

THE PRESIDENT'S MESSAGE

Mr. Roosevelt Makes Recommendations Concerning Needed Legislation

THE NATION PROSPEROUS

Recommendations Covering a Wide Range of Subjects—Finances, Combinations, Transportation, Natural Resources and Other Interesting Topics Brought to the Attention of Our Lawmaking Body.

The message of President Roosevelt to the second session of the Sixtieth Congress was read in both houses, and was in substance as follows: To the Senate and House of Representatives:

Finances.

The financial standing of the nation at the present time is excellent, and the financial management of the nation's interests by the Government during the last seven years has shown the most satisfactory results. But our currency system is imperfect, and it is earnestly to be hoped that the Currency Commission will be able to propose a thoroughly good system which will do away with the existing defects.

During the period from July 1, 1901, to September 30, 1908, there was an increase in the amount of money in circulation of \$902,991,399. The increase in the per capita during this period was \$7.06. Within this time there were several occasions when it was necessary for the Treasury Department to come to the relief of the money market by purchases of redemptions of United States bonds; by increasing deposits in national banks; by stimulating additional issues of national bank notes, and by facilitating importations from abroad of gold. Our imperfect currency system has made these proceedings necessary, and they were effective until the monetary disturbance in the fall of 1907 immensely increased the difficulty of ordinary methods of relief. By the middle of November the available working balance in the Treasury had been reduced to approximately \$5,000,000. Clearing house associations throughout the country had been obliged to resort to the expedient of issuing clearing house certificates, to be used as money. In this emergency it was determined to invite subscriptions for \$50,000,000 Panama Canal bonds, and \$100,000,000 3 per cent certificates of indebtedness authorized by the act of June 13, 1908. It was proposed to re-deposit in the national banks the proceeds of these issues, and to permit their use as a basis for additional circulating notes of national banks. The moral effect of this procedure was so great that it was necessary to issue only \$24,631,980 of the Panama Canal bonds and \$15,436,500 of the certificates of indebtedness.

During the seven years and three months there has been a net surplus of nearly one hundred millions of receipts over expenditures, a reduction of the interest-bearing debt by ninety millions, in spite of the extraordinary expense of the Panama Canal, and a saving of nearly nine millions on the annual interest charge. This is an exceedingly satisfactory showing, especially in view of the fact that during this period the Nation has never hesitated to undertake any expenditure that it regarded as necessary. There have been no new taxes and no increase of taxes; on the contrary some taxes have been taken off; there has been a reduction of taxation.

Corporations.

As regards the great corporations engaged in interstate business, and especially the railroads, I can only repeat what I have already said again and again in my message to the Congress. I believe that under the interstate clause of the Constitution the United States has complete and paramount right to control all agencies of interstate commerce, and I believe that the National Government alone can exercise this right with wisdom and effectiveness so as both to secure justice from, and to do justice to, the great corporations which are the most important factors in modern business. I believe that it is worse than folly to attempt to prohibit all combinations as is done by the Sherman anti-trust law, because such a law can be enforced only imperfectly and unequally, and its enforcement works almost as much hardship as good. I strongly advocate that instead of an unwise effort to prohibit all combinations, there shall be substituted a law which shall expressly permit combinations which are in the interest of the public, but shall at the same time give to some agency of the National Government full power of control and supervision over them. One of the chief features of this control should be securing entire publicity in all matters which the public has a right to know, and furthermore, the power, not by judicial but by executive action, to prevent or put a stop to every form of improper favoritism or other wrongdoing.

The railroads of the country should be put completely under the Interstate Commerce Commission and removed from the domain of the anti-trust law. The power of the Commission should be broad enough to completely control the entire line of

securities as well as over the raising and lowering of rates. As regards rates, at least, this power should be summary. The power to investigate the financial operations and accounts of the railroads has been one of the most valuable features in recent legislation. Power to make combinations and traffic agreements should be explicitly conferred upon the railroads, the permission of the Commission being first gained and the combination or agreement being published in all its details. In the interest of the public the representatives of the public should have complete power to see that the railroads do their duty by the public, and as a matter of course this power should also be exercised so as to see that no injustice is done to the railroads. The share-holders, the employees and the shippers all have interests that must be guarded. It is to the interest of all of them that no swindling stock speculation should be allowed, and that there should be no improper issuance of securities. The guiding intelligences necessary for the successful building and successful management of railroads should receive ample remuneration; but no man should be allowed to make money in connection with railroads out of fraudulent over-capitalizations and kindred stock-gambling performances; there must be no defrauding of investors, oppression of the farmers and business men who ship freight, or callous disregard of the rights and needs of the employees. In addition to this the interests of the share-holders, of the employees, and of the shippers should all be guarded as against one another. To give any one of them undue and improper consideration is to do injustice to the others. Rates must be made as low as is compatible with giving proper returns to all the employees of the railroad, from the highest to the lowest, and proper returns to the share-holders; but they must not, for instance, be reduced in such fashion as to necessitate a cut in the wages of the employees or the abolition of the proper and legitimate profits of honest share-holders.

