Message of President Dealing With Domestic Matters of Greatest Importance

construction of the canal that it necessarily fell to the government to advance the money and perform the work.

My own impression is that the tolls ought not to exceed $1 per net ton. On January 1, 1911, the tolls in the Suez canal are to be 7 francs and 25 centimes for one net ton by Suez canal measurement, which is a modification of Danube measurement. A dollar a ton will secure under the figures above a gross income from the Panama canal of nearly $7,000,000. The cost of maintenance and operation is estimated to exceed $3,000,000. Ultimately, of course, with the normal increase in trade, the income will approximate the interest charges upon the investment. On the whole I should recommend that within certain limits the president be authorized to fix the tolls of the canal and adjust them to what seems to be commercial necessity.

I can not close this reference to the canal without suggesting as a wise amendment to the interstate commerce law a provision prohibiting interstate commerce railroads from owning or controlling ships engaged in the trade through the Panama canal. I believe such a provision may be needed to save to the people of the United States the benefits of the competition in trade between the eastern and western seaboards which this canal was constructed to secure.

Department of Justice.

The duties of the Department of Justice have been greatly increased by legislation of congress enacted in the interest of the general welfare of the people and extending its activities into avenues plainly within its constitutional jurisdiction, but which it has not been thought wise or necessary for the general government heretofore to occupy.

I am glad to say that under the appropriations made for the department, the attorney general has so improved its organization that a vast amount of litigation of a civil and criminal character has been disposed of during the current year. This will explain the necessity for slightly increasing the estimates for the expenses of the department. His report shows the recoveries made on behalf of the government, of duties fraudulently withheld, public lands improperly patented, fines and penalties for trespass, prosecutions and convictions under the anti-trust law, and prosecutions under the interstate commerce law. I invite especial attention to the prosecutions under the federal law of the so-called "bucket shops," and of those schemes to defraud in which the use of the mail is an essential part of the fraudulent conspiracy, prosecutions which have saved ignorant and weak members of the public and are saving them hundreds of millions of dollars. The violations of the anti-trust law present perhaps the most important litigation before the department, and the number of cases filed shows the activity of the government in enforcing that statute.

National Incorporation.

In a special message last year I brought to the attention of congress the propriety and wisdom of enacting a general law providing for the incorporation of industrial and other companies engaged in interstate commerce, and I renew my recommendation in that behalf.

Claims.

In invite the attention of congress to the great number of claims which at the instance of congress, have been considered by the court of claims and decided to be valid claims against the government. The delay that occurs in the payment of the money due under the claims injures the reputation of the government as an honest debtor, and I earnestly recommend that those claims which come to congress with the judgment and approval of the court of claims should be promptly paid.

Judicial Procedure.

One great crying need in the United States is cheapening the cost of litigation by simplifying judicial procedure and expediting final judgment. Under present conditions the poor man is at a woeful disadvantage in a legal contest with a corporation or a rich opponent. The necessity for the reform exists both in United States courts and in all state courts. In order to bring it about, however, it naturally falls to the general government by its example to furnish a model to all states. A legislative commission appointed by joint resolution of congress to revise the procedure in the United States courts has as yet made no report.

Under the law the supreme court of the United States has the power and is given the duty to frame the equity rules of procedure which are to obtain in the federal courts of first instance. In view of the heavy burden of pressing litigation which that court has had to carry, with one or two of its members incapacitated through ill health, it has not been able to take up problems of improving the equity procedure, which has practically remained the same since the organization of the court in 1789. It is reasonable to expect that with all the vacancies upon the court filled, it will take up the question of cheapening and simplifying the procedure in equity in the courts of the United States. The equity business is much the more important in the federal courts, and I may add much the more expensive. I am strongly convinced that the best method of improving judicial procedure at law is to empower the supreme court to do it through the medium of the rules of the court, as in equity. This is the way in which it has been done in England, and thoroughly done. The simplicity and expedition of procedure in the English courts today make a model for the reform of other systems.

Several of the lord chancellors of England and of the chief justices have left their lasting impress upon the history of their country by their constructive ability in proposing and securing the passage of remedial legislation effecting law reform. I can not conceive any higher duty that the supreme court could perform than in leading the way to a simplification of procedure in the United States courts.

Relief from Unnecessary Appeals.

