

PRESIDENT'S MESSAGE---TRUSTS AND PHILIPPINE QUESTIONS.

The president's message has been discussed at some length on the editorial pages. Below will be found so much of the message as relates to imperialism and the trust question:

THE TRUST QUESTION.

The tremendous and highly complex industrial development which went on with ever accelerated rapidity during the latter half of the nineteenth century brings us face to face at the beginning of the twentieth with very serious social problems. The old laws and the old customs which had almost the binding force of law were once quite sufficient to regulate the accumulation and distribution of wealth. Since the industrial changes which have so enormously increased the productive power of mankind they are no longer sufficient.

The growth of cities has gone on beyond comparison faster than the growth of the country, and the up-building of the great industrial centers has meant a startling increase not merely in the aggregate of wealth, but in the number of very large individual and especially of very large corporate fortunes. The creation of these great corporate fortunes has not been due to the tariff nor to any other governmental action, but to natural causes in the business world, operating in other countries as they operate in our own.

The process has aroused much antagonism, a great part of which is wholly without warrant. It is not true that as the rich have grown richer the poor have grown poorer. On the contrary, never before has the average man, the wage-worker, the farmer, the small trader, been so well off as in this country and at the present time. There have been abuses connected with the accumulation of wealth, yet it remains true that a fortune accumulated in legitimate business can be accumulated by the person specially benefited only on condition of conferring immense incidental benefits upon others. Successful enterprise of the type which benefits all mankind can only exist if the conditions are such as to offer great prizes as the rewards of success.

The captains of industry who have driven the railway systems across this continent, who have built up our commerce, who have developed our manufactures, have on the whole done great good to our people. Without them the material development of which we are so justly proud could never have taken place. Moreover, we should recognize the immense importance to this material development of leaving as unhampered as is compatible with the public good the strong and forceful men upon whom the success of business operations inevitably rests. The slightest study of business conditions will satisfy any one capable of forming a judgment that the personal equation is the most important factor in a business operation; that the business ability of the man at the head of any business concern, big or little, is usually the factor which fixes the gulf between striking success and hopeless failure.

An additional reason for caution in dealing with corporations is to be found in the international commercial conditions of today. The same business conditions which have produced the great aggregations of corporate and individual wealth have made them very potent factors in international commercial competition. Business concerns which have the largest means at their disposal and are managed by the ablest men are naturally those which take the lead in the strife for commercial supremacy among the nations of the world. America has only just begun to assume that commanding position in the international business world which we believe will more and more be hers. It is of the utmost im-

portance that this position be not jeopardized, especially at a time when the overflowing abundance of our own natural resources and the skill, business energy and mechanical aptitude of our people make foreign markets essential. Under such conditions it would be most unwise to cramp or to fetter the youthful strength of our nation.

Moreover, it cannot too often be pointed out that to strike with ignorant violence at the interests of one set of men almost inevitably endangers the interests of all. The fundamental rule in our national life, the rule which underlies all others, is that on the whole and in the long run we shall go up or down together. There are exceptions, and in times of prosperity some will prosper far more and in times of adversity some will suffer far more than others; but, speaking generally, a period of good times means that all share more or less in them, and in a period of hard times all feel the stress to a greater or less degree. It surely ought not to be necessary to enter into any proof of this statement. The memory of the lean years which began in 1893 is still vivid, and we can contrast them with the conditions in this very year which is now closing. Disaster to great business enterprises can never have its effects limited to the men at the top. It spreads throughout, and while it is bad for everybody it is worst for those farthest down. The capitalist may be shorn of his luxuries, but the wage-worker may be deprived of even bare necessities.

The mechanism of modern business is so delicate that extreme care must be taken not to interfere with it in a spirit of rashness or ignorance. Many of those who have made it their vocation to denounce the great industrial combinations which are popularly, although with technical inaccuracy, known as "trusts," appeal especially to hatred and fear. These are precisely the two emotions, particularly when combined with ignorance, which unfit men for the exercise of cool and steady judgment. In facing new industrial conditions the whole history of the world shows that legislation will generally be both unwise and ineffective unless undertaken after calm inquiry and with sober self-restraint. Much of the legislation directed at the trusts would have been exceedingly mischievous had it not also been entirely ineffective. In accordance with a well known sociological law the ignorant or reckless agitator has been the really effective friend of the evils which he has been nominally opposing. In dealing with business interests for the government to undertake by crude and ill considered legislation to do what may turn out to be bad would be to incur the risk of such far-reaching national disaster that it would be preferable to undertake nothing at all. The men who demand the impossible or the undesirable serve as the allies of the forces with which they are nominally at war, for they hamper those who would endeavor to find out in rational fashion what the wrongs really are and to what extent and in what manner it is practicable to apply remedies.

All this is true. And yet it is also true that there are real and grave evils, one of the chief being overcapitalization because of its many baleful consequences, and a resolute and practical effort must be made to correct these evils.

