

# TAFT'S INAUGURAL ADDRESS

## Outlines Policy of Administration.

## PRAISE FOR ROOSEVELT

## Speech Begins With Advocacy of Predecessor's Reforms.

## MANY QUESTIONS TOUCHED.

## Incoming President's Ideas on Trusts and Other Matters.

My Fellow Citizens—Any one who takes the oath I have just taken must feel a heavy weight of responsibility. If not, he has no conception of the powers and duties of the office upon which he is about to enter or he is lacking in a proper sense of the obligation which the oath imposes.

The office of an inaugural address is to give a summary outline of the main policies of the new administration so far as they can be anticipated. I have had the honor to be one of the advisers of my distinguished predecessor and as such to hold up his hands in the reforms he has initiated. I should be untrue to myself, to my promises and to the declarations of the party platform upon which I was elected to office if I did not make the maintenance and enforcement of those reforms a most important feature of my administration. They were directed to the suppression of the lawlessness and abuses of power of the great combinations of capital invested in railroads and in industrial enterprises carrying on interstate commerce. The steps which my predecessor took and the legislation passed on his recommendation have accomplished much, have caused a general halt in the vicious policies which created popular alarm and have brought about in the business affected a much higher regard for existing law.

**Further Action Needed.**  
To render the reforms lasting, however, and to secure at the same time freedom from alarm on the part of those pursuing proper and progressive business methods further legislative and executive action are needed. Relief of the railroads from certain restrictions of the anti-trust law have been urged by my predecessor and will be urged by me. On the other hand, the administration is pledged to legislation looking to a proper federal supervision and restriction to prevent excessive issues of bonds and stocks by companies owning and operating interstate commerce railroads.

Then, too, a reorganization of the department of justice, of the bureau of corporations in the department of commerce and labor and of the interstate commerce commission looking to effective co-operation of these agencies is needed to secure a more rapid and certain enforcement of the laws affecting interstate railroads and industrial combinations.

I hope to be able to submit at the first regular session of the incoming congress in December next definite suggestions in respect to the needed amendments to the anti-trust and the interstate commerce law and the changes required in the executive departments concerned in their enforcement.

**"Good and Bad Trusts"**  
It is believed that with the changes to be recommended American business can be brought to a state of stability and regularity in respect to those things that are good and those that are bad. It is believed that it is essential to the growth of all business that the laws should include the right of the people to control themselves in the use of their own property and capital and that it is necessary to reach the highest use of economic efficiency, at the same time differentiating between combinations based upon legitimate economic reasons and those formed with the intent of creating monopolies and artificially controlling prices.

The work of formulating into practical shape such changes is creative work of the highest order and requires all the deliberation possible in the interval. I believe that the amendments to be proposed are just as necessary in the protection of legitimate business as in the clenching of the reforms which properly bear the name of my predecessor.

**Revision of the Tariff.**  
A matter of most pressing importance is the revision of the tariff. In accordance with the promises of the platform upon which I was elected, I shall call congress into extra session,

to meet on the 15th day of March. In order that consideration may be at once given to a bill revising the Dingley act. This should secure an adequate revenue and adjust the duties in such a manner as to afford to labor and to all industries in this country, whether of the farm, mine or factory, protection by tariff equal to the difference between the cost of production abroad and the cost of production here and have a provision which shall put into force, upon executive determination of certain facts, a higher or maximum tariff against those countries whose trade policy toward us equitably requires such discrimination. It is thought that there has been such a change in conditions since the enactment of the Dingley act, drafted on a similarly protective principle, that the measure of the tariff above stated will permit the reduction of rates in certain schedules and will require the advancement of few, if any.

The proposal to revise the tariff made in such an authoritative way as to lead the business community to count upon it necessarily halts all those branches of business directly affected, and as these are most important it disturbs the whole business of the country. It is imperatively necessary, therefore, that a tariff bill be drawn in good faith in accordance with promises made before the election by the party in power and as promptly passed as due consideration will permit.

**Inheritance Tax Advocated.**  
In the making of a tariff bill the prime motive is taxation and the securing thereby of a revenue. Due largely to the business depression which followed the financial panic of 1907, the revenue from customs and other sources has decreased to such an extent that the expenditures for the current fiscal year will exceed the receipts by \$100,000,000. It is imperative that such a deficit shall not continue, and the framers of the tariff bill must of course have in mind the total revenues likely to be produced by it and so arrange the duties as to secure an adequate income. Should it be impossible to do so by import duties new kinds of taxation must be adopted, and among these I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection.

**Government Economy Urged.**  
The obligation on the part of those responsible for the expenditures made to carry on the government to be as economical as possible and to make the burden of taxation as light as possible is plain and should be affirmed in every declaration of government policy. This is especially true when we are face to face with a heavy deficit. But when the desire to win the popular approval leads to the cutting off of expenditures really needed to make the government effective and to enable it to accomplish its proper objects the result is as much to be condemned as the waste of government funds in unnecessary expenditure.