No man ought to have, as a matter of right, a review of his case by the supreme court. He should be satisfied by one hearing before a court of first instance and one review by a court of appeals. The proper and chief usefulness of the supreme court, and especially of the supreme court of the United States, is, in the cases which come before it, so to expound the law, and especially the fundamental law—the constitution—as to furnish precedents for the inferior courts in future litigation and for the executive officers in the construction of statutes and the performance of their legal duties. Therefore, any provisions for review of cases by the supreme court that cast upon that court the duty of passing on questions of evidence and the construction of particular forms of instruments, like indictments, or wills, or contracts, decisions not of general application or importance, merely clog and burden the court and render more difficult its higher function, which makes it so important a part of the framework of our government. The supreme court is now carrying an unnecessary burden of appeals of this kind and I earnestly urge that it be removed.

Injunction Bill.

I wish to renew my urgent recommendation made in my last annual message in favor of the passage of a law which shall regulate the issuing of injunctions in equity without notice in accordance with the best practice now in vogue in the courts of the United States. I regard this of especial importance, first because it has been promised, and second because it will deprive those who now complain of certain alleged abuses in the improper issuing of injunctions without notice of any real ground for further amendment and will take away all semblance of support for the extremely radical legislation they propose, which will be most pernicious if adopted, will sap the foundations of judicial power and legalize that cruel social instrument, the secondary boycott.

I further recommend to congress the passage of the bill now pending for the increase in the salaries of the federal judges, by which the chief justice of the supreme court shall receive $17,500 and the associate justices $17,000; the circuit judges constituting the circuit court of appeals shall receive $10,000, and the district judges $9,000.

Postal Savings Banks.

At its last session congress made provision for the establishment of savings banks by the Postoffice department of this government, by which, under the general control of trustees, consisting of the postmaster general, the secretary of the treasury and the attorney general, the system could be begun in a few cities and towns and enlarged to cover within its operations as many cities and towns and as large a part of the country as seemed wise. The initiation and establishment of such a system has required a great deal of study on the part of the experts in the Postoffice and Treasury departments, but a system has now been devised which is believed to be more economical and simpler in its operation than any similar system abroad. Arrangements have been perfected so that savings banks will be opened in some cities and towns on January 1, and there will be a gradual extension of the benefits of the plan to the rest of the country.

Wiping Out of Postal Deficit.

For many years there has been a deficit in the operations of the Postoffice department which has been met by appropriation from the treasury. The appropriation estimated for last year from the treasury over and above the receipts of the department was $17,500,000. I am glad to record the fact that of that $17,500,000 estimated for, $11,500,000 was saved and returned to the treasury. The personal efforts of the postmaster general secured the effective cooperation of the thousands of postmasters and other postal officers throughout the country in carrying out his plans of reorganization and retrenchment. The result is that the postmaster general has been able to make his estimate of expenses for the present year so low as to keep within the amount the postal service is expected to earn.

Extension of Classified Service.

Upon the recommendation of the postmaster-general, I have included in the classified service all assistant postmasters, and I believe that this giving a secure tenure to those who are the most important subordinates of postmasters will add much to the efficiency of their offices and an economical administration. A large number of the fourth-class postmasters are now in the classified service. I think it would be wise to put in the classified service, the first, second, and third-class postmasters.

The Franking Privilege.

The unrestricted manner in which the franking privilege is now being used by the several federal services and by congress has laid it open to serious abuses, a fact clearly established through investigations recently instituted by the department. It is believed that many abuses of the franking system could be prevented, and consequently a marked economy effected, by supplying through the agencies of the postal service special official envelopes and stamps to be issued on requisition to the various branches of the federal service requiring them, and such records to be kept of all official stamp supplies as will enable the postoffice department to maintain a proper postage account covering the entire volume of free government mail.

Second-Class Mail Matter.

In my last annual message I invited the attention of congress to the inadequacy of the postal rate imposed upon second-class mail matter in so far as that includes magazines, and showed by figures prepared by experts of the Postoffice department that the government was rendering a service to the magazines, costing many millions in excess of the compensation paid. An answer was attempted to this by the representatives of the magazines, and a reply was filed to this answer by the Postoffice department. The utter inadequacy of the answer, considered in the light of the reply of the Postoffice department, I think must appeal to any fair-minded person. Whether the answer was all that could be said in behalf of the magazines is another question. I agree that the question is one of fact; but I insist that if the fact is as the experts of the Postoffice department show, that we are furnishing to the owners of magazines a service worth millions more than they pay for it, then justice requires that the rate should be increased. The increase in the receipts of the department resulting from this change may be devoted to increasing the usefulness of the department in establishing a parcels post and in reducing the cost of first-class postage to 1 cent. It has been said by the postmaster-general that a fair adjustment might be made under which the advertising part of the magazine should be charged for at a different and higher rate from that of the reading matter. This would relieve many useful magazines that are not circulated at a profit, and would not shut them out from the use of the mails by a prohibitory rate.