Telegraph and telephone companies engaged in interstate business should be put under the jurisdiction of the Interstate Commerce Commission.

Labor.

There are many matters affecting labor and the status of the wage-worker to which I should like to draw your attention, but an exhaustive discussion of the problem in all its aspects is not now necessary. This administration is nearing its end; and, moreover, under our form of government the solution of the problem depends upon the action of the States as much as upon the action of the Nation. Nevertheless, there are certain considerations which I wish to set before you, because I hope that our people will more and more keep them in mind. A blind and ignorant resistance to every effort for the reform of abuses and for the readjustment of society to modern industrial conditions represents not true conservatism but an incitement to the wildest radicalism; for wise radicalism and wise conservatism go hand in hand, one bent on progress, the other bent on seeing that no change is made unless in the right direction. I believe in a steady effort, or perhaps it would be more accurate to say in steady efforts in many different directions, to bring about a condition of affairs under which the men who work with hand or brain, the laborers, the superintendents, the men who produce for the market and the men who find a market for the articles produced, shall own a far greater share than at present of the wealth they produce, and be enabled to invest it in the tools and instruments by which all work is carried on. As far as possible I hope to see a frank recognition of the advantages conferred by machinery, organization, and division of labor, accompanied by an effort to bring about a larger share in the ownership by wage-workers of railway, mill, and factory. In farming, this simply means that we wish to see the farmer own his own land; we do not wish to see the farms so large that they become the property of absentee landlords who farm them by tenants, nor yet so small that the farmer becomes like a European peasant. Again, the depositors in our saving banks now number over one-tenth of our entire population. These are all capitalists, who through the savings banks loan their money to the workers—that is, in many cases to themselves—to carry on their various industries. The more we increase their number, the more we introduce the principles of cooperation into our industry. Every increase in the number of small stockholders in corporations is a good thing, for the same reason; and where the employees are the stockholders the result is particularly good. Very much of this movement must be outside of anything that can be accomplished by legislation; but legislation can do a good deal. Postal savings banks will make it easy for the poorest to keep their savings in absolute safety. The regulation of the national highways must be such that they shall serve all people with equal justice. Corporate finances must be supervised so as to make it far safer than at present for

the man of small means to invest his money in stocks. There must be prohibition of child labor, diminution of woman labor, shortening of hours of all mechanical labor; stock watering should be prohibited, and stock gambling so far as is possible discouraged. There should be a progressive inheritance tax on large fortunes. Industrial education should be encouraged. As far as possible we should lighten the burden of taxation on the small man. We should put a premium upon thrift, hard work, and business energy; but these qualities cease to be the main factors in accumulating a fortune long before that fortune reaches a point where it would be seriously affected by any inheritance tax such as I propose. It is eminently right that the Nation should fix the terms upon which the great fortunes are inherited. They rarely do good and they often do harm to those who inherit them in their entirety.

The above is the merest sketch, hardly even a sketch in outline, of the reforms for which we should work. But there is one matter with which the Congress should deal at this session. There should no longer be any paltering with the question of taking care of the wage-workers who, under our present industrial system, become killed, crippled, or worn out as part of the regular incidents of a given business. The majority of wage-workers must have their rights secured for them by State action; but the National Government should legislate in thoroughgoing and far-reaching fashion not only for all employees of the National Government, but for all persons engaged in interstate commerce. The object sought for could be achieved to a measurable degree, as far as those killed or crippled are concerned, by proper employers' liability laws. As far as concerns those who have been worn out, I call your attention to the fact that definite steps toward providing old-age pensions have been taken in many of our private industries. These may be indefinitely extended through voluntary association and contributory schemes, or through the agency of savings banks, as under the recent Massachusetts plan. To strengthen these practical measures should be our immediate duty; it is not at present necessary to consider the larger and more general governmental schemes that most European governments have found themselves obliged to adopt.

I renew my recommendation made in a previous message that half-holidays be granted during summer to all wage-workers in Government employ.

