislation which shall be prompt, durable and liberal.

The part which American merchant vessels and their seamen performed in the war with Spain demonstrates that this service, furnishing both pickets and the second line of defense, is a national necessity and should be encouraged in every constitutional way.

Details and methods for the accomplishment of this purpose are discussed in the report of the secretary of the treasury, to which the attention of the press is respectfully invited.

YELLOW FEVER.

In my last annual message, I recommended that the Congress authorize the appointment of a committee for the purpose of making systematic investigations with reference to the cause and prevention of yellow fever. This matter has acquired an increased importance as a result of the military occupation of the island of Cuba and the commercial intercourse between this island and the United States, which we have every reason to expect. The sanitary problems connected with our relations with the island of Cuba and the acquisition of Porto Rico are no less important than those relating to finance, commerce and administration. It is my earnest desire that these problems may be considered by competent experts and that everything may be done which the most recent advances in sanitary science can offer for the protection of health of our soldiers in those islands and of our citizens who are exposed to the dangers of infection from the importation of yellow fever. I therefore renew my recommendation, that the authority of Congress may be given and a suitable appropriation made to provide for a committee of experts to be appointed for the purpose indicated.

INCREASE OF ARMY.

Under the act of Congress, approved April 26, 1898, authorizing the President in his discretion upon a declaration of war, by Congress, or a declaration by Congress that war exists, I directed the increase of the regular army to the maximum of 62,000 authorized in said act.

There are now in the regular army 57,862 officers and men. In said act it was provided "that at the end of any war in which the United States may become involved, the army shall be reduced to a peace basis by the transfer in the same arm of the service or absorption by promotion or honorable discharge, under such regulations as the secretary of war may establish, of supernumerary command officers and the honorable discharge or transfer of