BUSINESS IDEAS MARK NOTES FROM COOLIDGE

(Continued from page 1)

Mr. Coolidge has ever written, touched upon practically all the issues that face the new congress. It set forth clearly that the president was prepared to back up the positions he has taken on such subjects as farm relief, Muscle Shoals, the development of the Colorado river, tax reduction and a [illegible]t of others.

The president again declared against the equalization fee, proposed by the McNary-Haugen farm bill which he vetoed at the last session, and recommended the creation of a federal farm board to administer revolving fund to help cooperatives.

Flood Control Wanted

He advocated a policy of flood control for the Mississippi river, involving the construction of dikes and emergency spillways on its lower waters. A part of the expense, he said, should be borne by the lands to be benefitted.

A well officered army large enough for national defense, additional cruisers for the navy, tax reduction as proposed by the treasury, and congressional supervision of revenue expenditures in the Philippine islands were among other recommendations of the chief executive.

"It was a typical Coolidge message, just straight business," declared Chairman Snell of the house rules committee, as soon as the reading had been finished. This view, coming from the head of the committee that defines the legislative program for the house, was echoed also by a number republican members at both ends of the capitol.

The complete text of President Coolidge's message was as follows:

Members of the Congress:

It is gratifying to report that for the fourth consecutive year the state of the Union in general is good. We are at peace. The country as a whole has had a prosperity never exceeded. Wages are at their highest range, employment is plentiful. Some parts of agriculture and industry have lagged; some localities have suffered from storm and flood. But such losses have been absorbed without serious detriment to our great economic structure. Stocks of goods are moderate and a wholesome caution is prevalent. Rates of interest for industry, agriculture, and government have been reduced. Savers and investors are providing capital for new construction in industry and public works. The purchasing power of agriculture has increased. If the people maintain that confidence which they are entitled to have in themselves, in each other, and in America, a comfortable prosperity will continue.

CONSTRUCTIVE ECONOMY

Without constructive economy in Government expenditures we should not now be enjoying these results or these prospects. Because we were not morally prepared at war, some people are disposed to forget that our war debt still remains. The Nation must make financial sacrifices, accompanied by a stern self-denial in public expenditures, until we have conquered the disabilities of our public finance. While our obligation to veterans and dependents is large and continuing, the heavier burden of the national debt is being steadily eliminated. At the end of this fiscal year it will be reduced from about $26,600,000,000 to about $17,975,000,000. Annual interest, including war savings, will have been reduced from $1,055,000,000 to $570,000,000. The sacrifices of the people, the economy of the Government, are showing remarkable results. They should be continued for the purpose of relieving the Nation of the burden of interest and debt and releasing revenue for internal improvements and national development.

Not only the amount, but the rate, of Government interest has been reduced. Callable bonds have been refunded and paid, so that during this year the average rate of interest on the public debt for the first time fell below 4 per cent. Keeping the credit of the Nation high is a tremendously profitable operation.

TAX REDUCTION

The immediate fruit of economy and the retirement of the public debt is tax reduction. The annual saving in interest between 1925 and 1929 is $212,000,000. Without this no relief to relieve the taxpayers would be worth proposing. The three measures already enacted leave our Government revenues where they are not oppressive. Exemptions have been increased until 115,000,000 people make but 2,500,000 individual taxable returns, so that further reduction should be mainly for the purpose of removing inequalities. The Secretary of the Treasury has recommended a measure which would give a much better balanced system of taxation and without oppression produce sufficient revenue. It has my complete support.

Unforeseen contingencies requiring money are always arising. Our probable surplus for June 30, 1929, is small. A slight depression in business would greatly reduce our revenue because of our present method of taxation. The people cannot take no selfish attitude of pressing for removing moderate and fair taxes which might produce a deficit. We must keep our budget balanced for each year. That is the corner stone of our national credit, the trifling price we pay to command the lowest rate of interest of any great power in the world. Any surplus can be applied to debt reduction, and debt reduction is tax reduction. Under the present circumstances it would be far better to leave the rates as they are than to enact a bill carrying the peril of a deficit. This is not a problem to be approached in a narrow or partisan spirit. All of those who participate in finding a reasonable solution will be entitled to participate in any credit that accrues from it without regard to party. The Congress has already demonstrated that tax legislation can be removed from purely political consideration into the realm of patriotic business principles.