In the department of agriculture the use of scientific experiments on a large scale and the spread of information derived from them for the improvement of general agriculture must go on. The importance of supervising business of great railways and industrial combinations and the necessary investigation and prosecution of unlawful business methods are another necessary tax upon government which did not exist half a century ago.

**Proper Forms of Expenditure.**  
The putting into force of laws which shall secure the conservation of our resources so far as they may be within the jurisdiction of the federal government, including the most important work of saving and restoring our forests, and the great improvement of waterways are all proper government functions which must involve large expenditure if properly performed. While some of them, like the reclamation of arid lands, are made to pay for themselves, others are of such an indirect benefit that this cannot be expected of them. A permanent improvement, like the Panama canal, should be treated as a distinct enterprise and should be paid for by the proceeds of bonds, the issue of which will distribute its cost between the present and future generations in accordance with the benefits derived. It may well be submitted to the serious consideration of congress whether the deepening and control of the channel of a great river system like that of the Ohio or of the Mississippi when definite and practical plans for the enterprise have been approved and determined upon should not be provided for in the same way.

Then, too, there are expenditures of government absolutely necessary if our country is to maintain its proper place among the nations of the world and is to exercise its proper influence in defense of its own trade interests in the maintenance of traditional American policy against the colonization of European monarchies in this hemisphere and in the promotion of peace and international morality. I refer to the cost of maintaining a proper army, a proper navy and suitable fortifications upon the mainland of the United States and in its dependencies.

**The Army and Navy.**  
We should have an army so organized and so officered as to be capable in time of emergency in co-operation with the national militia and under the provisions of a proper national volunteer law rapidly to expand into a force sufficient to resist all probable invasion from abroad and to furnish a respectable expeditionary force, if necessary, in the maintenance of our traditional American policy which bears the name of President Monroe.

Our fortifications are yet in a state of only partial completeness, and the

number of men to man them is insufficient. In a few years, however, the usual annual appropriations for our coast defenses, both on the mainland and in the dependencies, will make them sufficient to resist all direct attack, and by that time we may hope that the men to man them will be provided as a necessary adjunct. The distance of our shores from Europe and Asia, of course, reduces the necessity for maintaining under arms a great army, but it does not take away the requirement of mere prudence, that we should have an army sufficiently large and so constituted as to form a nucleus out of which a suitable force can quickly grow.

What has been said of the army may be affirmed in even a more emphatic way of the navy. A modern navy cannot be improvised. It must be built and in existence when the emergency arises which calls for its use and operation. My distinguished predecessor has in many speeches and messages set out with great force and striking language the necessity for maintaining a strong navy commensurate with the coast line, the governmental resources and the foreign trade of our nation, and I wish to reiterate all the reasons which he has presented in favor of the policy of maintaining a strong navy as the best conservator of our peace with other nations and the best means of securing respect for the assertion of our rights, the defense of our interests and the exercise of our influence in international relations.

**Must Arm as Other Nations Do.**  
Our international policy is always to promote peace. We shall enter into any war with a full consciousness of the awful consequences that it always entails, whether successful or not, and we, of course, shall make every effort, consistent with national honor and the highest national interest, to avoid a resort to arms. We favor every instrumentality, like that of The Hague tribunal and arbitration treaties made with a view to its use in all international controversies, in order to maintain peace and to avoid war. But we should be blind to existing conditions and should allow ourselves to become foolish idealists if we did not realize that, with all the nations of the world armed and prepared for war, we must be ourselves in a similar condition in order to prevent other nations from taking advantage of us and of our inability to defend our interests and assert our rights with a strong hand. In the international controversies that are likely to arise in the orient, growing out of the question of the open door and other issues, the United States can maintain her interests intact and can secure respect for her just demands. She will not be able to do so, however, if it is understood that she never intends to back up her assertion of right and her defense of her interest by anything but mere verbal protest and diplomatic note. For these reasons the expenses of the army and navy and of coast defenses should always be considered as something which the government must pay for, and they should not be cut off through mere consideration of economy. Our government is able to afford a suitable army and a suitable navy. It may maintain them without the slightest danger to the republic or the cause of free institutions, and fear of additional taxation ought not to change a proper policy in this regard.

**Protection For Our Citizens Abroad.**  
The policy of the United States in the Spanish war and since has given it a position of influence among the nations that it never had before and should be constantly exerted to securing to its bona fide citizens, whether native or naturalized, respect for them as such in foreign countries. We should make every effort to prevent humiliating and degrading prohibition against any of our citizens wishing temporarily to sojourn in foreign countries because of race or religion.

**The Japanese Question.**  
The admission of Asiatic immigrants who cannot be amalgamated with our population has been made the subject either of prohibitory clauses in our treaties and statutes or of strict administrative regulation secured by diplomatic negotiations. I sincerely hope that we may continue to minimize the evils likely to arise from such immigration without unnecessary friction and by mutual concessions between self respecting governments. Meantime we must take every precaution to prevent or, failing that, to punish outbreaks of race feeling among our people against foreigners of whatever nationality who have by our grant a treaty right to pursue lawful business here and to be protected against lawless assault or injury.

