

ANNUAL REPORT OF

CHARLES E. MAGOON
Provisional Governor of Cuba

TO THE SECRETARY OF WAR

1907



JANUARY 14, 1908

Read; referred to the Committee on Cuban Relations and ordered to be printed

WASHINGTON
GOVERNMENT PRINTING OFFICE
1908

To the Senate and House of Representatives:

I inclose the report of Provisional Governor Magoon on the conditions in Cuba, together with the correspondence between Secretary Taft and myself on the subject. I can not too heartily commend the action of the provisional governor and his civil associates, and of the Army in all its parts in connection with this Cuban matter. I am glad to be able to say that we can now definitely announce that one year hence—by or before February 1, 1909—we shall have turned over the island to the President and Congress to be elected next December by the people of Cuba. Prosperity, peace, and happiness have attended the exercise of our government in Cuba. Our word to turn over the island to its own people will be scrupulously regarded, and through their own President and Congress they will administer the government of the island a year hence.

THEODORE ROOSEVELT.

THE WHITE HOUSE,
January 14, 1908.

LETTER OF SUBMITTAL.

WAR DEPARTMENT,

Washington, January 13, 1908.

MY DEAR MR. PRESIDENT: I herewith submit the report of Hon. Charles E. Magoon, the provisional governor appointed by you under that part of the Cuban treaty known as the Platt amendment temporarily to administer the affairs of the Republic of Cuba. The report is a most interesting one, and shows the conditions in Cuba to be very encouraging.

Governor Magoon has conducted matters in a most clear-headed and tactful way, and with conspicuous success. He has carried on his shoulders the whole burden and responsibility of an extensive government. He has successfully handled numerous important economic questions, including the work of planning and initiating a system of wagon roads coextensive with the island and other long-needed improvements. He has had labor troubles, which, through his conciliatory but impartial attitude, have been brought to an end. He has dealt with the two parties in such a way that when I visited the island in April of last year the representatives of all of the parties virtually agreed upon a programme set forth in a letter which, after submitting it to you for approval, I wrote to Governor Magoon for publication. This directed:

First. The taking of an electoral census of the island.

Second. The testing of the tranquillity of the island and the capacity for the exercise of political franchise, without disturbance, by the holding of municipal and provincial elections.

Third. After a period varying from three to six months, the holding of a congressional, senatorial, and presidential election.

Fourth. The delay for four months, in order to comply with the constitution, for the completion of the presidential election and the installation of the President and Congress.

It was hoped by some that the census might be completed in September last. I did not think so and I am not at all surprised to learn that the census has not yet been completed and probably will not be until April or May. This will postpone the local elections until June the presidential election until December, and the installation of the President and Congress and the turning over of the island until about

March or April of 1909. This is in compliance with our promise when we assumed temporary control of Cuba, and it seems to me that we ought to allow nothing to interfere with carrying out that promise. There are important interests that would be glad to delay our stay there for years, but good faith and good policy both, in my judgment, require us to leave at the time appointed.

Sincerely, yours,

WM. H. TAFT.

The PRESIDENT.

THE WHITE HOUSE,

Washington, January 13, 1908.

MY DEAR MR. SECRETARY: I approve the report of Governor Ma-
goon and your letter thereon, and they will be transmitted to Con-
gress, together with a copy of this letter. I direct that the installation
of the President and Congress of Cuba, who will be elected next De-
cember, and the turning over of the island to them, take place not
later than February 1, 1909. If it can be turned over earlier I shall
be glad; but under no circumstances and for no reason will the date
be later than February 1, 1909.

Sincerely, yours,

THEODORE ROOSEVELT.

Hon. WILLIAM H. TAFT,

Secretary of War.

ANNUAL REPORT OF THE PROVISIONAL GOVERNOR OF CUBA.

REPUBLIC OF CUBA,
UNDER THE PROVISIONAL ADMINISTRATION
OF THE UNITED STATES,
OFFICE OF THE GOVERNOR,
Habana, Cuba, December 1, 1907.

SIR: I have the honor to transmit the annual reports of the acting secretaries of the several departments of the Government of Cuba, presented by them to the provisional governor.

I take advantage of this opportunity to submit also a statement of the workings of the provisional administration of the Government of Cuba during the time I have occupied the position of executive head of that Government.

The events leading up to and requiring the establishment of the provisional administration are now well-known historical incidents, and were fully reported to the President of the United States by you during the time you were the provisional governor of Cuba, and therefore repetition is unnecessary.

It seems appropriate at this time to reiterate the genesis and legal status of the existing administration of the Government of Cuba.

As a result of the war for independence waged by the Cuban people and the Spanish-American war the sovereignty of Spain was withdrawn from the island and the military government was established. When the time arrived for the withdrawal of the military government and the establishment of the new Republic of Cuba, it became necessary to secure recognition from the governments of the earth of the independent sovereignty of the new Republic and the consent of those governments to its admission into the family of nations with equality of right as to international relations. Thereupon it became advisable for the United States to guarantee the preservation of Cuban independence, the maintenance of a government in the island adequate for the protection of life, property, and individual liberty and the discharge of the obligations imposed by the treaty of Paris.

The matter was presented to the Cuban constitutional convention, then in session, and provisions well adapted to accomplish the desired

end were made a part of that instrument. This relation between Cuba and the United States is not a limitation upon its sovereignty and independence; it was the buttress by which sovereignty and independence were protected and sustained; it is the guaranty by which the Cuban Republic is assured of equality of right and privilege in the assembly of nations.

After the Republic of Cuba was established and the Cuban Congress assembled the provisions of the constitution above referred to and the other provisions of the appendix were included in a treaty with the United States which was duly celebrated by and with the concurrence of the Cuban Congress and the treaty-making powers of the United States. Thereby the United States accepted the powers conferred by the Cuban constitution and became bound to discharge the obligation. The revolution of 1906 furnished an occasion for the officials of the Government of Cuba, charged with the responsibilities of place and power, to call upon the United States to perform the obligation and exercise the authority conferred and accepted as above described. The President of the Republic of Cuba called upon the President of the United States for the performance of the treaty obligation. The United States responded. President Estrada Palma, Vice-President Mendez Capote, and all the cabinet resigned and the Congress dispersed. Manifestly the first thing to be done was to provide for the administration of the affairs of government and thereby maintain the existence of the Cuban Government until the vacancies occasioned by the resignations could be filled. The attempt was made to fill these vacancies by the action of the Cuban Congress, but a quorum could not be secured. The affairs of government must be administered, and therefore a provisional administration was established. The Government was not changed, but continued in full force and vigor, exercising the same sovereignty and maintaining complete independence. There is in Cuba a provisional administration, but the Government continues to be that of the independent sovereignty of the Republic of Cuba.

The character and scope of the provisional government was set forth in the proclamation of Secretary Taft, by which it was established:

To the People of Cuba:

The failure of Congress to act on the irrevocable resignation of the President of the Republic of Cuba or to elect a successor leaves this country without a government at a time when great disorder prevails, and requires that, pursuant to a request of President Palma, the necessary steps be taken in the name and by the authority of the President of the United States to restore order, protect life and property in the island of Cuba and islands and keys adjacent thereto, and for this purpose to establish therein a provisional government.

The provisional government hereby established by direction and in the name of the President of the United States will be maintained only long enough to

restore order and peace and public confidence, and then to hold such elections as may be necessary to determine those persons upon whom the permanent Government of the Republic should be devolved.

In so far as is consistent with the nature of a provisional government, established under authority of the United States, this will be a Cuban government, conforming, as far as may be, to the constitution of Cuba. The Cuban flag will be hoisted as usual over the Government buildings of the island. All the executive departments and the provincial and municipal governments, including that of the city of Habana, will continue to be administered as under the Cuban Republic. The courts will continue to administer justice, and all laws not in their nature inapplicable by reason of the temporary and emergent character of the Government will be in force.

President Roosevelt has been most anxious to bring about peace under the constitutional Government of Cuba, and has made every endeavor to avoid the present step. Longer delay, however, would be dangerous.

In view of the resignation of the cabinet, until further notice the heads of all departments of the central government will report to me for instructions, including Maj. Gen. Alejandro Rodriguez, in command of the Rural Guard and other regular Government forces, and Gen. Carlos Roloff, treasurer of Cuba.

Until further notice the civil governors and alcaldes will also report to me for instructions.

I ask all citizens and residents of Cuba to assist in the work of restoring order, tranquillity, and public confidence.

WM. H. TAFT,
*Secretary of War of the United States,
Provisional Governor of Cuba.*

HABANA, September 29, 1906.

The greater portion of the affairs with which the provisional administration was called upon to deal can be conveniently grouped as political, economic, legislative, miscellaneous, and administrative.

POLITICAL CONDITION.

CAUSE OF REVOLUTION.

During the administration of President Palma there were three political parties, the Moderate party (at first called Republican party), the National party, and a small Independent Radical party. Each of these parties was composed, in large part, of groups with recognized leaders; that is to say, the personal following of a natural leader. For a little more than three years President Palma declined to affiliate with either of these parties and endeavored to distribute the patronage and governmental benefits equally, or ratably, between them. The contest between these parties for political supremacy became intense. There was an especial effort on the part of each one to control the Cuban Congress and this rivalry made it difficult to secure legislative action, even as to much needed legislation.

The constitution of the Republic of Cuba requires that not only on the assembling of Congress, but at the opening of the daily sessions,

there must be an attendance of at least two-thirds of the total membership. No measure for compelling the attendance of the members of Congress had been provided, and therefore it was easy to prevent a quorum. In securing a remedy for this evil, President Palma determined to affiliate with the Moderate party, hoping, with the aid of the powers of the Executive branch of the Government, to secure two-thirds or more of the Congress who could be relied upon to enact laws and measures which he deemed essential or advantageous. The Nationals then coalesced with a number of disaffected Moderates and formed the Liberal party, which was also joined by the former Radicals. Several National leaders, however, refused to enter the combination, but maintained independent organizations, retaining the old name of "Nationals." Upon President Palma's affiliation with the Moderate party, the policy was adopted of displacing Liberals from official positions—national, provincial, and municipal—throughout the island, filling their places with members of the Moderate party. This embittered the opposition to the Administration. When the time for elections approached the Liberals made nominations for all the offices and entered upon a vigorous campaign. The Independent Nationals favored the reelection of President Palma, and locally combined with the Moderates. All the powers of the Executive branch of the Government were utilized to secure the success of the Moderate party in the national, provincial, and municipal elections, and measures were taken of such kind and character as to create a belief in the minds of a large number of the electors that the laws had been violated, the constitution subverted, the rights of citizens invaded, and the character of the Government changed; in other words, that recourse had been had to unlawful exercise of power and perpetration of gross injustice to such an extent as to vitiate the elections. This belief led to the revolution, and the investigation of the Peace Commission established that the belief was well founded.

INTERVENTION—PROVISIONAL ADMINISTRATION ESTABLISHED.

The inability of the Administration to successfully cope with the revolution induced President Palma to invoke the exercise by the United States of the powers conferred upon that Government by article 3 of the appendix to the Cuban constitution and accepted by the United States and confirmed by the Republic of Cuba by the treaty between the two Governments. In response to the call of the President of the Republic of Cuba and pursuant to said treaty obligation, the President of the United States created a Peace Commission, composed of Hon. William H. Taft, Secretary of War, and Hon. Robert Bacon, Assistant Secretary of State, and sent them to Cuba to investigate the situation and attempt to restore peace and reestablish law and order. Upon the arrival of the Commission in Cuba the

President of the Republic communicated to them his intention to resign his office. The members of the cabinet tendered their resignations to President Palma, and the same were accepted by him. The President sent his resignation to the Cuban Congress, then assembled in Habana. The vice-president also resigned. The Congress dissolved without filling either vacancy. Thereupon, the President of the United States, by virtue of the authority conferred by the Cuban constitution and the existing treaty between Cuba and the United States, appointed Hon. William H. Taft provisional governor of the Republic, thereby insuring the maintenance of constitutional government, international relations, and a means of preserving law and order.

The Peace Commission, during the course of its investigation, determined upon ways and means for settling the existing controversies between the several factions into which the people were divided. These terms and conditions were embodied in a letter to President Palma and were also submitted to the national committees of each of the three important political organizations. President Palma and the Moderate party declined to accept the conditions; the Independent National party approved of the general plan proposed, but requested certain modifications; and the Liberal party accepted the proposal without modification.

The plan of the Peace Commission was as follows:

First. The resignation of the vice-president, all the senators and representatives, governors, and provincial councilors, elected December, 1905.

Second. The laying down of the arms of the insurgents on the signing of this compromise and the presentation of these resignations.

Third. The provision by law for a commission to consist of three lawyers whose names were to be selected by the Moderate party, three to be selected by the Liberal party, and one by the President of the United States, for the purpose of drafting laws.

Fourth. The holding of elections on January 1, 1907, under the provisions of the electoral law drafted by such commission.

On the 6th day of October, 1906, the President of the United States designated the writer as provisional governor of the Republic of Cuba and directed him to proceed to Cuba and assume the duties of said office. Pursuant thereto the writer was inducted into office on the 13th day of October, 1906, and issued the following proclamation:

Acting upon the authority conferred upon him by the appendix to the constitution of Cuba, by the treaty between the United States and Cuba ratified July 1, 1904, and by the act of Congress of the United States approved March 2, 1901, the President of the United States has appointed me provisional governor of Cuba, to succeed the Hon. William H. Taft, and I hereby assume that office.

The policy declared and the assurances given by my predecessor, Secretary Taft, will be strictly adhered to and carried out.

As provisional governor, I shall exercise the powers and perform the duties contemplated and provided for by the third article of the appendix to the con-

stitution of Cuba, for the preservation of Cuban independence and for the protection of life, property, and individual liberty.

As soon as it shall prove to be consistent with the attainment of these ends I shall seek to bring about the restoration of the ordinary agencies and methods of government under the other and general provisions of the Cuban constitution.

All provisions of the constitution and laws the application of which for the time being would be inconsistent with the exercise of the powers provided for by the third article of the appendix must be deemed to be in abeyance. All other provisions of the constitution and laws continue in full force and effect.

ELECTIONS—ELECTION FRAUDS.

Prior to the departure of Secretaries Taft and Bacon from Cuba a question arose as to the advisability of holding the elections at the time set forth in the plan of settlement. Conferences were held with the leaders of the political organizations and many other prominent and influential citizens, and by common consent and agreement it was decided to postpone said elections until the close of the season in which the tobacco and sugar-cane crops are harvested. This postponement, by mutual agreement, insured the peace and tranquillity of the island during the harvest season and afforded the provisional administration opportunity to investigate the numerous charges made by the Liberals and the revolutionary committee as to the improper exercise of the powers of the executive branch of the Palma Administration, whereby that administration sought to perpetuate itself in place and power.

These charges, in general, were that the municipal officials in many municipalities having a Liberal majority had been displaced and substituted by Moderates; that members of the Liberal party were excluded from practically all of the appointive offices of the Government, and that the Rural Guard had been converted into a political agency for accomplishing the purposes of the Moderate party.

The Peace Commission determined that the Liberal party was entitled to and should receive equitable representation in the public service of the national government. The Liberals desired and requested that a sufficient number of Moderates should be displaced and their places filled by Liberals to secure such representation immediately. The Peace Commission rejected this suggestion and, instead, adopted the policy of appointing Liberals to fill vacancies as they occurred.

The Peace Commission concluded its labors and Secretary Taft retired from office of provisional governor at noon October 13, 1906, and on the afternoon of the same day embarked for the United States.

The people of Habana forgot their political differences, and taking thought of the fact that the horrors of civil war had been averted, all parties joined in a demonstration of gratitude and praise for the

work that had been accomplished. The shore of the bay was lined with thousands of cheering people, all available water craft was pressed into service to escort the ships to the mouth of the harbor, the forts exchanged salutes with the vessels, and amid cheers and all possible display of good will the Peace Commission concluded its labors. The character and extent of their service is shown by the resolution adopted by a mass meeting of the American residents of Habana, as follows:

GENTLEMEN: The American residents in Cuba, temporarily organized for the purpose of making known to you their situation and necessities in connection with the recent disturbances, desire to express to you their high appreciation of the great services your wise and prudent measures have secured to them and to all the people of Cuba.

The results you have accomplished are greater than could have reasonably been hoped for at the time of your arrival. Nearly 30,000 armed men, moved by the most intense and bitter passions, were then arrayed against the armed forces of the Government and a disastrous conflict was imminent, in which enormous loss of life and property would have been inevitable. It scarcely seemed possible that these angry elements of discord and strife could be brought into peaceful and orderly citizenship without bringing into active service the military power at your command to compel a cessation of the struggle for supremacy between the contending forces. But in less than one month the wise and sagacious methods you pursued and the skill and adroitness with which you approached the difficult task committed to your charge have brought peace and quiet to Cuba. Warlike conditions have vanished, with no immediate probability of their resumption. The armed forces have surrendered their arms and most of them are already in their fields and shops engaged in peaceful industry.

Not the least satisfactory to the considerations involved is the fact that in the settlement of the turbulent conditions that prevailed you have caused but little irritation or resentment, and have secured from the Cuban people increased respect and regard for the United States and greater confidence and trust in the good will and wishes of the American people for the people of Cuba and their future welfare.

We do not believe that so successful and speedy an achievement under conditions so difficult and dangerous has any parallel. And the thanks and gratitude of the people of Cuba, as well as of the great people you represent, are due to you for these inestimable services.

Wishing you a safe return to the United States and the enjoyment of higher honors in the future, we are,

Sincerely yours,

S. S. HARVEY,
H. E. HAVENS,
WM. HUGHES,
H. W. BAKER,
DR. C. CLIFFORD RYDER,
ALFRED LISCOMB,
W. ROBERTS,
WM. B. HINE,
J. E. BARLOW,
CHAS. HASBROOK,

Committee.

The complete success of the Peace Commission has now become a matter of history, and in the interests of history I insert a letter written by President Palma to a personal friend on October 10, 1906. This letter was published recently in the newspapers of Habana, and is as follows:

MY VERY ESTEEMED FRIEND: I dictate these lines impelled by a sentiment which elevates and makes happy—the sentiment of gratitude. This sentiment is strong within me when I read your letter of the 6th. In the unbalanced state of society in Cuba to-day and in the midst of the confused noise of a low mob, it is pleasant and strengthening to receive testimony of approval and sympathy from superior spirits who are capable of comprehending acts of abnegation and disinterest, inspired by the purest love of country. In complying with my public and private duties, especially on difficult occasions, I have never evaded the grave responsibilities imposed on me by circumstances. I have assumed them without vacillation with the courage and resolution of a clear conscience, foreign to any personal interest, and moved only by a sensible, upright, and true patriotism. Let those who willfully hide the reality of matters to themselves join in censurable chorus with the ignorant, boastfully clamoring of patriotism. I am satisfied with the conviction of having saved my beloved country from a horrible demoralization, of having saved it from anarchy and its necessary concomitants, ruin and pillage.

From the first days of the insurrectionary movement I understood the situation and was able to appreciate it with a serene mind. I saw before me numerous masses tired of the order and legality to which they appeared to have submitted during the four years of the Republic; eager for license and forays, follow like a mob the first adventurer who invited them to rise; I saw everywhere persons who sympathized with disorder and encouraged disturbance; I saw the press in the morning, afternoon, and at all hours assisting with unparalleled cynicism the secret conspiracy organized in behalf of the rebels; I suddenly found myself in the midst of a tremendous social disorganization, with thousands of insurgents in three provinces and the menace of rebellion in two others, without sufficient regular forces to undertake immediately an active campaign against the former and to beat and disorganize them; at the same time I constantly feared that they would carry to the great sugar plantations of Santa Clara the measures of destruction already realized on railroad stations, locomotives, bridges, culverts, etc.; I saw the customs revenues fall off by one-half and the other income of the State to 25 or 30 per cent, and that the millions of the treasury were being spent in streams with uncertain result and to very doubtful advantage, a large part being used for keeping up hastily improvised militia, which for that very reason could not inspire sufficient confidence as to their reliability for undertaking the labor, the privations, and the dangers of a constant persecution of adversaries, who were also Cubans and in a great number of cases friends and comrades. In the meantime, like a preconceived slogan, there resounded day after day in all quarters the threatening demand for "Peace at any cost," with the tendency of obliging the Government to submit to whatever humiliation might be required, nor did anyone stop to think how impossible the realization of the conditions was in practice, or consider the serious consequences of such a course in the future. To these reflections I might add "other unfavorable circumstances of great seriousness" as to which, nevertheless, I must remain silent because of their personal nature.

The situation therefore, from the Cuban standpoint, presented the following dilemma: On the one hand the necessity of putting down the insurrection by force of arms; on the other that of making a compact with the insurgents.

It is easy to express the first course in a few words, but its complete realization was a difficult matter, as may be judged from what I have said above. At all events it would have required a period of several months, great effusion of blood, loss of life, destruction of property, and the consumption of the millions put aside for works of public utility, only to leave deeply rooted in the country the hatred caused by civil war, ready to break out again whenever a favorable opportunity arose. My humane sentiments of Christian civilization, the attachment I had for the economies which had been accumulated in the treasury by resisting the opposite tendency of improvident legislators, and the importance of protecting lives and property of Cubans and foreigners during the armed struggle made me reject this course, which was further subject to having the Washington Government, already preparing forces in the south of the United States, believe at any moment that it was time to intervene.

The course of making a pact with the insurgents in arms was the worst which could be considered. Even supposing that the different rebel leaders and the directors and instigators of the movement arrived at an understanding among themselves and that they agreed with the Government upon the fundamental bases for terms of settlement, the secondary problems which would afterwards arise would be so many and so difficult to decide, in view of the weakened if not lost moral force of the legitimate authorities and in the absence of other authority that might settle differences, these problems would, I repeat, be so many and so difficult that they would cause the country to remain for many months in constant agitation, with results as pernicious as war itself. From the moment the Government treated with the rebels it placed itself on an inclined plane of interminable concessions, initiating an era of successive insurrections, and putting the stability of future governments on a frail basis. I could never consent to be an accomplice in such evil in exchange for being permitted to continue to occupy the Presidential chair of the Republic, humiliated and its prestige taken away by the requirements of the insurrection, and in a situation in which it would have been impossible for me to give my country the services which my high and disinterested aspirations desired.

No, by no means, neither one course nor the other in the dilemma; neither answer war with war, nor degrade my authority as the legitimate chief of State and my personal dignity by submitting to the exactions of armed men, lacking all social prestige, lacking principles and ideals, the instruments of a number of ambitious men without pity who were astute enough to remain aloof while they sent forth against the defenseless community those ignorant masses ready for pillage and disorder.

When I saw the insurrection take serious proportions my soul was overcome with profound disenchantment, contemplating the patient and glorious work of four years overthrown; and I irrevocably resolved to resign the presidency, to completely abandon public life, and to seek in the bosom of my family the certain refuge against so many deceptions. But before carrying out this intention, so grateful to my desires, it was absolutely necessary to make a last sacrifice on the altar of my country. It was not possible that I leave the Government in criminal hands; in the hands of those who had dealt a fatal blow to the credit of the Republic and the good name of the Cuban people. The conscience of a superior duty (one of those duties which cause the heart to bleed and give rise to unpopularity and hate) imposed upon me as the only measure of salvation, the necessity of acquainting the Washington Government with the true situation of the country and with the lack of means of my Government to give protection to property, and to say that I considered that an occasion had arisen for the United States to make use of the right granted them by the Platt amendment. I did so, consulting few people, since it was not a time to expose myself

to contradiction in order to seek partners in this responsibility, but to assume the responsibility entirely, with the firmness of a legitimate conviction and the courage which always accompanies acts inspired in the most sterling patriotism.

Whether I did well or not time will decide. Meanwhile my attitude is justified by my decree of September 17, which virtually put an end to the war, exactly one month after it had begun, thus avoiding further bloodshed and loss of life; it is also justified by the fact that the insurgents are already disarmed and returning to their homes, tranquillity having been reestablished, guaranteed by the moral and material force of American authority. Ordinary occupations may be followed once more without fear, and it is to be supposed that the next sugar and tobacco crops will begin to restore economic prosperity, impaired by the crisis. As to politics, I venture to predict nothing, neither as regards the parties nor as to the probable result of the intervention.

