

PRESIDENT TO CONGRESS Message Read to Both Houses of National Assembly

LEGISLATION CALLED FOR

Financial Standing of the Nation Declared Excellent—Control of Corporations, the President Thinks, Should Be Left to the National Government—Labor Leaders Come in for Criticism—Respect for Law Vital to the Well-Being of Country.

Washington.—The message of President Roosevelt was read in both houses of congress Tuesday. In substance the document was as follows:

To the Senate and House of Representatives: The financial standing of the nation at the present time is excellent, and the financial management of the nation's interests by the government during the last seven years has shown the most satisfactory results. But our currency system has made no progress, and it is earnestly to be hoped that the currency commission will be able to propose a thoroughly good system which will do away with the existing defects.

During the period from July 1, 1901, to September 30, 1908, there was an increase in the amount of money in circulation of \$2,521,350. The increase in the per capita during this period was \$7.65. Within this time there were several occasions when it was necessary for the treasury department to come to the relief of the money market by increasing the issue of United States bonds, by increasing deposits in national banks, by stimulating additional issues of national bank notes, and by facilitating importations from abroad of gold. Our imperfect currency system has made no progress, and it is earnestly to be hoped that the currency commission will be able to propose a thoroughly good system which will do away with the existing defects.

During the period from July 1, 1901, to September 30, 1908, the balance between the net ordinary receipts and the net ordinary expenses of the government showed a surplus in the four years 1902, 1903, 1906, and 1907, and a deficit in the years 1904, 1905, 1908 and a fractional part of the fiscal year 1909. The net result was a surplus of \$29,283,413.54. The financial operations of the government during this period, based upon these differences between receipts and expenditures, resulted in a net reduction of the interest-bearing debt of the United States from \$97,141,940 to \$97,253,990, notwithstanding that there had been two sales of Panama canal bonds amounting in the aggregate to \$54,531,980, and an issue of three per cent. certificates of indebtedness amounting to \$15,436,500. Refunding operations of the treasury department under the act of March 14, 1909, resulted in the conversion into two per cent. bonds of 1930 of \$62,306,400 bonds of higher coupon interest. A decrease of \$2,977,556 in the annual interest charge resulted from these operations.

In a word, during the seven years and three months there has been a net surplus of nearly one hundred million of receipts over expenditures, and a reduction of the interest-bearing debt by ninety millions, in spite of the extraordinary expense of the Panama canal, and a saving of nearly nine millions on the annual interest charge.

Control of Corporations. As regards the great corporations engaged in interstate business, and especially the railroads, I have already said in my messages to the congress. I believe that under the interstate clause of the constitution the United States has complete and paramount right to control all agencies of interstate commerce. I believe that the national government alone can exercise this right with wisdom and effectiveness, so as both to secure justice from, and to do justice to, the great corporations who are the most important of our modern business. I believe that it is worse than folly to attempt to prohibit all combinations as is done by the Sherman anti-trust law, because such a law can be enforced only imperfectly and unequally, and its enforcement works almost as much hardship as good. I strongly advocate that instead of an unwise effort to prohibit all combinations, there shall be substituted a law which shall express the public interest, and shall at the same time give to some agency in the national government full power of control and supervision over them. One of the chief features of this control should be securing entire publicity in all matters which the public has a right to know, and furthermore, the power, not by judicial but by executive action, to prevent or put a stop to every form of improper favoritism or other wrongdoings.

The railways of the country should be put completely under the interstate commerce commission and removed from the domain of the anti-trust law. The power of the commission should be made thoroughgoing, so that it could exercise complete supervision and control over the issue of securities as well as over the raising and lowering of rates. As regards rates, at least, this power should be summary. Rates must be made as low as is compatible with giving proper returns to all the employees of the railroad, from the highest to the lowest, and proper returns to the shareholders, but they must not, for instance, be reduced in such fashion as to necessitate the abolition of the proper and legitimate profits of honest shareholders.

Telegraph and telephone companies engaged in interstate business should be put under the jurisdiction of the interstate commerce commission.

It is very earnestly to be wished that our people, through their representatives, should act in this matter. It is to the interest of all of us that there should be a premium put upon individual initiative and individual ca-

pacities, and an ample reward for the great directing intelligences alone competent to manage the great business operations of today. It is well to keep in mind that the anarchist is the worst enemy of liberty and the reactionary the worst enemy of order, so the men who defend the rights of property have most to fear from the wrongdoers of great wealth, and the men who defend the rights of property have most to fear from the wrongdoers who in the name of popular rights would do wrong to and oppress honest business men, honest men of wealth; for the success of either type of wrongdoer necessarily brings the wrongdoer nominally upholds.

