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## THE PRESIDENT'S ANNUAL MESSAGE

### Leading Problems Confronting Our Government Ablly Discussed By the Executive

#### CURRENCY REFORM PLAN

The Regulation of Public Service Corporations is Necessary, But They Must Have Fair Treatment—Integrity of Administration of Public Affairs a Duty That Applies to All.

To the Senate and House of Representatives:

No nation has greater resources than ours, and I think it can be truthfully said that the citizens of no nation possess greater energy and industrial ability. In no nation are the fundamental business conditions sounder than in ours at this very moment; and it is foolish, when such is the case, for people to hoard money instead of keeping it in sound banks; for it is such hoarding that is the immediate occasion of money stringency. Moreover, as a rule, the business of our people is conducted with honesty and probity, and this applies alike to farms and factories, to railroads and banks, to all our legitimate commercial enterprises.

In any large body of men, however, there are certain to be some who are dishonest, and if the conditions are such that these men prosper or commit their misdeeds with impunity, their example is a very evil thing for the community. Where these men are business men of great sagacity and of temperance both in passions and in reckless, and where the conditions are such that they act without supervision or control and at first without effective checks from public opinion, they delude many innocent people into making investments or embarking in kinds of business that are really unsound. When the misdeeds of these successfully dishonest men are discovered, suffering comes not only upon them, but upon the innocent men whom they have misled. It is a painful awakening, whenever it occurs; and, naturally, when it does occur those who suffer are apt to forget that the longer it was deferred the more painful it would be. In the effort to punish the guilty it is both wise and proper to endeavor so far as possible to minimize the distress of those who have been misled by the guilty. Yet it is not possible to refrain because of such distress from striving to put an end to the misdeeds that are the ultimate causes of the suffering, and, as a means to this end, where possible to punish those responsible for them.

Our steady aim should be by legislation, cautiously and carefully undertaken, but resolutely persevered in, to assert the sovereignty of the National Government by affirmative action.

#### Interstate Commerce.

No small part of the trouble that we have come from carrying to an extreme the national virtue of self-reliance, of independence in initiative and action. It is wise to conserve this virtue and to provide for its fullest exercise, compatible with seeing that liberty does not become a liberty to wrong others. Unfortunately, this is the kind of liberty that the lack of all effective regulation inevitably breeds. The founders of the Constitution provided that the National Government should have complete and sole control of interstate commerce. There was then practically no interstate business save such as was conducted by water, and this the National Government at once proceeded to regulate in thoroughgoing and effective fashion. Conditions have now so wholly changed that the interstate commerce by water is insignificant compared with amount that goes by land, and almost all big business concerns are now engaged in interstate commerce. As a result, it can be partially and imperfectly controlled or regulated by the action of any one of the several States; such action inevitably tending to be either too drastic or else too lax, and in either case ineffective for purposes of justice. Only the National Government can in thoroughgoing fashion exercise the needed control. This does not mean that there should be any extension of Federal authority, for such authority already exists under the Constitution in amplest and most far-reaching form; but it does mean that there should be an extension of Federal activity. It is merely looking facts in the face, and realizing that centralization in business has already come and cannot be avoided or undone, and that the public at large can only protect itself from certain evil effects of this business centralization by providing better methods for the exercise of control through the authority already centralized in the National Government by the Constitution itself. There must be no halt in the healthy constructive course of action which this Nation has elected to pursue, and has steadily pursued, during the last six years,

as shown both in the legislation of the Congress and the administration of the law by the Department of Justice. The most vital need is in connection with the railroads. As to these, in my judgment there should now be either a national incorporation act or a law licensing railway companies to engage in interstate commerce upon certain conditions. The law should be so framed as to give to the Interstate Commerce Commission power to pass upon the future issue of securities, while ample means should be provided to enable the Commission, whenever in its judgment it is necessary, to make a physical valuation of any railroad. As I stated in my Message to the Congress a year ago, railroads should be given power to enter into agreements, subject to these agreements being made public in minute detail and to the consent of the Interstate Commerce Commission being first obtained. Until the National Government assumes proper control of interstate commerce, in the exercise of the authority it already possesses, it will be impossible either to give to or to get from the railroads full justice. The railroads and all other great corporations will do well to recognize that this control must come, the only question is as to what governmental body can most wisely exercise it. The courts will determine the limits within which the Federal authority can exercise it, and there will still remain ample work within each State for the railway commission of that State; and the National Interstate Commerce Commission will work in harmony with the several State commissions, each within its own province, to achieve the desired end.