I have always believed since the time I took active part in the ten years' war that independence was not the final goal of all our noble and patriotic aspirations. The aim was to possess a stable government, capable of protecting lives and property and of guaranteeing to all residents of the country, natives and foreigners, the exercise of natural and civil rights, without permitting liberty ever to become pernicious license or violent agitation, to say nothing of armed disturbances of public order. I have never feared to admit, nor am I afraid to say aloud, that a political dependence which assures us the fecund boons of liberty is a hundred times preferable for our beloved Cuba to a sovereign and independent republic discredited and made miserable by the baneful action of periodic civil wars.

T. ESTRADA PALMA.

It required but slight investigation to see that the principal immediate cause of the uprising against President Palma's administration was the interference with the municipalities. One of the keenest and best qualified observers of Cuban affairs stated:

That the Government could have done anything it saw fit to do in Habana, but the attempt to convert Liberal municipalities into Moderate ones was a fatal error.

The Liberal committee was called upon to state which municipalities had been illegally interfered with and submit proof. They submitted a list as follows, including therein several municipalities whose authorities had been changed during the uprising on account of sympathy with the insurgents:

Pinar Del Rio Province.—Guane, San Juan y Martinez, San Luis, Conso-lacion del Sur, Artemisa, Guanajay, Cabañas, and Viñales.

Habana Province.—Habana, Marianao, Guines, Batabanó, Aguacate, Alquizar, and Guanabacoa.

Santa Clara Province.—Camajuaní, Vueltas, Placetás, Yaguajay, Calabazar, Trinidad, Cienfuegos, Rodas, Lajas, Ranchuelo, Sagua la Grande, Santo Domingo, Cruces, Palmira, Caibarien, Rancho Veloz, and Sancti Spiritus.

The committee stated that there were other municipalities in the Republic in which a majority of the inhabitants were Liberals and in which the officials should be members of that party, but that the displacements had been accomplished in such manner as made it difficult, if not impossible, to present sufficient proof to justify action

on the part of the provisional administration; therefore, their names were withheld.

Investigation was made as to the municipalities whose names were presented. Each case was disposed of on its own merits. As to many of them, the charges made by the Liberals were admitted; as to others, evidence was adduced. Liberal administrations were re-established, in whole or in part, in the following municipalities:

Pinar del Rio Province.—Guané, San Juan y Martínez, Consolación del Sur, and Guanajay.

Habana Province.—Guines, Aguacate, Alquizar, and Guanabacoa.

Santa Clara Province.—Camajuaní, Vuelta, Placetas, Yaguajay, Calabazar, Trinidad, Cienfuegos, Rodas, Lajas, Ranchuelo, Cruces, Palmira, Rancho Veloz, and Sancti Spiritus.

The action of the provisional administration in these cases was generally approved and universally accepted without protest or complaint.

CREATION OF LIBERAL COMMITTEE.

The matter of appointing Liberals to positions in the National Government was one that bid fair to give the provisional administration considerable difficulty. Party ties set lightly on individuals in Cuba. There are few, if any, issues involving national policy or political principles. The individual voter gives allegiance to the party which, at the time, suits his inclination, and easily passes from one party to the other—a man may be a Liberal one month and a Moderate the next, or vice versa, being governed by the personality of the candidate or the local leaders supporting a candidate. The revolution of 1906 had many adherents who, at different times, belonged to the Moderate and Independent parties, but had from one cause or another joined the opposition to the Palma administration. It was a practical impossibility for the provisional governor to determine what persons were representative of the class which had been excluded from office, or whose appointments would assist in restoring equitable representation. The provisional governor was a stranger to the country and people, and without the necessary knowledge. Ordinarily the requisite information would be supplied by the members of the cabinet, but Secretary Taft had ordered that the chief clerks of the departments should be the acting secretaries, and, as they were either Moderates or Independents, the Liberals protested against their being allowed to designate the Liberal representation. From this situation there developed the proposal that the committee which had dealt with Secretary Taft in his successful endeavor to secure the disbandment of the revolutionary forces and the restoration of tranquillity should propose to the provisional governor the names of the persons to fill vacancies, as from time to time they

occurred. This plan gave promise of securing the desired result, for the committee represented not only the Liberal party, but also other elements which constituted the opposition and the excluded classes. The plan was adopted and proved satisfactory. The committee, as originally constituted, was composed of the following gentlemen: Faustino Guerra, president; Eduardo Guzman, vice-president; Ernesto Asbert, secretary; Alfredo Zayas, José Miguel Gómez, Juan Gualberto Gómez, Tomás Recio, Demetrio Castillo Duany, José de J. Monteagudo, and Carlos García Velez.

The creation of this committee saved the provisional government much time and trouble and secured appointees who, with very few exceptions, proved efficient and generally acceptable to the public. The announcement was made from the first that officials would not be removed to make way for Liberals. This was reluctantly accepted by the Liberals, being acquiesced in as convenient, if not essential, to the provisional administration. In this, as in all other matters, the Liberal party has shown a purpose and desire to aid and assist the provisional administration in carrying out the plan adopted by the Peace Commission, and in securing an honest and efficient administration, and in other ways promoting the success of the endeavor in which the provisional administration is engaged. The Moderate and Independent parties, having practically dissolved, were unable as a party to assist the provisional administration, but individually many of the members called and offered their aid and assistance. When the Conservative party was organized, a committee from that party called and offered their assistance unconditionally to the provisional government and have been of great help.

RURAL GUARD.

Investigation of the charge that the Rural Guard had been used as a political agency by the Government showed the charge to be true. Justice to the Rural Guard, however, requires that the statement be made that this service was contrary to the desire of a large majority of the officers and enlisted men. I am convinced that the service was distasteful and was performed under protest and against their judgment and desire. There may have been a few who thought the ends justified the means, but by far the greater number considered it a disagreeable service which they were constrained to perform because it was imposed upon them by the obligation of military service. The purpose of the Rural Guard is indicated by its name, and the field of their operation was intended to be outside of the municipal zones, or inhabited portions of the municipalities (towns). Within the municipal zone the municipal police should have exercised the police powers. For various reasons—among them the small number of po-

licemen, inefficiency resulting from political appointments, etc., but largely because of the political influence which they might exercise—the Rural Guard gradually supplanted the municipal police within the municipal zones. This unwarranted exercise of police authority by the Rural Guard in all localities throughout the island brought the guard into disfavor. The Rural Guard force was not sufficient to police the towns and rural districts and the rural districts were largely neglected. This added to the disfavor of the guard and in no small measure afforded the opportunity for fomenting revolutionary sentiment and the assembling of insurgent bands which, when joined together, constituted the revolutionary forces.

The operation of the Rural Guard against the insurgents was greatly hampered by the desire of the Government to afford adequate protection to the towns, especially the city of Habana, and, if possible, to avoid armed conflict, with resulting loss of life, and arousing of passion and animosities which battles engender. This resulted in a loss of prestige which was keenly felt by the guard and, at that time, the esprit de corps was at a low ebb and danger of further demoralization existed. In addition to using the guard as a political agency, the Government had also made numerous promotions in the service as reward for political activity or because of political influence. On the whole the guard was in a bad way.

The Rural Guard was organized under the military government of Cuba established by the United States at the close of the Spanish-American war. The officer in charge of the organization at that time was Maj. Herbert J. Slocum, then in the Seventh Cavalry, U. S. Army. Major Slocum was detailed for service with the provisional administration and assigned to duty as adviser to Maj. Gen. Alejandro Rodriguez, commanding the armed forces of Cuba. He requested and received the assistance of Maj. Henry A. Barber, U. S. Army (retired), and Capts. Powell Clayton, jr., Eleventh Cavalry; George C. Barnhardt, Fifteenth Cavalry; Andrew J. Dougherty, Thirtieth Infantry; and Edmund Wittenmyer, Fifth Infantry. These officers entered upon the work of reorganizing and restoring the guard to its original efficiency.

The Rural Guard consists of three regiments with headquarters at Habana, Matanzas, and Santiago. Each regiment is charged with policing two provinces. Capt. Powell Clayton was detailed as adviser to Col. Emilio Avalos, commanding the First Regiment, which is charged with policing Habana and Pinar del Rio provinces, with headquarters at Habana; Capt. Edmund Wittenmyer was detailed as adviser to Col. Manuel Antonio Martínez, commanding the Second Regiment, with headquarters at Matanzas, and charged with policing the provinces of Matanzas and Santa Clara; and Capt. Andrew J. Dougherty was detailed as adviser to Col. Saturnino Lora, command-

ing the Third Regiment, charged with policing Camaguey and Oriente provinces, with headquarters at Santiago.

The officers of the United States Army detailed for duty with the Rural Guard are performing excellent service. All of them entered upon the discharge of their duties with enthusiasm and confidence of speedy success. The Rural Guard, from the commanding general to the latest recruit, are eager for the necessary reforms, and I record with much gratification that they have already attained a high degree of efficiency; that promotion is no longer secured by political activity or influence; that they refrain from exercising police power within the municipal zones excepting when called upon by proper authority; that they refrain from political activity and, with a few exceptions, manifest no desire to engage therein; and that they have regained the confidence and good will of the general public.

SUSPENSION OF CONGRESS—EXERCISE OF LEGISLATIVE POWERS BY PROVISIONAL GOVERNOR.

The Peace Commission found that the Congressional elections of 1905 were so tainted with fraud as to render them illegal. This election involved one-half of the members of the Senate and National Assembly, and upon the elections being declared void no quorum existed. Thereupon Secretary Taft issued a decree suspending the meetings of the Congress and providing that the legislative powers should be exercised by the provisional governor. The exercise of legislative power by the Chief Executive of the Republic is in harmony with the established order prevailing in Cuba.

ENACTMENT OF LAWS IN ORDER TO MAKE CONSTITUTION EFFECTIVE.

When the constitution of Cuba was adopted, it was recognized that many of its provisions were opposed to the existing laws; and many other provisions required legislation to render them effective. To meet this situation and tide over the period between the establishment of the Republic and the enactment by Congress of the necessary legislation there were adopted certain "transitory rules" by which the old laws were continued in force, in so far as they did not conflict with the constitution, until amended or repealed by Congress and new legislation substituted. In construing these rules the supreme court has held that the Chief Executive may exercise the authority theretofore possessed and exercised by the Spanish governors-general. Under the Spanish régime the decree of the governor-general had the force and effect of legislative enactment and, under the authority of said transitory rules and article 68 of the constitution, which empowers the President to issue regulations for the better enforcement of the laws and decrees for the administration of the country, President Palma continued to issue decrees having like force and effect.

ADVISORY LAW COMMISSION.

The plan approved by the Peace Commission called for the enactment of four special laws, to wit:

1. A municipal law embodying the requirements of the constitution.
2. An electoral law containing sufficient provisions to secure a representation by the minority and providing for the conduct of elections under a non-partisan bureau of elections having charge of police during the election and registration period, as well as the registration, counting of the votes, and declaring the result.
3. A law providing for the reorganization and increased independence of the Judiciary.
4. A civil-service law.

A revision of the provincial law was also deemed necessary. Although the laws of all countries on these subjects bear a general resemblance, it is necessary that said laws should conform to national characteristics, local conditions, public desires, and public exigencies. The study of these requires time and a knowledge of the conditions to be met.

A commission similar to that contemplated by the plan of the Peace Commission was appointed December 24, 1906; it is known as the "advisory law commission" and is composed of the following gentlemen: Col. E. H. Crowder, U. S. Army, president; Drs. Erasmo Regüieiferos Boudet, Manuel María Coronado, Francisco Carrera Justiz, Mario García Kohley, Rafael Montoro, Felipe González Sarraín, Miguel F. Vondi, Alfredo Zayas, Mr. Otto Schoenrich, Mr. Juan Gualberto Gómez, and Maj. Blanton C. Winship, judge-advocate, U. S. Army.

This commission entered upon its work at once. The field of investigation proved larger than was anticipated, and more time has been consumed than originally intended. The commission has given the task great care and attention and has exhibited ability, care, thoughtfulness, and comprehension of subject-matter. The time employed by it has been well spent. Its work is rapidly approaching completion. The municipal law and the electoral law are practically finished. Although not officially reported to the provisional governor, they have been examined by him, and he feels assured they are admirably adapted to the purposes for which they are intended. The judiciary law is also practically ready. These laws will be printed in pamphlet form and given extensive circulation in order that their provisions may be examined and considered by the inhabitants of Cuba prior to giving them force and effect. There is every reason to believe that the laws so formulated will become an important and potential part of the permanent legislation of the Republic.

Where all have done so well it might seem inadvisable to single out one for special mention and commendation, but in this instance every other member of the commission will be gratified by special mention and commendation of the work and ability of Col. E. H. Crowder, U. S. Army, president. It was especially advantageous that his services were available for the provisional administration. In addition to exceptional legal ability and training, he served as legal adviser to the military governor of the Philippine Islands, and while serving in that capacity drafted many new laws and reformed many old ones which have become part of the permanent legislation of the islands. This experience is of great value in the work of the advisory law commission. The members of the commission promptly recognized his ability and the value of his judgment; and the special study which he gave to the constitution and existing laws of Cuba increased his efficiency and enabled him to reconcile existing differences of preconceived opinions, and therefore it is just to attribute to him a large share of the credit for the excellent results the commission has attained.

POSTPONEMENT OF ELECTIONS—REGISTRATION OF VOTERS.

The harvest of the sugar and tobacco crops in Cuba is completed, usually, about the middle of May. As that season approached in 1907 it became evident that the advisory law commission would not complete the draft of the laws upon which it was working within the time calculated. The municipal law and the electoral law are indispensable requisites to the elections. It is necessary, also, before holding these elections to have a new registration of voters, for it is commonly known and conceded that the existing registration lists are erroneous—lacking the names of many qualified electors and containing the names of unqualified or nonexistent persons. The present registration law contemplates that the electors will register voluntarily, or that the representatives of a party will submit a list of the qualified electors belonging to their party to the registration board, whereupon, either by virtue of actual knowledge of the board, or upon evidence submitted by the political managers, the names are entered in the registration books. This system, although in common use in Central and South American States seldom secures either a full or accurate registration. The ordinary voter, especially in rural districts, is seldom willing to take the trouble to present himself for registration and the lists presented by the partisan committees are usually inaccurate and incomplete. It is a common practice for all parties to submit a long list of names and preserve or secure a copy of those accepted, and at elections call upon their partisans to vote under the names entered in the register. When it was known that the

provisional administration contemplated a registration in accordance with the old law, objections were made on all sides and the advisory law commission addressed a letter to the provisional governor urging that a census of the island be taken, and that from the census list a new registration list be compiled. This plan met with universal commendation and was adopted. In April, 1907, Secretary Taft again visited Cuba. Among other matters which received his attention at this visit was that of fixing the dates for the forthcoming elections. In conference with him, the national committees of the several parties agreed that it was inexpedient to hold the elections at the time then contemplated. The results of these conferences with these committees and other representative bodies, were embodied in a letter written by Secretary Taft to the provisional governor, as follows:

After having conferred with the committees of the Liberal, Conservative, and Republican parties, and with the leading men of the community, including lawyers, bankers, business men, representatives of the chamber of commerce and others, and after a full discussion of the situation with you, General Barry, and Consul-General Steinhart, I have made the following statement and recommendation to the President:

Having in view the circumstances making the intervention necessary, and the purpose of that intervention, the condition of Cuba and the attitude of its people under your administration are very satisfactory. The question now arising is, When shall the elections be held? The advisory law commission appointed to draft an electoral law, a municipal law, a judiciary law and a civil-service law, and composed of 3 Americans, 4 Liberals and 4 Conservatives, have declared to me that no fair election in Cuba can be held until after the taking of a census for the purpose of enumerating with exactness and justice the residents of each town with a view to the verification of the registry upon which the election is to take place, and this view has been enforced by the assurances of all the political parties. All parties, through their committees, have expressed the view that the wisest course is to hold a preliminary election to test the electoral law and to test the tranquillity of the country. The Liberal party urge that this election shall be for municipal officers and for provincial officers, while the Conservative party insists that it ought to be limited to municipal officers; but they agree in recommending the holding of a preliminary election. The Liberal party expresses the view that the census can be completed in four months and that the provincial and municipal elections may therefore be held in September. The Conservative party does not express an opinion as to the time in which the census can be taken, but insists that the census should be taken with great care and the registration lists founded on it should be subjected to severe and impartial judicial scrutiny as proposed by the advisory commission, and that the preliminary election shall be held a reasonable time after the completion of the census. The Liberal party, hoping that the preliminary election may take place in September, recommends that the presidential and congressional elections be held the 31st of December, next, that the regular constitutional period shall elapse thereafter before the assembling of the electoral colleges to name the senators and the President, members for which are elected at the general election. By the constitution these electoral colleges do not convene until one hundred days after the general election. The Liberal party suggests that the new congress

shall meet to receive the vote of the election for the President in time to permit his inauguration on the 20th of May, 1908, that date being the anniversary of the day upon which the first President of the Republic was inaugurated.

The Conservative party insists that the preliminary election is in the nature of an experiment and that three months is not a sufficient interval to determine whether the experiment has been a success, and recommends that not less than six months should elapse between the preliminary election and the presidential and congressional elections.

First. It is hardly necessary to reiterate that the position of President Roosevelt is exactly what it was when the first proclamation was issued establishing a provisional government under the Platt amendment in this island, to wit: That Cuba must be turned over to a Cuban government fairly elected as soon as the conditions and the tranquillity of the country will permit and will assure the stability of the government to be established.

Second. I do not think that four months is a sufficient time in which to take such a census as is necessary to assure a fair basis for holding an election. It would be most unwise, therefore, to fix a definite date for the holding of a preliminary election. All that can be done, and all that ought to be done, is to declare that a census will be taken in as short a time as is consistent with making the census thorough, fair, and complete for electoral purposes, and to announce that the preliminary election will be held within such period thereafter as may afford a reasonable time for complying with all the requirements of the new electoral law preceding the elections.

Third. The municipal and provincial elections, which are in a sense local elections, should be held at the same time. I have already expressed the opinion that the election by which the present provincial authorities were put into power was attended with such irregularity that their resignations should be at the service of the Government, although present conditions justify the maintenance of the de facto status of these officials so long as they conduct themselves properly, rather than an indiscriminate removal of them with the possible excitement and controversy likely to attend the selection of their successors. Still the question of the proper policy to pursue in respect to the present provincial officers is a matter which is in your hands for decision. But it is certain that as soon as the present condition as to provincial officers can be cured by an election that that election should be held, and therefore that both the municipal officers and the provincial officers should be selected at the preliminary election. It is true that at the provincial election provincial councilmen are to be selected who by law will constitute one-third of the electoral college to vote for senators, but at the national elections there will be selected two-thirds of that same college, and therefore the selection of the provincial council will have comparatively little bearing on the national election.

Fourth. Three months may not be a sufficient time in which to test the question of the tranquillity of the country and the success of the experimental preliminary election, and therefore our declaration should not be more limited than that the national elections will be held within six months after the preliminary election.

Fifth. It is of course proper to comply with the constitutional requirements as to the interval of one hundred days between the congressional and presidential elections and the vote of the electoral colleges, the assembling of the Congress, and the inauguration of the new President. The government of this island should then devolve on the newly elected President and Congress.

Sixth. The carrying out of this plan is of course strictly dependent on the tranquillity of the country, which must continue through the two elections and must give assurance of the stability of the new government, because without

this the United States will not be discharging the obligation devolving upon it by reason of the intervention.

Seventh. It is in the interest of the business prosperity of the island that this policy, if it is to be adopted, be made public.

I have submitted the substance of this letter to the President, and he approves the foregoing and directs me to make this communication to you.

The provisional administration has proceeded in accordance with the views expressed in the above letter.

CENSUS.

It being determined to take a census of the population of Cuba, Mr. Victor H. Olmsted was appointed director of the census on April 29, 1907. On May 8 following a decree was issued making provision for the taking of the census "for electoral purposes and such other purposes as the statistics are desired to serve."

In order to effect a proper organization, Cuba was divided into 6 districts, corresponding to the 6 provinces of the island, and 6 supervisors were appointed.

The work of subdividing the different provinces into districts most convenient for purposes of enumeration was carried forward as rapidly as possible, and at the same time persons were selected for appointment as enumerators.

While this preparatory work was in progress the necessary supplies for the taking of the census were purchased, blanks were printed, instructions to supervisors and enumerators formulated, and all the other preliminary work incident to census taking accomplished.

The supervisors were called to Habana and were personally instructed and drilled by the director of the census. They were required, among other things, to perform the work of an ordinary enumerator, and the schedules prepared by them were criticised and recriticised until they became letter perfect in the work.

The supervisors upon returning to their provinces assembled the "instructor enumerators" (one from each municipality) and personally instructed them in the same manner that they themselves had been instructed by the director of the census. These instructor enumerators returned to their respective municipal terminos and there instructed the ordinary enumerators.

On September 6, 1907, a proclamation was issued fixing Monday, September 30, 1907, as the day on which the enumeration should begin, and requiring the same to be completed not later than November 14, 1907. During the interval between September 6 and 30, 1907, the supplies to be used by the enumerators were distributed, and on the day fixed by my proclamation the enumeration began simultaneously in every portion of the island. It was carried forward with very little interruption; such few obstacles as presented themselves were

readily overcome, and the entire field work of the census was completed within the required time.

Eighteen hundred enumerators were employed, and the results of their labors have been thoroughly and intelligently accomplished. It is probable that in thoroughness, clearness, and general excellence this census will compare favorably with any census ever taken. All the schedules from every portion of the island should be in Habana by or before the 15th day of December. They could be brought here immediately were not the supervisors required to scrutinize them carefully for the purpose of correcting errors and supplying deficiencies.

The director of the census now has a considerable force of clerks at work (which will be increased as rapidly as circumstances require) engaged in the preparation of alphabetical lists of male citizens of Cuba, 21 years of age and over, who are entitled to the right of suffrage. A separate list will be prepared for each barrio in the island, of which there are about 1,000. The work of preparing these lists will be pushed forward with all possible speed consistent with accuracy, after which the work of tabulating the entire returns and the preparation of the full census report will be taken up.

Judging from the returns thus far received, the total population of Cuba is estimated to be about 2,000,000, an increase of about 25 per cent as compared with that shown by the census of 1899.

POLITICAL PARTIES; THEIR PRESENT ORGANIZATION.

The political parties in Cuba now present an alignment somewhat different from that at the time the provisional administration was established. The Moderate party has ceased to exist under that name. There is a new party called the Conservative, which is largely composed of former members of the Moderate party, but is under the direction of new leaders. The Independent National party, or the portion of that party which followed the leadership of Emilio Nuñez, governor of Habana Province, and therefore known as "Nuñistas," have joined the Conservatives, but another independent party calling itself Republican was started and has joined the Miguelista faction. The Liberal party is "split." This split is caused by the rival candidacies of Senator Alfredo Zayas and Maj. Gen. José Miguel Gómez for the nomination for the Presidency. Maj. Gen. José Miguel Gómez was the candidate of the Liberal party in opposition to the reelection of President Palma at the elections in 1905. He and his adherents take the position that those elections were fraudulent and should be considered as not held, and that he is the legal, as well as the logical, candidate of the party at the forthcoming elections.

Senator Zayas and his adherents refuse to admit the claims of the "Miguelistas" and insist that the Liberal party, finding itself unable

to overcome the fraudulent measures adopted by the Government to insure success at the Presidential elections of 1905, abandoned the field, dissolved the party organization, and terminated the candidacy of Maj. Gen. José Miguel Gómez, who voluntarily surrendered his candidacy; that the revolution brought about a new condition of things, and that many new men and measures came to the front; that Senator Zayas, the chairman of the national committee of the Liberal party, also became chairman of the revolutionary committee; that he conducted the negotiations with the Peace Commission on behalf of the Liberal party and the revolutionary organization in such manner as to secure the accomplishment of practically all of the purposes of the revolution and the Liberal party, and that these services entitle him to the nomination.

