

supernumerary enlisted men and nothing contained in this act shall be construed as authorizing the permanent increase of the command or enlisted force of the regular army beyond that now provided by the law in force prior to the passage of this act except as to the increase of 25 majors, provided for in section 1 hereof."

The importance of legislation for the permanent increase of the army is therefore manifest, and the recommendation of the secretary of war for that purpose has my unqualified approval. There can be no question that at this time and probably for some time in the future 100,000 men will be none too many to meet the necessities of the situation. At all events, whether that number shall be required permanently or not, the power should be given to the President to enlist that force if in his discretion it should be necessary, and the further discretion should be given him to recruit within the above limit from the inhabitants of the islands with the government of which we are charged.

VOLUNTEERS TO BE MUSTERED OUT.

It is my purpose to muster out the entire volunteer army as soon as the Congress shall provide for the increase of the regular establishment. This will be only an act of justice and will be much appreciated by the brave men who left their homes and employments to help the country in its emergency.

UNION PACIFIC RAILROAD.

In my last annual message I stated: "The Union Pacific railroad, main line, was sold under the decree of the United States for the district of Nebraska, the first and second of November of this year."

The amount due the government consisted of the principal of the subsidy bonds, \$27,236,512, and the accrued interest thereon, \$31,211,511.07, making the total indebtedness \$58,448,223.75. The bid at the sale covered the first mortgage lien and the entire mortgage claim of the government, principal and interest.

This left the Kansas Pacific case unconcluded. By a decree of the court in that case, an upset price for the property was fixed at a sum which would yield to the government only \$2,500,000 upon its lien. The sale at the instance of the government was postponed to Feb. 16, 1898.

Having satisfied myself that the interest of the government required that an effort should be made to obtain a larger sum, I directed the secretary of the treasury, under the act passed March 3, 1897, to pay out of the treasury to the persons entitled to receive the same the amounts due upon all prior mortgages upon the middle and eastern divisions of said railroad, out of any money in the treasury not otherwise appropriated.

Whereupon, the attorney general prepared a petition to be presented to the court offering to redeem said prior liens in such manner as the court might direct, and praying that thereupon the United States might be held to be subrogated to all rights of said prior lien holders, and that a receiver might be appointed to take possession of the mortgaged premises and maintain and operate the same until the court or Congress otherwise directed. Thereupon the reorganization committee agreed that if said petition was withdrawn and the sale allowed to proceed on Feb. 16, they would bid a sum at the sale which would realize to the government the entire principal of its debt, \$6,303,000. Believing that no better price could be obtained and appreciating the difficulties under which the government would labor if it should become the purchaser of the road at a sale, in the

absence of any authority by Congress to take charge of and operate the road, I directed that upon the guaranty of a minimum bid which should give the government the principal of its debt the sale should proceed. By this transaction the government secured an advance of \$3,803,000, over and above the sum which the court had fixed as the upset price and which the reorganization committee had declared was the maximum which they would pay for the property. It is gratifying to know that the result of these proceedings against the Union Pacific and the Kansas Pacific lines is that the government has received on account of its subsidy claim the sum of \$64,751,223.75, an increase of \$18,997,163.85 over the sum which the reorganization committee originally agreed to bid for the joint property, the government receiving its whole claim, principal and interest in Union Pacific and the principal of its debt on the Kansas Pacific railroad.

COMMISSION APPOINTED.

Steps had been taken to foreclose the government's lien upon the Central Pacific Railroad company, but before action was commenced, Congress passed an act, approved July 7, 1898, creating a commission consisting of the secretary of the treasury, the attorney general and the secretary of the interior and their successors in office with full power to settle the indebtedness to the government growing out of the issue of bonds in aid of construction of the Central Pacific and Western Pacific bond aided railroads, subject to the approval of the President. No report has yet been made to me by the commission thus created. Whatever action is had looking to a settlement of the indebtedness in accordance with the act referred to, will be duly submitted to Congress.

NEW BUILDING WANTED.