Parcels Post.

With respect to the parcel post, I respectfully recommend its adoption on all rural delivery routes, and that eleven pounds—the international limit—be made the limit of carriage in such post, and this with a view to its general extension when the income of the postoffice will permit it and the postal savings banks shall have been fully established. The same argument is made against the parcels post that was made against the postal savings bank—that it is introducing the government into a business which ought to be conducted by private persons, and is paternalism. The Postoffice department has a great plant and a great organization, reaching into the most remote hamlet of the United States, and with this machinery it is able to do a great many things economically that if a new organization were necessary it would be impossible to do without extravagant expenditure. That is the reason why the postal savings bank can be carried on at small additional cost, and why is it possible to incorporate at a very inconsiderable expense a parcels post in the rural delivery system.

Abolition of Navy Yards.

The secretary of the navy has given personal examination to every navy yard and has studied the uses of the navy yards with reference to the necessities of our fleet. With a fleet considerably less than half the size of that of the British navy, we have shipyards more than double the number, and there are several of these shipyards, expensively equipped with modern machinery, which after investigation the secretary of the navy believes to be entirely useless for naval purposes. He asks authority to abandon certain of them and to move their machinery to other places, where it can be made of use.

In making these recommendations the secretary is following directly along progressive lines which have been adopted in our great commercial and manufacturing consolidations in this country; that is, of dismantling unnecessary and inadequate plants and discontinuing their existence where it has been demonstrated that it is unprofitable to continue their maintenance at an expense not commensurate to their product.

The secretary points out that the most important naval base in the West Indies is Guantanamo, in the southeastern part of Cuba. Its geographical situation is admirably adapted to protect the commercial paths to the Panama canal, and he shows that by the expenditure of less than half a million dollars, with the machinery which he shall take from other navy yards, he can create a naval station at Guantanamo of sufficient size and equipment to serve the purpose of an emergency naval base. I earnestly join in the recommendation that he be given the authority which he asks. I am quite aware that such action is likely to arouse local opposition; but I conceive it to be axiomatic that in legislating in the interest of the navy, and for the general protection of the country by the navy, mere local pride or pecuniary interest in the establishment of a navy yard or station ought to play no part. The recommendation of the secretary is based upon the judgment of impartial naval officers, entirely uninfluenced by any geographical or sectional considerations.

I unite with the secretary in the recommendation that an appropriation be made to construct a suitable crypt at Annapolis for the custody of the remains of John Paul Jones.

Peary.

The complete success of our country in arctic exploration should not remain unnoticed. For centuries there has been friendly rivalry in this field of effort between the foremost nations and between the bravest and most accomplished men. Expeditions to the unknown north have been encouraged by enlightened governments and deserved honors have been granted to the daring men who have conducted them. The unparalleled achievement of Peary in reaching the north pole, April 6, 1909, approved by critical examination of the most expert scientists, has added to the distinction of our navy, to which he belongs, and reflects credit upon his country. His unique success has received generous acknowledgment from scientific bodies and institutions of learning in Europe and America. I recommend fitting recognition by congress of the great achievement of Robert Edwin Peary.

Department of the Interior.

The secretary of the interior recommends a change of the law in respect to the procedure in adjudicating claims for lands, by which appeals can be taken from the decisions of the department to the court of appeals of the district of Columbia for a judicial consideration of the rights of the claimant. This change finds complete analogy in the present provision for appeals from the decisions of the commissioner of patents. The judgments of the court in such cases would be of decisive value to land claimants generally and to the Department of the Interior in the administration of the law, would enable claimants to bring into court the final consideration of issues as to the title to government land and would, I think, obviate a good deal of the subsequent litigation that now arises in our western courts. The bill is pending, I believe, in the house, having been favorably reported from the committee on public lands, and I recommend its enactment.

One of the difficulties in the Interior department and in the land office has been the delays attendant upon the consideration by the land office and the secretary of the interior of claims for patents of public lands to individuals. I am glad to say that under the recent appropriations of the congress and the earnest efforts of the secretary and his subordinates these arrears have been disposed of, and the work of the department has been brought more nearly up to date in respect to the pending business than ever before in its history. Economies have been effected where possible without legislative assistance, and these are shown in the reduced estimates for the expenses of the department during the current fiscal year and during the year to come.