The two wings of the Liberal party are commonly known as the "Miguelistas" and the "Zayistas." Both seem equally determined to adhere to their chosen leader. There have been several attempts to reconcile these factions, or to settle the disputed question by mutual agreement, or arbitration, but so far all have failed. Attempts have been made to select a third candidate upon whom both factions can unite, but that also has been unsuccessful. There has been no test of strength by which the size of the respective followings can be estimated. The forthcoming municipal elections, however, will probably afford opportunity for a fairly accurate estimate.

The Miguelistas sought to have the old national committee of the Liberal party issue a call for the election of the precinct, municipal, provincial, and national assemblies of the party. A majority of this committee favor the candidacy of Senator Zayas and declined to issue the call for the reason that it was too far in advance of the elections. Thereupon the Miguelistas proceeded to the selection of assemblies without said call, and completed their organization, even to the election of the delegates to the national convention, in all of the provinces excepting Habana. The Zayistas are preserving the old organization by filling the vacancies in the assemblies and committees occasioned by the abandonment of positions by the followers of José Miguel Gómez.

This split in the Liberal party has occasioned much trouble to the provisional administration, especially in the matter of distribution of patronage. Both sides claim to be the regular organization of the Liberal party and, as such, entitled to the advantage secured by the agreement with the Peace Commission. General Gómez insisted that the committee recognized and relied upon in the selection of appointees did not accord him fair treatment, and that a majority of said committee favored the candidacy of Senator Zayas and were making recommendations which resulted to the exclusive benefit of that candidacy. He and his supporters on the committee withdrew from the

same and notified the provisional governor that said committee no longer represented that branch of the Liberal party which supported the Gómez candidacy. The rank and file of both followings are Liberals and belong to the class which had been excluded from national patronage. It was imperative that the provisional administration should deal justly and impartially with both factions. Each side admitted that the other was entitled to participate in the patronage, but each side has insisted that the provisional governor is favoring the other in the matter of patronage.

GRANTING OF FRANCHISE TO ALIEN RESIDENTS.

Politics in its broad relation to the maintenance and development of government in Cuba is complicated by the fact that a large portion of the population is composed of resident aliens and that a large portion of the commerce, productive industry, and public utilities are owned and conducted by resident and nonresident foreigners. Under the Spanish régime the Spaniards in Cuba were a privileged class, and it was practically impossible for a Cuban or alien to establish and maintain a commercial institution. The wonderful richness of Cuba and its commercial possibilities are well known, and upon the withdrawal of Spanish sovereignty and the establishment of the Cuban Republic many foreigners and much foreign capital entered Cuba and engaged in commercial enterprises. The flood of Spanish immigration was checked for a short period, but soon revived and has continued unabated. There has also been a large immigration from other European countries, and the United States. It was, of course, desirable that the old Spanish residents of the island, and the newcomers of all nationalities should become citizens of the Republic and identify themselves with and participate in the effort to establish and maintain the Government. The treaty of peace between the United States and Spain made provision whereby the Spanish residents of the island became citizens of the new Republic without action on their part, but provided that, upon declaration of a desire so to do, they remained subjects of the King of Spain. The constitution of the Government of Cuba provides an easy and simple means of naturalization; but the Republic of Cuba was in its experimental stage and few foreigners, newly arriving in Cuba or having property interest therein, were willing to surrender their citizenship and resulting right to protection. It follows from this that a large proportion of the business and property-owning classes are not citizens of the Republic, and avoid the obligations of citizenship. There is a manifest neglect of even the obligations devolving upon a resident alien who receives for his person and property all the benefits of orderly government and the business opportunities existing in the island, without the responsibilities of citizenship; they, of course, pay tariff

dues and such taxes as are imposed by local governments, but the greater obligations are avoided. This large class, however, is persistent in securing both general and special benefits and exercising freely the right of criticism and complaint as to the Government, its agents, and its agencies. They apparently stop when they have performed this service to their own satisfaction and make little or no effort to influence or control political powers by which good government is to be secured.

The remedy for this situation, at first, appears to be to impose the obligations of citizenship upon resident aliens who, by five years' residence and a knowledge of the Spanish language, have become sufficiently informed as to local and national affairs and public thought and feeling to be of substantial service in the proper exercise of political powers. The advisory law commission, in drafting the electoral law, devoted much time and effort investigating and considering the proposition to bestow the right of suffrage, in municipal elections, upon resident aliens. The proposition, however, met with objection from both Cubans and foreigners. They feel that this would renew the animosities created during the long struggle of the Cubans for independence. Many protests were received from both Cubans and Spaniards. Both called attention to the fact that sufficient time had not elapsed to completely eradicate the bitterness, although, happily, rapid progress has been and is being made in the right direction. The Cuban protests called attention to the fact that a majority of the population of many towns in the island, including Habana, are aliens; in several of the towns the Spanish contingent constitutes a majority, and in several more the combination of the Spanish and Chinese residents would constitute a majority. The protests from the Spaniards called attention to the injustice of compelling them to participate in the partisan strife resulting from election contests and expressed a grave fear that they would be injured by having the right of franchise forced upon them. The matter is still under consideration by the advisory law commission and, therefore, is not further discussed.

TERMINATION OF THE PROVISIONAL ADMINISTRATION.

The work of the census enumerators is completed and this naturally induces the general public to consider the question as to when the elections are to be held. The electoral lists to be compiled from the enumeration lists will be completed by February 1, 1908. Publicity and opportunity to correct errors must be given, and it will probably be February 15 before the lists are finally completed. The new electoral law, municipal law, and provincial law must be put in force before the elections can be held, and the advisory commission has

found that, owing to the lack of legislation at present, a municipal accounting law and municipal tax law will be required in connection with the organic municipal law. The electoral law, the municipal law, and the municipal accounting law are about ready to be submitted to the provisional governor, but, while the drafts of the municipal tax law and the provincial law have been made, they have not yet been considered by the commission. Prior to enactment, these laws will be printed and made public in order that the people may read and study them and offer such suggestions as they deem advisable. The decree promulgating these laws will probably be issued early in February, 1908. It will then be necessary to organize the central electoral boards and the provincial and municipal boards required by the electoral law. This organization will probably not require more than forty-five days, and, therefore, should be completed by March 15, 1908. The municipal boards take charge of the electoral lists and verify, correct, and add new registrations, but must complete the registration twenty-nine days before the elections. It will also be necessary to provide voting booths, furniture, and other paraphernalia for the elections and to instruct the election boards as to their new duties. The call for provincial elections must be issued seventy-five days, and for municipal elections sixty days. As the first elections are for both provincial and municipal officials, the call will be for seventy-five days.

The elections are to be held under a new law, not yet in force; and as there are many provisions that will require explanation and instruction, I doubt if the periods of time mentioned can be permitted to overlap to any considerable extent; therefore the provincial and municipal elections will presumably be held in April or May, 1908.

The agreement reached by all parties as to the holding of the elections provides as to the Congressional and Presidential elections as follows (see letter of Secretary Taft, dated April 10, 1907; *supra*):

Fourth. Three months may not be sufficient time in which to test the question of the tranquillity of the country and the success of the experimental preliminary elections, and therefore our declaration should not be more limited than that the national elections will be held within six months after the preliminary elections.

The tranquillity of the island is absolute and complete, and I believe it will not be seriously disturbed by the preliminary elections. Doubtless numerous election contests will develop which must be settled, for it is essential that the municipal and provincial officials be duly installed and become familiar with the duties of their offices prior to proceeding with the second election. I do not think this will require six months, but of course can not fix the limit without knowing the effect of the preliminary elections. The present prospect is these elections will pass off quietly and will cause sufficient

amalgamation of the existing political groups to show the general outline and outlook of the national contest, and the proper thing to do—in fact, the only thing that can be done—is to await the results of the provincial and municipal elections before taking the next step.

The serious aspect of the present situation is the lack of unanimity among the people and the want of a political issue of sufficient importance to command the efforts of a majority of the electors for its promotion. The campaign involves no other issue than the personal popularity of the several candidates now announced or being considered, and in its present stage consists of efforts to secure the support of local leaders; it is similar to the anteconvention campaigns in the United States. At this time there exists a general lack of confidence that any of the candidates has a following sufficiently large and united or possesses sufficient prestige and public confidence to make his administration stable if he were elected and installed in office. The partisans of each candidate are certain their leader has such a following and prestige, but they are equally certain all the other candidates have not. As already stated, I hope and believe the preliminary elections will give the several parties more form and substance and do away with this uncertainty. If they do not, the question of the time for holding the Presidential election will be further complicated instead of elucidated.

During the first few months of the provisional administration there was considerable discussion of the advisability of bringing about the annexation of Cuba to the United States, or the establishment of a protectorate by the United States over the island. In spite of the oft-repeated assurances to the contrary, a large number of Cubans fear the United States desires and contemplates the annexation of the island. This feeling interferes with the attempts of the United States to assist Cuba and will continue to interfere with the carrying out of the obligations of the treaty by which the United States guarantees and protects the sovereignty of the Cuban Republic. This fear is of natural origin. The Cubans rightly consider their island the richest in possibilities and the most salubrious in climate of any portion of the Western Hemisphere, if not the world; they remember the struggle Spain made to retain it, and, as most men do with a possession they greatly prize, they can not realize that others do not covet it; they know the strategical importance, from a military standpoint, of Cuba to the United States and were made accustomed by centuries of Spanish rule to seeing everything subordinated to military requirements; also, from their point of view, the trade and commerce of the United States apparently would be benefited by the annexation of the island. The Cubans have the utmost confidence in President Roosevelt and his Administration; many of them realize that public sentiment and many of the great special interests of the

United States are opposed to annexation now or hereafter; they know that the joint resolution adopted in April, 1898, by the United States Congress, "that the people of the Island of Cuba are and of right ought to be free and independent," is a part of the permanent legislation of the United States and that recourse was had to the war powers of the nation to enforce recognition of this declaration; but, nevertheless, the fear lurks, especially among the ignorant; this comes in large measure from the periodical agitation of the matter by residents of the island who desire annexation, and the fears of the people are taken advantage of by numerous agitators and politicians seeking to promote their personal interests or prestige. If it were possible to entirely allay these fears and make all the people of Cuba realize how sincerely and steadfastly the people of the United States desire and intend that the sovereign independence of the Republic of Cuba shall be preserved, and the Government of the island administered by officials elected by citizens of the Republic, many difficulties of the Cuban situation would be eliminated; but the assurance of the United States has been repeated so often, and as it is now crystallized into congressional legislation, treaty stipulation, and international pledge, there is nothing more possible.

Doubtless the desire to be brought under the jurisdiction and direction of the Government of the United States continues to prevail among the large alien contingent and a small number of Cubans who own property and fear a recurrence of disorder. An overwhelming majority of the Cubans are unwilling to surrender the independence and sovereignty, to secure which practically every Cuban of this generation joined in revolt against Spain. The universal prevalence of this sentiment among them gives me confidence that the Cubans will achieve good and stable government. During the years of warfare against Spain they willingly endured great hardships and cheerfully made great sacrifices. This action on their part was not spasmodic, but the hardships and sacrifices were long sustained. At the present period of their national development it is necessary that they should make sacrifices and compromises of individual opinions, preferences, and desires respecting the personnel and conduct of affairs of government, and I believe that when they finally ascertain and realize what these sacrifices are, and would accomplish, they will be made in the same spirit and with the same completeness that makes possible the maintenance of stable government in all well-regulated Republics.

The provisional administration is going ahead as rapidly as circumstances and conditions permit with the execution of the plan set forth in Secretary Taft's letter. Up to this time peace and tranquillity have prevailed in the island, and substantial progress has been made in gratifying the desire of the Cuban people to make stable the Re-

public and secure for its people good laws, good administration, public improvements, promotion of commerce, and development of the island, together with the other benefits of public peace and domestic tranquillity.

ECONOMIC CONDITIONS.

Tested by tangible evidence the economic situation is excellent.

AGRICULTURE, COMMERCE, AND INDUSTRIES.

In October, 1906, it was generally feared that the revolution had destroyed the financial credit of the island; the long-continued drought was believed to have greatly injured the cane, tobacco, fruit, and vegetable crops. A cyclone devastated the island during the month and was believed to have completed the total loss of the cane and tobacco crops. Everyone expected the receipts of the custom-houses would diminish and a general fear prevailed that the revenues of the Government would not be sufficient to meet the obligations and current expenses. The outcome was quite the reverse of public expectation. The island produced more sugar than ever before in its history. The tobacco crop was short, but superior in quality and commanded the highest price in the history of the industry in Cuba. The fruit and vegetable crops were large and showed a gratifying increase in acreage over previous years, and, although the output was reduced by the drought, the prices secured were high and results gratifying to the producers. The customs receipts were in excess of any preceding year, and the condition of the public treasury continued to be excellent.

The rainfall in Cuba during the past twelve months has been considerably less than usual. The rainfall during what is known as the "Rainy season" was little in excess of the amount of rain that usually falls during the "Dry season," and during this year's dry season there was little, if any, rain. This has impeded the growth of the cane and there will be a corresponding reduction in the amount of sugar produced from a given quantity of land, but there has been an increase in acreage, and the prevalent opinion is that the island will produce at least 1,150,000 tons of sugar. Rains between this time and the completion of the harvest will increase the output. Some portions of the island had rain in sufficient quantity and frequency to secure ordinary growth of cane, while in other portions the cane is small. The cane has grown throughout the season, but not as rapidly as usual and is about thirty days behind its usual development. If the cane cutting is postponed for an equal length of time, the yield will be correspondingly increased. There is a good deal of cane that was left uncut last year, and this is well matured and will be cut first,

but this will not take more than two weeks. The difficulty about delaying the cutting is that all the cane will not be harvested by the time the rainy season sets in next spring. When the rains come it is difficult and expensive to work in the fields and haul the cane to the railroads or the mills. Sugar experts predict that the price of sugar will be high; and if the prediction is realized, the sugar output of Cuba will bring at least the average financial return.

The tobacco crop is now being planted, and therefore no estimate can be made as to the yield, but there will be a large increase of acreage, and there is nothing to indicate a reduction of the present high prices.

There is also a substantial increase in acreage devoted to the raising of bananas, pineapples, oranges, and other fruits, and the raising of vegetables to supply the demand for fresh vegetables during the winter season in the United States.

The culture of coffee also shows gratifying increase, and new groves are being planted in those portions of the island where this important food product is successfully grown.

The iron industry is showing remarkable advancement. New deposits of ore have been discovered and are being developed. Extensive plants which require the construction of railways, mills, piers, and dredging of channels are being installed.

The manufactures of the island, especially those which consume the natural products, are in prosperous condition, and are rapidly expanding in capacity and output.

Foreign and domestic commerce and trade for the past year show a gratifying increase over preceding years.

The increase in customs receipts at Habana from December 1, 1906, to October 31, 1907, over the same months in 1905-6 amount to \$1,381,684.15.

The receipts of the treasury from other sources from December 1, 1906, to October 31, 1907, as compared with the receipts for the same months in 1905-6, show an increase of \$48,158.41.

The receipts of the post-office department from December 1, 1906, to October 31, 1907, show an increase of \$58,290.02, as compared with the receipts for the same months in the year 1905-6.

The condition of the national treasury on October 31, 1907, is shown by the following statement:

Statement of the financial condition of the Republic of Cuba.

On hand and in Treasury, September 29, 1906 (date of establishment of provisional government) ----- \$13, 625, 539. 65

Received during period from September 29, 1906, to October 31, 1907:

Customs receipts -----	\$27, 747, 170. 30	
Consular receipts -----	420, 055. 86	
Post-office receipts -----	870, 346. 05	
State taxes -----	995, 632. 07	
Income from state property -----	386, 093. 02	
Internal revenues -----	4, 451, 607. 50	
From all other sources -----	6, 371, 119. 71	
		41, 242, 024. 51
Total -----		54, 867, 564. 16

Expenditures since September 29, 1906:

Congress -----	284, 956. 58	
Executive office (salaries, materials, etc.) ---	87, 500. 54	
Department of treasury -----	5, 247, 973. 36	
Department state and justice (including judiciary) -----	1, 964, 178. 71	
Department of government (including armed forces, census, and sanitation) ---	12, 910, 986. 45	
Department of public instruction -----	4, 523, 339. 26	
Department of public works -----	9, 450, 702. 85	
Department of agriculture -----	291, 043. 53	
Interest on loan and cost of collection of internal revenues -----	2, 711, 053. 56	
Special deposit -----	743, 007. 00	
Payments to army (2d-50 per cent) -----	1, 398, 488. 76	
		39, 613, 230. 60
Balance in treasury, October 31, 1907 -----		15, 254, 333. 56

RÉSUMÉ.

Surplus from—

Revenues -----	\$9, 525, 489. 13
Taxes -----	2, 568, 987. 12
Special fund -----	311, 916. 44
First army loan -----	632, 431. 00
Second army loan -----	2, 215, 509. 87
Total -----	15, 254, 333. 56

This amount is not all available or "free cash." There are included in said funds unexpended balances of permanent appropriations by the Cuban Congress for public works \$5,489,516.42, and unexpended balances of permanent appropriations for public improvements made by the provisional administration amounting to \$2,153,909.87. These two foregoing sums can not be charged, in full, against the cash balances in the treasury, for the unexpended portion

of appropriations for works now in progress are, either in whole or in part, in the hands of disbursing officers and deposited to their credit in the Banco Nacional or Royal Bank of Canada, and do not appear in the cash account of the treasury. The total amount on deposit in the Banco Nacional to the order of the disbursing officers is \$3,476,955.96, and in the Royal Bank of Canada \$72,234.54, making a total of \$3,549,190.50. What amount of these deposits consists of unexpended balances of appropriations made by special laws and what amount is chargeable to the current expenses provided for in the budget can not be stated until the end of the fiscal year, but it is safe to assume that at least \$1,000,000 consists of unexpended appropriations for public works. The funds in the treasury also include \$1,000,000 of national bonds (Speyer) purchased by the Government in 1905, and unavailable for reissue or appropriation; also \$2,847,940.87 unexpended balances first and second army pay loans unavailable for appropriation. It follows from the foregoing that the amount of cash in the national treasury available for appropriation is \$4,551,310.63.

The annual budget for the fiscal year ending June 30, 1908, appropriates the sum of \$23,309,539.87 from any money in the treasury not otherwise appropriated for specific purposes, as follows:

For the executive power—provisional government.....	\$105, 980. 00
For the department of state and justice.....	680, 265. 57
For the department of government.....	8, 973, 002. 65
For the department of the treasury.....	3, 440, 954. 65
For the department of public instruction.....	4, 195, 868. 00
For the department of public works ^a	4, 445, 226. 00
For the department of agriculture, industry, and commerce.....	274, 988. 00
For the judicial power.....	1, 193, 255. 00
Total	23, 309, 539. 87

The application of the foregoing appropriations must be adjusted in accordance with allotments detailed in statements attached to and made a part of the Decree establishing the budget.

The estimated receipts to cover the appropriations hereby provided are as follows:

Customs, less amount for covering the expenses of the legislative power in the fixed budget.....	\$23, 046, 000
Consular revenues	350, 000
Communications	743, 000
Internal revenue.....	831, 000
State properties and rights.....	234, 000
Miscellaneous revenues.....	262, 325
Total	25, 466, 325

^a In addition to funds appropriated by Cuban Congress.

The receipts of the national treasury for the past five months have been in excess of the estimate upon which the budget was based, to wit, \$25,466,325, and therefore the appropriations made in the budget will be provided for by the ordinary revenues, leaving the available cash now on hand and excess of future revenues over budget appropriations to be applied to extraordinary expenditures—elections, unadjusted claims for damages by insurgent forces, new public improvements, etc.

Taking into consideration that this showing is for a year immediately following a revolution and cyclone, and includes a period of panic and world-wide disturbance of business and finance, of strikes and lockouts throughout the island that paralyzed for months the cigar-making and building industries, and otherwise interfered with commerce and industrial pursuits, and with low prices for sugar prevailing, some idea is obtained of the wonderful richness and recuperative powers of the Island, and impels consideration of the question, What would be the results of a few years progress under conditions of tranquillity, united effort, and proper administration?

COMMERCIAL INTERESTS.

The commercial interests of Cuba are in excellent condition. The foreign and domestic trade is constantly increasing, and this has been true each year since the Spanish-American war. The commercial classes are conservative, but are quick to see and take advantage of actual and genuine opportunities for trade expansion and increased profits. The development of the commerce has been so well grounded and safely conducted that no disastrous results were occasioned in commercial circles from the ebb tide of expansion induced by the large increase of the currency of the island by the bond issues and practically free distribution of money and the practically unlimited credit for the years from 1902 to 1906.

This gratifying condition results principally from the marvelous productiveness of the island, the constantly increasing population, and the business sagacity and acumen of the merchants, but no small share of the credit is due to the Chamber of Commerce, Industries, and Navigation of Cuba. This organization includes representatives of all the mercantile interests of the island. Its officers are capable, farsighted business men, who keep in touch with all lines of business in all parts of the Republic and render prompt and efficient assistance whenever needed. By means of this organization the cooperation and coordination of all branches and kinds of commercial life is secured and the individual and mutual interests are promoted. A few months after the provisional administration was established representatives of the chamber of commerce presented a large number of

complaints which had arisen in the administration of the affairs of the custom-houses. Practically all of them could be grouped as complaints against (1) erroneous classification of imports under existing regulations, (2) changes in classification of goods after entry and payment of the amount of duties demanded, (3) improper interpretation and application of the regulations governing coastwise trade and navigation, and (4) arbitrary levy of fines and penalties. Especial stress was laid upon the hardship and injustice of changing the classification of goods after they had passed through the custom-house and been in the possession of the importers for weeks and months and, in many instances, sold in the regular course of trade at prices fixed with reference to the duties originally imposed. The opportunity for this practice was afforded by the fact that the accounts of the custom-houses with the treasury were not audited for from eight to twelve months after the transactions occurred; if during this period a change in classification was made, the auditor required the amount called for by the new classification and the importer was required to make good the difference. Each of the complaints presented were investigated and all of them finally settled to the mutual satisfaction of the chamber of commerce and the officials of the treasury.

This led to the establishment of an arrangement which is working satisfactorily. If a member of the association considers himself aggrieved by action of any department of the Government, he presents the matter to the executive committee of the chamber of commerce; if that body sustains his contention, the matter is presented to the provisional governor and referred to the department involved for investigation and report; if a difference of opinion is found to exist, the question is determined by the governor. This plan saves both time and trouble for the Government; it has brought about a much better feeling and alleviated the "irrepressible conflict" that in all countries is waged between importers and customs officials.

The approximate value of goods imported and exported during the fiscal years of 1905-6 and 1906-7 is shown in the following statement:

Goods imported and exported, excluding coinage.

Countries.	Imports.		Exports.	
	Fiscal year 1905-6.	Fiscal year 1906-7.	Fiscal year 1905-6.	Fiscal year 1906-7.
United States	\$48,830,629	\$48,197,234	\$88,981,407	\$98,141,012
Germany	6,593,215	6,433,969	4,309,794	3,130,757
Spain	10,647,860	8,287,061	768,686	413,305
France	5,564,301	5,781,602	1,580,047	1,002,329
United Kingdom	14,987,900	13,639,130	5,869,376	4,446,223
Other countries in America	12,833,135	9,501,412	2,208,415	2,211,504
Other countries in Europe	3,970,012	3,434,585	806,529	821,672
All other countries	968,540	1,398,996	675,061	598,135
Total	104,395,592	96,673,989	105,199,315	110,764,937

COINAGE.

Countries.	Imports.		Exports.	
	Fiscal year 1905-6.	Fiscal year 1906-7.	Fiscal year 1905-6.	Fiscal year 1906-7.
United States	\$553,698	\$7,558	\$1,215,472	\$3,773,000
Spain	279,360	18,526	842,083	238,255
France	1,276,434	639,222	.....	36,654
Other countries	260	.....	9,343	.....
Total	2,109,752	665,306	2,066,898	4,047,909

In order to test the financial condition of the people at large, I requested statement of annual gross receipts since 1903 of the Havana Electric Street Railway Company, the Havana Gas and Electric Light Company, and the savings department of the Banco Nacional, these institutions being dependent upon the general public for revenue and doing business with all classes. The showing made by these corporations is as follows:

HABANA GAS AND ELECTRIC LIGHT COMPANY.