There is a widespread conviction in the minds of the American people that the great corporations known as trusts are in certain of their features and tendencies hurtful to the general welfare. This springs from no spirit of envy or uncharitableness nor lack of pride in the great industrial achievements that have placed this country at the head of the nations struggling for commercial supremacy. It does not

rest upon a lack of intelligent appreciation of the necessity of meeting changing conditions of trade with new methods nor upon ignorance of the fact that combination of capital in the effort to accomplish great things is necessary when the world's progress demands that great things be done. It is based upon sincere conviction that combination and concentration should be not prohibited, but supervised and within reasonable limits controlled, and in my judgment this conviction is right.

It is no limitation upon property rights or freedom of contract to require that when men receive from government the privilege of doing business under corporate form which frees them from individual responsibility and enables them to call into their enterprises the capital of the public they shall do so upon absolutely truthful representations as to the value of the property in which the capital is to be invested. Corporations engaged in interstate commerce should be regulated if they are found to exercise a license working to the public injury. It should be as much the aim of those who seek for social betterment to rid the business world of crimes of cunning as to rid the entire body politic of crimes of violence. Great corporations exist only because they are created and safeguarded by our institutions, and it is therefore our right and our duty to see that they work in harmony with these institutions.

The first essential in determining how to deal with the great industrial combinations is knowledge of the facts—publicity. In the interest of the public the government should have the right to inspect and examine the workings of the great corporations engaged in interstate business. Publicity is the only sure remedy which we can now invoke. What further remedies are needed in the way of governmental regulation or taxation can only be determined after publicity has been obtained by process of law and in the course of administration. The first requisite is knowledge, full and complete—knowledge which may be made public to the world.

Artificial bodies, such as corporations and joint stock or other associations depending upon any statutory law for their existence or privileges, should be subject to proper governmental supervision, and full and accurate information as to their operations should be made public regularly at reasonable intervals.

The large corporations, commonly called trusts, though organized in one state, always do business in many states, often doing very little business in the state where they are incorporated. There is utter lack of uniformity in the state laws about them, and as no state has any exclusive interest in or power over their acts it has in practice proved impossible to get adequate regulation through state action. Therefore in the interest of the whole people the nation should, without interfering with the power of the states in the matter itself, also assume power of supervision and regulation over all corporations doing an interstate business. This is especially true where the corporation derives a portion of its wealth from the existence of some monopolistic element or tendency in its business. There would be no hardship in such supervision. Banks are subject to it, and in their case it is now accepted as a simple matter of course. Indeed it is probable that supervision of corporations by the national government need not go so far as is now the case with the supervision exercised over them by so conservative a state as Massachusetts in order to produce excellent results.

When the constitution was adopted, at the end of the eighteenth century, no human wisdom could foretell the sweeping changes, alike in industrial

and political conditions, which were to take place by the beginning of the twentieth century. At that time it was accepted as a matter of course that the several states were the proper authorities to regulate so far as was then necessary the comparatively insignificant and strictly localized corporate bodies of the day. The conditions are now wholly different, and wholly different action is called for. I believe that a law can be framed which will enable the national government to exercise control along the lines above indicated, profiting by the experience gained through the passage and administration of the interstate commerce act. If, however, the judgment of the congress is that it lacks the constitutional power to pass such an act, then a constitutional amendment should be submitted to confer the power.

There should be created a cabinet officer, to be known as secretary of commerce and industries, as provided in the bill introduced at the last session of the congress. It should be his province to deal with commerce in its broadest sense, including, among many other things, whatever concerns labor, and all matters affecting the great business corporations and our merchant marine.

The course proposed is one phase of what should be a comprehensive and far-reaching scheme of constructive statesmanship for the purpose of broadening our markets, securing our business interests on a safe basis and making firm our new position in the international industrial world, while scrupulously safeguarding the rights of wage-worker and capitalist, of investor and private citizen, so as to secure equity as between man and man in this republic.

THE PHILIPPINE QUESTION.

In the Philippines our problem is larger. They are very rich tropical islands, inhabited by many varying tribes, representing widely different stages of progress toward civilization. Our earnest effort is to help these people upward along the stony and difficult path that leads to self-government. We hope to make our administration of the islands honorable to our nation by making it of the highest benefit to the Filipinos themselves, and as an earnest of what we intend to do we point to what we have done. Already a greater measure of material prosperity and of governmental honesty and efficiency has been attained in the Philippines than ever before in their history.

It is no light task for a nation to achieve the temperamental qualities without which the institutions of free government are but empty mockery. Our people are now successfully governing themselves because for more than a thousand years they have been slowly fitting themselves, sometimes consciously, sometimes unconsciously, toward this end. What has taken us thirty generations to achieve we cannot expect to see another race accomplish out of hand, especially when large portions of that race start very far behind the point which our ancestors had reached even thirty generations ago. In dealing with the Philippine people we must show both patience and strength, forbearance and steadfast resolution. Our aim is high. We do not desire to do for the islanders merely what has elsewhere been done for tropic peoples by even the best foreign governments. We hope to do for them what has never before been done for any people of the tropics—to make them fit for self-government after the fashion of the really free nations.

History may safely be challenged to show a single instance in which a masterful race as ours, having been forced by the exigencies of war to take possession of an alien land, has behaved to its inhabitants with the dis-