Need of Centralization.

The proposal to make the national government supreme over, and therefore to give it complete control over, the railroads and other instruments of interstate commerce is merely a proposal to carry out to the letter one of the prime purposes, if not the prime purpose, for which the constitution was framed. It does not represent centralization. It represents merely the acknowledgment of the patent fact that centralization has already come in business. If this irresponsible outside business power is to be controlled in the interest of the general public, it can only be controlled in one way; by giving adequate power of control to the one sovereignty capable of exercising such power—the national government. To abandon the effort for national control means to abandon the effort for all adequate control and yet to render likely continual bursts of action by state legislatures, which cannot achieve the purpose sought for, but which can do a great deal of damage to the corporation without conferring any real benefit on the public.

There should be regulation by the national government of the great interstate corporations, including a simple method of account keeping, publicity, supervision of the issue of securities, abolition of rebates and special privileges, and there should be short-time franchises for all corporations engaged in public business, including the corporations which get power from water rights. There should be national, as well as state, guardianship of mines and forests. The relation hereafter referred to should concurrently be enacted into law.

To accomplish this, means a certain increase in the use of—not the creation of—power by the central government. The control which it desires to exercise is to be created, the only question is whether it shall be used or left idle, and meanwhile the corporations over which the power ought to be exercised will not remain idle. The danger to American liberty is not in the concentration of administrative power in responsible and accountable hands. It lies in having the power insufficiently concentrated, so that no one can be held responsible to the people for its use. Control means responsibility, and responsibility, easily reached, quickly held to account. Democracy is in peril wherever the administration of political power is scattered among a variety of men who work in almost wholly different spheres, and who are unknown to the common people. It is not in peril from any man who derives authority from the people, who exercises it in sight of the people, and who is from time to time compelled to give an account of its exercise to the people.

Legislation for Wages.

There are many matters affecting labor and the status of the wage-worker to which I should like to draw your attention, but an exhaustive discussion of the problem in all its aspects is not now necessary. I believe in a steady effort, or perhaps it would be more accurate to say in steady efforts in many different directions, to bring about the present of a better world for the men who work with hand or with brain, the laborers, the superintendents, the men who produce the market and the men who find a market for the articles produced, shall own a far greater share of the proceeds of the world's production, and be enabled to invest it in the tools and instruments by which all work is carried on. As far as possible I hope to see a frank recognition of the advantages conferred by machinery, organization and division of labor, accompanied by an effort to bring about a larger share in the ownership by wage-worker of railway, mill and factory.

Postal Savings banks will make it easy for the poorest to keep their savings in absolute safety. The regulation of the national highways must be such that they shall serve all people with equal justice. Corporate franchises must be supervised so as to make it far safer to present for the man of small means to invest his money in stocks.

There must be prohibition of child labor, limitation of women labor, shortening of hours of all mechanical labor; stock watering should be prohibited, and stock gambling as far as is possible discouraged. There should be a progressive inheritance tax on large fortunes. Industrial education should be encouraged. As far as possible we should lighten the burden of taxation on the small man. We should put a premium upon thrift, hard work, and business energy; but these qualities cease to be the main factors in accumulating a fortune long before that fortune reaches a point where it would be seriously affected by any inheritance tax such as I propose. It is eminently right that the nation should fix the terms upon which the great fortunes are inherited. They rarely do good and they often do harm to those who inherit them in their original form. There should no longer be any paltering with the question of taking care of the wage-workers who, under our present industrial system, become killed, crippled, or worn out as a given result of the incidents of a given business. As far as concerns those who have been worn out, I call your attention to the fact that definite steps toward providing old-age pensions have been taken in many of our states, and that the law may be indefinitely extended through voluntary association and contributory schemes, or through the agency of savings banks as under the Massachusetts plan.

Urgent Need of Reform.

Our present system, or rather no system, works dreadful wrong, and is of benefit to only one class of people—the lawyers. When a workman is injured what he needs is not an expensive and doubtful lawsuit, but the certainty of relief through immediate administrative action. No academic theory about "freedom of contract" or "constitutional liberty of contract" should be permitted to interfere with this and similar movements.

Pending a thoroughgoing investigation and action there is certain legislation which should be enacted at once. The law passed at the last session of the congress granting compensation to certain classes of employees of the government should be extended to include all employees of the government and should be made more liberal in its terms. There is no good ground for the distinction made in the law between those engaged in hazardous occupations and those not so engaged. The terms of the act proposed should be more liberal than in the present act. A year's compensation is not adequate for a wage-earner's family in the event of his death by accident in the course of his employment. And in the case of death occurring after a period of eleven months after the accident, the family would only receive as compensation the equivalent of one or two

months' earnings. In this respect the generosity of the United States towards its employees compares most unfavorably with that of the country in Europe and the poorest.