Gross receipts from 1903.

Month.	1903.	1904.	1905.	1906.	1907.
January	\$76,081.57	\$86,549.99	\$92,849.29	\$104,593.31	\$136,034.51
February	72,952.58	82,504.93	83,505.65	96,013.89	122,075.65
March	76,320.01	82,645.40	85,368.75	96,927.88	121,206.72
April	73,040.13	81,007.40	80,653.23	101,636.77	122,726.89
May	71,670.74	82,175.59	82,906.79	115,100.26	121,958.12
June	76,711.23	76,079.65	76,460.63	104,299.48	118,003.96
July	68,168.52	76,703.40	77,139.53	105,607.85	138,641.89
August	79,688.80	82,701.17	82,127.81	111,848.10	124,355.36
September	74,963.16	80,870.58	84,007.99	117,048.16	132,602.79
October	79,953.79	87,469.90	92,073.46	118,648.63	^a 138,000.00
November	86,149.64	82,568.84	98,230.27	123,747.39	^b 148,000.00
December	96,244.19	103,688.65	108,439.51	131,191.21	^b 149,000.00
Total	922,944.36	1,014,915.13	1,043,762.96	1,326,662.93	1,547,605.88

^a Approximately.^b Estimated.

HABANA ELECTRIC RAILWAY COMPANY.

Gross receipts from commencement of the operation of electric road in Habana, including gross receipts of stage lines from April 1, 1903.

Month.	1903.	1904.	1905.	1906.	1907.
January	\$75,921.30	\$119,585.74	\$130,296.91	\$156,347.42	\$175,830.83
February	79,024.28	117,564.04	128,789.08	147,951.88	162,834.93
March	88,139.74	128,408.52	144,977.01	175,637.70	181,564.21
April	116,755.84	120,703.24	137,013.95	136,081.78	168,401.36
May	123,949.33	127,242.58	154,757.29	160,850.79	176,003.10
June	117,963.84	123,530.49	147,133.86	156,414.29	175,710.92
July	118,648.83	127,365.42	165,629.13	167,832.14	181,650.53
August	125,408.95	130,794.05	156,254.19	169,353.42	192,504.05
September	124,171.78	125,949.23	151,276.70	151,719.96	179,559.66
October	118,562.70	131,018.20	180,250.83	166,217.39	179,076.17
November	110,229.12	125,810.68	159,072.80	160,471.32	^a 182,000.00
December	114,518.48	137,316.82	151,112.08	182,521.43	^a 184,000.00
Total	1,313,294.19	1,515,289.01	1,806,563.83	1,931,399.02	2,139,135.76
Increase	441,597.05	201,994.82	291,274.82	124,835.19	207,736.74

^a Estimated.

The showing as to the savings department of the Banco Nacional was submitted by letter from the president of the bank, Mr. Edward G. Vaughn, from which the following is quoted:

Permit me to say in this connection that the records of the savings department in the National Bank of Cuba during the two worst months of the year—September and October—show the following: During September there were 206 new accounts opened, which aggregate all moneys being reduced to United States currency, over \$117,000. In October there were 210 new accounts, aggregating \$119,000, making a total for the two months of 416 new accounts for an aggregate amount of \$236,000.

The accounts current were almost in the same proportion, but of course in much larger amounts, and yet perhaps not as significant. This same proportion of gain has been maintained through the month of November. These figures only apply to the head office, the branches having shown a gain throughout, but not in a proportion as great.

This gratifying showing does not mean that economic conditions can not be improved nor that there are no economic wastes to be checked or evils to be remedied.

The attention of the provisional administration was early directed to the opportunity and necessity for improving certain economic conditions. The matters pressing for consideration were—

1. The sanitation of the island.
2. The large number of unemployed annually during the months of the dead season (May to December).
3. The absence of roads, harbor facilities, and other aids to navigation necessary for the economic production and marketing of the crops.
4. High cost of transportation by railroad, wagon road, and ocean-going vessels.
5. The high rate of living, i. e., food, clothing, rent, building material, etc., in the cities and towns.
6. The small margin of profit in the production of sugar.
7. The high interest rate for money.
8. The low price paid for common labor.
9. Extortion by money lenders dealing with wage-earners.
10. Unjust restrictions upon commerce and shipping imposed by customs-house regulations.
11. A banking law.
12. The use as legal tender and currency of three different kinds of money.

SANITATION.

The sanitation of Cuba is of more than national importance; it is international and is made the subject of constitutional provision and treaty stipulation, by both of which the National Government is bound to take such steps as may be necessary to prevent "a recurrence of epidemic and infectious diseases."

The people of Cuba fully appreciate the great advantages that will accrue to the island from its proper sanitation and are anxious to secure those benefits. The Cubans realize the necessity and advantages of proper sanitation to a much larger degree than do the people of the United States in the communities with which I am familiar, but they look to the Government for the accomplishment of sanitation instead of making the necessary individual effort.

The military government (1899-1902) made a brilliant record of individual achievement and administrative excellence in the matter of sanitation, but remitted to the Republic the enactment of an adequate law for continuing that service at a high standard. The Republic by Executive decree provided for the organization of a sanitary service coextensive with the island and prescribed rules and regulations for the performance of the service. The Cuban Congress (1906) appropriated a total of \$3,646,216 for public works and other objects calculated to promote sanitation and for sanitary services in the cities and towns of the island. The law promulgated by the President provided for a central board of sanitation, with headquarters in Habana, and a local board of sanitation in each municipality to be appointed by the municipal authorities, the expense of the sanitary service to be paid by the municipalities and to be provided for in the annual municipal budgets. The revenues available to the municipalities were not sufficient to permit the apportionment of the amount necessary for sanitation and therefore the National Government was called upon to supply the deficiency. Upon trial it was found that the plan of having the local sanitary officers appointed by and subject to removal by the municipal authorities resulted in the sanitary service being improperly performed or entirely omitted. However much a man may believe in the theory and advisability of complete sanitation he usually objects to the strict enforcement of sanitary rules and regulations against himself. The officer attempting to enforce the law usually becomes involved in difficulty with the offender and complaints to higher authority, which frequently result in reproofs, restraints, and sometimes dismissal. Not infrequently the offender is a municipal official and the sanitary officers are unwilling to bring him to account for fear of losing their places, or if they undertake to secure proper punishment the local police and judiciary are indifferent or ineffective.

Under these conditions it seemed advisable for the National Government to be charged with the execution as well as the responsibility of proper sanitation. To accomplish this result a decree was issued nationalizing the sanitary service of the island. This decree provides for a national board of sanitation charged with the responsibility of securing proper sanitation and given the authority necessary for accomplishing that result; the local sanitary boards are abolished and

substituted by a chief sanitary officer in each of the municipalities, who is appointed by the national board; these chiefs of sanitation are under the direction and control of the national board and may be removed by the board; the municipalities are required to devote one-tenth of their total revenues to defraying expenses of sanitation; the money is paid to the national treasury and made available for the intended purpose; the cost of sanitation in the municipalities, in excess of the amount contributed by the municipalities, is defrayed by the National Government; penalties are prescribed for violations of the sanitary rules and regulations and may be imposed by the chief sanitary officer of the municipality, but appeal may be taken by the alleged offender to the courts. The new organization is rapidly approaching completion, and if the plan is successful it will doubtless lead to the creation of a new executive department, to be known as the "Department of sanitation."

The importance of sanitation to Cuba is not confined to the health of its inhabitants; it has a direct bearing upon its development and commerce. Cuba is capable of sustaining a population many times the size of the present number of inhabitants, but it will be impossible to secure such a population of persons who are immune to yellow fever and other tropical diseases which may be averted by proper sanitation. Consideration must also be given the fact that it will be of little use to construct roads, improve harbors, erect light-houses, etc., if, annually, the ports of the world are quarantined against the ports of Cuba. Ships will not seek to enter the harbors of the island if thereafter they are debarred from entering the harbors of other countries. When the Panama Canal is completed the seaports of Cuba will be visited by many ships destined for passage through the canal, but these ships will avoid Cuba if visiting the island debars them from entering the canal. The Cubans appreciate all phases of this question, and the plan of making the sanitary service a national matter received the hearty approval of the public at large.

TRANSPORTATION.

General economic principles and the special conditions existing in Cuba impelled the belief that the basis of permanent improvement was the construction of roads, the improvement of the harbors, and the placing of light-houses, buoys, and other aids to navigation calculated to induce shipping to frequent the coast.

The principal products of Cuba—sugar, tobacco, timber, fruits, vegetables, and iron ore—find their market in foreign countries, and must be hauled from the place of production to one of the harbors of the coast that can be entered by ocean-going craft and after being loaded on such vessels transported to markets across the sea.

There are at least forty harbors on the coast of Cuba that, at relatively small expense, can be improved sufficiently to be entered by ocean-going vessels. At present six harbors are available for such purpose, and none of these are adequately equipped for easily and quickly handling cargoes, and all of them need dredging. These harbors are reached from the interior by railroads and from along the coast by small sailing craft. Many portions of the island are not as yet supplied with railroad facilities, and the cost of transportation by rail is great.

Cuba is annually subjected to a great economic waste by reason of the lack and cost of inland transportation. On the 1st of October, 1906, there were less than 500 miles of macadamized road in the entire island. The small island of Jamaica has 1,000 miles of macadamized road. The products of Cuba are hauled to the markets over trails that are barely passable during the dry season and absolutely impassable during the rainy season. In many localities it is impossible to transport the products in wagons or carts and necessary to pack them on horses or mules. Where carts can be used it is necessary to employ from four to ten oxen, horses, or mules where two would be sufficient if good roads existed. Days are spent in hauling a load to market where hours would be sufficient if the roads were good.

The sugar mills of the island are sufficiently far apart to require that the greater portion of the cane raised must be transported for a considerable distance in order to be ground. Owing to the difficulties of wagon transportation a large portion of the cane is hauled from the colonies to the mills on the railways. The rates of railroad transportation are high, and when good highways are provided a large saving to the agriculturists will result.

UNEMPLOYED.

Cuba is dependent upon the agricultural products—with the exception of its forests and iron ore—for the production of wealth. Its principal agricultural product is sugar cane. The cane, when first planted, matures in about eighteen months, and thereafter is produced without replanting up to fifteen years. It is seldom necessary to clean out the weeds more than once a year. The cutting, hauling, and grinding season lasts from about the middle of December until the beginning of the rainy season, which usually starts early in May. The cane is cut by hand, and during the cutting season a large number of men are employed. They work from daylight until darkness on all plantations, and some estates are fitted out with electric lights to enable the cutting to proceed during the nighttime. This season of the year is the period of growth and harvest for tobacco, fruit,

and vegetables. The harvest being completed there is but little to do on the sugar estates, fruit and vegetable farms, and therefore about 75 per cent of the men necessary to harvest these crops become idle. The money they have been able to save from their earnings during the crop season is hardly sufficient to maintain them during the remaining six months of the year and is usually improvidently expended. The tobacco crop furnishes employment for a longer period of each year, as the preparation of the leaves for market requires numerous handlings and constant attention, but does not provide employment for many more persons than are engaged in raising the crop. Practically all of the cane cutters are without employment for six months in the year, and by August are without money or means of support for themselves and families. The most important economic question in Cuba is to secure employment for this large number of men during the six months intervening between the harvest periods.

ROAD CONSTRUCTION—EFFECT ON PUBLIC TRANQUILLITY AND TRADE.

Under these conditions the proper course for the Government to pursue was plain, viz, to increase road construction and other public works during the dead season, and orders were issued to the department of public works to prepare a general plan for a system of macadamized roads throughout the island. The torrential rains of the Tropics make it unwise to construct dirt roads. The instructions to the department of public works were to plan a system of roads which should consist of a highway running east and west, approximately through the center of the island, with branch roads running north and south to a harbor on the coast, with at least one harbor on the north and one on the south coast of each of the 6 provinces into which the island is divided; the equipment of said harbors for handling cargoes easily and quickly; and the erection of light-houses and placing of buoys along the coast where needed, thereby inducing ocean-going crafts to frequent the coast and securing the competition necessary to reduce the price of ocean transportation; at the same time the increased traffic resulting from the development of the country will give ample compensation to the railroad and steamship lines for such reduction. In attempting to execute these orders the department of public works found itself without necessary personnel and equipment, but these were supplied as soon as possible. The provisional administration desired to have everything in readiness to commence work on this large endeavor at the close of the sugar-harvesting season in May, 1907, but the work was retarded, at first by the fear that the national revenues would be diminished as a result of the revolution and cyclone, and, second, by the difficulty in securing competent personnel for drafting the plans and specifications.

While the plans were being made, effort was made to locate contractors with sufficient means and machinery to do the work which would be entered upon during the present fiscal year, and it was found that there were only a few contractors so equipped and that they did not possess sufficient amount of machinery to do the desired amount of work. Thereupon the Government decided to contract as much of the work as possible and to do the remainder for the current fiscal year by administration. This necessitated the purchase of a large amount of road-making machinery, such as steam rollers, steam shovels, graders, traction trains, etc. Considerable time passed before the Government and the contractors could secure the necessary machinery—in fact, all that is required has not yet been delivered, but much of it has been received and other deliveries are contracted for and are being made from time to time. Bids were called for by public advertisement, but it was impossible to get the work started until late in July, and it was the latter part of August before it was fairly inaugurated.

It was impossible to completely execute the plan of public improvement above outlined within the period fixed for the continuance of the provisional administration, but the general plan is adopted and has already received unanimous approval. The detail plans, specifications, etc., will be completed, the public works department sufficiently expanded and trained personnel secured, the machinery purchased, delivered, and installed, and the work sufficiently advanced to make it fairly certain that the plan will be carried out within a reasonable period. Induced by the adoption of the general plan and the call for bids, a number of contractors have purchased the necessary machinery for road-making plants. The private concerns have invested large sums of money in purchasing outfits for executing contracts on this work and will materially aid in inducing the continuance of the work.

Attempt was made to ratably distribute this work in all the provinces and to begin work in each at about the same time. The obstacles to overcome were so numerous that it became necessary to concentrate effort on one province at a time. Pinar del Rio was selected as the first, largely because it was feared at that time that the tobacco crop of that province for the year 1906 would be nearly if not a total failure; timely rains, however, made the crop satisfactory in quantity and quality. As soon as the preliminary work in Pinar del Rio Province was completed, Habana Province was taken up, and shortly thereafter Matanzas Province. The work is not yet fully started in Santa Clara, Camaguey, and Oriente provinces, although work on some of the roads commenced late in the season and other roads are being projected.

Three principal objects were contemplated by starting these public improvements—the development of the country, the reduction of the

economic waste resulting from the difficulties of transportation, and the improvement of the industrial situation by providing employment for a large number of men who would otherwise be idle. The belief was entertained that the construction of these roads would also tend to preserve public tranquillity and substantially promote trade and commerce.

PUBLIC NECESSITIES AND IMPROVEMENTS.

The public necessities did not permit the work of public improvement to be confined to the rural districts. There is great need in Cuba for national, provincial, and municipal betterments, such as school-houses, post-offices, and other public edifices. The cities and towns need public buildings, waterworks, sewers, pavements, parks, etc. The existing structures devoted to governmental or public use are largely the old Spanish forts, jails, churches, convents, etc., and need to be remodeled or reconstructed. Much of this work was done by the military government and the Republic, but the buildings are old and not adapted to the purposes to which they are devoted, and many of them are allowed to fall into disrepair. The cyclone of October, 1906, damaged practically all and demolished some of them.

ASSISTANCE TO MUNICIPALITIES.

The necessity of municipal improvements is very great. It is reasonable to estimate that it will take not less than \$75,000,000 to provide the municipalities of Cuba with the public improvements desired and needed by the inhabitants.

In distributing the powers of taxation, the laws of Cuba do not provide means for the municipalities to secure sufficient revenues to provide for municipal improvements considered essential to modern life and which are usually paid for with municipal funds. This will be remedied, in part, by the new law of municipalities. Meanwhile the provisional administration continues the policy pursued by the Spanish administration, the military government, and the Republic, of using a reasonable proportion of the national funds in aiding the municipalities, but when possible, the municipalities have been required to participate in the cost by appropriation of municipal funds or private subscription, and also to make provision for the maintenance of the improvement at the expense of the municipality. In order to secure proper investigation and determination of the innumerable applications for aid to municipalities and to prevent improvident expenditures, a board of municipal aid was appointed consisting of Lieut. Cols. William M. Black, president, E. St. J. Greble, and Maj. J. R. Kean, all of the United States Army, to whom these applications are referred for examination and recommendation. This board made an examination of the receipts and expenditures of the various mu-

nicipalities, and found that, though in general, a wiser administration of municipal funds would make provision for the municipal needs, excepting those requiring the immediate expenditure of large sums, such as waterworks, etc., under existing conditions a continuation of State aid is advisable.

All petitions from private citizens are referred to the authorities of the respective municipalities for recommendation. Allotments of funds are recommended for necessary work, as far as practicable, in such a manner as to be equitable throughout the island. Action has been taken on 107 petitions. Forty-one cases were favorably reported on; 34 cases were disapproved. In the other cases final action has not yet been had. The adopted policy is to provide first, when possible, the works most needed for sanitation, such as water supplies, slaughterhouses, cemeteries, markets, etc.

TRADE AND COMMERCE.

The trade and commerce of the island have been greatly stimulated by the distribution among all classes of the large amount of money expended for public improvement. The laboring man, from necessity, expends his money as soon as received in purchasing supplies for himself and family. As before noted, this year has been one of exceptionally long and continued drought. The tobacco crop did not "cure" as rapidly as usual and, in fact, is not yet marketed. The revolution of 1906 induced many people having loans in Cuba to refuse extensions and insist on payment. Ordinarily under these conditions the trade and commerce of the island would diminish, yet for the nine months from December 1, 1906, to August 31, 1907, inclusive, the receipts of the Habana custom-house show an increase over the receipts for the same period of the year 1905-6 of \$536,044.80, being an average monthly increase of \$59,560.53. By August, 1907, the work of road building and other public improvements was well under way, and the effect upon business is shown by the fact that custom-house receipts for the island for September and October amounted to \$5,131,524.76, being a monthly average increase of \$360,133.02.

LIQUIDATION OF PRIVATE INDEBTEDNESS BY PLANTERS.

The events in Cuba during 1906—revolution, retirement of the Palma Administration, and the cyclone—naturally injured private credits and induced many foreign and domestic creditors to seek to collect their accounts. This liquidation of private indebtedness has continued through the year and a large amount of indebtedness has been discharged. Under ordinary circumstances this period of liquidation would have terminated at the end of a year, or by October,

1907; but, unfortunately, in October of this year came the panic and the resulting world-wide money stringency. Owing to the liquidations of the year, the panic did not produce a financial crisis in Cuba's business circles, but it further continued the demands for payments and will undoubtedly extend the period of enforced liquidations at least another year. These periods of general payment of debts are exceedingly beneficial and are usually recognized as such after they are completed, but while the liquidation is going on individuals suffer and considerable discontent prevails.

The severities of the situation in Cuba have been reduced to a minimum by the expenditures for public works and the wonderful fertility of the island. These combined have kept trade, commerce, and industrial activity up to, if not beyond, the average. The liquidation now in progress, when accomplished, will put the commercial and industrial interests of Cuba on a conservative and solid foundation for the first time in the history of the island. During the many years of intermittent warfare by which the Cubans gained their independence, and during the Spanish-American war, conditions were abnormal; the time of the military government was a period of readjustment and reorganization, during which normal conditions could neither be reached nor ascertained; during the first three years of President Palma's Administration there was an abnormal stimulus to trade and expansion of credit resulting from the distribution among the Cubans of \$2,544,750, ostensibly for the purchase of the arms held by the late soldiers of the armies of liberation; and shortly thereafter the payment of \$27,716,248.59 to the soldiers of said armies for military services in the wars with Spain, and at a later date the payment of \$16,553,869.59 in cash and \$10,617,000 in bonds in further compensation for said services, making a total of \$57,431,868.18. This money was distributed so long after the service was rendered that the recipients had forgotten how hard they had labored to earn it. With most of them it was "easy come, easy go."

In 1903 the price of sugar was high; the yield per acre and total output in Cuba was the largest in the history of the island up to that time; the profits of the planters were great. In 1903 the money markets were glutted with money seeking investment, and the knowledge of the probable profits of sugar production in Cuba caused a flood of money to the Island for investment in that industry. Sugar mills sprung up and cane fields planted all over the Island with more attention given to early completion than to economical expenditure.

The establishment of the Republic afforded opportunity for thousands of Cubans to hold official positions with rank and emolument.

Under these circumstances it was inevitable that unnecessary credit would be tendered and accepted and extravagant expenditures incurred; such has been the result in all countries at all times under

similar conditions. But now the money distributed by the Government has been spent; the notes given for money loaned to build sugar mills and plant cane fields have matured, and the period of liquidation set in something more than a year ago. The sugar industry in Cuba is in a flourishing condition and, as an industry, will promptly and easily meet all the demands of liquidation. This results from the fact that many of the estates are free from mortgage or owe no more than they can readily handle. There are other mills and estates that are not as well conditioned, having borrowed more than justifiable or omitted to reduce the indebtedness in previous years. These need only time and economical administration to pay out in full.

The properties are fine investments, being new and modern, and the conditions for growing cane are ideal. There is no possibility of a total crop failure such as in past times periodically visited the agricultural portions of the United States. New cane fields are started every year. The world's consumption of sugar increases every year. Theoretically the outlook for the sugar industry is most encouraging.

The principal difficulty with which the sugar planters contend is the expense incurred in preparing the fields, cutting and getting the cane from the field to the mill, grinding and converting into sugar, transporting to market, and selling the product. This requires a large amount of money and must be done in about six months. During the remainder of the year the mills are practically closed and the estates are kept up at comparatively small expense. If the money can be obtained at reasonable rates, it is good business to borrow for the period of the harvest season instead of making it a permanent addition to the capital invested. In an ordinary year the money to make the crop is wanted in November. At that season of the year money is in demand in the United States to move the crops of cereals and equally in demand in Europe to purchase these crops. It is also near the end of the year when the annual balances are struck in all lines of business and banks throughout the world are drawing in their temporarily outstanding accounts and overdrafts in order to close their annual business.

The usual practice is that the planter applies to a money lender, either directly or through the lender's agent, on or about August 1 for a certain amount of money required to help him through the season, i. e., he will require during the months of August and September money for repair of machinery actually installed, or money for the installation of new machinery, also considerable money for the preparation of the fields for the planting of cane. In this case the planter not only offers to compensate the money lender by a payment of good interest—ranging from 8 per cent to 14 per cent—but also binds himself to sell to the lender the sugar which is ground until

the indebtedness is liquidated, on which the lender receives an additional commission as selling agent. The loans are repaid all the way from January to June or July, i. e., as the sugar is sold either the whole or part of the receipts therefrom is applied to the liquidation or reduction of the actual loan existing. In Cuba, as in all other countries, the large planter whose plantation is not mortgaged to the limit, or even beyond the limit, has no difficulty whatever in obtaining money and credit, but the small planter, or even the large planter who is not so fortunately situated, is under the double disadvantage of having difficulty in obtaining credit, but, if obtained, the interests and commissions collected are so enormous that he is fortunate indeed if sufficient funds remain to fairly compensate him for his labor.

When the high cost of selling the sugar is added to the high cost of transportation by land and sea of the cane, the supplies for the estates, the sugar, etc., it will be seen that the present low price of sugar gives the Cuban producer little margin of profit. The outlook for the season of 1907-8 is that, owing to a reduced yield throughout the world, the price of sugar will be higher than that now prevailing. In anticipation of higher prices the sugar mills are agreeing to pay higher prices for cane. If the price of sugar goes up the situation of the Cuban planters will be relieved, temporarily at least, and if the profits realized are devoted to reducing existing indebtedness, a partial permanent relief will be secured. Good roads and enough of them will effect a further saving by reducing the cost of inland transportation while harbor and coast improvements ought to secure sufficient competition to reduce the rates of ocean transportation.

EXCESSIVE INTEREST RATE.