The subject of the conservation of the public domain has commanded the attention of the people within the last two or three years.

There is no need for radical reform in the methods of disposing of what are really agricultural lands. The present laws have worked well. The enlarged homestead law has encouraged the successful farming of lands in the semiarid regions.

The total sum already accumulated in the fund provided by the act for the reclamation of arid lands is about $68,449,056.76, and of this all but $6,241,056.76 has been allotted to the various projects, of which there are thirty. Congress at its last session provided for the issuing of certificates of indebtedness not exceeding $20,000,000, to be redeemed from the reclamation fund when the proceeds of lands sold and from the water rents should be sufficient. Meantime, in accordance with the provisions of the law, I appointed a board of army engineers to examine the projects and to ascertain which are feasible and worthy of completion. That board has made a report upon the subject, which I shall transmit in a seperate message within a few days.

Conservation Addresses.

In September last a conservation congress was held at St. Paul, at which I delivered an address on the subject of conservation so far as it was within the jurisdiction and possible action of the federal government. In that address I assembled from the official records the statistics and facts as to what had been done in this behalf in the administration of my predecessor and in my own, and indicated the legislative measures which I believed to be wise in order to secure the best use, in the public interest of what remains of our national domain.

There was in this address a very full discussion of the reasons which led me to the conclusions stated. For the purpose of having in an official record a comprehensive resume of the statistics and facts gathered with some difficulty in that address and to avoid their repetition in the body of this message, I venture to make the address an accompanying appendix. The statistics are corrected to November 15 last.

Specific Recommendations.

For the reasons stated in the conservation address I recommend:

First—That the limitation now imposed upon the executive which forbids his reserving more forest lands in Oregon, Washington, Idaho, Montana, Colorado and Wyoming be repealed.

Second—That the coal deposits of the government be leased, after advertisement inviting competitive bids for terms not exceeding fifty years, with a minimum rental and royalties upon the coal mined, to be readjusted every ten or twelve years, and with conditions as to maintenance which will secure proper mining and as to assignment which will prevent combinations to monopolize control of the coal in any one district or market. I do not think that coal measures under 2,560 acres of surface would be too large an amount to lease to any one lessee.

Third—That the law should provide the same separation in respect to government phosphate lands of surface and mineral rights that now obtains in coal lands, and that power to lease such lands upon terms and limitations similar to those above recommended for coal leases, with added condition enabling the government to regulate, and if need be to prohibit the export to foreign countries of the product.

Fourth—That the law should allow a prospector for oil or gas to have the right to prospect for two years over a certain tract of government land, the right to be evidenced by a license for which he shall pay a small sum; and that upon discovery a lease may be granted upon terms securing a minimum rental and proper royalties to the government, and also the conduct of the oil or gas well in accord with the best method for husbanding the supply of oil in the district. The period of the leases should be as long as those of coal, but they should contain similar provisions as to assignment to prevent monopolistic combinations.

Fifth—That water power sites be directly leased by the federal government, after advertisement and bidding, for not exceeding fifty years, upon a proper rental, and with a condition fixing rates charged to the public for units of electric power, both rental and rates to be readjusted equitably every ten years by arbitration or otherwise, with suitable provisions against assignment to prevent monopolistic combinations. Or that the law shall provide that upon application made by the authorities of the state where the water power site is situated, it may be patented to the state on condition that the state shall dispose of it under terms like those just described, and shall enforce those terms, or upon failure to comply with the condition, the water power site and all the plant and improvement on the site shall be forfeited and revert to the United States, the president being given the power to declare the forfeiture and to direct legal proceedings for its enforcement. Either of these methods would, I think, accomplish the proper public purpose in respect to water power sites, but one or the other should be promptly adopted.

I earnestly urge upon congress that at this session general conservation legislation of the character indicated be adopted. At its last session this congress took most useful and proper steps in the cause of conservation by allowing the executive, through withdrawals, to suspend the action of the existing laws in respect to much of the public domain. I have not thought that the danger of disposing of coal lands in the United States under the present laws in large quantities was so great as to call for their withdrawal, because under the present provisions it is reasonably certain that the government will receive the real value of the land. But, in respect to oil lands, or phosphate lands, and of gas lands in the United States, and in respect to coal lands in Alaska, I have exercised the full power of withdrawal with the hope that the action of congress would follow promptly and prevent that tying up of the resources of the country in the western and less settled portion and in Alaska, which means stagnation and retrogression.