#### Income Tax.

Reference is here made to the difficulty of framing a law that will withstand the test of the courts. The argument is made by the President that such a tax is not a tax on thrift or industry. The German law is given as an interesting example.

#### Sherman Antitrust Law.

Moreover, in my judgment there should be additional legislation looking to the proper control of the great business concerns engaged in interstate business, this control to be exercised for their own benefit and prosperity no less than for the protection of investors and of the general public. As I have repeatedly said in Messages to the Congress and elsewhere, experience has definitely shown not merely the unwise but the futility of endeavoring to put a stop to all business combinations. Modern industrial conditions are such that combination is not only necessary but inevitable. It is so in the world of labor, and it is as idle to desire to put an end to all combinations of capital, as to desire to put an end to combination of labor. Corporation and labor union alike have come to stay. Each if properly managed is a source of good and not evil. Whenever in either there is evil, it should be promptly held to account; but it should receive hearty encouragement so long as it is properly managed. It is profoundly immoral to put or keep on the statute books a law, nominally in the interest of public morality, that really puts a premium upon public immorality, by undertaking to forbid honest men from doing what must be done under modern business conditions, so that the law itself provides that its own infraction must be the condition precedent upon business success. To aim at the accomplishment of too much usually means the accomplishment of too little, and often the doing of positive damage.

#### Accidents.

The loss of life and limb from railroad accidents in this country has become appalling. It is a subject of which the National Government should take supervision. It might be well to begin by providing for a Federal inspection of interstate railroads somewhat along the lines of Federal inspection of steamboats, although not going so far.

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corporations by lawsuits means to impose upon both the Department of Justice and the courts an impossible burden; it is not feasible to carry on more than a limited number of such suits. Such a law to be really effective must of course be administered by an executive body, and not merely by means of lawsuits. The design should be to prevent the abuses incident to the creation of unhealthy and improper combinations, instead of waiting until they are in existence and then attempting to destroy them by civil or criminal proceedings.

#### Pure-Food Law.

Incidentally, in the passage of the pure-food law the action of the various State food and dairy commissioners showed in striking fashion how much good for the whole people results from the hearty cooperation of the Federal and State officials in securing a given reform. It is primarily to the action of these State commissioners that we owe the enactment of this law; for they aroused the people, first to demand the enactment and enforcement of State laws on the subject, and then the enactment of the Federal law, without which the State laws were largely ineffective. There must be the closest cooperation between the National and State governments in administering these laws.

#### Currency.

In my message to Congress a year ago I spoke as follows of the currency: "I especially call your attention to the condition of our currency laws. The national bank act has ably served a great purpose in aiding the enormous business development of the country, and within ten years there has been an increase in circulation per capita from \$21.41 to \$33.08. For several years evidence has been accumulating that additional legislation is needed. The recurrence of each crop season emphasizes the defects of the present laws. There must soon be a revision of them, because to leave them as they are means to incur liability of business disaster. Since your body adjourned there has been a fluctuation in the interest on call money from 2 per cent to 30 per cent, and the fluctuation was even greater during the preceding six months. The Secretary of the Treasury had to step in and by wise action put a stop to the most violent period of oscillation. Even worse than such fluctuation is the advance in commercial rates and the uncertainty felt in the sufficiency of credit even at high rates. All commercial interests suffer during each crop period. Excessive rates for call money in New York attract money from the interior banks into the speculative field. This depletes the fund that would otherwise be available for commercial uses and commercial borrowers are forced to pay abnormal rates, so that each fall a tax, in the shape of increased interest charges, is placed on the whole commerce of the country.

