

To the Senate and House of Representatives:

The people of this country continue to enjoy great prosperity. Undoubtedly there will be ebb and flow in such prosperity, and this ebb and flow will be felt more or less by all members of the community. A general failure of crops would hurt all of us. Again, if the folly of man mars the general well-being, then have to pay part of the penalty incurred such stoppage of welfare, though it great majority of the big corporations-In the long run the one vital factor in | with these evils. the permanent prosperity of the country is the high individual character of the average American worker, no matter whether his work be mental or manual, whether he be farmer or wage-worker, business man or professional man.

In our industrial and social system the interests of all men are so closely intertwined that in the immense majority of cases a straight-dealing man who by his efficiency, by his ingenuity and industry. benefits himself must also benefit others. Normally the man of great productive capacity who becomes rich by guiding the labor of many other men does so by enabling them to produce more than they could produce without his guidance; and both he and they share in the benefit, which comes also to the public at large. 'The superficial fact that the sharing may be unequal must never blind us to the underlying fact that there is this sharing, and that the benefit comes in some degree to each man concerned. Normally the wage-worker, the man of small means, and the average consumer, as well as the average producer, are all alike helped by making conditions such that the man of exceptional business ability receives an exceptional reward for his ability. Something can be done by legislation to help the general prosperity; but no such help of a permamently beneficial character can be given to the less able and less fortunate, save as the results of a policy which shall If, therefore, the less fortunate man is moved by envy of his more fortunate which they have both, though unequally, prospered, the result will assuredly be that while damage may come to the one -struck at, it will visit with an even heavier load the one who strikes the blow. Taken as a whole, we must all go up or go down together.

wages; it damages the small investor, discourages thrift, and encourages gam-

bling and speculation; while perhaps worst of all is the trickiness and dishonesty which it implies-for harm to morals is worse than any possible harm to material interests, and the debauchery of politics and business by great dishonest corporations is far worse than any those who are innocent of the folly will actual material evil they do the public. Until the national government obtains, by those who are guilty of the folly. A in some manner which the wisdom of the panic brought on by the speculative folly Congress may suggest, proper control of part of the business community would over the big corporations engaged in inburt the whole business community. But | terstate commerce-that is, over the might be severe, would not be lasting. it will be impossible to deal adequately

Railroad Rate Regulation.

The first thing to do is to deal with the great corporations engaged in the business of interstate transportation. The immediate and most pressing need, so far as legislation is concerned, is the enactment into law of some scheme to secure to the agents of the government such supervision and regulation of the rates charged by the railroads of the country engaged in interstate traffic as shall summarily and effectively prevent the imposition of unjust or unreasonable rates. It must include putting a complete stop to rebates in every shape and form. This power to regulate rates, like all similar powers over the business world, should be exercised with moderation, caution and self-restraint; but it should exist, so that it can be effectively exercised when the need arises. The first consideration to be kept in mind is that the power should be affirmative and should be given to some administrative wrong others nor to suffer wrong from othbody created by the Congress. If given to the present interstate commerce commission or to a reorganized interstate commerce commission, such commission should be made unequivocally administrative. I do not believe in the government interfering with private business more than is necessary. I do not believe