I renew my recommendation made in a previous message that half-holidays be granted during summer to all wage-workers in government employ.

On the whole there is no body of public servants who do as valuable a whole, nor whose money reward is so inadequate compared to their work. Beginning with the supreme court the judges should have their salaries doubled, but not for the benefit of the nation that its most honored public servants should be paid sums so small compared to what they would earn in private life that the performance of public service by them implies an extraordinary pecuniary sacrifice.

Would Double Salaries of Judges.

I most earnestly urge upon the congress the duty of increasing the totally inadequate salaries now given to our judges. On the whole there is no body of public servants who do as valuable a whole, nor whose money reward is so inadequate compared to their work. Beginning with the supreme court the judges should have their salaries doubled, but not for the benefit of the nation that its most honored public servants should be paid sums so small compared to what they would earn in private life that the performance of public service by them implies an extraordinary pecuniary sacrifice.

It is earnestly to be desired that some method should be devised for doing away with the long delays which now obtain in the administration of justice, and which operate with peculiar severity against persons of small means and favor only the very criminals whom it is most desirable to punish. These long delays in the final decisions of cases make in the aggregate a crying evil, and a remedy should be devised. Much can be done by the creation of a court of appeals, and by the due to improper regard paid to technicalities which are a mere hindrance to justice. In some recent cases this regard for technicalities has resulted in a striking denial of justice, and flagrant wrongs to the body politic.

Labor Leaders Criticized.

On the last occasion certain leaders of organized labor made a sweeping attack upon the entire judiciary of the country, an attack couched in such terms as to include the most upright, honest and broad-minded judges, no less than those of narrower ability and more restricted outlook. Last year, before the house committee on judiciary, these same labor leaders formulated their demands, specifying the bill that contained them, refusing all compromise, and insisting that the bill be passed in its entirety. They insisted on a provision that in a labor dispute no injunction should issue except to protect a property right, and specifically provided that the right to carry on a strike should not be regarded as a property right, and in a second provision their bill made legal in a labor dispute any act or agreement by or between two or more persons that would not have been unlawful if done by a single person. They also demanded the legalizing of blacklisting and boycotting in every form, legalizing, for instance, those forms of the secondary boycott which the anthracite coal strike commission so unreservedly condemned; and they demanded that any business was explicitly taken out from under that protection which the law throws over property. The demand was made that there should be trial by jury in contempt cases, thereby most seriously impairing the authority of the courts. All this represented a course of policy which, if carried out, would mean the enthronement of class privilege in its crudest and most brutal form, and the destruction of one of the most essential institutions of the judiciary in all civilized lands.

The violence of the crusade for this legislation, and its complete failure, illustrate two truths which it is essential for people to understand. The first, that people ought to teach the workingman, the laborer, the wage-worker, that by demanding what is improper and impossible he plays into the hands of his foes. Such a crude and unwise attempt to force a law upon the nation, which is largely unprepared to receive it, if it were temporarily successful, would inevitably in the end cause a violent reaction and would band the great mass of citizens together, forcing them to stand by all the judges, competent without delay to put any law which was explicitly taken out from under that protection which the law throws over property. The demand was made that there should be trial by jury in contempt cases, thereby most seriously impairing the authority of the courts. All this represented a course of policy which, if carried out, would mean the enthronement of class privilege in its crudest and most brutal form, and the destruction of one of the most essential institutions of the judiciary in all civilized lands.

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Respect for Law Must Be Upheld.

The courts hold a place of peculiar and deserved sanctity under our form of government. Respect for the law is essential to the permanence of our institutions, and respect for the law is largely conditioned upon respect for the courts. It is an offense against the republic to say anything which can weaken this respect, save for the gravest reason and in the most carefully guarded manner. In no other nation in the world is the law so widely such vast and far-reaching power as in the United States. All that is necessary is that the courts as a whole should exercise this power with the far-sighted wisdom already shown by those statesmen who have guided the republic in the present. Let them exercise this great power not only honestly and bravely, but with wise insight into the needs and fixed purposes of the people, and they may do justice, and work equity, so that they may maintain the barriers of privilege, which is the foe of right.

Forest Preservation.