Any bill for tax reduction should be written by those who are responsible for raising, managing, and expeding the finances of the Government. If special interests, to often selfish, always uninformed of the national needs as a whole, with hired agents using their proposed beneficiaries as engines of propaganda, are permitted to influence the withdrawal of their property from taxation, we shall have a law that is unbalanced and unjust, bad for business, bad for the country, probably resulting in a deficit, with disastrous financial consequences. The Constitution has given the Members of the Congress sole authority to decide what tax measures shall be presented for approval. While welcoming information from any quarter, the Congress should continue to exercise its own judgment in a matter so vital and important to all the interests of the country as taxation.

NATIONAL DEFENSE

Being a nation relying not on force, but on fair dealing and good will, to maintain peace with others, we have provided a moderate military force in a form adopted solely to defense. It should be continued with a very generous supply of officers and with the present base of personnel, subject to fluctuations which may be temporarily desirable.

The five-year program for our air forces is in keeping with this same policy and commensurate with the notable contributions of America to the science of aeronautics. The provisions of the law lately enacted are being executed as fast as the practical difficulties of an orderly and stable development permit.

While our Army is small, prudence requires that it should be kept in a high state of efficiency and provided with such supplies as would permit of its immediate expansion. The garrison ration has lately been increased. Recommendations for an appropriation of $6,166,000 for new housing made to the previous Congress failed to pass. While most of the Army is well housed, some of it which is quartered in war-time training camps is becoming poorly housed. In the past three years $12,583,000 have been appropriated for recomposition and repairs, and an authorization has been approved of $22,303,000 for new housing, under which $8,070,000 has already been appropriated. A law has been passed, complying with the request of the War Department, allocating funds received from the sale of buildings and land for housing purposes. The work, however, is not completed, so that other appropriations are being recommended.

Our Navy is likewise a weapon of defense. We have a foreign commerce and ocean lines of trade unsurpassed by any other country. We have outlying territory in the two great oceans and long stretches of seacoast studded with the richest cities in the world. We are responsible for the protection of a large population and the greatest treasure ever bestowed upon any people. We are charged with an international duty of defending the Panama Canal. To meet these responsibilities we need a very substantial sea armament. It needs aircraft development, which is being provided under the five-year program. It needs submarines as soon as the department decides upon the best type of construction. It needs airplane carriers and a material addition to its force of cruisers. We can plan for the future and begin a moderate building program.

This country has put away the Old World policy of competitive armaments. It can never be relieved of the responsibility of adequate national defense. We have one treaty secured by an unprecedented attitude of generosity on our part for a limitation in naval armament. After most careful preparation, extending over months, we recently made every effort to secure a three-power treaty to the same end. We were granted much cooperation by Japan, but we were unable to come to an agreement with Great Britain. While the results of the conference were of considerable value, they were mostly of a negative characted. We know now that no agreement can be reached which will be inconsistent with a considerable building program on our part. We are ready and willing to continue the preparatory investigations on the general subject of limitation of armaments, which have been started under the auspices of the League of Nations.

We have a considerable cruiser tonnage, but a part of it is obsolete. Everyone knew that had a three-power agreement been reached it would have left us with the necessity of continuing our building program. The failure to agree should not cause us to build either more or less than we otherwise should. Any future treaty of limitation will call on us for more ships. We should enter on no competition. We should refrain from no needful program. It should be made clear to all the world that lacking a definite agreement, the attitude of any other country is not to be permitted to alter our own policy. It should especially be demonstrated that propaganda will not cause us to change our course. Where there is no treaty limitation, the size of the Navy which America is to have will be solely for America to determine. No outside influence should enlarge it or diminish it. But it should be known to all that our military power holds no threat of aggrandizement. It is a guaranty of peace and security at home, and when it goes abroad it is an instrument for the protection of the legal rights of our citizens under international law, a refuge in time of disorder, and always the servant of world peace. Wherever our flag goes the rights of humanity increase.

