

Wilson Fails to Mention League While Recommending Tax Law Revision, Budget and Economy in His Message

Washington, Dec. 7.—President Wilson's annual message to congress follows:

"When I addressed myself to performing the duty laid upon the president by the constitution to present to you an annual report on the state of the union, I found my thought dominated by an immortal sentence of Abraham Lincoln's:

"Let us have faith that right makes might, and in that faith let us dare to do our duty as we understand it." A sentence immortal because it embodies in a form of utter simplicity and purity the essential faith of the nation, the faith in which it was conceived and the faith and the birth of a nation founded upon it came the hope into the world that a new order would prevail throughout the affairs of mankind, an order in which reason and right would take precedence of consciousness and force, and I believe that I express the wish and purpose of every thoughtful American when I say that this sentence marks for us in the plainest manner the part we should play alike in the arrangement of our domestic affairs and in our exercise of influence upon the affairs of the world.

By this faith alone, can the world be lifted out of its present confusion and despair. It was this faith which prevailed over the wicked force of Germany. You will remember that the beginning of the end of the war came when the German people found themselves face to face with the conscience of the world and realized that right was everywhere arrayed against the wrong that their government was attempting to perpetrate. I think, therefore, that it is true to say that this was the faith which won the war. Certainly that is the faith with which our gallant men went into the field and out upon the seas to make sure of victory.

Final Test of Democracy.

"This is the mission upon which democracy came to the world. Democracy is an assertion of the right of the individual to live and to be treated justly, as against any attempt on the part of any combination of individuals to make laws which will overburden him or which will destroy his equality among his fellows in the matter of right or privilege, and I think we all realize that the day has come when democracy is being put upon its final test. The old world is just now suffering from a wanton rejection of the principle of democracy and a substitution of the principle of autocracy as asserted in the name, but without the authority and sanction of the multitude. This is the time of all others when democracy should prove its purity and its spiritual power to prevail. It is surely the manifest destiny of the United States to lead in the attempt to make this spirit prevail.

There are two ways in which the United States can assist to accomplish this great object: First, by offering the example within her own borders of the will and power of democracy to make and enforce laws which are unquestionably just and which are equal in their administration—laws which secure its full right to labor and yet at the same time safeguard the integrity of property, and particularly of that property which is devoted to the development of industry and the increase of the necessary wealth of the world.

Right Must Prevail.

"Second, by standing for right and justice as towards individual nations. The law of democracy is for the protection of the weak, and the influence of every democracy in the world should be for the protection of the weak nations, the nation which is struggling towards its right and towards its proper recognition and privilege in the family of nations. The United States cannot refuse this role of champion without putting the stigma of rejection upon the great and devoted men who brought its government into existence and established it in the face of almost universal opposition and intrigue, even in the face of wanton force, as for example, against the orders in council of Great Britain and the arbitrary Napoleonic decrees which involved us in what we know as the war of 1812.

I urge you to consider that the display of an immediate disposition on the part of congress to remedy any injustices or evils that may have shown themselves in our national life will afford the most effective offset to the forces of chaos and tyranny which are playing so disastrous a part in the fortunes of the free peoples of more than one part of the world. The United States is of necessity the sample democracy of the world, and the triumph of democracy depends upon its success.

Urges Budget System.

"Recovery from the disturbing and sometimes disastrous effects of late war has not been exceedingly slow on the other side of the water and has given promise, I venture to say, of early completion only in our own fortunate country; but even with us the recovery halts and is impeded at times and there are immediately serviceable acts of legislation which seem to me to be the first step towards recovery and prove the indestructible recuperative force of a great government of the people. One of these is to prove that a great democracy can keep house as successfully and in as business-like a fashion as any other government. It seems to me that the first step towards proving this is to supply ourselves with a systematic method of handling our estimates and expenditures and bringing them to the point where they will not be an unnecessary strain upon our income, or in other words, a workable budget system, and I respectfully suggest that two elements are essential to such a system; namely, not only that the proposal of appropriations should be in the hands of a single body, such as a single appropriations committee in each house of the congress, but also that this body should be brought into such co-operation with the departments of the government and with the treasury of the United States as would enable it to act upon a complete conspectus of the needs of the government and the resources from which it must draw its income.