The question of conservation is not a partisan one, and I sincerely hope that even in the short time of the present session consideration may be given to those questions which have now been much discussed, and that action may be taken upon them.

Alaska.

With reference to the government of Alaska, I have nothing to add to the recommendations I made in my last message on the subject. I am convinced that the migratory character of the population, its unequal distribution, and its smallness of number, which the new census shows to be about 50,000, in relation to the enormous expanse of the territory make it altogether impracticable to give to those people who are in Alaska today and may not be there a year hence, the power to elect a legislature to govern an immense territory to which they have a relation so little permanent. It is far better for the development of the territory that it be committed to a commission to be appointed by the executive, with limited legislative powers sufficiently broad to meet the local needs, than to continue the present insufficient government with few remedial powers, or to make a popular government where there is not proper foundation upon which to rest it.

National Parks.

Our national parks have become so extensive and involve so much detail of action in their control that it seems to me there ought to be legislation creating a bureau for their care and control. The greatest natural wonder of this country and the surounding territory should be included in another national park. I refer to the Grand Canyon of the Colorado.

Pensions.

The uniform policy of the government in the matter of granting pensions to those gallant and devoted men who fought to save the life of the nation in the perilous days of the great civil war, has always been of the most liberal character. Those men are now rapidly passing away. The best obtainable official statistics show that they are dying at the rate of something over 2,000 a month, and, in view of their advancing years, this rate must inevitably, in proportion, rapidly increase. To the man who risked everything on the field of battle to save the nation in the hour of its direst need, we owe a debt which has not been and should not be computed in a begrudging or parsimonious spirit. But while we should be actuated by this spirit to the soldier himself, care should be exercised not to go to absurd lengths, or distribute the bounty of the government to classes of persons who may, at this late day, from a mere mercenary motive, seek to obtain some legal relation with an old veteran now tottering on the brink of the grave. The true spirit of the pension laws is to be found in the noble sentiments expressed by Mr. Lincoln in his last inaugural address, wherein, in speaking of the nation's duty to its soldiers when the struggle should be over, he said we should "care for him who shall have borne the battle, and for his widow and orphans."

Department of Agriculture.

The report of the secretary of agriculture invites attention to the stupendous value of the agricultural products of this country, amounting in all to $8,926,000,000 for this year. This amount is larger than that of 1909 by $300,000,000. The existence of such a crop indicates a good prospect for business throughout the country. A notable change for the better is commented upon by the secretary in the fact that the south, especially in those regions where the boll weevil has interfered with the growth of cotton, has given more attention to the cultivation of corn and other cereals, so that there is a greater diversification of crops in the south than ever before—and all to the great advantage of that section.

The activities of the department have been greatly increased by the enactment of recent legislation, by the pure food act, the meat inspection act, the cattle transportation act and the act concerning the interstate shipment of game. This department is one of those the scope of whose action is constantly widening, and therefore it is impossible under existing legislation to reduce the cost and their estimates below those of preceding years.

An interesting review of the results of an examination made by the department into statistics and prices shows that on the average since 1891 farm products have increased in value 72 per cent, while the things which the farmer buys for use have increased but 12 per cent, an indication that present conditions are favorable to the farming community.

Department of Commerce and Labor.

The secretary of the Department of Commerce and Labor has had under his immediate supervision the application of the merit system of promotion to a large number of employes, and his discussion of this method of promotions based on actual experience I commend to the attention of congress.

Bureau of Labor.

The commissioner of Labor has been actively engaged in composing the differences between employers and employes engaged in interstate transportation, under the Erdman act, jointly with the chairman of the Interstate Commerce commission. I cannot speak in too high terms of the success of these two officers in conciliation and settlement of controversies which, but for their interposition, would have resulted disastrously to all interests.

I invite attention to the very serious injury caused to all those who are engaged in the manufacture of phosphorus matches. The diseases incident to this are frightful, and as matches can be made from other materials entirely innocuous, I believe that the injurious manufacture could be discouraged and ought to be discouraged by the imposition of a heavy federal tax. I recommend the adoption of this method of stamping out a very serious abuse.

Eight-Hour Law.