MERCHANT MARINE

The United States Government fleet is transporting a large amount of freight and reducing the drain on the Treasury. The Shipping Board is constantly under pressure, to which it too often yields, to protect private interests, rather than serve the public welfare. More attention should be given to merchant ships as an auxiliary of the Navy. The possibility of including their masters and crews in the Naval Reserve, with some reasonable compensation, should be thoroughly explored as a method of encouraging private operation of shipping. Public operation is not a success. No investigation, of which I have caused several to be made, has failed to report that it could not succeed or to recommend speedy transfer to private ownership. Our exporters and importers are both indifferent about using American ships. It should be our policy to keep our present vessels in repair and dispose of them as rapidly as possible, rather than undertake any new construction. Their operation is a burden on the National Treasury, for which we are not receiving sufficient benefits.

COMMERCIAL AVIATION

A rapid growth is taking place in aeronautics. The Department of Commerce has charge of the inspection and licensing system and the construction of national airways. Almost 8,000 miles are already completed and about 4,000 miles more contemplated. Nearly 4,400 miles are now equipped and over 3,000 miles more will have lighting and emergency landing fields by next July. Air mail contracts are expected to carry 24 of these lines. Daily airway flying is nearly 15,000 miles and is expected to reach 25,000 miles early next year.

Flights for other purposes exceed 22,000 miles each day. Over 900 airports, completed and uncompleted, have been laid out. The demand for aircraft has greatly increased. The policy already adopted by the Congress is producing the sound development of this coming industry.

WESTERN HEMISPHERE AIR MAIL

Private enterprise is showing much interest in opening up aviation service to Mexico and Central and South America. We are particularly solicitous to have the United States take a leading part in this development. It is understood that the governments of our sister countries would be willing to cooperate. Their physical features, the undeveloped state of their transportation, make an air service especially adaptable to their usage. The Post Office Department should be granted power to make liberal long-term contracts for carrying our mail, and authority should be given to the Army and the Navy to detail aviators and planes to cooperate with private enterprise in establishing such mail service with the consent of the countries concerned. A committee of the Cabinet will later present a report on this subject.

GOOD ROADS

The importance and benefit of good roads is more and more coming to be appreciated. The National Government has been making liberal contributions to encourage their construction. The results and benefits have been very gratifying. National participation, however, should be confined to trunk line systems. The national tax on automobiles is now nearly sufficient to meet this outlay. This tax is very small and on low-priced cars is not more than $2 or $3 each year.

While the advantage of having good roads is very large, the desire for improved highways is not limited to our own country. It should and does include all the Western Hemisphere. The principle points in Canada are already accessible. We ought to lend our encouragement in any way we can for more good roads to all the principal points in this hemisphere south of the Rio Grande. It has been our practice to supply these countries with military and naval advisers, when they have requested it, to assist them in national defense. The arts of peace are even more important to them than to us. Authority should be given by law to provide them at their request with engineering advisers for the construction of roads and bridges. In some of these countries already wonderful progress is being made in road building, but the engineering features are often very exacting and the financing difficult. Private interests should look with favor on all reasonable loans sought by these countries to open such main lines of travel.

This general subject has been promoted by the Pan American Congress of Highways, which will convene again at Rio de Janeiro in July, 1928. It is desirable that the Congress should provide for the appointment of delegates to represent the Government of the United States.

CUBAN PARCEL POST

We have a temporary parcel-post convention with Cuba. The advantage of it is all on our side. During 1926 we shipped twelve times as many parcels, weighing twenty-four times as much, as we received. This convention was made on the understanding that we would repeal an old law prohibiting the importation of cigars and cigarettes in quantities less than 3,000 enacted in 1866 to discourage smuggling, for which it has long been unnecessary. This law unjustly discriminates against an important industry of Cuba. Its repeal has been recommended by the Treasury and Post Office Departments. Unless this is done our merchants and railroads will find themselves deprived of this large parcel-post business after the 1st of next March, the date of the expiration of the convention, which has been extended upon the specific understanding that it would expire at that time unless this legislation was enacted. We purchase large quantities of tobacco made in Cuba. It is not probable that our purchases would be any larger if this law was repealed, while it would be an advantage to many other industries in the United States.

INSULAR POSSESSIONS

Conditions in the Philippine Islands have been steadily improved. Contentment and good order prevail. Roads, irrigation works, harbor improvements, and public buildings are being constructed. Public education and sanitation have been advanced. The Government is in a sound financial condition. These immediate results were especially due to the administration of Gov. Gen. Leonard Wood. The six years of his governorship marked a distinct improvement in the islands and rank as one of the outstanding accomplishments of this distinguished man. His death is a loss to the Nation and the islands.