There remains to be solved, however, the question of permanently reducing the excessive interest rate. On behalf of the money lenders consideration must be given to the fact that they can not put out at interest for twelve months in the year the large sum necessary to supply the demand for many during the cropping season. A large share of the money must therefore be borrowed in foreign countries and considerable expense incurred in bringing the cash to Cuba; transportation and insurance rates are high, and as the money is ordinarily returned at the end of six months these costs, both in and out, must be included in the charge for the use of the money for that short period. While under normal conditions it is easy to secure more than sufficient funds to make the crops in Cuba, yet the manufacture of sugar by the modern methods now adopted is a comparatively new venture in Cuba, and a good many of the new concerns have not had time to establish their credit. They have not yet demonstrated the success of their establishment, and the banker or money

lender must rely upon his own established credit to float the paper of such manufacturers. From this it results that an attractive interest rate must be offered the foreign banker and the local lender must not only recoup himself, but make certain that his guaranty will not fail. In short, the lender truthfully says: "The cost to me is high and I must protect my credit."

Banks ordinarily make loans from their deposits on which they pay no interest, or a very low rate. There are in Cuba many millions of dollars hoarded in the safes and houses of the people. It is a comparatively small per cent of even the business men of the island who deposit their money in the banks. This results from the secretiveness of the people, induced in times past by fear of extortion, enforced loans, confiscation, excessive taxation, etc. It takes time and a high degree of confidence to overcome this practice of generations. I am convinced that if the money in Cuba now withdrawn from circulation and retained in the possession of the owners was deposited in the banks and the money used in general business was passed through the banks to the extent prevailing in other countries, there would be available to the banks ample funds from which to advance the money required to make the sugar crop and plant, raise, and cure the tobacco crop; and as this money would cost the banks little or nothing, there would be an immediate reduction in the interest rates to the planters and business men. The first step in securing this economic and advantageous reform is to secure for the banks general and unwavering confidence by seeing to it that they are entitled to that confidence.

BANKING LAW.

There is no banking law in Cuba. All the banks of the Island are private institutions and rely for credit upon their established reputation and to known probity and means of the men by whom the bank is owned and operated. A good banking law adapted to the conditions in Cuba, properly regulating their organization, providing for thorough inspection, requiring adequate reserve fund and securing for them the known approval and confidence of the Government would be of great service to the banks and of inestimable advantage to the Island, for it would within a short period of time, if not immediately, bring to the banks the large amount of money now withheld. The existence of these private hoards is known; their amounts can only be guessed. That the total must be a vast sum is shown by the fact that the balance of trade between Cuba and the other countries with which it deals has for the past six years been greatly in favor of Cuba. If the balance of trade with a country is continuously in favor of that country, such country eventually becomes rich, unless the money so realized is withdrawn by nonresi-

dent proprietors, investors, etc., or carried abroad by residents and spent in foreign sojourn and travel. It is a fact that much of the money realized from the products, industries, trade and commerce of Cuba is withdrawn from the island because of the large foreign holdings in its factories, mills, commercial houses, railroads, and other public service corporations. This is the inevitable result of the necessity for bringing in foreign capital at the close of the struggle for independence and the Spanish-American war. This will gradually be eliminated as the residents of the Island acquire the means and inclination to invest in home enterprises, and the process is already at work.

There is one phase of the matter that should be remedied and would be corrected by an adequate and safeguarded banking system. Many of the public-service corporations, large mills, and manufactories, and not a few commercial institutions, do their banking with banks in foreign countries, shipping the cash or remitting through the local banks all in excess of the amount used to defray current expenses, and not infrequently to such extent as to require drawing on these foreign deposits to meet cost of operation. The surplus out of which is paid interest on bonds and dividends is deposited in and used by the foreign banks during the intervals between the time of deposit and the payment to bond and stock holders. If these funds were available to the banks of Cuba upon the same terms as the foreign banks secure them, a reduction in interest rate would be inevitable without reduction in the profits of the banks.

AGRICULTURAL BANK.

There is a desire, often expressed by planters, for the establishment of an agricultural bank along the lines of the Mexican Bank, or the agricultural bank provided for in the recent law of the Philippine Commission, or the *Crédit Foncier*, of France. This proposal requires careful study, investigation, and consideration. Among other things, it requires decided changes in the law of mortgages and foreclosure proceedings. There are serious objections to the Government going into the banking and loaning business, but there are also serious objections to the principal industries of the island being subject to exorbitant interest rates. There has been also an insistent suggestion from individual planters that the Government loan the planters money directly from the national treasury. Numerous other suggestions have been made as to ways and means for assisting the agricultural interests of the island. All of these plans require study either to give them practicable execution or to establish their impracticability.

APPOINTMENT OF ADVISORY COMMISSION OF AGRICULTURISTS.

There exists in Cuba an organization of sugar planters known as the "Liga Agraria" (Agricultural League). This association requested that a commission be selected from the membership of the league to study, formulate, and recommend to the Government such measures as were considered, after due investigation, to be proper and advantageous for both the Government and the interests they represent. This seemed to afford a practical and appropriate means of securing tangible results, and the request was granted. The membership was extended to include representation for the tobacco planters and a commission appointed composed of the following gentlemen: Rafael F. de Castro, president; Gabriel Casuso, Manuel Froilán Cuervo, Leopoldo de Sola, Eduardo Dolz y Arango, Claudio G. de Mendoza, Luis S. Galbán, José Maria Espinosa, Luis Marx, Lorenzo D. Beci, Juan Maria Cabada, Roberto B. Hawley, Miguel Machado, and Gabriel Camps.

I record with pleasure that the gentlemen tendered their services free of expense to the Government, and, upon being informed that the Government felt that they were entitled to compensation, replied that their determination to render gratuitous service was irrevocable.

LOAN OF \$5,000,000 TO BANKS.

Pending the solution of questions relating to the permanent improvement of the financial needs of Cuba, an emergency arose with reference to the supply of money for harvesting the sugar and planting the tobacco crop. To meet the situation the Government offered to deposit the sum of \$5,000,000 in the local banks. The reason for the offer and the terms and conditions are set forth in the decree authorizing the same, as follows:

Whereas the harvest season for the sugar crop, the planting season for the tobacco crop, and the marketing season for the fruit, vegetable, and minor crops of the island of Cuba are now at hand; and

Whereas the planters of Cuba are accustomed to employ their credit for a period of six months in securing the money necessary to harvest and market the agricultural products of the island; and

Whereas a large portion of the tobacco crop of the last season has not yet been sold, owing to the unusual length of time required this year for the drying and otherwise preparing said tobacco crop for the foreign market; and

Whereas the conditions of the money market in foreign countries make it impracticable for the banks and financial institutions of Cuba to secure all of the money required by the necessities of the agricultural industries in the island at this critical season of the year; and

Whereas the financial condition of the national treasury of Cuba is such as to permit the withdrawal, for the period ordinarily consumed in harvesting the crops, of a sum sufficient to supply, in large part if not in its entirety, the necessities of the planters and overcome the existing emergency; and

Whereas it is the duty of the Government to adopt such reasonable and legitimate measures as will assist, protect, and promote the industries of the country and the welfare and prosperity of its citizens: Now, therefore, by virtue of the power vested in me as provisional governor of the Republic of Cuba, I hereby

Resolve, That the sum of \$5,000,000, or so much thereof as may be necessary, shall be withdrawn from the national treasury of Cuba and deposited in banks and banking institutions doing business in the Republic of Cuba, not to be called for or drawn upon until July 15, 1908; said deposits to be on the following conditions:

A bank or banking institution of Cuba desiring to secure a deposit of any portion of said funds made available for said purpose by this decree shall make application therefor, in writing, to the secretary of the hacienda setting forth the amount desired and kind of security offered as a guaranty for repayment to the Government of the funds to be deposited, as well as affirmative statement that the funds, or any part thereof, if so deposited, will only be applied to assisting and promoting the industries of the island of Cuba. Said application must be presented prior to November 30, 1907, on which last-named date the secretary of the hacienda shall submit all applications received to the provisional governor of the Republic of Cuba for approval or disapproval. The Government reserves the right to reject any or all of said applications, or to approve any of said applications in whole or in part.

The application of the bank or financial institution of Cuba being approved by the provisional governor, the treasurer of the Republic of Cuba is hereby authorized to deposit in said bank or financial institution public funds hereby made available for that purpose to the amount authorized by the provisional governor of the Republic of Cuba: *Provided*, That said bank or financial institution shall make, execute, and deliver a certificate of deposit in due and legal form acknowledging receipt of such deposit and binding the bank or financial institution as to the use during said period of the funds for the purposes only heretofore specified and to return of said deposit, when called for, at any time on or after July 15, 1908, the Government reserving the right that in the event the deposits so made are applied to other purposes, such as for export, etc., to withdraw the deposit at any time prior to July 15, 1908, the bank or financial institution agreeing also to pay interest at the rate of 6 per cent per annum for the time said deposit remains unpaid or not returned to the Government after July 15, 1908, the bank or financial institution to have the right to return said deposit to the National Treasury at any time without waiting to be called upon by the Treasury: *And provided further*, That any bank or financial institution receiving such deposit shall give collateral security for the repayment thereof by depositing in the National Treasury approved bonds of the kind hereinafter named and assuming the obligation to reenforce said security or securities whenever said security or securities, on account of market fluctuation, shall decline one point or more in value.

The following securities listed, quoted, and dealt in in the Habana Stock Exchange will be accepted at 10 per cent less than the actual market value thereof on the date when the deposit is actually made, but no security will be accepted above par value:

Bonds of the Republic of Cuba, 1896-7; Republic of Cuba (Speyer); Republic of Cuba, internal indebtedness; city of Habana, first and second mortgage; Gas and Electric Light Company, of Habana; Havana Electric Railway Company; United Railways, consolidated.

A sufficient number of said bonds must be deposited as guaranty and security to equal the amount of the deposit, taking into consideration the 10 per cent reduction from said market value.

At this writing (November 21) the banks have not submitted their proposals, but they have made known their intention to subscribe for all the funds thus made available.

The effect of this decree upon the public mind and business interests was exceedingly beneficial, as it removed whatever doubts or apprehensions which existed and induced the bankers to release the funds on hand in their banks.

The satisfaction with this measure was communicated to the Government by resolutions of representative bodies, congratulatory messages, etc. From a number received I select and quote the resolution of the Chamber of Commerce, Industries, and Navigation of the Island of Cuba, as follows:

The chamber of commerce and the other financial institutions, as well as the merchants and manufacturers whose names appear below, have the honor to address this message to you, solemnly expressing the satisfaction felt by all social classes on account of the measure lately adopted in favor of the agriculture and industries of the Island of Cuba by the government intrusted to your honorable direction.

One of said measures is the one recently adopted with the view of putting in circulation for a certain stated period and without any interest the sum of \$5,000,000 from the national treasury; the end contemplated being, and no doubt as you hope it shall be, to reinspire confidence, to facilitate operations, and to develop the public wealth.

Kindly accept, Mr. Governor, the expressions of satisfaction which this message embodies, and the assurances of our most distinguished consideration.

STRIKES.

The industrial situation has been complicated by numerous strikes. The first strike was that of the cigar makers. The cigar factories had been paying wages in Spanish gold. The cigar makers and other employees demanded payment of wages in American currency at the same schedule theretofore paid in Spanish gold; this meant a 10 per cent increase in wages. The strike involved about one-half of the factories in and about Habana. Thinking to break the strike, the owners of the remaining factories declared a lockout. The combined strike and lockout continued from February to July. The strikers abstained from violence, and not a single violation of the peace, as a result of the strike, occurred. Eventually the proprietors of the factories against which the strike had been declared granted in full the demands of the workmen, and a few days later the factories which had declared the lockout made similar concessions.

Induced, doubtless, by the success of the cigar makers' strike, the masons and plasterers demanded pay in American currency and an "eight-hour day." These demands were denied by the contractors, and thereupon the workmen in these trades and their "helpers" struck. Shortly thereafter the workmen in the shops of the United

Railway Company at Cardenas became incensed at the superintendent and demanded his removal, which being denied, they increased their demand to payment of wages in American currency at the rates theretofore paid in Spanish gold and an "eight-hour day." These demands were denied by the railroad company, and the engineers, firemen, and shopmen struck; also those of the Western Railway and shopmen of the Habana Central.

These strikes were followed by strikes in a number of the smaller trades, such as the box makers, plumbers, broom makers, and carpenters, and the strike of the masons forced manufacturers of cement, brick, and tile to close their factories.

The striking workmen announced their intention to abstain from all acts of violence or intimidation. There have been individual acts of violence committed which the employers attribute to the strikers, but the strikers deny this and insist that the employers are attributing to them all violations of the peace which take place at all times and under normal conditions. Investigation shows that the labor unions and the workmen's association have been active and vigorous in attempts to preserve order and prevent breaches of the peace, and that they desire to conduct the strike without violence. There has been, however, an increase in violations of the peace since the railway and masons' strikes were inaugurated, and several collisions were reported about the middle of November. There has been considerable ill feeling engendered. Individual strikers and knots of strikers have hooted, jeered, and menaced men who continued to work. Several instances of assault and battery have been reported, and two of the men assaulted have died from their injuries. The largest number of disturbances of this character have been attributed to the striking masons. The masons' union insists that these offenses have not been committed by the masons, and that their union discountenances violations of the law. In the erection of buildings there are always a number of "helpers" employed to shovel sand, carry mortar, stone, brick, etc. These helpers work a few days on one job and then are idle for a few days, afterwards seeking employment on some other job. Generally they may be classed as irresponsible and some of them as vicious. These joined the strike, and the authorities attribute practically all of the acts of violence which have occurred to the men of this class.

The railroads complain that old employees who desire to return to work and new men whom they can secure are subject to intimidation by the strikers; that rocks are thrown at their trains; that the track has been greased; that on three occasions shots have been fired; that in several instances switches have been misplaced; obstructions placed on tracks, and that engines have been disabled by cutting of hose or removal of small pieces of mechanism.

Shortly after the death of one of the workmen assaulted the owner of two houses under construction made complaints against the strike committee to the effect that they were the instigators of the attack upon men working upon his buildings. The judge to whom the complaint was made, upon his own initiative, caused the arrest of 213 men, including the president of the Federation of Labor; all of whom, at the time of their arrest, were in the halls of the labor union. These arrests were made without disturbance; the workmen submitted quietly to the orders of the police. The audiencia appointed a special judge to examine these cases, which resulted in the release of 203 of the workmen, and the other 10 were held for trial under bond of \$2,000 each. This bond was immediately furnished and the men released from confinement. Their cases will come before the court in the regular order. The judge proceeded under section 567 of the penal code, which reads as follows:

Those who wrongfully combine to enhance or lower the price of labor or regulate its conditions wrongfully, provided such combination has begun to be carried into effect, shall be punished with the penalty of *arresto mayor*.

This penalty shall be imposed in its maximum degree on the leaders and promoters of the combination, and on those who shall employ violence or threats to insure its success, unless they deserve a higher penalty by reason thereof.

No disorders have resulted from these arrests, and the exaggerated accounts which later appeared in American newspapers had no foundation in fact. The committee of the strikers continue to advocate a peaceful continuation of the strike and exert a wholesome control over members of their associations, except in individual cases.

There has been an insistent demand from those accustomed to the protection of the Spanish régime that the Provisional Government intervene in the strikes and compel the striking workmen to return to work; the Government, however, has declined to do this. The position taken by the Government as to the rights of the strikers was set forth in a letter to the cigar manufacturers, from which the following is quoted:

The strikers decline to work unless paid the prices fixed by them for their labor. This is a right which every freeman possesses. They offer no obstacles to the manufacturers employing others; and they have not resorted to violence or other unlawful means of coercing the manufacturers into compliance with their requirements. Their refusal to work may be ill advised, or based upon imperfect understanding, or misinformation, but so long as they conduct themselves in orderly manner as peaceable, law-abiding citizens, I can not interfere officially, for the occasion for the exercise of official powers is not presented.

The position of the Government as to the rights of workmen who desired to return to work, or to accept employment with employers against whom a strike was declared, was set forth in a letter to the civil governor of the Province of Habana, as follows:

Complaints have reached me that laborers and mechanics who wish to work are prevented from so doing by display of force by some of the men now on

strike; that such display of force consists in surrounding them, applying opprobrious epithets to them, and urging them, in a hostile manner, not to go to work, and otherwise intimidating them. Such intimidation is a violation of the rights of the person affected, and he is justified in calling for the police protection of his rights and should receive it.

A man's right to sell his labor includes the right to select his employer and fix the price, also to deliver and perform his labor when he is satisfied with his employer and wages. The law does not permit a man (in the absence of special contract) to be coerced into involuntary servitude for an unsatisfactory employer, or wages, and equally the law will not permit a man to be coerced into involuntary idleness when he is satisfied with his employer and wages. From this it follows that any direct or positive coercion can not be legally applied or permitted in either instance.

I believe a large majority of the workingmen in Cuba and elsewhere recognize these rights and the value they are to them as well as to the community at large. Under normal conditions these rights are apparent to everyone, but during a strike they are frequently ignored or violated by reason of excitement, passion, or prejudice.

You will therefore please issue the necessary orders to the proper authorities to prevent the illegal conduct of which complaint is made and forward a copy of the instructions issued by you to the committees of the strikers for their information and guidance.

Soon after the railway strikes were declared newspaper dispatches stated that a number of engineers and machinists had departed from the United States for Cuba to take the places of the railroad strikers. A committee representing the workmen called on the provisional governor to inquire if the laws permitted the landing of said reported workmen. The immigration law of Cuba is an adaptation of the immigration law of the United States. In both countries the importation of contract laborers is prohibited. The prohibition is not based on the fact that the incoming workmen are foreigners, or that they seek to enter for the purpose of engaging in any particular employment. The law of Cuba being borrowed from the United States, the interpretations of that law by the courts of the United States are authoritative in Cuba. The courts of the United States establish that in order to exclude a workman under the contract labor law it is necessary to establish: (1) That the immigrant, before attempting to land, must have entered into a contract to perform labor in the United States; (2) That he must have come to the United States in actual pursuance of said contract; and, (3) That the person or company with whom he entered into such contract must have prepaid his transportation. Unless these three facts are established the passenger must be permitted to land.

The chief of the immigration service was advised as to this condition of the law and that the questions involved were questions of fact to be established by evidence.

The partial suspension of the railway service had occasioned much inconvenience to a large portion of the general public, and consid-

erable pressure had been brought to bear to permit the landing of the alleged "strike breakers," but the attention of the chief of the immigration service was called to the fact that—

The laws of a country must be applied impartially, with judicial calmness, and in accordance with established procedure, without regard for rank or station. All just governments apply the law with equal force to rich and poor, employer and employee, and those of high or low degree. This rule must guide us in this and all other affairs, and I doubt not will commend itself to all Cubans and others interested in the welfare of the island."

On the arrival of the boat in which the alleged strike breakers were shipped the chief of the immigration service examined the passenger list and questioned the captain and purser as to whether or not there were any passengers on board whose passage had been paid by persons other than themselves, and required their written certificate as to the facts; he also examined each of the passengers and questioned them as to whether they were under contract to work upon arrival in Cuba, or whether they came to Cuba in pursuance of such contract, and whether their passage had been paid by themselves or others. The examination developed nothing justifying the exclusion of any of the passengers, and they were allowed to land. The strikers made no resistance and committed no acts of violence, but proceeded to collect evidence, and when shortly thereafter a number of said immigrants who were supposed to be strike breakers entered the employ of the railways, the strikers brought the matter to the attention of the courts by application for judicial order of deportation. The *audiencia* of Habana appointed a special judge to conduct the investigation; the proceedings therein are not yet concluded.

LEGISLATIVE CONDITION.

JUDICIAL BRANCH OF GOVERNMENT—THE JUDICIARY.

The courts and judges of the island have a standing as high as do the courts of other countries. The Cubans are deservedly proud of their judiciary. This results from the character and ability of the individuals who constitute the tribunals, for the codes, procedures, and body of laws are not adapted to the form of government or the conditions of society and business now existing. The courts of Cuba are called upon to deal with a mass of laws quite the most complicated of any on earth. The laws of Cuba consist of a number of laws originally enacted for the Spanish Peninsula and subsequently extended to Cuba, thereafter modified or interpreted by innumerable royal decrees and added to by orders of Spanish military and civil governors, issued in many instances with reference to special cases or emergencies. These in turn were supplemented by the orders of the military government established by the United States, complicated

by a constitution for a republic which provided that the old laws should continue in force until new ones were enacted by Congress. Thereafter the President of the Republic issued numerous decrees having the force and effect of legislative enactments, and for the past year the provisional governor has exercised the legislative authority in numerous instances.

The judges and courts of countries where the laws are well adapted to conditions, every principle well established by years of harmonious legislation, every question of practice and procedure settled by innumerable decisions and practically all questions of law buttressed by precedent, would view with consternation a confusion such as the Cuban courts are called upon to harmonize and reduce to consistency. That they have so well succeeded in this as to merit and receive the confidence and esteem of all Cuba is not only worthy of mention but establishes conclusively that the judicial faculty is to be found among the Cubans and that the functions of the judicial branch of Government will be performed by Cubans equally as well as are performed the functions of that branch in other countries, and that the defects in the judicial system are to be attributed to the legislative and not the judicial branch of Government.

LEGISLATIVE BRANCH OF GOVERNMENT—LEGISLATIVE NEEDS.

The constitution of Cuba was promulgated by military order on April 14, 1902, and went into effect on May 20 following, on which date a government under its provisions was inaugurated.

The Government under the constitution is, in theory, one of three coordinate and independent departments—the legislative, executive, and judicial—and in this separation of governmental power is fundamentally opposed to the preexisting government maintained by Spain, under which the executive branch exercised the legislative power and was given an effective intervention in the affairs of the judiciary. The constitution established another important innovation in the grant it made of local self-government to the provinces and municipalities, being in this respect opposed to the preexisting Spanish system under which a very effective supervision and control over these subordinate governments was reserved to the Chief Executive.

To complete the transition from monarchical to republican government, legislative action upon a broad scale was urgently necessary. The most immediate necessity was new legislation to perfect the organization of the government under the constitution, and for the enforcement of provisions of that instrument which were not in their nature self-executory, and would lie dormant for the lack of it. Next in order of importance was the revision of the existing laws regulating the public administration, which were mainly of Spanish enactment, and reflected the highly centralized executive government

which Spain had maintained in Cuba. The amendment of these latter laws was primarily necessary for the purpose of eliminating those provisions which gave executive officials an undue intervention in the affairs of the judiciary and in the provincial and municipal administrations. Of less urgency, but still of great importance, was the revision of the substantive laws in force at the time of the adoption of the constitution, the greater number of which were laws of the Peninsula extended to Cuba during the decade following the close of the ten-year war. Many of the special laws of Spanish origin in force in Cuba had been enacted early in the preceding century, and the code law generally between 1870 and 1890. All this legislation required extensive revision directed toward the elimination of provisions dependent upon Spanish sovereignty and the union of church and state, and its adaptation to the new conditions brought about by the introduction of Republican government.

The First Congress elected under the constitution of Cuba held a brief session early in the month of May, 1902, under the sanction of a military order, for the purpose of canvassing the electoral vote for President and Vice-President. It reassembled on the 20th of that month, contemporaneously with the inauguration of the new Government. Its life covered the period following until April 4, 1904, when the first biennial renovation of the lower house became effective, and the Second Congress was organized. During the period of the First Congress the four regular sessions required by the constitution (article 57) were held. The first session covered the period from May 20 to October 20, 1902; the second from November 2, 1902, to March 17, 1903; the third from April 3 to July 18, 1903, and the fourth from November 2, 1903, to January 19, 1904. The period during which the First Congress was ostensibly in session aggregated 461 days, during which the lower house held 198 daily sessions, and the senate 213 sessions. The response which this Congress made to the urgent demands for legislation under the constitution may be stated as follows:

1. *Municipal legislation.*—On July 5, 1902, Congress enacted a law relating to the municipal administration, the sole effect of which was to confirm and continue in office municipal alcaldes, councilmen, and treasurers who were in office on June 30 prior thereto, and until such time as laws regulating municipal administration and government could be enacted. It was not, however, until the third session of the First Congress that a project of municipal law was introduced in either branch of Congress. This project was finally passed by the lower house and was transmitted to the senate, which appears not to have acted thereon. No other attempts appear to have been made to enact municipal legislation.