I also renew my recommendation that the principle of the eight-hour day should as rapidly and as far as practicable be extended to the entire work being carried on by the Government; the present law should be amended to embrace contracts on those public works which the present wording of the act seems to exclude.

The Courts.

I most earnestly urge upon the Congress the duty of increasing the totally inadequate salaries now given to our Judges. On the whole there is no body of public servants who do as valuable work, nor whose moneyed reward is so inadequate compared to their work. Beginning with the Supreme Court the Judges should have their salaries doubled. It is not befitting the dignity of the Nation that its most honored public servants should be paid sums so small compared to what they would earn in private life that the performance of public service by them implies an exceedingly heavy pecuniary sacrifice.

It is earnestly to be desired that some method should be devised for doing away with the long delays which now obtain in the administration of justice, and which operate with peculiar severity against persons of small means, and favor only the very criminals when it is most desirable to punish. These long delays in the final decisions of cases make in the aggregate a crying evil; and a remedy should be devised. Much of this intolerable delay is due to improper regard paid to technicalities which are a mere hindrance to justice. In some noted recent cases this over-regard for technicalities has resulted in a striking denial of justice, and a flagrant wrong to the body politic.

Forests.

If there is any one duty which more than another we owe it to our children and our children's children to perform at once, it is to save the forests of this country, for they constitute the first and most important element in the conservation of the natural resources of our country. There are of course two kinds of natural resources. One is the kind which can only be used as part of a process of exhaustion; this is true of mines, natural oil and gas wells, and the like. The other, and of course ultimately by far the most important, includes the resources which can be improved in the process of wise use; the soil, the rivers, and the forests come under this head. Any really civilized nation will so use all of these three great national assets that the nation will have their benefit in the future. Just as a farmer, after all his life making his living from his farm, will, if he is an expert farmer, leave it as an asset of increased value to his son, so we should leave our national domain to our children, increased in value and not worn out. There are small sections of our own country, in the East and in the West, in the Adirondacks, the White Mountains, and the Appalachians, and in the Rocky Mountains, where we can already see for ourselves the damage in the shape of permanent injury to the soil and the river systems which comes from reckless deforestation. It matters not whether this deforestation is due to the actual cutting of timber, to the

fires that inevitably follow such reckless cutting of timber, or to reckless and uncontrolled grazing, especially by the great migratory bands of sheep, the unchecked wanderings of which over the country means destruction of forests and disaster to the small home makers, the settlers of limited means.

Inland Waterways.

Action should be begun forthwith, during the present session of the Congress, for the improvement of our inland waterways—action which will result in giving us not only navigable but navigated rivers. We have spent hundreds of millions of dollars upon these waterways, yet the traffic on nearly all of them is steadily declining. This condition is the direct result of the absence of any comprehensive and far-seeing plan of waterway improvement. Obviously we can not continue thus to expend the revenues of the Government without return. It is poor business to spend money for inland navigation unless we get it.

Denatured Alcohol.

I had occasion in my message of May 4, 1906, to urge the passage of some law putting alcohol, used in the arts, industries, and manufactures, upon the free list; that is, to provide for the withdrawal free of tax of alcohol which is to be denatured for those purposes. The law of June 7, 1906, and its amendment of March 2, 1907, accomplished what was desired in that respect, and the use of denatured alcohol, as intended, is making a fair degree of progress and is entitled to further encouragement and support from the Congress.

Pure Food.

The pure food legislation has already worked a benefit difficult to overestimate.

Indian Affairs.

It has been my purpose from the beginning of my administration to take the Indian Service completely out of the atmosphere of political activity, and there has been steady progress toward that end. The last remaining stronghold of politics in that service was the agency system, which had seen its best days and was gradually falling to pieces from natural or purely evolutionary causes, but, like all such survivals, was decaying slowly in its later stages. It seems clear that its extinction had better be made final now, so that the ground can be cleared for larger constructive work on behalf of the Indians, preparatory to their induction into the full measures of responsible citizenship. On November 1 only eighteen agencies were left on the roster, with two exceptions, where some legal questions seemed to stand temporarily in the way, these have been changed to superintendencies, and their heads brought into the classified civil service.

Secret Service.

The law enacted by the last session of Congress to provide that there should be no detail from the Secret Service and no transference therefrom seems to have been only in the interest of the criminal classes, both large and small, and as a matter of common interest should be repealed and the old system re-enacted.

Corporations are necessary instruments of modern business. They have been permitted to become a menace largely because the governmental representatives of the people have worked slowly in providing adequate control over them.

Control over the great corporations doing interstate business can be effective only when such control is vested in the executive department of the government.