in the government undertaking any work mended "that the Congress carefully con which can with propriety be left in private hands. But neither do I believe in the government flinching from overseeing insurance." Recent events have emphasized inure to the advantage of all industrious any work when it becomes evident that the importance of an early and exhaustive and efficient people who act decently. abuses are sure to obtain therein unless consideration of this question, to see wheththere is governmental supervision. It is not my province to indicate the exact brother to strike at the conditions under | terms of the law which should be enacted; but I call the attention of the Congress to certain existing conditions tain of the men at the head of these large with which it is desirable to deal. In my judgment the most important provision which such law should contain is that conferring upon some competent administrative body the power to decide, upon the case being brought before it, whether a given rate prescribed by a railroad is reasonable and just, and if it is found to be unreasonable and unjust, then, after full investigation of the complaint, to prescribe the limit of rate beyond which it shall not be lawful to go-the maximum reasonable rate, as | er it takes the shape of bribery or of black it is commonly called-this decision to go mail. But much can be done by legislation into effect within a reasonable time and to obtain from thence onward, subject to review by the courts. A heavy penalty should be exacted from any corporation which fails to respect an order of the commission. Illegal transactions often occur under the forms of law. It has often occurred that a shipper has been told by a traffic officer to buy a large quantity of some commodity and then after it has been bought an open reduction is made in the rate to take effect immediately, the arrangement resulting to the profit of the one shipper and the one railroad and to the damage of all their competitors; for it must not be forgotten that the big shippers are at least as much to blame as any railroad in the matter of rebates. The law should make it clear so that nobody can fail to understand that any kind of commission paid on freight shipments, whether in this form or in the form of fictitious damages, or of a concession, a free pass, reduced passenger rate, or payment of brokerage, is illegal. It is worth while considering whether it would not be wise to confer on the government the right of civil action against the beneficiary of a rebate for at least twice the value of the rebate; this would help stop what is really blackmail. Elevator allowances should be stopped, for they have now grown to such an extent that they are demoralizing and are used as rebates. The best possible regulation of rates would, of course, be that regulation se cured by an honest agreement among the railroads themselves to carry out the to the varying needs of communities and law. Such a general agreement would, of seasons. Inflation must be avoided; but for instance, at once put a stop to the efforts of any one big shipper or big railroad to discriminate against or secure advantages over some rival; and such agreement would make the railroads themselves agents for enforcing the law. There should be publicity of the accounts of common carriers; no common carrier engaged in interstate business should keep any books or memoranda other than those reported pursuant to and affirmed by repeated declarations of government may be involved in serious diflaw or regulation, and these books or the Supreme Court. There is no enemy of ficulties with foreign govornments over the memoranda should be open to the inspec- free government more dangerous and none tion of the government. Only in this so insidious as the corruption of the elecway can violations or evasions of the law be surely detected. A system of examination of railroad accounts should be provided similar to that now conduct- him who gives or receives a bribe intended ed into the national bands by the bank examiners; a few first-class railroad accountants, if they had proper direction only of the expenditures for nominations and proper authority to inspect books and papers, could accomplish much in preventing willful violations of the law. I urge upon the Congress the need of political committe or for any political pur-I urge upon the Congress the need of political committe or for any political pur-providing for expeditious action by the pose should be forbidden by law; directors interstate commerce commission in all should not be permitted to use stockhold-act effectively in a mass. Provision should be trained to est feeling for China and desires China's these matters.

of improper reduction in or limitation of onz. But the underlying principles, the government toward peace. A wanton or wages; it damages the small investor, root principles, in accordance with which useless war, or a war of mere aggressionproblem must be solved are entirely We can get justice and right simple. dealing only if we put as of paramount importance the principle of treating a man on his worth as a man rather than with reference to his social position, his occupation, or the class to which he belongs. There are selfish and brutal men in all ranks of life. If they are capitalists their selfishness and brutality may take the form of hard indifference to suffering, greedy disregard of every moral restraint which interferes with the accumulation of wealth, and cold-blooded exploitation of the weak; or, if they are laborers, the form of laziness, of sullen envy of the more fortunate, and of willingness to perform deeds of murderous violence. Such conduct is just as reprehensible in one case as in the other, and all honest and farseeing men should join in warring against it wherever it becomes manifest. Individual capitalist and individual wage worker. corporation and union, are alike entitled to the protection of the law, and must alike obey the law. Moreover, in addition to mere obedience to the law, each man, if he be really a good citizen, must show broad sympathy for his neighbor and genu-Ine desire to look at any question arising between them from the standpoint of that neighbor no less than from his own; and to this end it is essential that capitalist and wage worker should consult freely one with the other, should each strive to bring closer the day when both shall realize that they are properly partners and not ene mies

This government is not and never shall be government by a plutocracy. This government is not and never shall be government by a mob. It shall continue to be in the future what it has been in the past, a government based on the theory that each man, rich or poor, is to be treated simply and solely on his worth as a man, that all his personal and property rights are to be safeguarded, and that he is neither to ers.

Need of Insurance Reform.