2. *Provincial legislation.*—During the second session of the First Congress there was enacted and promulgated the provincial govern-

ment act of March 10, 1903, the defects of which were speedily revealed. It is now undergoing revision at the hands of the advisory commission.

3. *National legislation.*—During the first legislative term of the First Congress a project of a "Law of executive departments" was considered and passed by the senate (September 2, 1902) and was subsequently passed by the house in an amended form. The bill then went to conference, where it was further amended. The conference report thereon was subsequently rejected in the lower house, whereupon all efforts upon the part of either house to pass this particular law appear to have ceased. During the third legislative term of the First Congress the senate again took up the consideration of a law organizing the central departments of Government, which it passed and sent to the lower house, which failed to take action. This appears to have been the final attempt made by the First Congress to supply legislation of this character.

In other respects the attempt of the First Congress to supply legislation of a national character was more successful, it having passed, in addition to the provincial government act of March 10, noted above, laws providing for the biennial renewal of the lower house and for the reorganization of the Rural Guard, a law of Cuban citizenship, an organic law of the diplomatic and consular corps, a national loan law, a law of constitutionality, a law of Presidential succession, an electoral law, and, in addition, laws amending the notarial and customs tariff act in minor regards. Regulations governing the two houses in the enactment of legislation were also adopted.

On February 28, 1904, the elections were held for the first biennial renewal of representatives. Those elected, with the hold-over representatives, constituted the Second Congress, which, under article 57 of the constitution, was required to convene on the first Monday of the following April. The National, now the Liberal party, which was in the minority in both branches of Congress, contested the credentials issued to certain candidates as the result of the election of February 27. Availing itself of the provisions of the constitution (article 54), which required the presence of two-thirds of the total membership of each branch to open sessions, and of the omission of the constitution to provide means for compelling the attendance of members, the minority party was able to prevent a meeting of the lower house on a day fixed by the constitution, April 4. No session of that body was held until June 13, when a quorum of one-half plus one met and undertook to transact business. The next daily session of the lower house was held on July 6, following. The first legislative term of this Congress lasted until October 20, a period of 199 days, during which the lower house was, due to the obstructive tactics of the minority, able to hold but 16 daily sessions. The senate met

on April 4, as required by the constitution, and began to function in an irregular manner. Eight daily sessions were held during the month of April, 3 in the month of May, and 1 in the month of June, and none throughout the month of July. During the first legislative term the senate held but 26 sessions.

This record of both houses of Congress for infrequent and irregular sessions continued during the three remaining legislative terms of the Second Congress. The four legislative terms of this Congress aggregated 682 days, and during this period the lower house was in session but 118 days, and the senate but 87 days.

On December 1, 1905, there was held an election for the second biennial renewal of the lower house. Due to the political majorities returned in that election, the minorities in both houses ceased to be formidable, and the obstructive tactics they had employed during the period of the Second Congress could no longer be successfully utilized. The Third Congress met on the 2d of April, 1906, and did not adjourn until the 30th of June—89 days—during which period both houses pursued their normal routine as to daily sessions.

During the period of the Second Congress little or no general legislation was attempted, and even the annual budgets failed of enactment. A few special laws were passed, generally carrying small appropriations, and one act amending the tariff law in a minor regard was enacted. The election disturbances of 1905 were undoubtedly the principal cause of the inactivity of both houses during the final legislative term of this Congress. From November 15, 1905, to January 9, 1906, the senate did not hold a single session. During the remainder of the month of January but 7 sessions were held, and in February but 3. On the day after the final adjournment of Congress, February 24, the attack on the headquarters of the Rural Guard at Guanabacoa took place, and this was followed by other disturbances which finally culminated in the uprising in August. It was doubtless because of this public agitation, which covered the whole period here in reference, that the Third Congress, which assembled on April 2, 1906, likewise failed to enact any important general legislation.

A review of the record of all three Congresses shows 259 acts of all kinds enacted, the general character of which is exhibited in the following table:

Amnesties	6
Appropriations	125
Creating offices and fixing salaries.....	30
Exemption from customs duties.....	23
Miscellaneous provisions	18
Substantive laws	35
Repealing acts	10
Transitory regulations.....	12
Total.....	259

In the 125 appropriation acts passed there are included but two annual budgets. Twenty-two were donations of public funds to private individuals. The most creditable showing under this head is to be found in the 44 acts carrying appropriations for public works, aggregating nearly \$12,000,000.

The only act of any importance classed under the head of "Miscellaneous" is the one recognizing the validity of certain debts incurred by the revolutionary government prior to 1899. The general nature of the others may be inferred from one or two examples; the act of August 29, 1905, validating academic titles conferred by Spanish universities, and the act of June 30 prescribing the formalities to be observed at the funeral of a general officer. But two of the repealing acts affected, even in a slight degree, the old Spanish law or method of administration, and these operated mainly to bring about donations from the State to individuals by waiver of obligations due.

Of the acts listed above as "Substantive legislation," the more important are the electoral law, the law relating to armed forces, the provincial law, all of which are now undergoing revision by the provisional government, and the law of the division of communal estates, which has already been revised. In three of the five years between 1902 and 1906, the national budget failed of passage.

The failure of the Cuban Congress to make any adequate response to the urgent demands for legislation under the constitution, and by way of revision of the existing laws, is to be attributed in considerable degree to the political dissensions and disturbances noted above. There is to be considered also, as operating to the same end, the lack of experience of the Cuban people in legislative work. During the four centuries of government which preceded the establishment of the Republic the laws of Cuba were promulgated from Madrid, and the participation of the Cuban people in their government was limited mainly to the administrative side. This lack of experience in legislative work has operated to a greater extent, I apprehend, than the political dissensions and disturbances above noted in defeating the legislation which was required for the organization and administration of the new government. That this failure of the Cuban Congress to legislate under the constitution was a potent cause in bringing about the conditions which made the insurrection of 1906 possible is sufficiently evidenced by the fact that nearly all the bases of settlement between the warring factions proposed during the period of deliberations which led up to the establishment of the provisional government incorporated more or less urgent demands for legislation of this character, and particularly for legislation under the constitution affecting municipal and judicial administration.

To meet this demand for legislative action, and in pursuance of the plan of the peace, on December 24, 1906, decree No. 284, creating the

advisory commission, to which I have above referred, and charging them with the duty of preparing projects of (1) an electoral law; (2) provincial and municipal laws; (3) an organic judiciary law, and (4) a civil-service law. This legislative programme has since been extended by me to include a law of executive departments for the organization of the national administration, an organic law of the armed forces, and a revision of certain designated portions of the mortgage and notarial laws. As already stated, the Commission will shortly have ready for promulgation an electoral law, a judiciary law, and a municipal law, including the law of municipal taxation and accounting; and considerable progress has been made in the draft of a civil-service law and law of executive departments. At the suggestion of the advisory commission, which, I think, represents a public demand, I shall soon convene a special commission for the revision of the penal code and the code of criminal procedure.

The foregoing measures when enacted into laws will constitute a substantial and important advance in supplying the legislative needs of the Republic, but they must be supplemented by numerous other laws of equal, if not greater, importance before the existing emergency is met or the necessities of the Republic met. There is nothing more indispensable to the establishment, stability, and maintenance of the Republic of Cuba than to do away with or reform the body of monarchical laws inherited from Spanish dominion and by reformation or new enactment provide a system of laws which will render the constitution effective and are adapted to a Republican form of Government and the conditions of modern thought and business, political, and social relations prevailing in Cuba.

The character and extent of this work is well stated by Col. E. H. Crowder, U. S. Army, adviser to the department of state and justice, in his letter transmitting the report of the department of state and justice, to which letter attention is directed.

Since the inauguration of the Provisional Government the necessity for numerous provisions of special application to administrative organization and details of government, as well as matters of finance, public order, and protection of property rights, sanitation, and police powers in general, has resulted in the issue of a number of executive and legislative decrees by the provisional governor. Those of a legislative character modifying or superseding prior existing laws may be briefly epitomized as follows:

1. *Disbursement and audit.*—Decree No. 8, October 8, 1906, provided additional laws and regulations governing disbursement and auditing of funds and payment of expenses of the provisional government on authority of orders of the provisional governor.

2. *Prosecution of soldiers, sailors, and marines serving in Cuba for violation of Cuban laws.*—The exceptional and novel conditions of

the service of the United States Army and Marine Corps in Cuba suggested the inadvisability of subjecting the members thereof to the criminal jurisdiction of the ordinary courts. Accordingly, decree No. 16, of October 11, 1906, was issued recognizing the jurisdiction of courts-martial for the trial of United States soldiers, sailors, and marines for offenses against Cuban laws when such offenses were committed under circumstances prejudicial to the good order and discipline of these services, but providing that as to offenses against said laws committed by them under other circumstances jurisdiction should vest in provisional courts to be convened from time to time by the provisional governor and to be composed of commissioned officers of the several branches of the services named. These provisional courts in imposing sentences are governed by the penal code of Cuba. The ordinary courts of Cuba are divested of jurisdiction in the excepted cases, but the decree does not carry immunity from arrest by Cuban officials for crime and breaches of peace committed in their presence, or where a party is escaping from the scene of his illegal act.

Supplementary to this decree another, 174 of July 12, 1907, was issued imposing penalties against those persons not members of the services named who failed or refused to comply with subpoenas of general court-martial to appear and testify as witnesses, said penalties to be enforced by the local courts.

3. *Claims*.—Decree No. 158, November 22, 1906, created a commission and prescribed methods of procedure for the investigation and adjustment of claims against the government arising out of the recent insurrection. The effective and systematic work of this Commission, elsewhere noted in this report, promises the early settlement of all these claims.

4. *Amendment of law of charities*.—By decree No. 452, April 23, 1907, a modification of law respecting rights of guardians and family councils over minor children is made, so far as these rights were applicable to destitute orphans under the care of the state.

These rights are transferred to the secretary of the board of charities, and the reasons for such transfer seem obvious when considered in connection with the obligations of the state to these orphans.

5. *Expropriation*.—Decree No. 595, May 22, 1907, extends the rights of expropriation or condemnation of property as granted by order No. 92 to railroads in case of public works of the state, and prescribes the processes of condemnation proceedings by the state when requiring either private property or property of provinces and municipalities not dedicated to a public use for public purposes. It was made advisable by the many improvements and constructions of public works in progress and in contemplation.

6. *Demarcation of estates in common.*—There are in the eastern provinces of Cuba many large unsurveyed estates held in common, the division of which has for a century been regarded as necessary for the public interests. From 1819 to 1902 the provisions of the "Voto consultivo," a resolution of the audiencia of Puerto Principe, were applicable to their demarcation. After January 1, 1886, when the code of civil procedure went into effect, it was found that article 2069 of that code was a menace to the final effectiveness of any such proceedings, and for this as well as other reasons the settlement of land titles came to a partial standstill near the close of the nineteenth century. In order to provide a clear and simple method for that class of proceedings, order No. 62 of 1902 was promulgated. Article 80 of the order repealed all other laws relative to the demarcation and division of rural estates, except such provisions of the code of civil procedure as were not specifically amended.

There can be no doubt but that the intention in promulgating that order was to provide a means for surveying and partitioning all classes of rural estates. The preamble to the order in question indicates such intention, and the interpretation and application of the order by courts and litigants from 1902 to 1906 point in the same direction. The wording of several articles, however, led the supreme court to hand down a decision limiting the estates which may be surveyed and divided, according to order No. 62, to those which are circular in form and at the same time originated either mediately or immediately in royal grants.

It was made to appear from the suggestions of interested parties that there were many estates in Cuba, still unsurveyed and undivided, in which these two requisites were not found. It further appeared that proceedings had been instituted under order No. 62 for the survey and partition of estates not circular in form and not derived from grants; that this was done as a result of a liberal construction of the order, and possibly by reason of the tacit consent of interested parties; that thousands of dollars had been expended in this class of litigation, and that the construction placed upon the order might result in a loss of all the time and money thus expended and remand the parties to the condition in which they found themselves in 1902, in that pending proceedings in which these defects were present might be annulled upon motion to that effect, and that even completed demarcations and partitions might be subject to attack. There arose a demand for an amendment to said order 62 which would make the order applicable to all rural estates and prevent, as far as possible, the undoing of nearly all that has been accomplished during the period the order had operated.

Accordingly decree 566, of May 17, 1907, was issued, extending the provisions of said order 62 to the partition of lands belonging to tenants in common, whatever might be the conditions of such tenancy in common, and whether or not the titles to said lands proceeded from grants to the original owners, and providing further that no proceedings theretofore had in any case to which said order 62 had been applied should be attacked, annulled, or declared invalid for failure to present a grant of the property in question. The effects of the order have proved most beneficial. The time limits in which actions for partitions of the character here in reference may be brought and in which such actions may be completed have been extended in the decree No. 1080, of November 9, 1907.

7. *Sanitation.*—One of the most important questions presented to the provisional government was that of sanitation. The prevailing sanitary administration was one involving a division of control between the nation and the municipalities as to methods, disbursements, and personnel. The national obligation of Cuba assumed by Article V of the appendix to the constitution was such as to negative a divided administration and consequently a divided responsibility. In recognition of this, decree No. 894, August 26, 1907, was promulgated, transferring the administration of sanitation of all municipalities to national control. The cause and extent of this change and the work and accomplishments of this department are more fully treated of in other parts of this report. By decree No. 1127, of November 22, 1907, the marine quarantine service was transferred from the treasury department to the department of sanitation.

In addition to decrees of the above character, i. e., those modifying or superseding prior existing laws, various decrees of amendatory character were issued. Among these may be mentioned:

Decree No. 58, series of 1906, temporarily amending the railway law in personnel of the railway commission, and providing for final approval of its acts by the provisional governor.

Decree No. 66, series of 1907, amending the customs regulations by authorizing the secretary of the treasury to abate or refund duties on goods damaged or destroyed in the customs warehouses.

Decree No. 773, series of 1907, amending the consular tariff law by simplifying the manner of drafting manifests.

Decrees No. 901 and No. 1078, series of 1907, amending the customs regulations in the provisions for the entry and clearance of vessels.

Decree No. 746, series of 1907, permitting the slaughter of female cattle, and providing that female cattle imported pay the same duties as male cattle.

Decree No. 852, series of 1907, providing regulations for exempting from duty the personal effects of foreign diplomats.

Decrees No. 822, No. 889, and No. 1101, series of 1907, settling difficulties which had arisen in the interpretation of the customs tariff by fixing the duties on tar paper, cordage, braids for harness, and cardboard.

Decree No. 401, series of 1907, simplifying the manner of making affidavit in petitions to take advantage of the law remitting duties on encumbrances in favor of the state.

Decree No. 618, of 1907, approving and ratifying the convention of the Universal Postal Union signed at Rome, May 26, 1906.

Decree No. 634, of 1907, providing the manner of registration of deaths and marriages during the Cuban revolution.

Decree No. 900, of 1907, relative to the issuing of certified copies of documents in the national archives.

Decree No. 908, of 1907, regulating the leaves of absence of registrars of property.

Decree No. 1036, of 1907, amending the civil registry law as to death certificates and burial permits.

Decree No. 1051, of 1907, relating to procedure for staying execution of judgments.

Decree No. 882, of 1907, permitting farriers to practice veterinary medicine in places where there are no veterinarians.

Decree No. 182, of 1907, extending terms of present school boards.

Decree No. 737, of 1907, amending the curriculum of the School of Sciences.

Decree No. 854, of 1907, regulating the summer normal schools.

MISCELLANEOUS.

PURCHASE OF CHURCH PROPERTY.

Shortly after I assumed the office of provisional governor the matter of the purchase of certain church property upon which an option was held by the State was brought to my attention, and in compliance with a letter of the Secretary of War I made an investigation of the options.

In the year 1842 the Spanish Government had confiscated a large amount of property belonging to the Catholic Church; and though a part thereof was afterwards returned, a considerable portion was retained by the State and used for secular purposes. In 1899, when the State appropriations for the clergy ceased, the church laid claim to the property so retained, and commissions appointed by the military governor reported that the church was rightfully entitled thereto. The military governor thereupon made contracts by which a part of the property was purchased outright and options secured upon the remainder, with the obligation to pay an annual rental.

The property upon which the options were so obtained was situated in the provinces of Habana and Oriente. The Habana property consisted of the former Convent of San Francisco, occupied by the Habana custom-house; the former University and Convent of Santo Domingo, occupied by the Habana High School; the edifice occupied by the Academy of Sciences, which was entirely rebuilt during the military government, and two smaller buildings. Its retention was urgently demanded by the public interests. The Santiago property consisted of a number of annuities and rural estates.

The option for the Habana property was entered into October 23, 1901, and was for five years, while the one for the Santiago property was entered into January 11, 1902, and was for the same period. These options were afterwards extended to June 30, 1907. The valuation of this property had been fixed in the contract, as well as the rental to be paid during the time the option was to run.

The purchase of this property by the Cuban Government had been called to the attention of the Cuban Congress by President Estrada Palma in his annual message of 1904, as well as in another message in April, 1905, and a special message in November of the same year, but the Congress failed to act.

During the consideration of this matter and because of several articles appearing in the daily press complaining that the contract price fixed for this property was greatly in excess of its value, steps were taken to have the property appraised by men having a knowledge of the value of real estate. The general average of all the estimates submitted by the different parties fixed the valuation greater than that agreed upon between the church authorities and General Wood.

An inquiry was made of the church authorities as to whether an extension of the option and lease on the Habana property could be obtained in the event that the Government of Cuba should fail to purchase the same before the termination of the option, but on account of other bids having been made the church authorities replied that it would not be practicable to extend the option further. The investigation included only the property in the diocese of Habana and did not cover the property in the archbishopric of Santiago. It was therefore agreed by the representatives of the Catholic Church that the option upon the Santiago property would be extended one year, but the contract with regard to the property in the diocese of Habana was carried out by the execution and delivery of a deed of transfer and the payment of money on July 12, 1907. Public sentiment approved of this action and all seemed pleased to know that this long drawn-out complication was finally terminated.

An examination of the property in the diocese of Santiago will be made before the termination of the option, but this investigation as

to the extent, character, and value of the property will involve much difficulty, due to the fact that a large number of small annuities and parcels of ground are involved, that many records of this property were destroyed during the ten years' war, and other records and documents disappeared at the close of the Spanish-American war and have not yet been located. It is also exceedingly difficult to ascertain facts respecting the property owned by the church because the archbishop of Santiago is now a very old man, feeble, almost blind, and is unable to offer any assistance in the matter, while many of the priests who possessed personal knowledge of this property are either dead or have been transferred from Cuba. An effort, however, will be made to secure as complete knowledge of this property as is possible under these circumstances, and it is hoped that an agreement may be reached by which this much-discussed problem of church property in Cuba may be brought to a satisfactory conclusion.

APPOINTMENT OF CLAIMS COMMISSION FOR ADJUSTMENT OF DAMAGES
CAUSED BY REVOLUTION OF 1906.

With the object of investigating and reporting on the numerous claims filed against the Government for damages caused by the insurgents in the uprising of last year, a claims commission was organized by decree No. 180, of November 27, 1906. The commission, as at first constituted, was composed of Maj. Francis J. Kernan, General Staff Corps, U. S. Army, president; Mr. Manuel Landa, judge of the audiencia of Habana, and Capt. George W. Read, General Staff Corps, U. S. Army, recorder. With the retirement of Major Kernan and the transfer of Judge Landa to be acting head of the department of justice, the commission was reorganized by decree No. 811, of July 24, 1907, Captain Read was appointed president, and Mr. Antonio del Valle y Duquesne, deputy fiscal of the audiencia of Habana, and Second Lieut. Aristides Moreno, Twenty-eighth Infantry, U. S. Army, were appointed members. On August 14, 1907, by decree No. 866, a number of assistants were appointed to make local investigations, as follows:

Capt. James W. Furlow, Fourth U. S. Infantry.
First Lieut. J. K. Partello, Fifth U. S. Infantry.
First Lieut. V. La S. Rockwell, Eleventh U. S. Cavalry.
Second Lieut. C. S. Donavin, Twenty-seventh U. S. Infantry.
Second Lieut. John E. Semmes, jr., U. S. Marine Corps.
Second Lieut. Charles F. B. Price, U. S. Marine Corps.
Capt. Roman Martin, Rural Guard of Cuba.
Capt. Miguel Marona, Artillery Corps of Cuba.
Capt. Ignacio Delgado, Rural Guard of Cuba.
First Lieut. Francisco Fernandez, Rural Guard of Cuba.
Second Lieut. Eugenio Dubois, Rural Guard of Cuba.
Second Lieut. Augustin Rodriguez, Rural Guard of Cuba.

The commission was confronted with an enormous amount of work, which it is doing thoroughly and well. It first turned its attention to the claims for horses and mules carried off by the insurgents. Of these claims there were 6,557 and the amount claimed was \$653,027.20. The amount recommended by the commission was \$296,508.84. The number of claims for miscellaneous losses and damages was 8,194, of which 5,500 have been investigated. In these the total amount claimed was \$1,035,079.56 and the amount allowed by the commission \$441,920.55. Of these 5,500 claims many were made by aliens, the following nationalities being represented: United States, Mexico, Spain, Germany, Great Britain, Italy, Arabia, Turkey, France, China, and Colombia. The amount claimed by them was \$436,413.98 and the amount approved by the commission \$179,330.55.

It will be seen that the commission has made rapid progress. The total number of claims filed has been 14,751, of which 12,057 have been investigated and reported, leaving 2,694 pending. The total amount claimed in the 12,057 cases reported was \$1,688,106.76, the total amount allowed by the commission in these cases being \$738,429.39. The total amount claimed in the 2,694 cases pending is approximately \$2,250,000. The greater part of these claims have been locally investigated and depositions of witnesses taken. It is impossible to say how much will be required to settle the pending claims, but it is estimated that the amount will be not less than \$900,000.

COST OF THE REVOLUTION OF 1906.

The direct cost to the national treasury of Cuba of the revolution of August, 1906, is shown by the following tabulated statement. The total amount, calculated to October 31, 1907, is \$8,634,116.64.

Cost of insurrection of August, 1906.

[Calculated to October 31, 1907.]

Item of cost.	Amount.	Remarks.
Increase of Rural Guard (2,150 men) from August, 1906, to October 31, 1907.		Disbursements continue under this item.
Pay	\$649,822.51	
Rations	287,460.54	
Forage	191,528.99	
Uniforms and miscellaneous expenses.	190,444.64	
	1,319,256.68	
Machine Gun Company, August, 1906, to October 31, 1907.		Do.
Pay	30,397.15	
Rations	9,595.65	
Forage	2,547.18	
Miscellaneous	1,675.85	
	44,215.83	
Militia forces (about 11,000 men):		
Pay	1,058,980.15	
Maintenance, forage, equipment, and miscellaneous.	1,473,953.61	
	2,532,933.76	

Cost of insurrection of August, 1906—Continued.

Item of cost.	Amount.	Remarks.
Guns and ammunition.....	\$776, 977. 81	By rescission of one of the contracts for arms and ammunition, the Republic has saved \$19,040 of the amount comprised in this item.
Horses purchased in Cuba and the United States.	416, 788. 97	A number of these horses have been sold at auction, the sales in the United States netting \$18,168.86 and those in Cuba about \$11,000. Over one-half of the horses purchased have died.
Saddles and harness.....	43, 681. 54	
Uniforms and dry goods.....	270, 452. 41	
Fortifications.....	47, 936. 37	
Remittances to Government agents in provinces for fortifications, provisions, military supplies, and miscellaneous.	657, 815. 17	The greater part of this item was spent for blockhouses, barricades, and other fortifications.
Two Coast-Guard vessels.....	102, 267. 50	
Wireless telegraph stations.....	163, 000. 00	
Printing and supplies.....	10, 270. 68	
Secret expenses.....	51, 107. 60	
Destruction of public bridges and roads.	7, 551. 00	
Value of claims pending for supplies furnished to Government forces, etc. (estimated minimum).	33, 300. 00	The total amount claimed is \$55,503.93. It is estimated that the amount allowed will not fall below \$33,300.
Amounts allowed to date by claims commission on claim for damages caused by insurgents.	738, 429. 39	The amount claimed was \$1,688,106.76.
Value of claims for damages by insurgents, pending in claims commission (estimated minimum).	900, 000. 00	The total amount claimed is \$2,250,000. It is estimated that the amount allowed will not fall below \$900,000.
Expenses of claims commission to October 31, 1907, except railroad transportation.	11, 807. 98	Disbursements continue under this item.
Quarters for United States Army of Pacification, to October 31, 1907.	506, 323. 95	Do.
Total cost, calculated to October 31, 1907.	8, 634, 116. 64	

To this sum must be added the cost of transportation and maintenance of the American forces in Cuba.