#### Enforcement of the Law.

A few years ago there was loud complaint that the law could not be invoked against wealthy offenders. There is no such complaint now. The course of the Department of Justice during the last few years has been such as to make it evident that no man stands above the law, that no corporation is so wealthy that it can not be held to account. The Department of Justice has been so prompt to proceed against the wealthiest malefactor whose crime was one of greed and cunning as to proceed against the agitator who incites to brutal violence. Everything that can be done under the existing law, and with the existing state of public opinion, which so profoundly influences both the courts and juries, has been done. But the laws themselves need strengthening in more than one important point; they should be made more definite, so that no honest man can be led unwittingly to break them, and so that the real wrongdoer can be readily punished.

#### Injunctions.

Instances of abuse in the granting of injunctions in labor disputes continue to occur and the resentment in the minds of those who feel that their rights are being invaded and their liberty of action and of speech unwarrantably restrained continues likewise to grow. Much of the attack on the use of the process of injunction is wholly without warrant; but I am constrained to express the belief that for some of it there is warrant. This question is becoming more and more one of prime importance, and unless the courts will themselves deal with it in effective manner, it is certain ultimately to demand some form of legislative action. It would be most unfortunate for our social welfare if we should permit many honest and lawabiding citizens to feel that they had just cause for regarding our courts with hostility. I earnestly commend to the attention of the Congress this matter, so that some way may be devised which will limit the abuse of injunctions and protect those rights which from time to time it unwarrantably invades. Moreover, disconcerting is often expressed with the use of the process of injunction by the courts, not only in labor disputes, but where State laws are concerned. I refrain from discussion of this question as I am informed that it will soon receive the consideration of the Supreme Court.

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Any plan must, of course, guard the interests of western and southern bankers as carefully as it guards the interests of New York or Chicago bankers, and must be drawn from the standpoints of the farmer and the merchant no less than from the standpoints of the city banker and the country banker."

I again urge on the Congress the need of immediate attention to this matter. We need a greater elasticity in our currency; provided, of course, that we recognize the even greater need of a safe and secure currency. There must always be the most rigid examination by the National authorities. Provision should be made for an emergency currency. The emergency issue should, of course, be made with an effective guaranty, and upon conditions carefully prescribed by the Government. Such emergency issue must be based on adequate securities approved by the Government, and must be issued under a heavy tax. This would permit currency being issued when the demand for it was urgent, while securing its retirement as the demand fell off. It is worth investigating to determine whether officers and directors of national banks should ever be allowed to loan to themselves. Trust companies should be subject to the same supervision as banks; legislation to this effect should be enacted for the District of Columbia and the Territories.

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should set the example in this respect.

#### Compulsory Investigation of Industrial Disputes.

Strikes and lockouts, with their attendant loss and suffering, continue to increase. For the five years ending December 31, 1905, the number of strikes was greater than those in any previous ten years and was double the number in the preceding five years. These figures indicate the increasing need of providing some machinery to deal with this class of disturbances in the interest alike of the employer, the employee, and the general public. The need for some provision for such investigation was forcibly illustrated in the recent strike of telegraph operators which seriously interfered with telegraphic communication, causing great damage to business interests and serious inconvenience to the general public.

#### Inland Waterways.

The conservation of our natural resources and their proper use constitute the fundamental problem which underlies almost every other problem of our National life. We must maintain for our civilization the adequate material basis without which that civilization can not exist. We must show foresight, we must look ahead. As a nation we not only enjoy a wonderful measure of present prosperity but if this prosperity is used aright it is an earnest of future success such as no other nation will have. The reward of foresight for this Nation is great and easily foretold. But there must be the look ahead. There must be a realization of the fact that to waste, to destroy, our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed.

#### Tariff on Wood Pulp.

There should be no tariff on any forest product grown in this country; and, in especial, there should be no tariff on wood pulp; due notice of the change being of course given to those engaged in the business so as to enable them to adjust themselves to the new conditions. The repeal of the duty on wood pulp should if possible be accompanied by an agreement with Canada that there shall be no export duty on Canadian pulp wood.

#### The Panama Canal.

Work is now progressing at a satisfactory rate. The private bids for the construction of the canal were all unsatisfactory, and in consequence were all rejected.