The great insurance companies afford striking examples of corporations whose business has extended so far beyond the jurisdiction of the States which created them as to preclude strict enforcement of supervision and regulation by the parent States. In my last annual message I recomsider whether the power of the bureau of corporations can not constitutionally be extended to cover interstate transactions in er it is not possible to furnish better safeguards than the several States have been able to furnish against corruption of the flagrant kind which has been exposed. It has been only too clearly shown that cercorporations take but small note of the ethical distinction between honesty and dishonesty; they draw the line only this side of what may be called law-honesty, the kind of henesty necessary in order to avoid falling into the clutches of the law. Of course the only complete remedy for this condition must be found in an aroused public conscience, a higher sense of ethical conduct in the community at large, and especially among business men and in the great profession of the law, and in the growth of a spirit which condemns all dishonesty. whether in rich man or in poor man, whethwhich is not only drastic but practical. There is need of a far stricter and more uniform regulation of the vast insurance interests of this country. The United States should in this respect follow the policy of other nations by providing adequate national supervision of commercial interests which are clearly national in character.

in short, any war begun or carried on in a conscienceless spirit, is to be condemned keep ever clearly in mind the ethical elebut when peace and righteousness conflict improvident or then a great and upright people can never of can be no worse foe of mankind in general, and of his own country in particular, than the demagogue of war, the man who in mere folly or to serve his own selfish ends continually rails at and abuses other nations, who seeks to excite his countrymen against foreigners on insufficient pretexts, who excites and inflames a perverse and aggressive national vanity, and who may on occasions wantonly bring on conflict between his nation and some other nation. But there are demagogues of peace just as there are demagogues of war, and in any such movement as this for The Hague conference it is es-sential not to be misled by one set of extremists any more than by the other. No object is better worthy the attention

of enlightened statesmanship than the establishment of a surer method than now exists of securing justice as between na-tions, both for the protection of the little nations and for the prevention of war between the big nations. To this aim we should endeavor not only to avert bloodshed, but, above all, effectively to strengthen the forces of right. The golden rule should be, and as the world grows in morality it will be, the guiding rule of conduct among nations as among individuals; though the golden rule must not be construed, in fantastic manner, as forbidding the exercise of the police power. This mighty and free republic should ever deal with all other States, great or small, on a basis of high honor, respecting their rights as jealously as it safeguards its own.

Expounds the Monroe Doctrine.

One of the most effective instruments for peace is the Monroe doctrine as it has been and is being gradually developed by this nation and accepted by other nations. No other policy could have been as efficient in promoting peace in the western hemisphere and in giving to each nation thereon the chance to develop along its own lines. If we had refused to apply the doctrine to changing conditions it would now be completely outworn, would not meet any of the needs of the present day, and indeed would probably by this time have sunk into com plete oblivion. It is useful at home, and s meeting with recognition abroad because we have adapted our application of it to meet the growing and changing needs of the hemisphere. That our rights and interests are deeply concerned in the maintenance of the doctrine is so clear as hardly to need argument. This is especially true in view of the construction of the Panama canal. neutral markets, and in case of need to re-There are certain essential points which must never be forgotten as regards the Monroe doctrine. It must be understood that under no circumstances will the United States use the Monroe doctrine as a cloak for territorial aggression. We desire peace with all the world, but perhaps most of all with the other peoples of the American continent. Moreover, we must make it evident that we do not intend to permit the Monroe doctrine to be used by any nation on this continent as a shield to protect it from the consequences of its own misdeeds against foreign nations. If a republic to he south of us commits a tort against a foreign nation, such as an outrage against citizen of that nation, then the Monroe doctrine does not force us to interfere to prevent punishment of the tort, save to see hat the punishment does not assume the

Abuses in Naturalization.

During the past year evidence has accumulated to confirm the expressions contained in my last two annual messages as as a peculiarly atrocious crime against all to the importance of revising by approprihumanity. We can, however, do nothing ate legislation our system of naturalizing of permanent value for peace unless we aliens. I appointed last March a commission to make a careful examination of ment which lies at the root of the prob- our naturalization laws, and to suglem. Our aim is righteousness. Peace is gest appropriate measures to avoid the normally the handmaiden of righteousness; notorious abuses resulting from the granting unlawful citizenship. This commission, for a moment hesitate to follow the path has discharged the duty imposed upon it, which leads toward righteousness, even and has submitted a report, which will be though that path also leads to war. There transmitted to the Congress for its cousideration, and, I hope, for its favorable action.