It is not feasible to estimate the indirect damage caused by the insurrection, such as the check of the investment of capital, the loss of credit, etc.

ARMY OF CUBAN PACIFICATION—UNITED STATES TROOPS.

Contemporaneously with the establishment of the provisional administration, the army of Cuban pacification, consisting of approximately 6,000 men, under the command of Brig. Gen. J. Franklin Bell, Chief of Staff, U. S. Army, was distributed throughout the island at the various centers of population. The prompt arrival of these troops at their stations gave confidence and encouragement and assisted in great measure the work of restoring order. While they were not called upon to perform any military operations other than the marches to their stations, their example and advice, when sought by the Cuban people, gave proof of their sincere desire to work for the rehabilitation of the Republic. Fortunately, many officers of this army had served in Cuba during the first intervention, and for them it was renewing old friendships and making new friends among those whom they had not met before. The distribution of troops at that

time resulted in the establishment of several posts which have been since discontinued, and at present the army, numbering approximately 5,300 men, occupies 27 stations throughout the island.

Immediately after the troops were settled at their stations they were engaged in making an accurate topographical survey of the different provinces, which has resulted in producing an excellent map of Cuba and in acquainting officers and men with all parts of Cuba and its people. This mingling of the officers and soldiers with the Cubans under such favorable circumstances has had a beneficial effect. They were received everywhere as friends and treated accordingly.

The officers of the army of Cuban pacification, especially of the Medical Department, have assisted materially in the work of sanitation, and their aid has been sought and their recommendations carried out by the local civil authorities. Their work has now been supplanted by the establishment of a national board of sanitation, under whose direction the sanitation of the island is being carried on, but its initiation and a great deal of necessary sanitary work was voluntarily performed by officers of the army of Cuban pacification.

The conduct of both officers and men of this army has been most commendable. No serious conflict has occurred between the soldiers and Cubans. A few minor affairs resulting from the misconduct of enlisted men have been treated charitably by the Cuban people and no bad feeling has resulted. This exemplary conduct on the part of the American army among a strange people deserves the highest praise, and is due in great measure to the good advice and intense personal interest of its first commander, now Maj. Gen. J. Franklin Bell, whose personal inspection of all military posts and whose careful explanation to officers and men of the requirements necessary under the peculiar circumstances of their service have borne excellent fruit. This good state of discipline has been continuous, both under command of the late Gen. Theodore J. Wint and its present commander, Brig. Gen. Thomas H. Barry.

Reports from Rural Guard officers and Cuban citizens who have come in contact with the army of Cuban pacification are strong in their praise of its discipline and training. Many requests for detachments to be stationed at different parts of the island had to be disapproved to prevent too great a dispersion of troops.

The present high state of efficiency of this army, notwithstanding the large number of recruits recently received, reflects credit upon General Barry and the officers under his command. The enlisted men of this army are held in high esteem by their Cuban neighbors, and in general it may be said that by their good conduct and example they have maintained the high reputation of the best type of the American soldier.

My acknowledgment is due to the entire army, and especially to General Barry, whose prompt and active cooperation has facilitated in every way the administration of affairs in this island, and whose activity, zeal, and constant attention to the needs of his command has made it a power whose influence for peace and good order can not be measured in words.

COLLISION BETWEEN MUNICIPAL POLICE OF SANTIAGO AND SEAMEN OF
THE U. S. S. "TACOMA."

The only serious disturbance of the peace involving Americans and Cubans occurred at Santiago de Cuba on April 30, 1907, and was caused by a collision between the local police and seamen on shore leave from the U. S. Cruiser *Tacoma*. Upon investigation it was learned that a number of seamen, somewhat intoxicated, were returning to the dock at about 1 a. m. from a banquet at a café in the city, accompanied by two civilians, one of whom proved to be a captain of police, dressed in civilian clothes. One of the seamen attempted to take a sword cane from this captain of police and a quarrel ensued, in which the police captain was struck and the cane taken from him. He then ran away, blew his whistle, and is reported to have fired two revolver shots into the crowd of seamen, resulting in seriously wounding one. The signal brought other policemen upon the scene and a general quarrel took place between the seamen and the local police, in which machetes, clubs, and revolvers were used by the police, the seamen making use of stones, bottles, and other available objects. The result was that 6 seamen and 1 ensign were hurt, 1 of the seamen being severely wounded, while 1 police captain and 2 policemen received slight injuries. The affair was immediately investigated by the local authorities; the captain and the policemen were charged with exceeding their authority and suspended. Their trial has been postponed awaiting report as to the result of the injuries received by the seamen and the response to letters rogatory sent to the United States. The court is now in possession of the information and the trial will proceed without delay.

The affair was probably caused by the intoxication of the American seamen and the fear of the local police in an encounter with men much larger in stature and of greater bodily strength. While on the part of the police it may indicate an inclination of too free use of their weapons, it is to be explained by a lack of judgment on their part or a lack of more careful training. It does not appear in any of the reports that the American seamen used weapons of any kind, and the prompt action by the local authorities in suspending and holding for trial the policemen engaged in this quarrel shows a lively desire to preserve peace and harmony.

BANDITS AND THE MASSO PARRA CONSPIRACY.

With the exception of a few cases of cattle stealing and forcible hold-ups in the country districts, Cuba has been singularly free from any disturbance. Not a single band of marauders has appeared in the provinces of Pinar del Rio, Habana, Matanzas, and Camaguey. Four prisoners in the jail at Bejucal, in Habana Province, broke jail and were at large for a week before being overhauled, and this gave rise to a rumor that a band was out in Habana Province. With this exception there has been no recurrence of the "bandits" with which these provinces were heretofore annually molested. In Santa Clara Province, as also in Oriente, there have been three small bands during the past year, but all were quickly pursued by the Rural Guard, who continued the chase until the marauders were taken into custody and placed in confinement.

Early in July rumors became prevalent of the arrival in Cuba of one Masso Parra, a Cuban by birth, who served the cause of the Cubans in the war of 1898, but who deserted early in 1898 and served the Spanish army until its evacuation from the island. Masso Parra arrived at Santiago de Cuba, and soon after I received visits from men of prominence, informing me of the danger he was to peace and good order, and advised that he be compelled to leave. I was further informed that he had come to Cuba during the administration of Major-General Wood, and also during the administration of President Palma, but on both occasions was not allowed to land. He soon arrived in Habana, but with the exception of a few notices in the newspapers nothing was heard of him. In August information from private sources indicated that he was conspiring to disturb the peace and order of the island. It was learned that he had recently come from Santo Domingo, where he had taken part in an attempted revolution which had failed, and at first it was thought that his attempts to secure a following here were for the purpose of disturbing the peace of Santo Domingo, but additional information being secured, it was evident that he was planning an insurrection in Cuba. He had emissaries who went from Habana to different parts of the island fomenting rebellion, and one of these agents proved to be Lara Miret, a former officer in the Rural Guard.

Investigation of the actions of Masso Parra and his associates brought new evidence of their intentions. The public rumor that he was contemplating an early uprising gained much credence early in September. Nothing could be learned definitely in regard to the matter until about the middle of the month, when daily reports from secret police and other sources made it evident that some action would soon be attempted. This conspiracy took definite shape in the form of meetings, communications with men at different centers of popula-

tion, and collections of arms and ammunition. About September 24 news brought by the secret service indicated that their plans were almost completed. The names of all the conspirators who worked with Gen. Masso Parra were secured and an examination of all the data available led to the conclusion that the whole movement was being directed by a few chosen spirits under Masso Parra, while the rest were following blindly, as tools, the orders of this revolutionist. Through the efforts of secret police the place of meeting of this revolutionary committee became known, and steps were taken to secure information as to all that passed in these meetings. It was learned that the meeting which took place on September 25 was to be the last one before the outbreak, and soon after this meeting was ended on the evening of the 25th, a full report of its proceedings was made to me.

The report revealed the intention of the conspirators to have an armed uprising for the purpose of overthrowing the provisional government, and to more readily accomplish this, as the forces in the beginning would be small, it was determined to destroy bridges, burn the property of foreigners, and kill Americans. They relied upon securing enough dynamite from the public works in the various parts of the island to carry on the work of destruction. These facts, obtained from reliable sources of information, rendered it imperative that some action be taken at once, and it was determined that the three leaders of the conspiracy should be arrested, hoping thereby to prevent disturbance. As the time set for the insurrection was September 27, it was decided to arrest these men at once, and on the morning of September 26 the police were directed to arrest Gen. Masso Parra, Gen. Lara Miret, and Gen. Juan Ducasse, charging them with conspiring against the Government. The examination of these men disclosed others equally culpable, and, by order of the examining magistrate, 4 others were arrested and placed in confinement.

The immediate effect of these arrests was most quieting. Rumors of disturbance ceased at once and the country relapsed into quietness, with no evidence of any intended insurrection in any part. Of these 7 men General Ducasse was admitted to bail, and his case has since been dismissed on account of lack of evidence. The other 6 men arrested, namely, Masso Parra, Vincente Gomez, Gabriel Guerra Santos, Lara Miret, Manuel Vila Rodriguez, and Juan Bautista Martinez, alias "Habanero," are still in jail awaiting trial.

I believe this attempted conspiracy was brought about solely by the instrumentality of Masso Parra, whose life has been devoted to revolutions. These conspirators have been placed at the disposition of the civil courts and their trials will take place early in December. This movement had no support whatever from the Cuban public, and the few followers that were said to have been willing to trust to its

fortunes were loud in their denials after the arrest of the leaders. The prompt arrest and confinement of those engaged in this conspiracy has given assurance that public order and peace in the island will be maintained, and the hearty support of the Cuban people to the suppression of such disturbances is evidence of their loyalty to the Government. It is believed that the conviction and punishment of these men will be a salutary lesson for other restless spirits, who regard as a privilege an annual outing in the Cuban mountains when the spirit of lawlessness moves them.

Capt. James A. Ryan, Fifteenth U. S. Cavalry, detailed as military aid to the provisional governor, is entitled to special mention and commendation for his arduous and effective work in unearthing this conspiracy and securing the evidence necessary to justify the action of the civil authorities. Through his efforts and his direction of the agencies placed at his disposal, the plans and personnel of this adventure were known to the Government from the beginning, and sufficient evidence was collected of overt acts of rebellion to make it unnecessary to wait for the conspirators to take to the field or inflict injury upon persons or property.

ADMINISTRATIVE CONDITION.

EXECUTIVE DEPARTMENTS.

The work of all the executive departments during the past year was greatly in excess of any previous year. A full and complete exposition of their services is set forth in reports of the acting secretaries transmitted with and made a part of this report. I have attempted to summarize these reports, but find these summaries fail to convey an adequate idea of the amount, character, and importance of the work performed or the excellence and care of the performance. I especially request careful and complete reading and consideration of these interesting and informing documents.

The plan adopted by the Peace Commission for the administration of these departments was to confer the duties of the heads of the departments upon the chief clerks. They have since been designated as acting secretaries. The plan included, also, the detail of an officer of the United States Army as adviser to each acting secretary. The plan has worked to very good advantage and accomplished excellent results. The acting secretaries are as follows:

Department of state, Justo Garcia Velez.

Department of justice, Manuel Landa.

Department of government, Manuel Sobrado.

Department of hacienda (treasury), Gabriel Garcia Echarte.

Department of public instruction, Lincoln de Zayas.

Department of public works, Diego Lombillo Clark.

Department of agriculture, industry, and commerce, Francisco I. Vildosola.

The United States Army officers acting in an advisory capacity are: Departments of state and justice, Col. E. H. Crowder; department of government, Lieut. Col. E. St. J. Greble; department of public works, Lieut. Col. W. M. Black; department of sanitation, Maj. J. R. Kean; commanding general, armed forces, Maj. H. J. Slócum; also department of hacienda (treasury), Maj. J. D. Terrill, United States Treasury Department.

The American advisers serve a good and useful purpose, with the ability and fidelity which we are accustomed to expect and secure from the officers of the United States Army.

The acting secretaries have each and all performed the duties of their offices with judgment, discretion, and fidelity to the principles of good government. Their task has been difficult, for, in addition to a great volume of varied services, they were required to readjust and re-form the working of their departments to accord with American ideas of administration, while the personnel were accustomed to an established routine considerably different.

In addition to the commendable work of the heads of the departments, services were rendered and administrative ability displayed by the heads of the several subdivisions into which the departments were divided; two of them, at least, are entitled to special mention for meritorious service—Mr. Charles Hernandez, director-general of posts and telegraphs, and Mr. Saturnino Lastra, collector of customs for the port of Habana.

When the provisional administration was established there were many and constant complaints as to the inadequacy and inefficiency of the postal and telegraph service. The cyclone of October, 1906, practically demolished the Government telegraph lines and greatly increased the public dissatisfaction. Mr. Hernandez was appointed director of posts and telegraphs October 29, 1906, and immediately entered upon a vigorous and successful endeavor to restore, reform, and improve the service. The beneficial results of his administration are shown in the reports of the department of government, and by the fact that no complaints respecting the service have reached this office for more than six months.

Under Mr. Lastra's administration of the Habana custom-house an increased volume of work has been efficiently handled and numerous improvements and reforms effected, among them simplified manifests for ships, adoption of a rule permitting ships to signal inquiries for cargo without entering the port or payment of port charges, repeal of burdensome restrictions on the coastwise trade and shipping, reform in erroneous classifications of importations, adjustment of many long-pending controversies with importers, and the establishment of a better feeling and footing between importers and the customs officials.

I could extend the list of those whose commendable service is entitled to mention indefinitely, and attention is called to this fact as establishing that it is not at all difficult to secure Cubans well qualified to perform all services included in the Executive branch of the Government.

DEPARTMENT OF STATE AND JUSTICE.

The administration of the department of state and justice is set forth in detail in the reports of the acting heads of the sections of state and justice, respectively. The more important features are the following:

Section of state.—Upon the establishment of the provisional government notice thereof was conveyed to all diplomatic and consular agents of Cuba, and they were confirmed in their offices. The maintenance of cordial relations with foreign representatives accredited to this Government has continued.

An extradition treaty has been consummated with the Dominican Republic, and the adhesion of the nation has been declared to various conventions of international character, as follows: The convention concerning the law and customs of war on land, the adaptation of the Geneva Convention of 1864 to maritime warfare, and the convention for the peaceful settlement of international conflicts, which were signed at the Hague in 1899; the convention to improve the conditions of soldiers wounded in the armies in the field, signed at Geneva in 1864; the second international sanitary convention of the American Republics; the convention and protocol of the Universal Postal Union concluded at Rome, and regulations for the execution thereof; and the convention for the establishment of an international institute of agriculture in Rome, signed June 7, 1906.

The Government has attended, through its delegates, international conferences, congresses, and expositions, including the Second Peace Conference held at The Hague; the Fourteenth International Congress of Hygiene and Demography, at Berlin; the Congress of the National Prison Association, at Chicago; the Third International Sanitary Conference of the American Republics, at Mexico; and the Military and Naval Exposition, at Hampton Roads, Virginia.

On assumption of office I directed a general inspection of all consulates of Cuba in Europe to be made, appointing for that purpose a consul-general as inspector of consuls. The results have been beneficial and are being made the basis of new regulations governing the consular service, now being prepared in the section of state.

Various extraditions have been requested of foreign governments, which, as a rule, have been granted. The Government, on the other hand, has in general honored the request of other nations for extraditions.

The récépts in the consulates and legations of Cuba abroad under the consular tariff law amounted to \$385,000 during the period covered by this report, and collections for violations of the law amounted to \$6,421.22, making the total receipts \$391,421.22. The total amount expended in diplomatic and consular service was \$399,173.17, which shows a contribution to this department from the national treasury of less than \$8,000.

Section of justice.—The section of justice has the supervision of judicial administration, notarial administration, registrars of property and registration of convicts, last wills and testaments, penal institutions, and judicial statistics.

Opinions on questions of law requested by the provisional governor and chiefs of other Executive departments are rendered by this section.

An adjunct to the section is the claims commission created by decree No. 158, November 22, 1906, to investigate and report on all claims against the Government arising out of the recent insurrection.

There have been acted upon in the section of justice 2,776 applications for pardon, of which 456 have been granted.

Supervision and rigid inspection of the courts of the island and of the registries of property have been made, and summaries have been prepared of conveyances of real estate.

Many improvements and reforms in governmental administration and amendment of general laws have originated in this department and needed legislation suggested and drafted.

DEPARTMENT OF GOVERNMENT.

The administration of the department of government has been through three sections, which were reorganized shortly after the establishment of the provisional government.

Section 1 has charge of affairs relating to the department of charities, penal institutions, and to certain matters connected with sanitation.

Section 2 deals with affairs relating to the department of communications (posts and telegraphs), public order, police, cattle registry, copyright law, official printing, the censorship of theaters, Official Gazette, has charge of the purchase of supplies for the department and of the personnel, the national archives, the archives of the liberating army, and affairs of a general character not classified in any of the other sections. It also keeps the records and prepares the decrees for the concessions of private telephone systems and electric-power plants and makes the prescribed inspections of these.

Section 3 is intrusted with all matters connected with the organization and acts of municipal and provincial governments, adminis-

trative appeals from local authorities, local and rural police, and matters relating to local roads. It also supervises the awarding of public bids relating to the department and has charge of the statistics of the island.

The department of government further has charge of the secret police and supervision over the police of Habana.

The principal work, outside of routine matters, performed by the department has been the classification of the hospitals and an attempt to better their administration and equipment. Many needed repairs in the hospitals have been carried to a conclusion, and plans are rapidly being prepared for repairs to all the hospitals in the island. About \$500,000 have already been spent or authorized for equipments and repairs in these hospitals. The additional plans under preparation will probably amount to \$200,000, and it is believed that when these are completed the hospitals in the island will have proper accommodation and sanitary installations for the deserving, poor sick.

The insane asylum at Mazorra was in bad condition. Its accommodations were for about 600 insane, yet nearly 1,600 were crowded into this asylum, without beds, bedding, and clothes. One hundred and sixty thousand dollars had been appropriated on June 18, 1906, by the Cuban Congress for enlarging this institution, but no steps had been taken to spend this money. Practically all of this sum has been spent under the provisional government for equipments, new constructions, and repairs. An additional \$45,000 will place this institution in proper condition to care for approximately 2,000 insane. Plans are being prepared for this work. The work carried out in this institution was done under the direct supervision of Lieut. Ralph McCoy, of the Twenty-seventh U. S. Infantry.

The Correctional School for Boys was found in a thoroughly disorganized condition. Capt. Jens Bugge, of the Twenty-eighth United States Infantry, was placed in charge of this school, and under his supervision it was partially reorganized and equipped, and the boys put back to work in their schools, work shops, and on the farm.

The Correctional School for Girls at Aldecoa has had extended repairs made to the buildings, the roofs of which were in a dangerous condition. A new house has been built for the sisters in charge of this school. Additional land has been acquired from the municipal council at Habana, the institution has been placed in thorough repair, and at present can take care of 250 children.

The penal institutions have been inspected and they are fast being repaired, given proper sanitary installations and equipped with beds, bedding, and clothes for the prisoners. One hundred and seventy-one thousand five hundred and twenty-five dollars have been appropriated for the above purposes, and this work is in a satis-

factory state of progress. The department of public works is at present engaged upon plans for a new jail at Santiago de Cuba.

The department of posts and telegraphs has, as above stated, been excellently administered by Col. Chas. Hernandez, who was appointed director-general of communications on the 29th of October, 1906. During the year of his incumbency the mailing and distributing force has been thoroughly reorganized, telegraph lines throughout the island have been repaired and extended, 26 new post-offices have been created, 53 new money-order offices established, contracts have been made with the P. and O. Steamship Company so that mails can be sent almost daily to the United States, a system of parcels post has been established in 45 offices, and the policy established of appointing in small towns telegraph operators as postmasters, so that one employee could perform the duties of both offices. In the telegraph service 32 new offices have been opened and arrangements made for the establishment of six wireless telegraph stations which were contracted for by the former government. These stations will shortly be in working order. Wireless telegraphic communication has been established between Habana and the Isle of Pines. During the year from October, 1906, to September 30, 1907, 16 new mail routes have been established, delivering 16,866 mails annually. The parcels-post treaties with the German Empire and France and the postal convention, or treaty of Rome, have been put in effect.

Section 3 is at present at work upon a map of the Island of Cuba which will show the provincial, municipal, and barrio boundaries. This work will be exceedingly valuable, as there has been in the past much conflict as to the territorial limits of the municipalities. It is expected that this work will be completed within the next six months.

A section of constructions has also been created with the proper technique and personnel for carrying out works of construction and repairs in the institutions or other buildings under charge of the department of government; and it is believed that through it the asylums, hospitals, and jails may be kept in proper repair. This Bureau has assisted in repairing the public buildings in Habana.

The various sections of the department have done an immense amount of routine work, and this with a reduced personnel resulting from the reorganization of the office. The large amount of work found in the department which had been unacted upon, due to the revolution of last year, has been brought to date. The chiefs of these sections have worked intelligently and cheerfully, without regard to hours, when their services were required, and deserve this merited recognition of services which have made the work of this department possible.

Capt. James L. Bevans, Medical Department, U. S. Army, has been on duty in the department since October 31, 1906. He has had charge

of the work connected with charities and penal institutions. The work coming under his supervision has been executed with energy and efficiency.

TREASURY DEPARTMENT.

The report of the treasury department shows that the collection of public revenues from all sources has been maintained at a good figure and that the condition of the treasury of Cuba is prosperous, a situation due in great measure to the proper and intelligent direction of the treasury officials.

The treasury department comprises thirteen bureaus to which matters of the utmost importance are intrusted. They are:

The central comptroller's office, which keeps the accounts of receipts and collections of public moneys in methodical and systematic order.

The general auditor's office, which audits accounts as to expenditures and receipts, carefully supervising the handling of public funds by the various departments of the Government.

The treasury, which has the keeping of the public funds.

The central paymaster's office, which pays the salaries and expenses of the central government departments and of such offices as are not paid by the local fiscal zones.

The bureau of statistics, which collects and publishes data relative to commerce and trade, agriculture, industries, immigration, local finances, and other matters of general interest. During the past year it has published interesting pamphlets giving figures in regard to the sugar crop, the consumption of cattle and the cattle industry, importations and exportations, immigration, and municipal budgets.

The quarantine service, which has made constant and efficient efforts to prevent the introduction into the Republic of quarantinable and other contagious diseases. The officers of this service at all ports have during the past year inspected 4,473 ocean steamers and 402,688 persons, vaccinated 8,774 persons, and committed 328 cases of sickness to the hospitals. The quarantine service has (on November 22, 1907) been transferred to the department of sanitation.

The customs bureau, which is one of the principal bureaus of the Government, having supervision over all the custom-houses of the Republic. By constant vigilance it has maintained a uniformity of interpretation among the customs officials of the island as to the correct classification of goods under the customs tariff and as to the application of the customs regulations. For the purpose of correcting errors the bureau makes a careful and minute examination of all entries and other documents forwarded by the various custom-houses, the number of entries examined and verified from September 29, 1906, to

September 30, 1907, being 149,142. This bureau includes the division of protests, navigation, and revenue cutters, which has done good work.

The bureau of special imposts, which is charged with the collection and administration of the internal-revenue taxes provided for the service of the \$35,000,000 Speyer loan. New rules of procedure have been adopted to make the work more effective, and the bureau has, during the time covered by the report, collected a total of \$4,050,859.20.