Greater progress could be made, more efficiency could be put into administration, if the Congress would undertake to expend, through its appropriating power, all or a part of the customs revenues which are now turned over to the Philippine treasury. The powers of the auditor of the islands also need revision and clarification. The government of the islands is about 98 per cent in the hands of the Filipinos. An extension of the policy of self-government will be hastened by the demonstration on their part of their desire and their ability to carry out cordially and efficiently the provisions of the organic law enacted by the Congress for the government of the islands. It would be well for a committee of the Congress to visit the islands every two years.

A fair degree of progress is being made in Porto Rico. Its agricultural products are increasing; its treasury position, which has given much concern, shows improvement. I am advised by the governor that educational facilities are still lacking. Roads are being constructed, which he represents are the first requisite for building schoolhouses. The loyalty of the island to the United States is exceedingly gratifying. A memorial will be presented to you requesting authority to have the governor elected by the people of Porto Rico. This was never done in the case of our own Territories. It is admitted that education outside of the towns is as yet very deficient. Until it has progressed further the efficiency of the government and the happiness of the people may need the guiding hand of an appointed governor. As it is not contemplated that any change should be made immediately, the general subject may well have the thoughtful study of the Congress.

PANAMA CANAL

The number of commercial ships passing through the Panama Canal has increased from 2,967 in 1923 to 5,475 in 1927. The total amount of tolls turned into the Treasury is over $166,000,000, while all the operations of the canal have yielded a surplus of about $80,000,000. In order to provide additional storage of water and give some control over the floods of the Chagres River, it is proposed to erect a dam to cost about $12,000,000 at Alhajuela. It will take some five years to complete this work.

The past year has seen a marked improvement in the general condition of agriculture. Production is better balanced and without acute shortage or heavy surplus. Costs have been reduced and the average output of the worker increased. The level of farm prices has risen, while others have fallen, so that the purchasing power of the farmer is approaching a normal figure. The individual farmer is entitled to great credit for the progress made since 1921. He has adjusted his production and through cooperative organizations and other methods improved his marketing. Facts and authenticated facts and employing sound methods which other industries are obliged to use to secure stability and prosperity. The old-fashioned haphazard system is being abandoned, economics are being applied to ascertain the best adapted unit of land, diversification is being promoted, and scientific methods are being used in production, and business principles in marketing.

Agriculture has not fully recovered from postwar depression. The fact is that economic progress never marches forward in a straight line. It goes in waves. One part goes ahead, while another halts and another recedes. Everybody wishes agriculture to prosper. Any sound and workable proposal to help the farmer will have the earnest support of the Government. Their interests are not all identical. Legislation should assist as many producers in as many regions as possible. It should be the aim to assist the farmer to work out his own salvation socially and economically. No plan will be of any permanent value to him which does not leave him standing on his own foundation.

In the past the Government has spent vast sums to bring land under cultivation. It is apparent that this has reached temporarily the saturation point. We have had a surplus of production and a poor market for land, which has only lately shown signs of improvement. The main problem which is presented for solution is one of dealing with a surplus of production. It is useless to propose a temporary expedient. What is needed is permanency and stability. Government price fixing is known to be unsound and bound to result in disaster. A Government subsidy would work out in the same way. It can not be sound for all of the people to hire some of the people to produce a crop which neither the producers nor the rest of the people want.

Price fixing and subsidy will both increase the surplus, instead of diminishing it. Putting the Government directly into business is merely a step toward the subsidy and price fixing aggravated by political pressure. These expedients would lead logically to telling the farmer by law what and how much he should plant and where he should plant it and what and how much he shoud sell and where he should sell it. The most effective means of dealing with surplus relates to irrigation, the surplus acreage. While this can not be done by the individual farmer, it can be done through the organizations already in existence, through the information published by the Department of Agriculture, and especially through banks and others who supply credit refusing to finance an acreage manifestly not needed.