If there is any one duty which more than another we owe it to our children to perform at once, it is to save the forests. The forests are the most important element in the conservation of the country. Just as a farmer, after all his life making his living from his farm, will, if he is an energetic farmer, leave it as an asset of increased value to his son, so we should leave our national domain to our children, increased in value and not worn out. There are small sections of our own country, in the east and in the west, in the mountains, the White mountains and the Appalachians, and in the Rocky mountains, where we can already see for ourselves the damage in the shape of permanent injury to the soil and the river systems which comes from reckless destruction of the forests. This reckless cutting of timber, to the fires that inevitably follow such reckless cutting of timber, or to reckless and uncontrolled grazing, especially by the great migratory bands of sheep, is a checked wandering of which over the country means destruction to forests and disaster to the small home-makers, the settlers of limited means.

Thanks to our own recklessness in the use of our splendid forests we have already crossed the verge of a timber famine in this country, and no measure that we now take can, at least for many years, undo the mischief that has already been done. But we can prevent further mischief being done, and it would be in the highest degree reprehensible to let any consideration of temporary convenience or temporary cost interfere with such action, especially as the national forests are the property of the nation can now, at this very moment, be controlled.

The lesson of deforestation in China is a lesson which mankind should have learned many times already from what has occurred in other places. Denudation leaves naked soil; then gully cutting cuts down to the bare rock; and meanwhile the rock-waste buries the bottomlands. When the soil is gone, men must go, and the process does not take long.

Plea for Inland Waterways.

Action should be begun forthwith, during the present session of the congress, for the improvement of our inland waterways—action which will result in giving us not only navigable but navigated rivers. Until the work of river improvement is undertaken in a modern way it can not have results that will meet the needs of this modern nation. The plan which promises the best and quick-

est results is that of a permanent commission authorized to coordinate the work of all the government departments relating to waterways, and to frame and supervise the execution of a comprehensive plan. Under such a commission the actual work of construction might be entrusted to the reclamation service, or to the military engineering corps, or to a sufficient number of civilians to continue the work in time of war; or it might be divided between the reclamation service and the corps of engineers. Funds should be provided from current revenues if it is deemed wise otherwise from the sale of bonds. The essential thing is that the work should go forward under the best possible plan, and with the least possible delay. The time for playing with our waterways is past. The country demands results.

The president urges that national parks adjacent to national forests be placed under the control of the forest service of the agricultural department; he also points out the benefits derived from pure food legislation.

Needs of the Secret Service.

Last year an amendment was incorporated in the measure providing for the secret service, which provided that there should be no detail from the secret service, and no transfer therefrom. The amendment in question was of benefit to no one excepting to criminals, and it seriously hampers the government in the detection of crime and the securing of justice. The chief argument in favor of the provision was that the congressmen did not themselves wish to be investigated by the secret service men. Very little of such investigation has been done in the past, but it is true that the work of the secret service agents was partly responsible for the indictment and conviction of a senator and a congressman for land frauds in Oregon. I do not believe that it is in the public interest to protect criminals in any branch of the public service, and exactly as we have agreed and agreed the past seven years prosecuted and convicted such criminals who were in the executive branch of the government, so in my belief we should be given simple means to prosecute them if found in the legislative branch. But if this is not considered desirable a special exception could be made in the law prohibiting the use of the secret service force in investigating members of the congress.

Postal Savings Banks.

I again renew my recommendation for postal savings banks, for depositing savings with the security of the government, and for the purpose of encouraging thrift and economy in the wage-earner and person of moderate means. It is believed that in the aggregate vast sums of money would be brought into circulation through the instrumentality of the postal savings banks.

Parcel Post.

In my last annual message I recommended the postmaster-general's recommendation for an extension of the parcel post on the rural routes. The establishment of a local parcel post on rural routes would be of great benefit to the farmer and the country storekeeper, and it is desirable that the routes, serving more than 15,000,000 people, should be utilized to the fullest practicable extent.

Education.

With the limited means hitherto provided, the bureau of education has rendered excellent service, but the congress has neglected to adequately supply the bureau with means to meet the educational growth of the country. I earnestly recommend that this unfortunate state of affairs be remedied by the national education office be remedied by adequate appropriations. This recommendation is urged by the representatives of our common schools and great state universities and the leading educators, who all unite in requesting favorable consideration of action by the congress upon this subject.

Statehood.

On the question of statehood the president says: I advocate the immediate admission of New Mexico and Arizona as states. This should be done at the present session of the congress. The people of the two territories have made it evident by their votes that they will not come in as one state. The only alternative is to admit them as two, and I trust that this will be done without delay.

Interstate Fisheries.