The immigration service, which supervises immigration into the island according to the immigration law. During the year the immigrant camp at Triscornia, near Habana, has been maintained in perfect sanitary condition and its accommodations increased.

The bureau of state property and legal affairs, which keeps the necessary lists of real property belonging to the State, and supervises the administration of the same, advises the various officials of the treasury department in legal matters and investigates and verifies the payment of conveyance taxes in the fiscal zones. This bureau has been engaged in a thorough investigation for the ascertainment of all real property of the State.

The bureau of revenues and imposts, which has the inspection of municipal budgets and accounts, and of the collection of territorial, industrial, corporation, and other taxes.

The central army pay office, which has charge of disbursing to the persons authorized the amounts of the two loans contracted for the payment of the Cuban army of liberation—the army which carried on the war of 1895–1898.

And finally, the bureau of miscellaneous affairs and office of the secretary, which has charge of matters pertaining to the personnel and keeps the records of the department.

All of these bureaus have had a very large amount of routine work, which they have well performed. Their several reports constitute an interesting exposition of the work done. They are accompanied by a number of tables giving detailed data as to the amounts collected and disbursed, the items of revenue and disbursements, the state of the Treasury, foreign trade, immigration, municipal budgets and routine work.

The acting secretary recommends the establishment of new immigrant and quarantine stations at Santiago de Cuba, Nuevitas, and Cienfuegos; the pressing of the work of investigating and registering in the registers of property, the real property belonging to the state; the free cancellation of "censo" annuities pertaining to the state; and the sale of such real estate as was forfeited to the Government for overdue taxes, ordered returned to its owners by a military order of 1899, but has not been so restored.

DEPARTMENT OF PUBLIC INSTRUCTION.

The department of public instruction is divided into two sections, primary instruction and superior instruction, the latter subdivided into two departments, the institutes and the national university. The state also supports, in connection with its section of superior instruction, the school of arts and trades, the school of painting and sculpture, and the national library.

For primary instruction there are over 3,700 public school teachers, about 130,114 pupils enrolled, and 106 Boards of Education on the island.

The armed movement of August, 1906, produced dire results in the school attendance. Except in a few important cities the attendance dwindled to insignificant proportions, and in the rural districts of Pinar del Rio and Santa Clara provinces it practically ceased. The Department spared no effort to remedy the situation. Special school inspectors were appointed and the necessary school material furnished, and by December 1 the school attendance was raised to its former standard, as appears from the following table:

Province.	Attendance for the month of December in 1905 and 1906.				Total 1906.	Total 1905.	Increase.	Decrease.
	White.	Colored.	Male.	Female.				
Habana.....	16,346	6,681	12,269	10,758	23,027	21,240	1,787	.....
Santiago de Cuba.....	12,473	6,581	10,021	9,033	19,054	19,288	.....	234
Matanzas.....	8,495	6,014	7,437	7,072	14,509	14,421	88	.....
Santa Clara.....	15,211	7,075	12,225	10,061	22,286	25,043	.....	2,757
Camaguey.....	4,576	1,016	2,957	2,635	5,592	6,246	.....	654
Pinar del Rio.....	8,140	3,693	7,101	4,732	11,833	11,291	542	.....
Total.....	65,241	31,060	52,010	44,291	96,301	97,529	.....	1,228

Since then the attendance has been up to the average standard. The most important steps in connection with the public schools have been the movement toward the grading of the schools in a pedagogic and scientific manner, the number of special branches taught and the wider scope given to those which already existed in the schools of Cuba. In the school term of 1905-6, the following special branches were taught: Kindergarten, sloyd in wood, and physical training. During the past year the following special branches have been added: Lace work, sewing and pattern work, drawing and modeling, sloyd in cardboard, sloyd in metal, and music.

The normal education of teachers is receiving serious attention and an elaborate plan for high schools has been matured by the board of superintendents.

The principal institutes, one in each province, prepare their pupils for the degree of bachelor. The professors, by virtue of the law of July 11, 1906, have had their salaries increased, special appropriations have been made for the purchase of scientific material, and ex-

amination methods have been rendered less cumbersome and complicated for both professors and scholars. The state contributed the sum of \$268,860 for the maintenance of the six provincial institutes during the past year.

The national university receives \$357,358 from the state. It is divided into three faculties—Belles letters and sciences, medicine and pharmacy, and law. At the request of the university some changes have been effected in its course of studies, in the division of its faculties, and in the degrees which it confers. Among the most important may be mentioned the division of the faculties of science, the amplification of the school of agronomy, the right to confer the degree of doctor of dental surgery, the installation of a department of X and Finsen rays and a clinic at the "Mercedes" Hospital, and the construction of new and spacious buildings on the university grounds. The salaries of all the professors have been increased in compliance with the law passed by the Cuban Congress on July 11, 1906.

The School of Arts (manual) and Trades, which the military government of intervention raised to a high degree of excellence, has been amply provided for. An appropriation of \$41,000 has been made for this institution, which provides both day and night instruction, and turns out skilled workmen and artisans.

The state contributes \$16,060 toward the School of Painting and Sculptures, at which over 500 pupils are enrolled this year. Among the changes introduced has been the appointment of a woman teacher for the female pupils in the class of anatomy and drawing from the living model.

The national library was founded by General Wood. Its personnel has recently been reorganized and increased, and to-day its shelves contain over 40,000 books. The state annually contributes \$11,660 toward its support.

DEPARTMENT OF PUBLIC WORKS.

The work of the department of public works covers, in general, public works of all kinds executed with state funds, and also the investigation of petitions for concessions to private parties or corporations for works of public utility, or those involving the use of the public domain. The works are carried on and materials are bought under contract or otherwise, as may be most economical and advantageous to the Government, under the same regulations as prevail in the public works of the United States.

At its last regular session the Cuban Congress had made liberal appropriations for public works, covering 423 specific works, of which 46 had been started prior to the establishment of the provisional government. In measure as the state of the treasury became known, and

the expert personnel of the department increased, more works were begun.

During the period from July 1, 1907, to September 30, 1907, the total payments of the department amounted to \$8,420,677.45. The monthly averages of payments were: July to September, 1906 (Palma Government), \$329,141.78; October, 1906, to June, 1907 (provisional government), \$534,588.90; July to September, 1907 (provisional government), \$873,984. During October, 1907, the payments aggregated \$1,193,780.31. These averages reflect the gradually increasing work of the department.

The increase of work required a large increase of personnel. As far as possible this increase has been made up of residents of Cuba. When the available supply of technically trained men in the island had been exhausted, engineers were engaged from abroad, mainly from the United States, as permitted by law. On September 30, 1906, the technical force numbered 251; on September 30, 1907, it numbered 484. Officers and enlisted men of the Engineer Corps of the United States Army have also rendered notable assistance.

The work of the department may be summarized as follows:

Roads and bridges.—At the end of the Spanish rule in the island there were 256 kilometers of highways in existence. Work of road construction was begun by the military government of intervention and continued under the Republic. On September 30, 1906, the mileage had been increased to 610 kilometers, and on September 30, 1907, to 786 kilometers. On the latter date 697 kilometers were under construction, the greater part of which will be completed by the end of the current fiscal year, making a grand total of 1,484 kilometers with all bridges and culverts required.

Important highways are given a crowned metaled width of 5 meters, with drainage, ditches, culverts, and bridges. Telford macadam is used where the soil is soft or drainage is poor. These are termed "macadam roads" or "highways." Less heavily traveled roads are drained, graded, crowned, and provided with culverts and bridges and are metaled only where the ground is soft. These are termed "improved roads." The figures shown in the preceding paragraph include both classes of roads.

The highways cost from \$6,500 to \$15,000 per kilometer, according to the difficulty of obtaining suitable road metal, and the nature of the country. Efforts are being made to reduce the cost by the introduction and extensive use of road machinery.

The congressional appropriations for road work were made in comparatively small amounts and for widely scattered localities, with the result that several years were required to complete a road between two objective points; the contracts were too small to warrant the purchase of expensive plants, and the roads when constructed did not

connect into a well-considered system which could be maintained economically. In April, 1907, a definite programme was adopted for the construction or improvement of 2,304 kilometers of roads at an estimated cost of \$13,000,000, to be expended during a period of three years. In addition to this, as funds are available, the short stretches of roadway begun with congressional appropriations and not included in the general programme are to be extended to their various objectives. In addition to the roads above provided for and which are those of most immediate necessity, the need for at least 3,000 kilometers more can now be seen. In the absence of a sufficient number of civilian experts, by authority of the commanding general of the army of Cuban pacification, 89 kilometers of road in Pinar del Rio are being constructed under the supervision of the officers and men of the Third Battalion of Engineers, U. S. Army, under the command of Maj. M. Patrick. The tables appended to the report of the acting secretary show fully the status of the road and bridge work of the island.

Besides the large number of bridges included in the general appropriations for roads, separate appropriations have been made since January 1, 1906, for 79 bridges. Of these, 9 have been completed, 59 are under construction, and 11 are under study.

Harbors.—Works of improvement are in progress in the harbors of Habana, Matanzas, Cienfuegos, Santiago, and the Isle of Pines. A project for extensive betterments in the harbor front of Habana has been prepared, as well as projects for work in a number of other ports and channels. Two new dredging plants have been contracted for and will soon be ready for work. It is proposed to carry on this work as fully as funds permit.

Aids to navigation.—The existing light-houses are 34 in number. During the last year 1 new light-house has been built, 13 repaired, buoys and beacons repaired and reestablished, the installation of the improved lighting system continued, and the construction of 6 new light-houses authorized, of which 2 will be begun during this fiscal year.

Sanitation.—In the absence of a national department of sanitation Congress had made appropriations for certain of the sanitary work in 16 cities, outside of Habana, to be carried on by the department of public works. This work has been carried on generally by administration, and good results have been accomplished. In a measure as the new department of sanitation perfects its organization the street cleaning work and work of collection and removal of garbage will be assumed by it. Since the beginning of the military government of intervention all of the municipal engineering works in the city of Habana have been carried on by the State. The city is clean and its streets are in as good condition as the character of the pavements

will permit. Details of the work done can be found in the report of the acting secretary and its appendices.

The water-distribution system of Habana has been extended to the neighboring towns and villages, including Marianao, Camp Columbia, and Guanabacoa, under appropriations made by Congress. The distribution system of Habana is defective. There is much waste and pressures are insufficient. The acting secretary recommends that measures be taken to avoid impending shortness of supply.

Waterworks throughout island.—Congress has made provision for water supply systems for 16 of the towns of the island. Two have been completed and are in operation. Contracts have been made for work on four more. Projects for the remainder are being made. It is the adopted policy to extend this work as far as possible.

Inundation.—Periodical floods in the Roque district of Matanzas Province and in the Sagua la Grande Valley, having caused great damage, Congress made appropriations for an investigation in their cause and for the formation of projects for the protection of the country affected. The investigations have been practically completed and the projects made. They contemplate the drainage and protection of the lands at an estimated cost of \$1,724,513. These projects will have to be undertaken in the future when funds become available.

State buildings.—These buildings had been much neglected for several years, and at its last session Congress made appropriations aggregating \$2,396,382.67 for repairs and new constructions. This required a practical reorganization of the department. Work has been carried on under 246 projects. The average monthly expenditures under this head for the different periods have been: July to September, 1906, \$25,825.64; September, 1906, to June, 1907, \$55,949.79; June to September, 1907, \$87,825.23. In the new construction an effort is made to use modern methods, but to have the design conform to the requirements which experience has shown to be best suited to the climate and conditions.

DEPARTMENT OF AGRICULTURE, INDUSTRY, AND COMMERCE.

The department of agriculture, industry, and commerce is divided into four divisions, viz, meteorology and crops, forests and mines, industry and commerce, and agriculture. Each of these divisions is divided into bureaus. The employees of the department of agriculture, distributed among the six provinces of the Republic, are rendering good service and no complaints have been received for inefficiency.

The division of meteorology and crops is divided into two bureaus, a weather bureau (meteorology) and a bureau of fisheries. The weather bureau has made observations throughout the island and

published the results of the same in a weekly bulletin and in the monthly bulletin of the department. It is in daily telegraphic communication with the Weather Bureau at Washington. Such aid as the marine officers, whether national or foreign, have asked for has been immediately rendered. The special system of flag signals used by the United States Weather Bureau has been adopted here. A seismic service has been also established for the purposes of making observations. The bureau of fisheries has been recently established and renders very important services to the fishing industry. With the object of assisting the bureau, a fish commission has recently been organized.

The division of forests and mines has demarcated 75 mines, containing in all 26,671 hectares, and has rendered decisions in a large number of petitions and other matters affecting the mines and forests of the Republic.

The division of industry and commerce has charge of the industrial and commercial trade-marks, patents, and all matters relative to industry and commerce. It has settled, during this year, 1,766 matters relating to trade-marks; has received 330 applications for patents and decided 225, and is now organizing a special bureau of industry and commerce.

The division of agriculture has charge of agricultural statistics, and assists in the development of the wonderful agricultural resources of Cuba. The work carried on by the central experiment station shows constant scientific progress, and the publications of this station, with the other publications of the department, contribute much to dissemination of useful knowledge concerning agriculture and the cattle industry. The encouragement of immigration and the colonization of immigrants are also confided to this division.

DEPARTMENT OF SANITATION.

The report of the department of sanitation shows that the excellent sanitary work performed in Cuba under the former military government of intervention was due to the zeal and capacity of the individual sanitary officers, without the assistance of any national organization, although assistance from the national treasury was freely given. Upon the establishment of the Republic the municipalities outside of Habana were thrown on their own resources, thus explaining the deterioration of sanitary conditions. In Habana the sanitary services were supported by the state with great liberality, and have on the whole been well performed.

It having become evident that there is no prospect that the municipalities will be able to maintain efficient sanitary services, these have been taken in charge by the state, by decree No. 894, dated August 26, 1907, which substitutes a national sanitary officer appointed by the

executive for the local board of health theretofore existing in each municipality.

The report of the chief sanitary officer gives the history of the occurrence of yellow fever in this island since its introduction from New Orleans in October, 1905, the blame for which must be divided between the quarantine service and the department of land sanitation, which two services had been separated the year before, the former having been transferred to the treasury department. After a sharp epidemic in the fall of 1905 and another in the fall of 1906 in Habana, the infection was each time extinguished in this city, but lingered in the rural districts, where no effective machinery for observing and combatting it existed.

It appeared in the spring of 1906 in the district of Bolondron, Matanzas Province, and in the spring of 1907 in the municipality of Nueva Paz, in the southeastern part of the Province of Habana. During the present year the disease has been promptly extinguished whenever it has appeared in the large cities, with the exception of Cienfuegos, where it appeared early in August in a hospital used in common for Cubans and soldiers of the American garrison. The sanitary conditions of Cienfuegos were very bad, owing to the absence of sewers and to a very deficient water supply, which obliged the inhabitants to keep water stored in barrels, tanks, and other receptacles that bred mosquitoes in large numbers.

Energetic measures taken by the Department brought the disease under control within two months, only two cases of the disease having appeared there since the 29th of September.

Yellow fever has, however, this summer shown an increased tendency to spread in the small towns and large sugar plantations, and has appeared altogether in 30 different localities in the island. The disease was, in 1901, banished from the island by measures of fumigation and mosquito prevention, confined to a few of the larger cities, but a much wider extension of this work is now necessary on account of the rapid increase in the number of nonimmunes in the island, and the greatly increased facilities for movement from place to place of the floating population, including the large number of nonimmune Spanish laborers employed in the gathering of the sugar crop and on public works.

Effective preventive work against yellow fever in the municipalities outside of Habana has not heretofore been practicable, because such measures had to be administered through local sanitary authorities. The nationalization of the sanitary services gives now, however, the machinery for their prosecution in places where foci of yellow fever have been established, and this has been already initiated and will be carried on throughout the winter. To carry on such measures efficiently throughout the entire island, as is being done in the

Canal Zone in Panama, although theoretically desirable is practically impossible, on account of the great area of the island (44,000 square miles) and the immense and prohibitive cost. It is hoped, however, that it will not be necessary.

Measures have been taken during the past year to diminish the course of tuberculosis in Habana, which is more fatal than all the other infectious diseases combined.

The principal recommendations of this report are the transfer of the quarantine service to the sanitary department, the carrying out of the plans under contemplation for the sewerage of Habana and Cienfuegos, and for a good water supply in the latter city. A decree transferring the quarantine service to the sanitary department has been issued since the date of the department's report, and measures looking to the matter of the sewerage and water supply are now under consideration.

ARMED FORCES.

When the provisional administration by the United States of Cuba was instituted, on September 29, 1906, the forces of the Rural Guard were found concentrated in different places throughout the island to carry on the operations of the campaign made necessary by the insurrection during the months of August and September.

At this time the strength authorized was 3,020 officers and men, according to the law of October 18, 1902, with an additional 2,186 officers and men, provided by the decree of the President of the Republic, dated August 20, 1906. This total strength of the Rural Guard, 5,305 officers and men, was approved by an act of the Cuban Congress of September 15, 1906, which act also consolidated the artillery corps with the Rural Guard, all being designated "The armed forces of the Republic."

On October 15, 1906, the national militia, which had been organized on account of the insurrection, was mustered out of the service; also the additional medical officers and hospital-corps men for each regiment, and the personnel of the Rural Guard thus reduced to 5,170 officers and men, which was the authorized strength until the end of the fiscal year ending June 30, 1907.

The militia had been organized in a very irregular and hasty manner. Many prominent citizens, most of those who took part in the former wars between Cuba and Spain and had obtained some military reputation, were deputed by the Government of Cuba to enlist and equip these militia companies throughout the island, at the public expense. For the purpose of auditing claims for supplies, etc., furnished the militia, a commission composed of one American officer and two officers of the Rural Guard, has been in session at headquarters. They have up to the present time examined 1,681 claims,

representing \$312,961.73, and recommended payment to the extent of \$249,302.82. One hundred and forty-one claims, to the amount of \$48,199.33, are still pending.

On October 15, 1906, when the national militia was mustered out of the service, the Rural Guards were organized as follows: Headquarters of the armed forces, 8 officers; first regiment, 1,734 officers and men; second regiment, 1,714 officers and men; third regiment, 1,714 officers and men; making a total of 5,170 officers and men.

The First Regiment, covering the territory of the provinces of Habana and Pinar del Rio, had 15 separate posts; the Second Regiment in the provinces of Matanzas and Santa Clara, 26 posts; and the Third Regiment in the provinces of Oriente and Camaguey, 101 posts. Owing to the necessities of the uprising the troops of the First and Second regiments had been concentrated by suppressing the smaller posts, while in Camaguey and Oriente, where the outbreak had been less serious, it was not necessary to do so. On June 30, 1907, when the island had again become thoroughly tranquil, smaller posts were reestablished, the First Regiment having 83; the Second 113; and the Third 114. The Rural Guard on September 30, 1906, thus had a total number of 142 posts, and a year later (September 30, 1907) a total of 315 posts throughout the island.

On July 1, 1907, the budget for the fiscal year 1908 went into effect, and the personnel of the armed forces was increased slightly; 25 men being assigned to the general service corps, and 1 horseshoer and 1 farrier for each troop, which makes the present authorized strength 5,243 officers and men. This force is sufficient under present conditions to protect the lives and property of the people, supported by the moral effect of the presence of American troops on the island, and the island of Cuba to-day is in a better state of peace and tranquillity than ever before in its history.

The satisfactory conditions at present existing in the armed forces are to be attributed in large degree to the intelligence, energy, and faithful work done by the American officers detailed for duty with the same. On two occasions, the only two of any importance, Captains Wittenmyer and Dougherty themselves took the field in person in pursuit of outlaws, and so vigorously was the campaign and pursuit conducted that those who desired to make trouble were either killed, captured, dispersed, or forced to surrender to the civil authorities. The manner in which these outlaws were run down under American supervision has been discouraging to others who anticipated engaging in the same mischief.

The discipline of the armed forces is excellent and the requirements for enlistment are strict. The officers show a commendable interest in their duties. There has been gratifying good feeling between the Rural Guard officers and men and the American troops. In many

instances American officers have permitted the Cuban troops to mingle freely with the Americans at drill, in the barracks, and off duty, with the result that the native troops have acquired much knowledge of benefit to them.

A number of schools of instruction have been established for recruits, noncommissioned officers and officers. These schools have a regular six months course and teach the requirements of discipline and efficiency as well as the relations with the civil authorities. The general policy followed has been not only to have an armed force of value and credit in the present, but lay a firm foundation of efficiency for the future.

Efforts have been made to separate, so far as possible, the work done by the Rural Guard from that required to be done by the municipal police; to limit and restrict the work of the Rural Guard to what their name indicates—work in the rural districts. There have, however, been many cases where the local and municipal authorities, through the judges or alcaldes, have called upon the Rural Guard to enforce law and order, but the policy is to let the local civil authorities feel that they should depend upon their own local police for work within the town or city limits. The Rural Guards are required by law to respond to any call made upon them by the civil authorities, but such calls are becoming less frequent all the time. Whether in the rural or urban districts it has always been sought to maintain the utmost harmony with the civil authorities.

Under the decree of the President of the Republic of August 20, 1906, the Artillery Corps, which had before this been a separate command, was consolidated with the Rural Guard, and together they formed the armed forces of the Republic. The Artillery Corps now numbers 680 officers and men—6 companies. They are all stationed in and about Habana, with the exception of 1 company at Santiago de Cuba. One of these companies, besides being equipped as infantry, is a mountain-gun battery. This battery is at present in camp with a battalion of American artillery at the annual target practice near Guanajay. There is also attached to the artillery an additional organization known as the machine-gun company, equipped with 10 Colt automatic guns. The Artillery Corps to-day is a reserve force, mainly infantry, which is held in hand at Habana for local disturbances. The only occasion, however, which has brought this command into service for such purpose was during a brief railroad strike at Camaguey in December, 1906, but the mere presence of the troops was sufficient to prevent disturbance.

What was formerly the hospital for the artillery near Cabanas has been organized and equipped as a general hospital for the armed forces, having 120 beds. This not only fulfills its purpose as a hospital, but is also a school of instruction for medical officers and hospital corps men, who come there and take a regular course.

The great number of horses and ponies turned in by the militia have been carefully culled over; those found permanently unserviceable have been condemned and sold at public auction, and the troops of the Rural Guard have been remounted with other animals in better shape, the surplus horses now being held on pasture, subject to further demand.

The general question of the equipment of the armed forces is entirely satisfactory. New and better contracts have been made for rations, clothing, forage, and all essentials to a military body.

CONCLUSION.

In closing it is a duty and a pleasure to express my appreciation of the excellent work performed by the personnel of the provisional governor's office. The peculiar nature of the provisional administration, combining as it does executive and legislative functions, and the prevailing tendency to look to the Executive for every kind of assistance and relief, have entailed an enormous amount of work on the office of the provisional governor. Scores of petitions, complaints, and other communications of the most varied kind are daily received. My cordial acknowledgments are especially due to Maj. Frederick S. Foltz, Fifteenth Cavalry, U. S. Army, who has had charge of the office and has performed his onerous duties with commendable zeal and efficiency; to Capt. James A. Ryan, Fifteenth U. S. Cavalry, and Maj. José Martí, Artillery Corps of Cuba, detailed as military aids to the provisional governor; Mr. Jorge Alfredo Belt, legal assistant in the office; and to Judge Otto Schoenrich, who, in addition to his duties as member of the advisory commission, has been attached to the provisional governor's office and has rendered valuable service.

This report would be incomplete and the statement as to the workings of the provisional administration inadequate, if no reference were made to the services of Hon. Frank Steinhart, who placed at the disposition of the provisional governor the large fund of information respecting Cuban affairs acquired by him during nine years' service in the island in connection with the military government, also as agent to the War Department and later as American consul-general at Habana. This knowledge and also Mr. Steinhart's advice and admonition has been of great value, and I am indebted to him in large measure for the solution of many intricate and important problems with which the Government has been called upon to deal.

CHARLES E. MAGOON,
Provisional Governor.

The SECRETARY OF WAR.