It is impossible to provide by law for an assured success and prosperity for all those who engage in farming. If acreage becomes overextended, the Government can not assume responsibility for it. The Government can, however, assist cooperative associations and other organizations in orderly marketing and handling a surplus clearly due to weather and seasonal conditions, in order to save the producer from preventable loss. While it is probably impossible to secure this result at a single step, and much will have to be worked out by trial and rejection, a beginning could be made by setting up a Federal board or commission of able and experienced men in marketing, granting equal advantages under this board to the various agricultural commodities and sections of the country, giving encouragement to the cooperative movement in agriculture, and providing a revolving loan fund at a moderate rate of interest for the necessary financing. Such legislation would lay the foundation for a permanent solution of the surplus problem.

This is not a proposal to lend more money to the farmer, who is already fairly well financed, but to lend money temporarily to experimental marketing associations which will no doubt ultimately be financed by the regularly established banks, as were the temporary operations of the War Finance Corporation. Cooperative marketing especially would be provided with means of buying or building physical properties.

The National Government has almost entirely relieved the farmer from income taxes by successive tax reductions, but State and local taxes have increased, putting on him a grievous burden. A policy of rigid economy should be applied to state and local expenditures. This is clearly within the legislative domain of the states. The federal government has also improved our banking structure and system of agricultural credits. The farmer will be greatly benefited by similar action in many states. The Department of Agriculture is undergoing changes in organization in order more completely to separate the research and regulatory divisions, that each may be better administered. More emphasis is being placed on the research program, not only by enlarging the appropriations for state experiment stations but by providing funds for expanding the research work of the department. It is in this direction that much future progress can be expected.

THE PROTECTIVE TARIFF

The present tariff rates supply the national treasury with well over $600,000,000 of annual revenue. Yet, about 65 per cent of our imports come in duty free. Of the remaining 35 per cent of imports on which duties are laid about 23 per cent consists of luxuries and agricultural products, and the balance of about 12 per cent, amounting to around $560,000,000, is made up of manufactures and merchandise. As no one is advocating any material reduction in the rates of agriculture or luxuries, it is only the comparatively small amount of about $560,000,000 of other imports that are really considered in any discussion of reducing tariff rates. While this amount, duty free, would be large enough seriously to depress many lines of business in our own country, it is a small importation when spread over the rest of the world.

It is often stated that a reduction of tariff rates on industry would benefit agriculture. It would be interesting to know to what commodities it is thought this could be applied. Everything the farmer uses in farming is already on the free list. Nearly everything he eats is protected. It would seem to be obvious that it is better for the country to have the farmer raise food to supply the domestic manufacturer than to import foreign manufacturer. In one case our country would have only the farmer; in the other it would have the farmer and the manufacturer. Assuming that Europe would have more money if it sold us larger amounts of merchandise, it is not certain it would consume more food, or, if it did, that its purchases would be made in this country. Undoubtedly it would resort to the cheapest market, which is by no means ours. The largest and best and most profitable market for the farmer in the world is our own domestic market. Any great increase in manufactured imports means the closing of our plants. Nothing could be worse for agriculture.

Probably no one expects a material reduction in the rates on manufactures while maintaining the rates on agriculture. A material reduction in either would be disastrous to the farmer. It would mean a general shrinkage of values, a deflation of prices, a reduction of wages, a general depression carrying our people down to the low standard of living on our competing countries. It is obvious that this would not improve but destroy our market for imports, which is best served by maintaining our present high purchasing power under which in the past five years imports have increased 63 per cent.

FARM LOAN SYSTEM

It is exceedingly important that the federal land and joint-stock land banks should furnish the best possible service for agriculture. Certain joint-stock banks have fallen into improper and unsound practices, resulting in the indictment of the officials of three of them. More money has been provided for examinations, and at the instance of the Treasury rules and regulations of the Federal Farm Board have been revised. Early last May three of its members resigned. Their places were filled with men connected with the War Finance Corporation, Eugene Meyer being designated as Farm Loan Commissioner. The new members have demonstrated their ability in the field of agricultural finance in the extensive operations of the War Finance Corporation. Three joint-stock banks have gone into receivership. It is necessary to preserve the public confidence in this system in order to find a market for their bonds. A recent flotation was made at a record low rate of 4 per cent. Careful supervision is absolutely necessary to protect the investor and enable these banks to exercise their chief function in serving agriculture.