Breaches of Trust in Public Service.

There seems to be no statute of the United States which provides for the punishment of a United States attorney or other officer of the government who corruptly agrees to wrongfully do or wrongfully refrain from doing any act when the consideration for such corrupt agreement is other than one possessing money value. This ought to be remedied by appropriate legislation. Legislatin shuld also be enacted to cover, explicitly, unequivocally and beyond question, breach of trust in the shape of prematurely divulging official secrets by an officer or employe of the United States, and to provide a suitable penalty therefor.

Condition of Public Land Laws.

Once again I call your attention to the condition of the public land laws. Recent levelopments have given new urgency to the need for such changes as will fit these laws to actual present conditions. The honest disposal and right use of the re-The maining public lands is of fundamental importance. The iniquitous methods by which the monopolizing of the public lands is being brought about under the present laws are becoming more generally known, but the existing laws do not furnish effective remedies. The recommendation of the public lands commission upon this subject are wise and should be given effect.

The creation of small irrigated farms under the reclamation act is a powerful offset to the tendency of certain other laws to foster or permit monopoly of the land. The greater part of the remaining public lands cannot be irrigated. They are at present and will probably always be of greater value for grazing than for any other purpose. This fact has led to the grazing homestead of 640 acres in Nebraska and to the proposed extension of it to other States. It is argued that a family cannot be supported on 160 acres of arid grazing land. This is obviously true; but neither can a family be supported on 640 acres of much of the land to which it is

opy as regards Niagara what the State of California has done as regards the Yosemite. Nothing should be allowed to interfere with the preservation of Niagara Fails in all their beauty and majesty.

The Philippine Islands.

During the past year the Philippine islands have been slowly recovering from the series of disasters which, since American occupation, have greatly reduced the amount of agricultural products below what was produced in Spanish times. The war, the rinderpest, the locusts, drought, and the cholera have been united as causes to prevent a return of the pros perity much needed in the islands. The income of the Philippine government has necessarily been reduced by reason of the business and agricultural depression in the islands, and the government has been obliged to exercise great economy, to cut down its expenses, to reduce salaries, and in every way to avoid a deficit. It has adopted an internal-revenue imposing taxes on cigars, cigarettes, and distilled liquors, and abolishing the old Spanish industrial taxes. The come derived from it has partly made up for the reduction in customs revenue. There has been a marked increase in the number of Filipinos employed in the civil service, and a corresponding decrease in the number of Americans.

Improvements of harbors, roads, and bridges continue, although the cutting down of the revenue forbids the expenditure of any great amount from current income for these purposes. Disturbances have all now been suppressed, and it is hoped that with these lessons local governments can be formed which will secure quiet and peace to the deserving inhabitants. The incident is another proof of the fact that if there has been any error as regards giving self-government in the Philippines it has been in the direction of giving it too quickly, not too slowly.

The agricultural conditions of the islands enforce more strongly than ever the argument in favor of reducing the tariff on the products of the Philippine Islands entering the United States. I earnestly recommend that the tariff new imposed by the Dingley bill upon the products of the Philippine Islands be entirely removed, except the tariff on sugar and tobacco, and that that tariff be reduced to 25 per cent of the present rates under the Dingley act; that after July 1, 1969, the tariff upon tobacco and sugar produced in the Philippine Islands be entirely removed, and that free trade between the islands and the United States in the products of each country then be provided for by law.

Problems of Hawail.

In my judgment immediate steps should

Curb for Corporations.

It is true that where there is no governmental restraint or supervision some of the exceptional men use their energies not in ways that are for the common good, but in ways which tell against this common good. The fortunes amassed through corporate organization are now -so large, and vest such power in those that wield them, as to make it a matter of necessity to give to the sovereignthat is, to the government, which represents the people as a whole-some effective power of supervision over their corporate use. In order to insure a healthy social and industrial life, every big corporation should be held responsible by. and be accountable to, some sovereign strong enough to control its conduct.