Since 1868 it has been the declared purpose of this government to favor the movement for an eight-hour day by a provision of law that none of the employes employed by or on behalf of the government should work longer than eight hours in every twenty-four. The first declaration of this view was not accompanied with any penal clause and with no provision for its enforcement, and, though President Grant by a proclamation twice attempted to give it his sanction and to require the officers of the government to carry it out, the purpose of the framers of the law was ultimately defeated by a decision of the supreme court holding that the statute as drawn was merely a direction of the government to its agents and did not invalidate a contract made in behalf of the government which provided in the contract for labor a day of longer hours than eight. Thereafter, in 1892, the present eight-hour law was passed, which provides that the services and employment of all laborers and mechanics who are now or may hereafter be employed by the government of the United States, by the District of Columbia, or by any contractor or subcontractor on any of the public works of the United States and of the said District of Columbia, is hereby restricted to eight hours in any one calendar day, and it shall be unlawful, etc.

This law has been construed to limit the application of the requirement to those who are directly employed by the government or to those who are employed upon public works situate upon land owned by the United States. This construction prevented its application to government battle ships and other vessels built in private shipyards and to heavy guns and armor plate contracted for and made at private establishments.

The proposed act provides that no laborer or mechanic doing any part of the work contemplated by a contract with the United States in the employ of the contractor or any subcontractor shall be required or permitted to work more than eight hours a day in any one calendar day.

Apply it to All Work.

It seems to me from the past history that the government has been committed to a policy of encouraging the limitation of the day's work to eight hours in all works of construction initiated by itself, and it seems to me illogical to maintain a difference between government work done on government soil and government work done in a private establishment, when the work is of such large dimensions and involves the expenditure of much labor for a considerable period, so that the private manufacturer may adjust himself and his establishment to the special terms of employment that he must make with his workmen for this particular job. To require, however, that every small contract of manufacture entered into by the government should be carried out by the contractor with men working at eight hours would be to impose an intolerable burden upon the government by limiting its sources of supply and excluding altogether the great majority of those who would otherwise compete for its business.

The proposed act recognizes this in the exceptions which it makes to contracts "for transportation by land or water, for the transmission of intelligence, and for such materials or articles as may usually be bought in the open market whether made to conform to particular specifications or not, or for the purchase of supplies by the government, whether manufactured to conform to particular specifications or not."

I recommend that instead of enacting the proposed bill, the meaning of which is not clear and definite and might be given a construction embarrasing to the public interest, the present act be enlarged by providing that public works shall be construed to include not only buildings and work upon public ground, but also ships, armor, and large guns when manufactured in private yards or factories.

One of the great difficulties in enforcing this eight-hour law is that its application under certain emergencies becomes exceedingly oppressive and there is a great temptation to subordinate officials to evade it. I think that it would be wiser to allow the president, by executive order, to declare an emergency in special instances in which the limitation might not apply and, in such cases, to permit the payment by the government of extra compensation for the time worked each day in excess of eight hours. I may add that my suggestions in respect to this legislation have the full concurrence of the commissioner of labor.

Workmen's Compensation.

In view of the keen, widespread interest now felt in the United States in a system of compensation for industrial accidents to supplant our present thoroughly unsatisfactory system of employers' liability (a subject the importance of which congress has already recognized by the appointment of the commission), I recommend that the International congress on Industrial Insurance be invited to hold its meeting in 1913 in Washington, and that an appropriation of $10,000 be made to cover the necessary expenses of organizing and carrying on the meeting.

I renew my recommendation that the claims of the depositors in the Freedmen's bank be recognized and paid by the passage of the pending bill on that subject.

I also renew my recommendation that steps be taken looking to the holding of a negro exposition in celebration of the fiftieth anniversary of the issuing by Mr. Lincoln of the emancipation proclamation.

Bureau of Health.

In my message of last year I recommended the creation of a Bureau of Health, in which should be embraced all those government agencies outside of the war and navy departments which are now directed toward the preservation of public health or exercise funtions germane to that subject. I renew this recommendation.

Civil Service Commission.

The Civil Service commission has continued its useful duties during the year. The necessity for the maintenance of the provisions of the civil service law was never greater than today. Officers responsible for the policy of the administration, and their immediate personal assistants or deputies, should not be included within the classified service; but in my judgment, public opinion has advanced to the point where it would support a bill providing a secure tenure during efficiency for all purely administrative officials. I entertain the profound conviction that it would greatly aid the cause of efficient and economical government, and of better politics if congress could enact a bill providing that the executive shall have the power to include in the classified service all local offices under the Treasury department, the Department of Justice, the Postoffice department, the Interior department and the Department of Commerce and Labor, appointments to which now require the confirmation of the senate, and that upon such classification the advice and consent of the senate shall cease to be required in such appointments. By their certainty of tenure, dependent on good service, and by their freedom from the necessity for political activity, these local officers would be induced to become more efficient public servants.