MUSCLE SHOALS

The last year has seen considerable changes in the problem of Muscle Shoals. Development of other methods show that nitrates can probably be produced at less cost than by the use of hydro-electric power. Extensive investigation made by the Department of War indicates that the nitrate plants on this project are of little value for national defense and can probably be disposed of within two years. The oxidation part of the plants, however, should be retained indefinitely. This leaves this project mostly concerned with power. It should, nevertheless, continue to be dedicated to navigation. It is probable that this desire can be best served by disposing of the plant and applying the revenues received from it to research for methods of more economical production of concentrated fertilizer and to demonstrations and other methods of stimulating its use on the farm. But in disposing of the property consideration should be given to proposals to use all or part of it for nitrate production and fertilizer manufacturing.

FLOOD CONTROL

For many years the federal government has been building a system of dikes along the Mississippi river for protection against high water. During the past season the lower states were overcome by a most disastrous flood. Many thousands of square miles were inundated, a great many lives were lost, much livestock was drowned, and a very heavy destruction of property was inflicted upon the inhabitants. The American Red Cross at once went to the relief of the stricken communities. Appeals for contributions have brought in over $17,000,000. The federal government has provided services, equipment, and supplies probably amounting to about $7,000,000 more. Between $5,000,000 and $10,000,000 in addition have been provided by local railroads, the states, and their political units. Credits have been arranged by the Farm Loan Board, and three emergency finance corporations with capital of $5,000,000 have insured addition resources to the extent of $12,000,000. Through these means the 700,000 people in the flooded areas have been adequately supported. Provision has been made to care for those in need until after the 1st of January.

The Engineer corps of the army has contracted to close all breaks in the dike system before the next period of high water. A most thorough and elaborate survey of the whole situation has been made and embodied in a report with recommendations for future flood control, which will be presented to the congress. The carrying out of their plans will necessarily extend over a series of years. This will call for a material strengthening of the dike system with provision for emergency spillways and improvements for the benefit of navigation.

Under the present law the land adjacent to the dikes has paid one-third of the cost of their construction. This has been a most extraordinary concession, sufficient to plan adopted in relation to irrigation, where the general rule has been that the land benefited should bear the entire expense. It is true, of course, that the troublesome waters do not originate on the land to be reclaimed, but it is also true that such waters have a right of way through that section of the country and the land there is charged with the easement. It is the land of this region that is to be benefited. To say that it is unable to bear any expense of reclamation is the same thing as saying that it is not worth reclaiming. Because of expenses incurred and charges already held against this land, it seems probable that some relief will have to be given concerning the proportion of cost which it should bear. But it is extremely important that it should pay enough so that those requesting improvements will be charged with some responsibility for their cost, and the neighborhood where works are constructed have a pecuniary interest in preventing waste and extravagance and securing a wise and economical expenditure of public funds.

It is necessary to look upon this emergency as a national disaster. It has been so treated from its inception. Our whole people have provided with great generosity for its relief. Most of the departments of the federal government have been engaged in the same effort. The governments of the afflicted areas, both state and municipal, can not be given too high praise for the courageous and helpful way in which they have come to the rescue of the people. If the sources directly chargeable can not meet the demand, the national government should not fail to provide generous relief. This, however, does not mean restoration. The government is not an insurer of its citizens against the hazard of the elements. We shall always have flood and drought, heat and cold, earthquake and wind, lightning and tidal wave, which are all too constant in their afflictions. The government does not undertake to reimburse its citizens for loss and damage incurred under such circumstances. It is chargeable, however, with the rebuilding of public works and the humanitarian duty of relieving its citizens from distress.

The people in the flooded area and their representatives have approached this problem in the most generous and broad-minded way. They should be met with a like spirit on the part of the national government. This is all one country. The public needs of each part must be provided for by the public at large. No required relief should be refused. An adequate plan should be adopted to prevent a recurrence of this disaster in order that the people may restore to productivity and comfort their fields and their towns.

Legislation by this congress should be confined to our principal and most pressing problem, the lower Mississippi, considering tributaries only so far as they materially affect the main flood problem. A definite federal program relating to our waterways was proposed when the last congress authorized a comprehensive survey of all the important streams of the country in order to provide for their improvement, including flood control, navigation, power, and irrigation. Other legislation should wait pending a report on this survey. The recognized needs of the Mississippi should not be made a vehicle for carrying other projects. All proposals for development should stand on their own merits. Any other method would result in ill-advised conclusions, great waste of money, and instead of promoting would delay the orderly and certain utilization of our water resources.

