necessary. The preservation or replacement of the forests is one of the most important means of preventing this loss. We have made a beginning in forest preservation, but it is only a beginning. At present lumbering is the fourth greatest industry in the United States; and yet, so rapid has been the rate of exhaustion of timber in the United States in the past, and so rapidly is the remainder being exhausted, that the country is unquestionably on the verge of a timber famine which will be felt in every household in the land. There has already been a rise in the price of lumber, but there is certain to be a more rapid and heavier rise in the future.

The present annual consumption of lumber is certainly three times as great as the annual growth; and if the consumption and growth continue unchanged, practically all our lumber will be exhausted in another generation, while long before the limit to complete exhaustion is reached the growing scarcity will make itself felt in many blighting ways upon our National welfare. About 20 per cent of our forest territory is now reserved in National forests; but these do not include the most valuable timber lands, and in any event the proportion is too small to expect that the reserves can accomplish more than a mitigation of the trouble which is ahead for the Nation. Far more drastic action is needed. Forests can be lumbered so as to give to the public the full use of their mercantile timber without the slightest detriment to the forest, any more than it is a detriment to a farm to furnish a harvest; so that there is no parallel between forests and mines, which can only be completely used by exhaustion. But forests, if used as all our forests have been used in the past and as most of them are still used, will be either wholly destroyed, or so damaged that many decades have to pass before effective use can be made of them again. All these facts are so obvious that it is extraordinary that it should be necessary to repeat them.

Hit at Lumber Companies.

A big lumbering company, impatient for immediate returns and not caring to look far enough ahead, will often deliberately destroy all the good timber in a region, hoping afterwards to move on to some new country.

The shiftless man of small means, who does not care to become an actual homemaker but would like immediate profit, will find it to his advantage to take up timber land simply to turn it over to such a big company, and leave it valueless for future settlers. A big mine owner, anxious only to develop his mine at the moment, will care only to cut all the timber that he wishes without regard to the future—probably not looking ahead to the condition of the country when the forests are exhausted, any more than he does to the condition when the mine is worked out. I do not blame these men nearly as much as I blame the supine public opinion, the indifferent public opinion, which permits their action to go unchecked.

Of course to check the waste of timber means that there must be on the part of the public the acceptance of a temporary restriction in the lavish use of the timber, in order to prevent the total loss of this use in the future. There are plenty of men in public and private life who actually advocate the continuance of the present system of unchecked and wasteful extravagance, using as an argument the fact that to check it will of course mean interference with the ease and comfort of certain people who now get lumber at less cost than they ought to pay, at the expense of the future generations. Some of these persons actually demand that the present forest reserves be thrown open to destruction, because, forsooth, they think that thereby the price of lumber could be put down again for two or three or more years. Their attitude is precisely like that of an agitator protesting against the outlay of money by farmers on manure and in taking care of their farms generally.

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.

MINERAL LANDS.

In the eastern United States the mineral fuels have already passed into the hands of large private owners, and those of the West are rapidly following. It is obvious that these fuels should be conserved and not wasted, and it would be well to protect the people against unjust and extortionate prices, so far as that can still be done. What has been accomplished in the great oil fields of the Indian Territory by the action of the Administration, offers a striking example of the good results of such a policy. In my judgment the Government should have the right to keep the fee of the coal, oil and gas fields in its own possession and to lease the rights to develop them under proper regulations; or else, if the Congress will not adopt this method, the coal deposits should be sold under limitations, to conserve them as public utilities, the right to mine coal being separated from the title to the soil. The regulations should permit coal lands to be worked in sufficient quantity by the several corporations. The present limitations have been absurd, excessive and serve no useful purpose, and often render it necessary that there should be either fraud or else abandonment of the work of getting out the coal.

THE PANAMA CANAL.

Work on the Panama Canal is proceeding in a highly satisfactory manner. In March last, John F. Stevens, chairman of the Commission, and chief engineer, resigned, and the Commission was reorganized and constituted as follows: Lieutenant-Colonel George W. Goethals, Corps of Engineers, United States Army, chairman and chief engineer; Major D. D. Gaillard, Corps of Engineers, United States Army; Major William L. Sibert, Corps of Engineers, United States Army; Civil Engineer H. H. Rousseau, United States Navy; J. C. S. Blackburn; Colonel W. C. Gorgas, United States Army, and Jackson Smith, Commissioners. This change of authority and direction went into effect on April 1, without causing a perceptible check in the progress of the work.

In March the total excavation on the Culebra Cut, where effort was chiefly concentrated, was 815,270 cubic yards. In April this was increased to 879,527 cubic yards. There was a considerable decrease in the output for May and June owing partly to the advent of the rainy season and partly to temporary trouble with the steam shovel men over the question of wages. This trouble was settled satisfactorily to all parties and in July the total excavation advanced materially and in August the grand total from all points in the canal prism by steam shovels and dredges exceeded all previous United States records, reaching 1,274,401 cubic yards. In September this record was eclipsed and a total of 1,517,412 cubic yards was removed. Of this amount 1,481,307 cubic yards were from the canal prism and 86,105 cubic yards were from accessory works. These results were achieved in the rainy season with a rainfall in August of 11.89 inches and in September of 11.67 inches. Finally, in October, the record was again eclipsed, the total excavation being 1,868,779 cubic yards; a truly extraordinary record, especially in view of the heavy rainfall, which was 17.1 inches. In fact, experience during the last two rainy seasons demonstrates that the rains are a less serious obstacle to progress than has hitherto been supposed.