I am in no sense hostile to corporations. This is an age of combination, and any effort to prevent all combination will be not only useless, but in the end vicious, because of the contempt for law which the failure to enforce law inevitably produces. We should, moreover, recognize in cordial and ample fashion the immense good effected by corporate agencies in a country such as ours, and the wealth of intellect, energy, and fidelity devoted to their service, and therefore normally to the service of the public, by their officers and directors. The corporation has come to stay, just as the trade union has come to stay. Each can do and has done great good. Each should be favored so long as it does good. But -each should be sharply checked where it acts against law and justice. So long as the finances of the nation are kept upon an honest basis no other question of internal economy with which the Congress has the power to deal begins to approach in importance the matter of endeavoring to secure proper industrial conditions under which the individualsand especially the great corporationsdoing an interstate business are to act. The makers of our national constitution provided especially that the regulation of interstate commerce should come within the sphere of the general government. The arguments in favor of their taking this stand were even then overwhelming. But they are far stronger to-day, in view of the enormous development of great business agencies, usually corporate in form. Experience has shown conclusively that it is useless to try to get any a lequate regulation and . supervision of these great corporations by State action. Such regulation and -supervision can only be effectively exercised by a sovereign whose jurisdiction is co-extensive with the field of work of the corporations-that is, by the national government. I believe that this regulation and supervision can be obtained by the enactment of law by the Congress. If this proves impossible, it will certainly be necessary ultimately to confer in fullest form such power upon the national government by a proper amendment of the constitution.

The Department of Justice has for the ast four years devoted more attention to •the enforcement of the anti-trust legislation than to anything else. Much has been accomplished: particularly marked has been the moral effect of the prosecutions; but it is increasingly evident develops another device to accomplish the same purpose. What is needed is not sweeping prohibition of every arrangement, good or bad, which may tend to restrict competition, but such adequate - supervision and regulation as will prevent any restriction of competition from being to the detriment of the publicas well as such supervision and regulation as will prevent other abuses in no way connected with restriction of competition. Of these abuses, perhaps, the chief, although by no means the only one. is overcapitalization-generally itself the result of dishonest promotion-because of the myriad evils it brings in its train; for such overcapitalization often means an inflation that invites business pame; it always conceals the true relation of

Revenues and **Expenditures**.

There is more need of stability than of the attempt to attain an ideal perfection in the methods of raising revenue; and the shock and strain to the business world certain to attend any serious change in these methods render such change inadvisable unless for grave reason. There must be something like a general agreement among the citizens of the several States, as represented in the Congress, that the change is needed and desired in the interest of the people as a whole: and there should then be a sincere, intelligent and disinterested effort to make it in such shape as will combine, so far as possible, the maximum of I as they hoped also the will to help them. good to the people at large with the minimum of necessary disregard for the special interests of localities or classes. Unless our expenditures can be kept within the revenues then our revenue laws must be readjusted.

It should be considered whether it is not desirable that the tariff laws should provide for applying as against or in favor of any other nation maximum and minimum tariff rates established by the Congress, so as to secure a certain reciprocity of treatment between other nations and ourselves.

Our Currency System.

Every consideration of prudence de mands the addition of the element of elasticity to our currency system. The evil does not consist in an inadequate volume of money, but in the ridigity of this volume, which does not respond as it should some provision should be made that will insure a larger volume of money during the fall and winter months than in the less active seasons of the year; so that the currency will contract against speculation, and will expand for the needs of legitimate husiness.

Purity of Federal Elections.

The power of the government to protect the integrity of the elections of its own officials is inherent and has been recognized torate. I recommend the enactment of a law directed against bribery and corruption in federal elections. Such a law should include severe penalties against to influence his act or opinion as an elector; and provisions for the publication not and elections of all candidates, but also of all contributions received and expenditures made by political committees.