Economy and Efficiency.

The committees on appropriations of congress have diligently worked to reduce the expenses of government and have found their efforts often blocked by lack of accurate information containing a proper analysis of requirements and of actual and reasonable costs. The result of this inquiry should enable the executive in his communications to congress to give information to which congress is entitled and which will enable it to promote economy.

I have requested the head of each department to appoint committees on economy and efficiency in order to secure full co-operation in the movement by the employes of the government themselves.

I urge the continuance of the appropriation of $100,000 requested for the fiscal year 1912.

My experience leads me to believe that while government methods are much criticised, the bad results—if we do have bad results—are not due to a lack of zeal or willingness on the part of the civil servants. On the contrary, I believe that a fine spirit of willingness to work exists in the personnel, which, if properly encouraged, will produce results equal to those secured in the best managed private enterprise. In handling government expenditure the aim is not profit—the aim is the maximum of public service and a minimum of cost. We wish to reduce the expenditures of the government, and we wish to save money to enable the government to go into some of the beneficial projects which we are debarred from taking up now because we ought not to increase our expenditures.

At a later date I shall send to congress a special message on this general subject.

Civil Service Retirement.

It is impossible to proceed far in such an investigation without perceiving the need of a suitable means of eliminating from the service the superannuated. This can be done in one of two ways, either by straight civil pension or by some form of contributory plan.

Careful study of experiments made by foreign governments shows that three serious objections to the civil pension payable out of the public treasury may be brought against it by the taxpayer, the administrative officer, and the civil employe, respectively. A civil pension is bound to become an enormous, continuous and increasing tax on the public exchequer; it is demoralizing to the service since it makes difficult the dismissal of incompetent employes after they have partly earned their pension; and it is disadvantageous to the main body of employes themselves since it is always taken into account in fixing salaries and only the few who survive and remain in the service until pensionable age receive the value of their deferred pay. For this reason, after a half century of experience under a most liberal pension system, the civil servants of England succeeded, about a year ago, in having the system so modified as to make it virtually a contributory plan with provision for refund of their theoretical contributions.

The experience of England and other countries shows that neither can a contributary plan be successful, human nature being what it is, which does not make provision for the return of contributions, with interest, in case of death or resignation before pensionable age. Followed to its logical conclusion this means that the simplest and most independent solution of the problem for both employe and the government is a compulsory savings arrangement, the employe to set aside from his salary a sum sufficient, with the help of a liberal rate of interest from the government, to purchase an adequate annuity for him on retirement, this accumulation to be inalienably his and claimable if he leaves the service before reaching the retirement age or by his heirs in case of his death. This is the principle upon which the Gillett bill now pending is drawn.

The Gillett bill, however, goes futher and provides that the government shall contribute to the pension fund of those employes who are now so advanced in age that their personal contributions will not be sufficient to create their annuities before reaching the retirement age. In my judgment this provision should be amended so that the annuities of those employes shall be paid out of the salaries appropriated for the positions vacated by retirement, and that the difference between the annuities thus granted and the salaries may be used for the employment of efficient clerks at the lower grades. If the bill can be thus amended I recommend its passage, as it will initiate a valuable system and ultimately result in a great saving in the public expenditures.

Interstate Commerce Commission.

There has not been time to test the benefit and utility of the amendments to the interstate commerce law contained in the act approved June 18, 1910. The law as enacted did not contain all the features which I recommended. It did not specifically denounce as unlawful the purchase by one of two parallel and competing roads of the stock of the other. Nor did it subject to the restraining influence of the Interstate Commerce commission the power of corporations engaged in operating interstate railroads to issue new stock and bonds, nor did it authorize the making of temporary agreements between railroads, limited to thirty days, fixing the same rates for traffic between the same places.

I do not press the consideration of any of these objects upon congress at this session. The object of the first provision is probably generally covered by the anti-trust law. The second provision was in the act referred to the consideration of a commission to be appointed by the executive and to report upon the matter to congress. That commission has been appointed and is engaged in the investigation and consideration of the question submitted under the law. It consists of President Arthur T. Hadley of Yale university, as chairman; Frederick C. Strauss, Frederick N. Judson, Prof. B. H. Meyer and Walter L. Fisher, with William E. S. Griswold as secretary.

The third purpose led to so much misconstruction of its object that I am not disposed to press it for further consideration. It was intended to permit railroad companies to avoid useless rate cutting by a mere temporary acquiescence in the same rates for the same service over competing railroads, with no obligation whatever to maintain those rates for any time.