This leads me to point out a serious defect in the present federal jurisdiction which ought to be remedied at once. Having assured to other countries by treaty the protection of our laws for such of their subjects or citizens as we permit to come within our jurisdiction, we now leave to a state or a city not under the control of the federal government the duty of performing our international obligations in this respect. By proper legislation we may and ought to place in the hands of the federal executive the means of enforcing the treaty rights of such aliens in the courts of the federal government. It puts our government in a pusillanimous position to make definite engagements to protect aliens and then to excuse the failure to perform those engagements by an explanation that the duty to keep them is in states or cities not within our control. If we would promise, we must put ourselves in a position to perform our promise. We cannot permit the possible failure of justice due to local prejudice in any state or municipal government to expose us to the risk of a war which might be avoided if federal jurisdiction was asserted by suitable

legislation by congress and carried out by proper proceedings instituted by the executive in the courts of the national government.

**Monetary Laws Need Change.**  
One of the reforms to be carried out during the incoming administration is a change of our monetary and banking laws so as to secure greater elasticity in the forms of currency available for trade and to prevent the limitations of law from operating to increase the embarrassments of a financial panic. The monetary commission lately appointed is giving full consideration to existing conditions and to all proposed remedies and will doubtless suggest one that will meet the requirements of business and of public interest. We may hope that the report will embody neither the narrow view of those who believe that the sole purpose of the new system should be to secure a large return on banking capital nor of those who would have greater expansion of currency with little regard to provisions for its immediate redemption or ultimate security. There is no subject of economic discussion so intricate and so likely to evoke differing views and dogmatic statements as this one. The commission in studying the general influence of currency on business and of business on currency have wisely extended their investigations in European banking and monetary methods. The information that they have derived from such experts as they have found abroad will undoubtedly be found helpful in the solution of the difficult problem they have in hand.

**Favors Postal Savings Banks.**  
The incoming congress should promptly fulfill the promise of the Republican platform and pass a proper postal savings bank bill. It will not be unwise or excessive paternalism. The promise to repay by the government will furnish an inducement to savings deposits which private enterprise cannot supply and at such a low rate of interest as not to withdraw custom from existing banks. It will substantially increase the funds available for investment as capital in useful enterprises. It will furnish the absolute security which makes the proposed scheme of government guaranty of deposits so alluring without its pernicious results.

**Ship Subsidies Advocated.**  
I sincerely hope that the incoming congress will be alive, as it should be, to the importance of our foreign trade and of encouraging it in every way feasible. The possibility of increasing this trade in the orient, in the Philippines and in South America is known to every one who has given the matter attention. The direct effect of free trade between this country and the Philippines will be marked upon our sale of cottons, agricultural machinery and other manufactures. The necessity of the establishment of direct lines of steamers between North and South America has been brought to the attention of congress by my predecessor and by Mr. Root before and after his noteworthy visit to that continent, and I sincerely hope that congress may be induced to see the wisdom of a tentative effort to establish such lines by the use of mail subsidies.

The importance which the department of agriculture and of commerce and labor may play in ridding the markets of Europe of prohibitions and discriminations against the importation of our products is fully understood, and it is hoped that the use of the maximum and minimum feature of our tariff law to be soon passed will be effective to remove many of those restrictions.

**Lock Canal Plan Defended.**  
The Panama canal will have a most important bearing upon the trade between the eastern and the far western sections of our country and will greatly increase the facilities for transportation between the eastern and the western seaboard and may possibly revolutionize the transcontinental rates with respect to bulky merchandise. It will also have a most beneficial effect to increase the trade between the eastern seaboard of the United States and the western coast of South America and indeed with some of the important ports of the east coast of South America reached by rail from the west coast. The work on the canal is making most satisfactory progress. The type of the canal as a lock canal was fixed by congress after a full consideration of the conflicting reports of the majority and minority of the consulting board and after the recommendation of the war department and the executive upon those reports. Recent suggestion that something had occurred on the isthmus to make the lock type of the canal less feasible than it was supposed to be when the reports were made and the policy determined on led to a visit to the isthmus of a board of competent engineers to examine the Gatun dam and locks which are the key of the lock type. The report of that board shows that nothing has occurred in the nature of newly revealed evidence which should change the views once formed in the original discussion. The construction will go on under a most effective organization controlled by Colonel Goethals and his fellow army engineers associated with him and will certainly be completed early in the next administration, if not before.

Some type of canal must be constructed. The lock type has been selected. We are all in favor of having it built as promptly as possible. We must not now, therefore, keep up a fire in the rear of the agents whom we have authorized to do our work on the isthmus. We must hold up their hands, and speaking for the incoming administration, I wish to say that I propose to devote all the energy possible and under my control to the pushing of this work on the plans which have been adopted and to stand behind

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