I call the attention of the congress to the importance of the problem of the fisheries in the interstate waters. On the Great Lakes we are now under the very treaty of April 21 of this year, endeavoring to come to an international agreement for the preservation and satisfactory use of the fisheries of these waters which can not otherwise be achieved. Lake Erie, for example has the richest fresh water fisheries in the world; but it is now controlled by the statutes of two nations, four states, and one province, and this province by two different ordinances in different counties. All these political divisions work at cross purposes, and in no case can they achieve protection to the fisheries, on the one hand, and justice to the localities and individuals on the other.

Foreign Affairs.

This nation's foreign policy is based on the theory that right must be done between nations precisely as between individuals, and in our actions for the last ten years we have in this matter proven our faith by our deeds. We have behaved, and are behaving, towards other nations, as in private life an honorable man would behave towards his fellows.

Latin-American Republics.

The commercial and material progress of the Latin-American republics is worthy of the careful attention of the congress. The International Bureau of the American Republics is doing a useful work in making these nations and their resources better known to us, and in acquainting them not only with us as a people and with our purposes towards them, but with what we have to exchange for their goods.

Panama Canal.

The work on the Panama canal is being done with a speed, efficiency and entire devotion to duty, which make it a model for all work of the kind. The men on the isthmus, from Col. Goethals and his fellow commissioners through the entire list of employees who are faithfully doing their duty, have won their right to the ungrudging respect and gratitude of the American people.

Ocean Mail Lines.

I again recommend the extension of the ocean mail act of 1851 so that satisfactory American ocean mail lines to South America, Asia, the Philippines, and Australasia may be established.

Hawaii.

I call particular attention to the Territory of Hawaii. The importance of those islands is apparent, and the need of improving their condition and developing their resources is urgent.

The Philippines.

Real progress toward self-government is being made in the Philippine islands. I trust that within a generation the time will arrive when the Philippines can decide for themselves whether it is

well for them to become independent, or to continue under the protection of a strong and disinterested power, able to guarantee to the islands order at home and protection from foreign invasion.

Porto Rico.

I again recommend that American citizenship be conferred upon the people of Porto Rico.

Cuba.

In Cuba our occupancy will cease in about two months time, but the Cubans have in orderly manner elected their own governmental authorities, and the island will be turned over to them. Our occupation on this occasion has lasted a little over two years, and Cuba has thrived and prospered under it. Our earnings here are one feature in that the people of the island shall now govern themselves with justice, so that peace and order may be secure.

Japanese Exposition.

The Japanese government has postponed until 1917 the date of the great international exposition to be held in Japan, but it is to be hoped that the people of the world will be able to see the exposition all that it should be made. The American commissioners have visited Japan and the postponement will merely give a more ample opportunity for Americans to be represented at the exposition. Not since the first international exposition has there been one of greater importance than this will be, marking, as it does, the fiftieth anniversary of the accession to the throne of the emperor of Japan. The extraordinary leap to the foremost place among the nations of the world made by Japan during this half century is something unparalleled in all previous history.

The Army.

As regards the army I call attention to the fact that while our junior officers take the oldest men stand very high, the present system of promotion by seniority results in bringing into the higher grades many men of mediocre capacity who have but a short time to serve. No man should regard it as his duty to accept a promotion which ranks in the army any more than in any other profession. It is a curious and by no means creditable fact that there should be so often a failure on the part of the public and its representatives to encourage thrift and economy in the wage-earner and person of moderate means. It is believed that in the aggregate vast sums of money would be brought into circulation through the instrumentality of the postal savings banks.

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The commercial and material progress of the Latin-American republics is worthy of the careful attention of the congress. The International Bureau of the American Republics is doing a useful work in making these nations and their resources better known to us, and in acquainting them not only with us as a people and with our purposes towards them, but with what we have to exchange for their goods.

Panama Canal.

The work on the Panama canal is being done with a speed, efficiency and entire devotion to duty, which make it a model for all work of the kind. The men on the isthmus, from Col. Goethals and his fellow commissioners through the entire list of employees who are faithfully doing their duty, have won their right to the ungrudging respect and gratitude of the American people.

Ocean Mail Lines.

I again recommend the extension of the ocean mail act of 1851 so that satisfactory American ocean mail lines to South America, Asia, the Philippines, and Australasia may be established.

Hawaii.

I call particular attention to the Territory of Hawaii. The importance of those islands is apparent, and the need of improving their condition and developing their resources is urgent.

The Philippines.

Real progress toward self-government is being made in the Philippine islands. I trust that within a generation the time will arrive when the Philippines can decide for themselves whether it is