#### Postal Affairs.

I commend to the favorable consideration of the Congress a postal savings bank system, as recommended by the Postmaster General. The primary object is to encourage among our people economy and thrift and by the use of postal savings banks to give them an opportunity to husband their resources, particularly those who have not the facilities at hand for depositing their money in savings banks. Viewed, however, from the experience of the past few weeks, it is evident that the advantages of such an institution are still more far-reaching. Timid depositors have withdrawn their savings for the time being from national banks, trust companies, and savings banks; individuals have hoarded their cash and kept in hiding or in the safe deposit box to the detriment of prosperity. Through the agency of the postal savings banks such money would be restored to the channels of trade, to the mutual benefit of capital and labor.

#### Foreign Affairs.

I further commend to the Congress the consideration of the parcel post, especially on the rural routes. There are now 38,215 rural routes, serving nearly 15,000,000 people who do not have the advantages of the inhabitants of cities in obtaining their supplies. These recommendations have been drawn up to benefit the farmer and the country storekeeper; for, otherwise, I should not favor them; for I believe that it is good policy for our Government to do everything possible to aid the small town and the country districts. It is desirable that the country merchant should not be crushed out.

#### Philippines.

Reports show that during the past year we made a clear profit on our foreign postal business of more than three and a half million dollars. The President recommends that profit be expended in improving the service.

#### Oklahoma.

Oklahoma has become a State, standing on a full equality with her elder sisters, and her future is assured by her great natural resources. The duty of the National Government to guard the personal and property rights of the Indians within her borders remains of course unchanged.

#### German Tariff Agreement.

A re-adjustment of the German tariffs made it necessary to appoint a commission composed of experts to investigate conditions and secure the fullest measure of rights to shippers, both exporters and importers.

any of the Interior; the bureau to have power to collect statistics and make investigations in all matters pertaining to mining and particularly to the accidents and dangers of the industry.

#### Vicksburg National Park.

I further recommend that a naval monument be established in the Vicksburg National Park. This national park gives a unique opportunity for commemorating the deeds of those gallant men who fought on water, no less than of those who fought on land, in the great civil war.

#### The Thirteenth Census.

Legislation should be enacted at the present session of the Congress for the Thirteenth Census. The establishment of the permanent Census Bureau affords the opportunity for a better census than we have ever had, but in order to realize the full advantage of the permanent organization, ample time must be given for preparation.

#### Presidential Campaign Expenses.

Under our form of government voting is not merely a right but a duty, and, moreover, a fundamental and necessary duty if a man is to be a good citizen. It is well to provide that corporations shall not contribute to Presidential or National campaigns, and furthermore to provide for the publication of both contributions and expenditures.

#### The Army.

Never in our entire history has the nation suffered in the least particular because too much care has been given to the Army, too much prominence been given it, too much money spent upon it, or because it has been too large. As a nation we have always been shortsighted in providing for the efficiency of the army in time of peace. I think it is only lack of foresight that troubles us; not any hostility to the Army.

#### The Public Health.

There is a constantly growing interest in this country in the question of the public health. At last the public mind is awake to the fact that many diseases, notably tuberculosis, are National scourges. The work of the State and city boards of health should be supplemented by a constantly increasing interest on the part of the National Government.

#### The Navy.

It is recommended that this year provision be made for four new battleships, and that docks, coaling stations, colliers and supply ships be provided to meet the needs thus created. Our coast line is on the Pacific as well as the Atlantic and occasionally the fleet should be dispatched to the waters of the Pacific. Our duty to California, Washington and Oregon is the same as to Maine, New York, Louisiana and Texas. I sincerely hope that the fleet will be shifted from the Atlantic to the Pacific every year or two until our navy is of sufficient strength to admit of division.

#### Foreign Affairs.

In dealing with other nations it should be our policy to be neighborly and do all we can to help others without meddling; and at the same time to give them to understand in a proper way that we do not mean to be imposed upon.

#### The Philippines.

The Secretary of War has gone to the Philippines. On his return I shall submit to you his report on the island.