Postal Savings Banks.

I again renew my recommendation for postal savings banks, for depositing savings with the security of the Government behind them. The object is to encourage thrift and economy in the wage-earner and person of moderate means. In fourteen States the deposits in savings banks as reported to the Comptroller of the Currency amount to \$3,590,245,492, or 93.4 per cent of the entire deposits, while in the remaining 32 States there are only \$70,308,543, or 1.6 per cent showing conclusively that there are many localities in the United States where sufficient opportunity is not given to the people to deposit their savings. The result is that money is kept in hiding and unemployed. It is believed that in the aggregate vast sums of money would be brought into circulation through the instrumentality of the postal savings banks. While there are only 1,453 savings banks reporting to the Comptroller there are more than 61,000 post-offices, 40,000 of which are money order offices. Postal savings banks are now in operation in practically all the great civilized countries with the exception of the United States.

Parcel Post.

In my last annual message I commended the Postmaster-General's recommendation for an extension of the parcel post on the rural routes. The establishment of a local parcel post on rural routes would be to the mutual benefit of the farmer and the country storekeeper, and it is desirable that the routes, serving more than 15,000,000 people, should be utilized to the fullest practicable extent. An amendment was proposed in the Senate at the last session, at the suggestion of the Postmaster-General, providing that, for the purpose of ascertaining the practicability of establishing a special local parcel post system on the rural routes throughout the United States, the Postmaster General be authorized and directed to experiment and report to the Congress the result of such experiment by establishing a special local parcel post system on rural de-

livery routes in not to exceed four counties in the United States for packages of fourth-class matter originating on a rural route or at the distributing post office for delivery by rural carriers. It would seem only proper that such an experiment should be tried in order to demonstrate the practicability of the proposition, especially as the Postmaster-General estimates that the revenue derived from the operation of such a system on all the rural routes would amount to many million dollars.

Education.

The share that the National Government should take in the broad work of education has not received the attention and the care it rightly deserves. The immediate responsibility for the support and improvement of our educational systems and institutions rests and should always rest with the people of the several States acting through their state and local governments, but the Nation has an opportunity in education work which must not be lost and a duty which should no longer be neglected.

With the limited means hitherto provided, the Bureau of Education has rendered efficient service, but the Congress has neglected to adequately supply the bureau with means to meet the educational growth of the country. The appropriations for the general work of the bureau, outside education in Alaska, for the year 1909 are but \$87,500—an amount less than they were ten years ago, and some of the important items in these appropriations are less than they were thirty years ago. It is an inexcusable waste of public money to appropriate an amount which is so inadequate as to make it impossible properly to do the work authorized, and it is unfair to the great educational interests of the country to deprive them of the value of the results which can be obtained by proper appropriations.

Census.

I strongly urge that the request of the Director of the Census in connection with the decennial work so soon to be begun, be complied with and that the appointments to the census force be placed under the civil service law, waiving the geographical requirements as requested by the Director of the Census. The supervisors and enumerators should not be appointed under the civil service law, for the reasons given by the Director. I commend to the Congress the careful consideration of the admirable report of the Director of the Census, and I trust that his recommendations will be adopted and immediate action thereon taken.

Soldiers' Home.

All Soldiers' Homes should be placed under the complete jurisdiction and control of the War Department, Independent Bureaus and Commissions.

Economy and sound business policy require that all existing independent bureaus and commissions should be placed under the jurisdiction of appropriate executive departments. It is unwise from every standpoint, and results only in mischief, to have any executive work done save by the purely executive bodies, under the control of the President; and each such executive body should be under the immediate supervision of a Cabinet Minister.

Statehood.

I advocate the immediate admission of New Mexico and Arizona as States. This should be done at the present session of the Congress. The people of the two Territories have made it evident by their votes that they will not come in as one State. The only alternative is to admit them as two, and I trust that this will be done without delay.

Interstate Fisheries.

I call the attention of the Congress to the importance of the problem of the fisheries in the interstate waters. On the Great Lakes we are now, under the very wise treaty of April 11th, of this year, endeavoring to come to an international agreement for the preservation and satisfactory use of the fisheries of these waters can not otherwise be achieved. Lake Erie, for example, has the richest fresh water fisheries in the world; but it is now controlled by the statutes of two Nations, four States, and one Province, and in this Province by different ordinances in different counties. All these political divisions work at cross purposes, and in no case they achieve protection to the fisheries, on the one hand, and justice to the localities and individuals on the other. The case is similar in Puget Sound.

Fisheries and Fur Seals.