"I reluctantly vetoed the budget bill passed by the last session of the congress because of a constitutional objection. The house of representatives subsequently modified the bill

in order to meet this objection. In the revised form I believe that the bill, coupled with action already taken by the congress to revise its rules and procedure, furnishes the foundations for an effective national budget system. I earnestly hope, therefore, that one of the first steps taken by the present session of the congress will be to pass the budget bill.

Finances Are Healthy.

"The nation's finances have shown marked improvement during the last year. The total ordinary receipts of \$6,694,000,000 for the fiscal year 1920 exceeded those for 1919 by \$1,542,000, while the total net ordinary expenditures decreased from \$18,514,000,000 to \$6,403,000,000. The gross public debt which reached its highest point on August 31, 1919, when it was \$26,596,000,000, had dropped on November 30, 1920, to \$24,175,000,000. There also has been a marked decrease in holdings of government war securities by the banking institutions of the country as well as in the amount of bills held by the federal reserve banks secured by government war obligations.

"This fortunate result has relieved the banks and left them freer to finance the needs of agriculture, industry and commerce. It has been due in large part to the reduction of the public debt, especially of the floating debt, but more particularly to the improved distribution of government securities among permanent investors. The cessation of the government's borrowings except through short term certificates of indebtedness has been a matter of great consequence to the people of the country at large, as well as to the holders of Liberty bonds and Victory notes, and has had an important bearing on the matter of effective credit control.

"The year has been characterized by the progressive withdrawal of the treasury from the domestic credit market and from a position of dominant influence in that market. The future course will necessarily depend upon the extent to which economic are practiced and upon the burdens placed upon the treasury, as well as upon the development and the maintenance of tax receipts at a sufficiently high level.

"The fundamental fact which at present dominates the government's financial situation is that seven and a half billions of its war indebtedness mature within the next two and a half years. Of this amount, two and a half billions are floating debt and five billions Victory notes and war savings certificates.

Must Reduce Expenditures.

"The fiscal program of the government must be determined with reference to these maturities. Sound policy demands that the government expenditures be reduced to the lowest amount which will permit various services to operate efficiently and that government receipts from taxes and salvage be maintained sufficiently high to provide for current requirements, including interest and sinking fund charges on the public debt, and at the same time retire the floating debt and part of the Victory loan before maturity. With right economy, vigorous salvage operations and adequate revenues from taxation, a surplus of current receipts over current expenditures can be realized and should be applied to the floating debt. All branches of the government should co-operate to see that this program is realized.

"I cannot overemphasize the necessity of economy in government appropriations and expenditures and the avoidance by the congress of practices which take money from the treasury by indefinite or revolving fund appropriations. The estimates for the present year show that over a billion dollars of expenditures were authorized by the last congress in addition to the amounts shown in the usual compiled statements of appropriations.

Make Direct Appropriation.

"This strikingly illustrates the importance of making direct and specific appropriations. The relation between the current receipts and current expenditures during the recent fiscal year, as well as during the last half of the last fiscal year, has been disturbed by the extraordinary burdens thrown upon the treasury by the transportation act, in connection with the return of the railroads to private control. Over \$600,000,000 has already been paid to the railroads under this act—\$350,000,000 during the present fiscal year; and it is estimated that further payments aggregating possibly \$650,000,000 must still be made to the railroads during the current year. It is obvious that these large payments have already seriously limited the government's progress in retiring the floating debt.

Must Revise Taxes.

"Closely connected with this, it seems to me, is the necessity for an immediate consideration of the revision of our tax laws. Simplification of the income and profits taxes has become an immediate necessity. These taxes performed an indispensable service during the war. The need for their simplification, however, is very great, in order to save the taxpayer inconvenience and expense and in order to make his liability more certain and definite. Other and more detailed recommen-

dations with regard to taxes will not be met and removed and justice dealt out, whether by law or by some form of mediation and conciliation. I do not feel it to be my privilege at present to suggest the detailed and particular methods by which these objects may be attained, but I have faith that the inquiries of your several committees will discover the way and the method.

"In response to what I believe to be the impulse of sympathy and opinion throughout the United States, I earnestly suggest that the congress authorize the treasury of the United States to make to the struggling government of Armenia such a loan as was made to several of the allied governments during the war; and I would also suggest that it would be desirable to provide in the legislation itself that the expenditure of the money thus loaned should be under the supervision of a commission, or at least a commissioner from the United States, in order that revolutionary tendencies within Armenia itself might not be afforded by the loan a further tempting opportunity.