Very recently several of the New England states have suffered somewhat similarly from heavy rainfall and high water. No reliable estimate of damage has yet been computed, but it is very large to private and public property. The Red Cross is generously undertaking what is needed for immediate relief, repair and reconstruction of houses, restocking of domestic animals, and food, clothing, and shelter. A considerable sum of money will be available through the regular channels of the Department of Agriculture for reconstruction of highways. It may be necessary to grant special aid for this purpose. Complete reports of what is required will undoubtedly be available early in the session.

INLAND NAVIGATION

The congress in its last session authorized the general improvements necessary to provide the Mississippi waterway system with better transportation. Stabilization of the levels of the Great Lakes and their opening to the sea by an effective shipway remain to be considered. Since the last session the Board of Engineers of the War Department has made a report on the proposal for a canal through the state of New York, and the Joint Board of Engineers, representing Canada and the United States, has finished a report on the St. Lawrence river. Both of these boards conclude that the St. Lawrence project is cheaper, affords a more expeditious method of placing western products in European markets, and will cost less to operate. The State Department has requested the Canadian government to negotiate treaties necessary to provide for this improvement. It will also be necessary to secure an agreement with Canada to put in works necessary to prevent fluctuation in the levels of the Great Lakes.

Legislation is desirable for the construction of a dam at Boulder Canyon on the Colorado river, primarily as a method of flood control and irrigation. A secondary result would be a considerable power development and a source of domestic water supply for southern California. Flood control is clearly a national problem, and water supply is a government problem, but every other possibility should be exhausted before the federal government becomes engaged in the power business. The states which are interested ought to reach mutual agreement. This project is in reality their work. If they wish the federal government to undertake it, they should not hesitate to make the necessary concessions to each other. This subject is fully discussed in the annual report of the Secretary of the Interior. The Columbia River Basin project is being studied and will be one to be considered at some future time.

The Inland Waterways corporation is proving successful and especially beneficial to agriculture. A survey is being made to determine its future needs. It has never been contemplated that if inland rivers were opened to navigation it would then be necessary for the federal government to provide the navigation. Such a request is very nearly the equivalent of a declaration that their navigation is not profitable, that the commodities which they are to carry can be taken at a cheaper rate by some other method, in which case the hundreds of millions of dollars proposed to be expended for opening rivers to navigation would be not only wasted, but would entail further constant expenditures to carry the commodities of private persons for less than cost.

The policy is well established that the government should open public highways on land and on water, but for use of the public in their private capacity. It has put on some demonstrations of large lines, able that this desire can be best served by disposing of the plant and applying the revenues received from it to research for methods of more economical production of concentrated fertilizer and to demonstrations and other methods of stimulating its use on the farm. But in disposing of the property consideration should be given to proposals to use all or part of it for nitrate production and fertilizer manufacturing.

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The Engineer corps of the army has contracted to close all breaks in the dike system before the next period of high water. A most thorough and elaborate survey of the whole situation has been made and embodied in a report with recommendations for future flood control, which will be presented to the congress. The carrying out of their plans will necessarily extend over a series of years. This will call for a material strengthening of the dike system with provision for emergency spillways and improvements for the benefit of navigation.

Under the present law the land adjacent to the dikes has paid one-third of the cost of their construction. This has been a most extraordinary concession, sufficient to plan adopted in relation to irrigation, where the general rule has been that the land benefited should bear the entire expense. It is true, of course, that the troublesome waters do not originate on the land to be reclaimed, but it is also true that such waters have a right of way through that section of the country and the land there is charged with the easement. It is the land of this region that is to be benefited. To say that it is unable to bear any expense of reclamation is the same thing as saying that it is not worth reclaiming. Because of expenses incurred and charges already held against this land, it seems probable that some relief will have to be given concerning the proportion of cost which it should bear. But it is extremely important that it should pay enough so that those requesting improvements will be charged with some responsibility for their cost, and the neighborhood where works are constructed have a pecuniary interest in preventing waste and extravagance and securing a wise and economical expenditure of public funds.