Safety Appliances and Provisions.

The protection of railroad employes from personal injury is a subject of the highest importance and demands continuing attention. There have been two measures pending in congress, one for the supervision of boilers and the other for the enlargement of dangerous clearances. Certainly some measure ought to be adopted looking to a prevention of accidents from these causes. It seems to me that with respect to boilers a bill might well be drawn requiring and enforcing by penalty a proper system of inspection by the railway companies themselves which would accomplish our purpose. The entire removal of outside clearances would be attended by such enormous expenses that some other remedy must be adopted. By act of May 6, 1910, the Interstate Commerce commission is authorized and directed to investigate accidents, to report their causes and its recommendations. I suggest that the commission be requested to make a special report as to injuries from outside clearances and the best method of reducing them.

Valuation of Railroads.

The Interstate Commerce commission has recommended appropriations for the purpose of enabling it to enter upon a valuation of all railroads. This has always been within the jurisdiction of the commission, but the requisite funds have been wanting. Statistics of the value of each railroad would be valuable for many purposes, especially if we ultimately enact any limitations upon the power of the interstate railroads to issue stocks and bonds, as I hope we may. I think, therefore, that in order to permit a correct understanding of the facts, it would be wise to make a reasonable appropriation to enable the Interstate Commerce commission to proceed with due dispatch to the valuation of all railroads. I have no doubt that railroad companies themselves can and will greatly facilitate this valuation and make it much less costly in time and money than has been supposed.

Fraudulent Bills of Lading.

Forged and fraudulent bills of lading purporting to be issued against cotton, some months since, resulted in losses of several millions of dollars to American and foreign banking and cotton interests. Foreign bankers then notified American bankers that, after October 31, 1910, they would not accept bills of exchange drawn against bills of lading for cotton issued by American railroad companies, unless American bankers would guarantee the integrity of the bills of lading. The American bankers rightly maintained that they were not justified in giving such guaranties, and that, if they did so, the United States would be the only country in the world whose bills were so discredited, and whose foreign trade was carried on under such guaranties.

The foreign bankers extended the time at which these guaranties were demanded until December 31, 1910, relying upon us for protection in the meantime, as the money which they furnish to move our cotton crop is of great value to this country.

For the protection of our own people and the preservation of our credit in foreign trade, I urge upon congress the immediate enactment of a law under which one who, in good faith, advances money or credit upon a bill of lading issued by a common carrier upon an interstate or foreign shipment can hold the carrier liable for the value of the goods described in the bill at the valuation specified in the bill, at least to the extent of the advances made in reliance upon it. Such liability exists under the laws of many of the states. I see no objection to permitting two classes of bills of lading to be issued: (1) Those under which a carrier shall be absolutely liable, as above suggested, and (2) those with respect to which the carrier shall assume no liability except for the goods actually delivered to the agent issuing the bill. The carrier might be permitted to make a small separate specific charge in addition to the rate of transportation for such guaranteed bill, as an insurance premium against loss from the added risk, thus removing the principal objection which I understand is made by the railroad companies to the imposition of the liability suggested, viz, that the ordinary transportation rate would not compensate them for the liability assumed by the absolute guaranty of the accuracy of the bills of lading.

I further recommend that a punishment of fine and imprisonment be imposed upon railroad agents and shippers for fraud or misrepresentation in connection with the issue of bills of lading issued upon interstate and foreign shipments.

Let the Law Stand.

Except as above, I do not recommend any amendment to the interstate commerce law as it stands. I do not now recommend any amendment to the anti-trust law. In other words, it seems to me that the existing legislation with reference to the regulation of corporations and the restraint of their business has reached a point where we can stop for a while and witness the effect of the vigorous execution of the laws on the statute book in restraining the abuses which certainly did exist and which roused the public to demand reform. If this test develops a need for further legislation, well and good, but until then let us execute what we have. Due to the reform movements of the present decade, there has undoubtedly been a great improvement in business methods and standards.

The great body of business men of this country, those who are responsible for its commercial development, now have an earnest desire to obey the law and to square their conduct of business to its requirements and limitations.

These will doubtless be made clearer by the decisions of the supreme court in cases pending before it.

I believe it to be in the interest of all the people of the country that for the time being the activities of government, in addition to enforcing the existing law, be directed toward the economy of administration and the enlargement of opportunities for foreign trade, the conservation and improvement of our agricultural lands, the building up of home industries, and the strengthening of confidence of capital in domestic investment.

THE WHITE HOUSE, Dec. 6, 1910.