All contributions by corporations to any ers' money for such purposes; and, moreover, a prohibition of this kind would be, as far as it went, an effective method of stopping the evils aimed at in corrupt practiees acts. The Coming Hague Conference. The first conference of nations held at than our army. We have most wisely con-The Hague in 1899, being unable to dispose of all the business before it, recommended the consideration and settlement of a number of important questions by another conference to be called subsequently and at an early date. In October, 1904, at the instance of the Interparliamentary Union, I at least in the immediate future-be inissued invitations to all the powers signatory to The Hague convention to send delegates to such a conference and suggested that it be again held at The Hague. From all the powers acceptance was received. coupled in some cases with the condition that we should wait until the end of the war then waging between Russia and Japan. The Emperor of Russia, immediately after the treaty of peace which so happily | for making night attacks by surprise upon | terminated this war, in a note presented an enemy, but even in battle for finishing to the President on Sept. 13, through Am- already crippled ships. Under exceptional bassador Rosen, took the initiative in rec- circumstances submarine boats would doubtommending that the conference be now less be of use. Fast scouts are needed. called. The United States government in The main strength of the navy, however, response expressed its cordial acquies-cence. We assume that all civilized govern- lies and can only lie in the great battle-ships, the heavily-armored, heavily-gunned ments will support the movement, and vessels which decide the mastery of the that the conference is now an assured fact. seas. Heavy-armed cruisers also piay a

form of territorial occupation in any shape. Urges Santo Domingo Action.

Santo Domingo, in her turn, has made an appeal to us to help her, and not only every principle of wisdom but every generous instinct within us bids us respond to the appeal. The conditions in Santo Domingo have for a number of years grown from bad to worse until a year ago all society was on the verge of dissolution. Fortunately, just at this time ruler sprang up in Santo Domingo, who, with his colleagues, saw the dangers threatening their country and appealed to the friendship of the only great and powerful neighbor who possessed the power, and Accordingly the executive department of our government negotiated a treaty under which we are to try to help the Dominican people to straighten out their finances. This treaty is pending before the Senate. In the meantime a temporary arrangement has been made which will last until the Senate has had time to take action upon the treaty. Under this arrangement the Dominican government has appointed Americans to all the important positions in the customs service, and they are seeing to the honest collection of the revenues, turning over 45 per cent to the government for running expenses and putting the other 55 per ent into a safe depositary for equitable division, in case the treaty shall be ratified,

among the various creditors, whether European or American. This has completely discouraged all revolutionary movement, while it has already produced such an increase in the revenues that the government is actually getting more from the 45 per cent that the American collectors turn over to it than it got formerly when it took the entire revenue. Under the course taken, stability and order and all the benefits of peace are at last coming to Santo Domingo, danger of foreign intervention has been suspended. and there is at last a prospect that all creditors will get justice, no more and no less. If the arrangement is terminated by the failure of the treaty chaos will follow: and if chaos follows, sooner or later this island, or else may be forced itself to intervene in the island in some unpleasant

Army and Navy Affairs.

fashion.

We cannot consider the question of our oreign policy without at the same time treating of the army and the navy. We now have a very small army-indeed, one well-nigh infinitesimal when compared with the army of any other large nation. Of nearly perfect of its kind and for its size army in the world has a better average of

proposed to apply the grazing homestead. To establish universally any such arbitrary limit would be unwise at the present time. Merchant Marine Indispensable.

To the spread of our trade in peace and the defense of our flag in war a great and prosperous merchant marine is indispensa-We should have ships of our own and seamen of our own to convey our goods to

inforce our battle line. The Immigration Question.

We cannot have too much immigration of the right sort, and we should have none whatever of the wrong sort. Of course it is desirable that even the right kind of immigration should be properly distributed in this country. We need more of such immigration for the South; and special effort should be made to secure it. In actual practice it has proved so difficult to en force the immigration laws where long stretches of frontier marked by an imagin ary line alone intervene between us and our neighbors that I recommend that no immigrants be allowed to come in from Canada and Mexico, save natives of the two countries themselves. As much as possible should be done to distribute the immigrants upon the land and keep them away

from the congested tenement-house dis tricts of the great cities. But distribution is a palliative, not a cure. The prime need is to keep out all immigrants who will not make good American citizens. The laws now existing for the exclusion of undesirable immigrants should De strengthened. Adequate means should be adopted, and enforced by sufficient penalties, to compel steamship companies engaged in the passenger business to observe in good faith the law which forbids them to encourage or solicit immigration to the United States. Provision should be made for the surer punishment of those who induce aliens to come to this country under promise or assurance of employment. It should be made possible to inflict a sufficiently heavy penaity on any employer violating this law to deter him from taking the risk. It seems to me wise that there should be an international conference held to deal with this question of immigration. which has more than a merely national significance.