The federal statute regulating interstate traffic in game should be extended to include fish. New federal fish hatcheries should be established. The administration of the Alaskan fur-seal service should be vested in the Bureau of Fisheries.

Foreign Affairs.

This Nation's foreign policy is based on the theory that right must be done between nations precisely as between individuals, and in our actions for the last ten years we have in this matter proven our faith by our deeds. We have behaved and are behaving, towards other nations, as in private life an honorable man would behave towards his fellows.

Latin-American Republics.

The commercial and material progress of the twenty Latin-American Republics is worthy of the careful attention of the Congress. No other section of the world has shown a greater proportionate development of its foreign trade during the last ten years and none other has more special claims on the interest of the United States. It offers today probably larger opportunities for the legiti-

mate extension of our commerce than any other group of countries. These countries will want our products in greatly increased quantities, and we shall correspondingly need their products. The International Bureau of the American Republics is doing a useful work in making these nations and their resources better known to us and in acquainting them not only with us as a people and with our purposes towards them, but with what we have to exchange for their goods. It is an international institution supported by all the governments of the two Americas.

Panama Canal.

The work on the Panama Canal is being done with a speed, efficiency and entire devotion to duty, which make it a model for all work of the kind. No task of such magnitude has ever before been undertaken by any nation; and no task of the kind has ever been better performed. The men on the Isthmus, from Colonel Goethals and his fellow commissioners through the entire list of employees who are faithfully doing their duty, have won their right to the ungrudging respect and gratitude of the American people.

Ocean Mail Lines.

I again recommend the extension of the ocean mail act of 1891 so that satisfactory American ocean lines to South America, Asia, the Philippines, and Australia may be established. The creation of such steamship lines should be the natural corollary of the voyage of the battle fleet. It should precede the opening of the Panama Canal. Even under favorable conditions several years must elapse before such lines can be put into operation. Accordingly I urge that the Congress act promptly where foresight already shows that action sooner or later will be inevitable.

The Army.

As regards the Army I call attention to the fact that while our junior officers and enlisted men stand very high, the present system of promotion by seniority results in bringing into the higher grades many men of mediocre capacity who have but a short time to serve. No man should regard it as his vested right to rise to the highest rank in the Army any more than in any other profession. It is a curious and by no means creditable fact that there should be so often a failure on the part of the public and its representatives to understand the great need, from the standpoint of the service and the Nation, of refusing to promote respectable, elderly incompetents. The higher places should be given to the most deserving men without regard to seniority; at least seniority should be treated as only one consideration. In the stress of modern industrial competition no business firm could succeed if those responsible for its management were chosen simply on the ground that they were the oldest people in its employment; yet this is the course advocated as regards the army, and required by law for all grades except those of general officer. As a matter of fact, all of the best officers in the highest ranks of the army are those who have attained their present position wholly or in part by a process of selection.

The Navy.

I approve the recommendations of the General Board for the increase of the Navy, calling special attention to the need of additional destroyers and colliers, and above all, of the four battleships. It is desirable to complete as soon as possible a squadron of eight battleships of the best existing type. The North Dakota, Delaware, Florida and Utah will form the first of this squadron. The four vessels proposed will form the second division. It will be an improvement on the first, the ships being of the heavy, single caliber, all big gun type. All the vessels should have the same tactical qualities, that is, speed and turning circle, and as near as possible these tactical qualities should be the same as in the four vessels before named now being built.

The American people have cause for profound gratification, both in view of the excellent condition of the fleet as shown by this cruise, and in view of the improvement of the cruise has worked in this already high condition. I do not believe that there is any other service in the world in which the average of character and efficiency in the enlisted men is as high as is now the case in our own. I believe that the same statement can be made as to our officers, taken as a whole; but there must be a reservation made in regard to those in the highest ranks—as to which I have already spoken—and in regard to those who have just entered the service; because we do not now get full benefit from our excellent naval school at Annapolis. It is absurd not to graduate the midshipmen as ensigns; to keep them for two years in such an anomalous position as at present the law requires is detrimental to them and to the service. In the academy itself, every first classman should be required in turn to serve as petty officer and officer; his ability to discharge his duties as such should be a prerequisite to his going into the line, and his success in commanding should largely determine his standing at graduation. The Board of Visitors should be appointed in January, and each member should be required to give at least six days' service, only from one to three days' to be performed during June week, which is the least desirable time for the board to be at Annapolis so far as benefiting the navy by their observations is concerned.

THEODORE ROOSEVELT.

The White House, Tuesday, December 8, 1908.