

A photograph of the Ohio Statehouse dome, partially obscured by trees, with a black text box in the top left corner.

***WILLIAM
MCKINLEY***

***THIRD STATE
OF THE UNION
ADDRESS***



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William McKinley

Third State of the Union Address

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TABLE OF CONTENTS

[Cover](#)

[Titlepage](#)

[Text](#)

To the Senate and House of Representatives:

At the threshold of your deliberations you are called to mourn with your countrymen the death of Vice-President Hobart, who passed from this life on the morning of November 21 last. His great soul now rests in eternal peace. His private life was pure and elevated. while his public career was ever distinguished by large capacity, stainless integrity, and exalted motives. He has been removed from the high office which he honored and dignified, but his lofty character, his devotion to duty, his honesty of purpose, and noble virtues remain with us as a priceless legacy and example.

The Fifty-sixth Congress convenes in its first regular session with the country in a condition of unusual prosperity, of universal good will among the people at home, and in relations of peace and friendship with every government of the world. Our foreign commerce has shown great increase in volume and value. The combined imports and exports for the year are the largest ever shown by a single year in all our history. Our exports for 1899 alone exceeded by more than a billion dollars our imports and exports combined in 1870. The imports per capita are 20 per cent less than in 1870, while the exports per capita are 58 per cent more than in 1870, showing the enlarged capacity of the United States to satisfy the wants of its own increasing population, as well as to contribute to those of the peoples of other nations.

Exports of agricultural products were \$784,776,142. Of manufactured products we exported in value \$339,592,146, being larger than any previous year. It is a noteworthy fact

that the only years in all our history when the products of our manufactories sold abroad exceeded those bought abroad were 1898 and 1899.

Government receipts from all sources for the fiscal year ended June 30, 1899, including \$11,798,314.14, part payment of the Central Pacific Railroad indebtedness, aggregated \$610,982,004.35. Customs receipts were \$206,128,481.75, and those from internal revenue \$273,437,161.51.

For the fiscal year the expenditures were \$700,093,564.02, leaving a deficit of \$89,111,559.67.

The Secretary of the Treasury estimates that the receipts for the current fiscal year will aggregate \$640,958,112, and upon the basis of present appropriations the expenditures will aggregate \$600,958,112, leaving a surplus of \$40,000,000.

For the fiscal year ended June 30, 1899, the internal-revenue receipts were increased about \$100,000,000.

The present gratifying strength of the Treasury is shown by the fact that on December 1, 1899, the available cash balance was \$278,004,837.72, Of which \$239,744,905.36 was in gold coin and bullion. The conditions of confidence which prevail throughout the country have brought gold into more general use and customs receipts are now almost entirely paid in that coin.

The strong position of the Treasury with respect to cash on hand and the favorable showing made by the revenues have made it possible for the Secretary of the Treasury to take action under the provisions of section 3694, Revised Statutes, relating to the sinking fund. Receipts exceeded

expenditures for the first five months of the current fiscal year by \$13,413,389.91, and, as mentioned above, the Secretary of the Treasury estimates that there will be a surplus of approximately \$40,000,000 at the end of the year. Under such conditions it was deemed advisable and proper to resume compliance with the provisions of the sinking-fund law, which for eight years has not been done because of deficiencies in the revenues. The Treasury Department therefore offered to purchase during November \$25,000,000 of the 5 per cent loan of 1904, or the 4 per cent funded loan of 1907, at the current market price. The amount offered and purchased during November was \$18,408,600. The premium paid by the Government on such purchases was \$2,263,521 and the net saving in interest was about \$2,885,000. The success of this operation was sufficient to induce the Government to continue the offer to purchase bonds to and including the 23d day of December, instant, unless the remainder of the \$25,000,000 called for should be presented in the meantime for redemption

Increased activity in industry, with its welcome attendant—a larger employment for labor at higher wages—gives to the body of the people a larger power to absorb the circulating medium. It is further true that year by year, with larger areas of land under cultivation, the increasing volume of agricultural products, cotton, corn, and wheat, calls for a larger volume of money supply. This is especially noticeable at the crop-harvesting and crop-moving period.

In its earlier history the National Banking Act seemed to prove a reasonable avenue through which needful additions to the circulation could from time to time be made.

Changing conditions have apparently rendered it now inoperative to that end. The high margin in bond securities required, resulting from large premiums which Government bonds command in the market, or the tax on note issues, or both operating together, appear to be the influences which impair its public utility.

The attention of Congress is respectfully invited to this important matter, with the view of ascertaining whether or not such reasonable modifications can be made in the National Banking Act as will render its service in the particulars here referred to more responsive to the people's needs. I again urge that national banks be authorized to organize with a capital of \$25,000.

I urgently recommend that to support the existing gold standard, and to maintain "the parity in value of the coins of the two metals (gold and silver) and the equal power of every dollar at all times in the market and in the payment of debts," the Secretary of the Treasury be given additional power and charged with the duty to sell United States bonds and to employ such other effective means as may be necessary to these ends. The authority should include the power to sell bonds on long and short time, as conditions may require, and should provide for a rate of interest lower than that fixed by the act of January 14, 1875. While there is now no commercial fright which withdraws gold from the Government, but, on the contrary, such widespread confidence that gold seeks the Treasury demanding paper money in exchange, yet the very situation points to the present as the most fitting time to make adequate provision to insure the continuance of the gold standard and of public