Philippine Independence.

"Allow me to call your attention to the fact that the people of the Philippine islands have succeeded in maintaining a stable government since the last action of the congress in their behalf, and have thus fulfilled the condition set by the congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honorably covet.

"I have not so much laid before you a series of recommendations, gentlemen, as sought to utter a confession of faith, of the faith in which I was bred and which it is my solemn purpose to stand by until my last fighting day. I believe this to be the faith of America, the faith of the future, and of all the victories which await national action in the days to come, whether in America or elsewhere."

Wilson Awarded Nobel Peace Prize

Copenhagen, Dec. 7.—(By The Associated Press).—Announcement is made that the Nobel peace prize will be conferred on President Wilson of the United States on December 10.

The Nobel peace prize carries with it a grant of about \$40,000, which is one-fifth of the annual interest on about \$9,000,000 left for that purpose by Alfred B. Nobel, the Swedish scientist and the inventor of dynamite, who died in 1896.

The only two Americans who have in the past received the Nobel peace prize were Theodore Roosevelt, in 1906, and Elihu Root, in 1912.

Named Land Registrar.

Washington, D. C., Dec. 7.—(Special Telegram).—Mack C. Warrington was nominated today to be registrar of the land office at Broken Bow, Neb.

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Ivory (large) Soap	10 Bars, 1.29; Box 100 at 12.89
Ivory (small) Soap	10 Bars, .76; Box 100 at 7.52
Kirk's Hard Water Castile Soap	10 Bars, .89; Box 100 at 8.80
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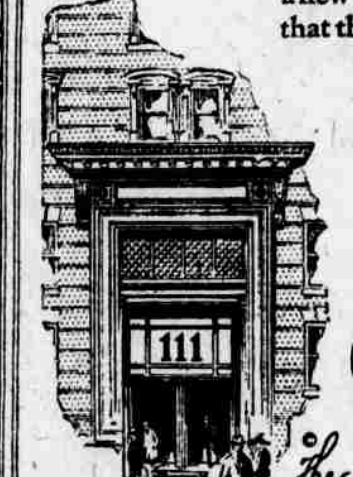
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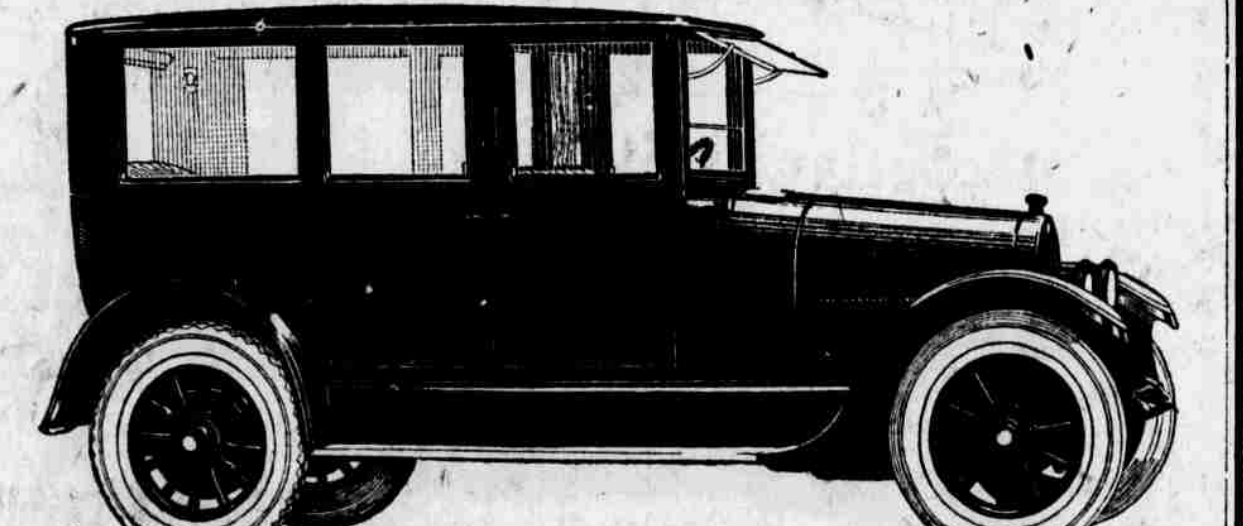
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