The questions arising in connection with Chinese immigration stand by themselves, The conditions in China are such that the entire Chinese coolie class, that is, the class of Chinese laborers, skilled and unskilled, legitimately come under the head of undesirable immigrants to this country. because of their numbers, the low wages for which they work, and their low standard of living. Not only is it to the interest of this country to keep them out, but the Chinese authorities do not desire that they should be ad mitted. At present their entrance is prohibited by laws amply adequate to accomplish this purpose. But in the effort to carry out the policy of excluding Chi nese laborers, Chinese coolies, grave injustice and wrong have been done by this nation to the people of China, and therefore ultimately to this nation itself. Chinese students, business and professiona men of all kinds-not only merchants, but bankers, doctors, manufacturers, professors travelers and the like-should be encour aged to come here and treated on precisely the same footing that we treat students business men, travelers and the like other nations. Our laws and treaties should be framed, not so as to put these people in the excepted classes, but to state that we will admit all Chinese, except Chinese of the coolie class, Chinese skilled or un

skilled laborers. Much trouble has come during the past summer from the organized boycott against American goods which has been started in China. The main factor in producing this course the army we do have should be as boycott has been the resentment felt by the students and business people of China, as is possible. I do not believe that any by all the Chinese leaders, against the harshness of our law toward educated

be taken for the fortification of Hawaii This is the most important point in the Pacitic to fortify in order to conserve the interests of this country. Hawail is too heavly taxed. She has serious commercial and industrial problems to reckon with; but no measure of relief can be considered which looks to legislation admitting Chinese and restricting them by statute to field fabor and domestic service. The status of servility can never again be tolerated on American soll.

Porto Rican Affairs.

I earnestly advocate the adoption of legslation which will explicitly confer American citizenship on all citizens of Porto Rico. The problems and needs of the island are industrial and commercial rather than political.

Insular Affairs in General.

I wish also to call the attention of the longress to one question which affects our insular possessions generally; name ly, the need of an increased liberality in he treatment of the whole franchise question in these islands. In the proper desire to prevent the islands being exploited by speculators and to have them develop in the interest of their own people an error has been made in refusing to grant sufficiently liberal terms to induce the investment of American capital in the Philippines and in Porto Rico. We have been paying all possible heed to the political and educational interests of the islands, but, important though these obets are, it is not less important that we should favor their industrial development.

Admission to Statehood.

I recommend that Indian Territory and Dkiahoma be admitted as one State and that New Mexico and Arizona be admitted as one State. There is no justification for urther delay; and the advisability of makng the four territories into two States has been clearly established.

The Panama Canal.

The treaty between the United States and the Republic of Panama, under which the construction of the Panama canal was made possible, went into effect with its ratification by the United States Senate on Feb. 23, 1904. The canal properties of he French Canal Company were transferred to the United States on April 23. 1304, on payment of \$40,000,000 to that company. Active work in canal construction, mainly preparatory, has been in progress for less than a year and a haif. During that period two points about the anal have ceased to be open to debate. first, the question of route; the canal will ae built on the Isthmus of Panama. Second, the question of feasibility; there are no physical obstacles on this route that American engineering skill will not be able o overcome without serious difficulty, or that will prevent the completion canal within a reasonable time and at a reasonable cost.