I deem it my duty to call to the attention of Congress the condition of the present building occupied by the department of justice. The business of that department has increased greatly since it was established in its present quarters. The building now occupied by it is neither large enough nor of suitable arrangement for the proper accommodation of the department. The supervising architect has pronounced it unsafe and unsuited for the use to which it is put. The attorney general in his reports states that the library of the department is on the fourth floor and that all the space allotted to it is so crowded with books as to dangerously overload the structure. The first floor is occupied by the court of claims. The building is of an old and dilapidated appearance, unsuited to the dignity which should attach to this important department.

A proper regard for the safety, comfort and convenience of the officers and employes would justify the expenditure of a liberal sum of money in the erection of a new building of commodious proportions and handsome appearance upon the very advantageous site already secured for that purpose, including the ground occupied by the present structure and vacant ground adjoining to that, comprising in all a frontage of 201 feet on Pennsylvania avenue and a depth of 136 feet.

SUPREME COURT QUARTERS.

In this connection I may likewise refer to the inadequate accommodations provided for the Supreme court in the Capitol, and suggest the wisdom of making provision for the erection of a separate building for the court and its officers and library upon available ground near the Capitol.

POTAL SUMMARY.

The postal service of the country advances with extraordinary growth. Within twenty years, both revenues and

expenditures of the postoffice department have multiplied three fold. In the last ten years they have nearly doubled. Our postal business grows much more rapidly than our population. It now involves an expenditure of \$100,000,000 a year, numbers 73,000 postoffices, and enrolls 200,000 employees. This remarkable extension of a service which is an accurate index of the public conditions, presents gratifying evidence of the advancement of education, of the increase of communication and business activity, and of the improvement of mail facilities, leading to their constantly augmenting use.

The war with Spain laid new and exceptional labors on the postoffice department. The mustering of the military and naval forces of the United States required special mail arrangements for every camp and every campaign. The communication between home and camp was naturally eager and expectant. In some of the larger places of rendezvous, as many as 50,000 letters a day required handling. This necessity was met by the prompt detail of experienced men from the established force, and by directing all the instrumentalities of the railway mail and postoffice service so far as necessary to this new need. Congress passed an act empowering the postmaster general to establish an office or branch at every military camp or station, and under this authority the postal machinery was speedily put into effective operation.

ACROSS THE SEAS.

Under the same authority, when our forces advanced upon Cuba, Porto Rico and the Philippines, they were attended and followed by the postal service. Though the act of Congress authorized the appointment of postmasters where necessary, it was early determined that the public interests would be best subserved, not by new designations, but by the detail of experienced men familiar with every branch of the service, and this policy was steadily followed. When the territory which was the theater of conflict came into our possession, it became necessary to re-establish mail facilities for the resident population as well as to provide them for our forces of occupation, and the former requirement was met through the extension and application of the latter obligation. I gave the requisite authority, and the same general principle was applied to this as to other branches of civil administration under military occupation. The details are more particularly given in the report of the postmaster general, and while the work is only just begun, it is pleasing to be able to say that the service in the territory which has come under our control is already materially improved.

TO SWEEP THE SEAS.

The following recommendations of the secretary of the navy relative to the increase of the navy have my earnest approval:

1. Three sea-going, sheathed and coppered battleships of about 13,500 tons trial displacement, carrying the heaviest armor and most powerful ordnance, for vessels of their class, and to have the highest practicable speed, and great radius of action. Estimated cost, exclusive of armor and armament, \$3,600,000 each.

2. Three sheathed and coppered armored cruisers of about 12,000 tons trial displacement, carrying the heaviest armor and most powerful ordnance for vessels of their class, and to have the highest practicable speed and great radius of action. Estimated cost, exclusive of armor and armament, \$4,000,000 each.

3. Three sheathed and coppered protected cruisers of about 6,000 tons trial displacement, to have the highest practicable speed and great radius of action, and to carry the most powerful ordnance suitable for vessels of their