It is necessary to look upon this emergency as a national disaster. It has been so treated from its inception. Our whole people have provided with great generosity for its relief. Most of the departments of the federal government have been engaged in the same effort. The governments of the afflicted areas, both state and municipal, can not be given too high praise for the courageous and helpful way in which they have come to the rescue of the people. If the sources directly chargeable can not meet the demand, the national government should not fail to provide generous relief. This, however, does not mean restoration. The government is not an insurer of its citizens against the hazard of the elements. We shall always have flood and drought, heat and cold, earthquake and wind, lightning and tidal wave, which are all too constant in their afflictions. The government does not undertake to reimburse its citizens for loss and damage incurred under such circumstances. It is chargeable, however, with the rebuilding of public works and the humanitarian duty of relieving its citizens from distress.

The people in the flooded area and their representatives have approached this problem in the most generous and broad-minded way. They should be met with a like spirit on the part of the national government. This is all one country. The public needs of each part must be provided for by the public at large. No required relief should be refused. An adequate plan should be adopted to prevent a recurrence of this disaster in order that the people may restore to productivity and comfort their fields and their towns.

Legislation by this congress should be confined to our principal and most pressing problem, the lower Mississippi, considering tributaries only so far as they materially affect the main flood problem. A definite federal program relating to our waterways was proposed when the last congress authorized a comprehensive survey of all the important streams of the country in order to provide for their improvement, including flood control, navigation, power, and irrigation. Other legislation should wait pending a report on this survey. The recognized needs of the Mississippi should not be made a vehicle for carrying other projects. All proposals for development should stand on their own merits. Any other method would result in ill-advised conclusions, great waste of money, and instead of promoting would delay the orderly and certain utilization of our water resources.

Very recently several of the New England states have suffered somewhat similarly from heavy rainfall and high water. No reliable estimate of damage has yet been computed, but it is very large to private and public property. The Red Cross is generously undertaking what is needed for immediate relief, repair and reconstruction of houses, restocking of domestic animals, and food, clothing, and shelter. A considerable sum of money will be available through the regular channels of the Department of Agriculture for reconstruction of highways. It may be necessary to grant special aid for this purpose. Complete reports of what is required will undoubtedly be available early in the session.

INLAND NAVIGATION

The congress in its last session authorized the general improvements necessary to provide the Mississippi waterway system with better transportation. Stabilization of the levels of the Great Lakes and their opening to the sea by an effective shipway remain to be considered. Since the last session the Board of Engineers of the War Department has made a report on the proposal for a canal through the state of New York, and the Joint Board of Engineers, representing Canada and the United States, has finished a report on the St. Lawrence river. Both of these boards conclude that the St. Lawrence project is cheaper, affords a more expeditious method of placing western products in European markets, and will cost less to operate. The State Department has requested the Canadian government to negotiate treaties necessary to provide for this improvement. It will also be necessary to secure an agreement with Canada to put in works necessary to prevent fluctuation in the levels of the Great Lakes.

Legislation is desirable for the construction of a dam at Boulder Canyon on the Colorado river, primarily as a method of flood control and irrigation. A secondary result would be a considerable power development and a source of domestic water supply for southern California. Flood control is clearly a national problem, and water supply is a government problem, but every other possibility should be exhausted before the federal government becomes engaged in the power business. The states which are interested ought to reach mutual agreement. This project is in reality their work. If they wish the federal government to undertake it, they should not hesitate to make the necessary concessions to each other. This subject is fully discussed in the annual report of the Secretary of the Interior. The Columbia River Basin project is being studied and will be one to be considered at some future time.

The Inland Waterways corporation is proving successful and especially beneficial to agriculture. A survey is being made to determine its future needs. It has never been contemplated that if inland rivers were opened to navigation it would then be necessary for the federal government to provide the navigation. Such a request is very nearly the equivalent of a declaration that their navigation is not profitable, that the commodities which they are to carry can be taken at a cheaper rate by some other method, in which case the hundreds of millions of dollars proposed to be expended for opening rivers to navigation would be not only wasted, but would entail further constant expenditures to carry the commodities of private persons for less than cost.

The policy is well established that the government should open public highways on land and on water, but for use of the public in their private capacity. It has put on some demonstrations of large lines, able that this desire can be best served by disposing of the plant and applying the revenues received from it to research for methods of more economical production of concentrated fertilizer and to demonstrations and other methods of stimulating its use on the farm. But in disposing of the property consideration should be given to proposals to use all or part of it for nitrate production and fertilizer manufacturing.

FLOOD CONTROL

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