The point which remains unsettled is the vestion of type, whether the canal shall one of several locks above sea level, or it sea level with a single tide lock. On this point I hope to lay before the Cen-gress at an early day the findings of the advisory board of American and European ingineers, that at my invitation has onsidering the subject, together with the eport of the commission thereon; and such omments thereon or recommendations in

eference thereto as may seem necessary. The American people are pledged to the speediest possible construction of a canal adequate to meet the demands which the ommerce of the world will make upon it. and I appeal most earnestly to the Concress to aid in the fulfillment of the oledge. Gratifying progress has been inde during the past year and especially during the past four months. The greater part of the necessary preliminary work has been done. Actual work of excavation could be begun only on a limited scale till the canal zone was made a healthful place to live in and to work in. The isthmus had to be sanitated first. This task has been thoroughly accomplished that vellow fever has been virtually extirpated from the isthmus and general health conditions vastly improved. In addition to sanitating the isthmus, satisfactory quarters are being provided for employes and an adequate system of supplying them with wholesome food at reasonable prices has been created. Hospitals have been established and equipped that are without superiors of their kind anywhere. During the past year a large portion of the plant with which the work is to be done has been ordered. It is confidently believed that by the middle of the approaching year a sufficient proportion of this plant will have been installed to enable us to resume the work of excavation on a large scale. What is needed now and without delay is an appropriation by the Congress to meet the current and accruing expenses of the commission. The first appropriation of \$10,-000,000, out of the \$135,000,000 autitorized by the Spooner act, was made three years ago. It is nearly exhausted. There is barely enough of it remaining to carry the commission to the end of the year. Un-less the Congress shall appropriate before that time all work must cease, and there will be demoralization of the forces, here and on the isthmus, now working so har-moniously and effectively, if there is delay In granting an emergency appropriation. THEODORE BOOSEVELT.

Labor and Capital.

The national government has as a rule but little occasion to deal with the formidthat there will be a very insufficient able group of problems connected more or beneficial result in the way of economic less directly with what is known as the change. The successful prosecution of labor question, for in the great majority of one device to evade the law immediately cases these problems must be dealt with by the state and municipal authorities and not by the national government. The na-tional government has control of the District of Columbia, however, and it should see to it that the city of Washington is made a model city in all respects.

There has been demand for depriving courts of the power to issue injunctions in labor disputes. Such special limitation of the equity powers of our courts would be most unwise. It is true that some judges have misused this power; but this does not justify a denial of the power any more than an improper exercise of the power to call a strike by a labor leader would justify the denial of the right to strike. The remedy is to regulate the procedure by requiring the judge to give due notice to the adverse parties before granting the writ, the hearing to be ex parte if the adverse party does not appear at the time and place ordered.

it always conceals the true relation of the profit earned to the capital actually respecting and mutually sympathetic attiinvested, and it creates a burden of in tude as between employer and employe, derest payments which is a fertile cause | capitalist and wage worker, is a difficult be made by sufficient appropriations for | well-being. We cordially sympathize with maneuvers of a practical kind, so that the the announced purpose of Japan to stand troops may learn how to take care of themfor the integrity of China. Such an attitude tends to the peace of the world. selves under actual service conditions.

Our navy must, relatively to the navies Adulteration of Foods. of other nations, always be of greater size I recommend that a law be enacted to regulate interstate commerce in misbrandtinued for a number of years to build up ed and adulterated foods, drinks, and drugs. our navy, and it has now reached a fairly Such law would protect legitimate manuhigh standard of efficiency. This standard facture and commerce, and would tend to of efficiency must not only be maintained, secure the health and welfare of the conbut increased. It does not seem to me suming public. Traffic in foodstuffs which necessary, however, that the navy shouldhave been debased or adulterated so as to injure health or to deceive purchasers creased beyond the present number of should be forbidden. units. What is now clearly necessary is to National Parks and Show Places. substitute efficient for inefficient units as the latter become worn-out or as it be-

I call your attention to the generous act comes apparent that they are useless. of the State of California in conferring Recent naval history has emphasized cerupon the United Stotes government the tain lessons which ought not to, but which ownership of the Yos mite Valley and the do, need emphasis. Seagoing torpedo boats | Mariposa Big Tree grove. There should be or destroyers are indispensable, not, only no delay in accepting the gift, and appropriations should be made for the including thereof in the Yosemite National Park, and for the care and policing of the park. California has acted most wisely as well as with great magnanimity in the matter. There are certain mighty natural features of our land which should be preserved in perpetuity for our children and our children's children. In my judgment the Grand Canyon of the Colorado should be made This renders it proper at this time to say most useful part, and unarmed cruisers, if into a national park. It is greatly to be something as to the generar attitude of this swift enough, are very useful as scouts. wished that the State of New York should