#### International Bureau of American Republics.

One of the results of the Pan-American Conference at Rio Janeiro in the summer of 1906 has been a great increase in the activity and usefulness of the International Bureau of American Republics. That institution, which includes all the American Republics in its membership and brings all their representatives together, is doing a really valuable work in informing the people of the United States about the other republics and in making the United States known to them. Its action is now limited by appropriations determined when it was doing a work on a much smaller scale and rendering much less valuable service. I recommend that the contribution of this government to the expenses of the bureau be made commensurate with its increased work.

THEODORE ROOSEVELT,  
The White House, Dec. 3, 1907.

## OPENING OF CONGRESS

### Brilliant Scene Characterizes the Formal Opening of the Sixtieth Session—Joseph Cannon Selected as Speaker and John Sharp Williams as Minority Leader.

Washington, Special.—A brilliant scene characterized the meeting of the Sixtieth Congress Monday. In Senate and House of Representatives there were notable gatherings of the official society of the capital. The coming together for the first time of the men who have been elected to the Senate and the House, about one hundred of whom have not before served in Congress, made the occasion one of particular interest.

The striking scenes of the day were in the House of Representatives, where the formal selection of Joseph Cannon to again be Speaker of that body and the designation by the Democrats of Mr. John Sharp Williams as their leader, were occasions for orations for those gentlemen. The vast hall of the House of Representatives rang with cheers of Republicans and Democrats for their leaders, and the Speaker received a warm a reception from members of the minority as he did from his own party.

In accepting the speakership Mr. Cannon said in part:

"We are today organizing the Sixtieth Congress making the one hundred and eighteenth milestone into the history of government by the people under the constitution. Our predecessors in the years that are passed have left to us an example of wisdom, moderation and courage that has never failed to preserve the ideals and the interests of Republican government on many crises, whether of peace or war, adversity or prosperity.

"This House is the only institution under our constitution where the will of the people may be expressed with a fairness approximating scientific accuracy. Other departments of the government have lofty and important functions, but to this House alone belongs the peculiar, the delicate and the all-surpassing function of interpreting and putting in definite form the will of the people. This duty we must perform ourselves. The principles of the past help us to the extent of showing us the points of the compass; but beyond that we must depend on our own wisdom, our own constancy, our own industry and our own fidelity to duty."

The appearance of William J. Bryan on the floor of the House also was the occasion for enthusiastic cheering by the Democrats.

#### Senate Convened.

The Senate convened promptly at 12 noon. After Vice President Fairbanks sounded the gavel proceedings were opened with prayer by the Rev. Edward Everett Hale, chaplain of the Senate.

Senator La Follette was the first Senator to be recognized and presented the credentials of Senator Isaac Stephenson, of Wisconsin.

The Vice President ordered that the roll of Senators-elect be called alphabetically and they were sworn in by fours, being escorted to the desk by their colleagues.

All the Senators-elect were present in the chamber except Senator Bankhead of Alabama, who is detained at home by illness.

Under the form observed by the Senate neither Senator Bankhead nor Senator Johnson can be sworn in until the death of Senator Morgan and Pettus have been announced and as the Senate will adjourn in their honor neither of their successors will be admitted until Wednesday.

#### Night Riders on Trial.

Nashville, Tenn., Special.—James Gross, Dr. S. C. Haskins and George Sanders, alleged night riders, are on trial at Clarksville, Tenn., charged with destroying tobacco plant beds. The jury in the case has been completed. Owing to the prominence of the defendants, the trial is attracting much attention.

#### Green, and Gaynor Appeal to United States Supreme Court.

Washington, Special.—Benjamin D. Greene and John F. Gaynor, who embezzled nearly \$600,000 of United States funds at Savannah, Ga., have petitioned the Supreme Court for a writ of certiorari in their case, raising some international questions upon which they hope to be released from prison. They are now under sentence of four years' imprisonment and a fine of \$575,000 each, and this appeal to the United States Supreme Court is the last straw of hope that remains to them.

#### Illinois Congressman Dead.

Murphysboro, Ill., Special.—Congressman George W. Smith, of the 25th Illinois district, died at his home here of typhoid fever. He had been sick two weeks but his condition was not considered critical until Friday night, when he became suddenly worse. He was a Republican and was serving his twentieth year in Congress.