Work on the locks and dams at Gatun, which began actively in March last, has advanced so far that it is thought that masonry work on the locks can be begun within 15 months. In order to remove all doubt as to the satisfactory character of the foundations for the locks of the canal, the Secretary of War requested three eminent civil engineers, of special experience in such construction, Alfred Noble, Frederic P. Stearns and John R. Freeman, to visit the Isthmus and make thorough personal investigations of the sites. These gentlemen went to the Isthmus in April and by means of test pits which had been dug for the purpose, they inspected the proposed foundations, and also examined the borings that had been made. In their report to the Secretary of War, under date of May 2, 1907, they said: "We found that all of the locks, of the dimensions now proposed, will rest upon rock of such character that it will furnish a safe and stable foundation." Subsequent new borings, conducted by the present Commission, have fully confirmed this verdict. They show that the locks will rest on rock for their entire length. The cross section of the dam and method of construction will be such as to insure against any slip or sloughing off. Similar examination of the foundations of the locks and dams on the Pacific side are in progress. I believe that the locks should be made of a width of 120 feet.

The chief engineer and all his professional associates are firmly convinced that the 85-feet-level lock canal which they are constructing is the best that could be desired. Some of them had doubts on the point when they went to the Isthmus. As the plans have developed under their direction their doubts have been dispelled. While they may decide upon changes in detail as construction advances, they are in hearty accord in approving the general plan. They believe that it provides a canal not only adequate to all demands that will be made upon it, but superior in every way to a sea-level canal. I concur in this belief.

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 the workingmen their earnings, all of which money has been withheld 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.

I further commend to the Congress the consideration of the Postmaster-General's recommendation for the extension of the parcels 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 shopkeeper; 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 district. It is desirable that the country merchant should not be crushed out.

The fourth-class postmasters' convention has passed a very strong resolution in favor of placing the fourth-class postmasters upon the civil service law. The Administration has already put into effect the policy of refusing to remove any fourth-class postmasters save for reasons connected with the good of the service, and it is endeavoring so far as possible to remove them from the domain of partisan politics. It would be a most desirable thing to put the fourth-class postmasters in the classified service. It is possible that this might be done without Congressional action, but, as the matter is debatable, I earnestly recommend that the Congress enact a law providing that they be included under the civil service law and put in the classified 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.

ALASKA.

I reiterate my recommendations of last year as regards Alaska. Some form of local self-government should be provided, as simple and inexpensive as possible; it is impossible for the Congress to devote the necessary time to all the little details of necessary Alaskan legislation. Road building and railway building should be encouraged. The Governor of Alaska should be given an ample appropriation wherewith to organize a force to preserve the public peace. Whisky selling to the natives should be made a felony. The coal land laws should be changed so as to meet the peculiar needs of the territory. This should be attended to at once; for the present laws permit individuals to locate large areas of the public domain for speculative purposes, and cause an immense amount of trouble, fraud and litigation. There should be another judicial division established. As early as possible lighthouses and buoys should be established as aids to navigation, especially in and about Prince William Sound, and the survey of the coast completed. There is need of liberal appropriations for lighting and buoying the southern coast, and improving the aids to navigation in Southeastern Alaska. One of the great industries of Alaska, as of Puget Sound and the Columbia, is salmon fishing. Gradually, by reason of lack of proper laws, this industry is being ruined; it should now be taken in charge, and effectively protected, by the United States Government.

The courage and enterprise of the citizens of the far Northwest in their projected Alaska-Yukon-Pacific Exposition, to be held in 1909, should receive liberal encouragement. This exposition is not sentimental in its conception, but seeks to exploit the natural resources of Alaska and to promote the commerce, trade and industry of the Pacific States with their neighboring states and with our insular possessions and the neighboring countries of the Pacific. The exposition asks no loan from the Congress, but asks appropriations for National exhibits and exhibits of the Western dependencies of the General Government. The State of Washington and the city of Seattle have shown the characteristic Western enterprise in large donations for the conduct of this exposition, in which other states are lending generous assistance.

HAWAII.

The unfortunate failure of the shipping bill at the last session of the last Congress was followed by the taking off of certain Pacific steamships, which has greatly hampered the movement of passengers between Hawaii and the mainland. Unless the Congress is prepared by positive encouragement to secure proper facilities in the way of shipping between Hawaii and the mainland, then the coastwise shipping laws should be so far relaxed as to prevent Hawaii suffering as it is now suffering. I again call your attention to the capital importance from every standpoint of making Pearl Harbor available for the largest deep-water vessels and of suitably fortifying the island.

THE PHILIPPINES.

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

PORTO RICO.

I again recommend that the rights of citizenship be conferred upon the people of Porto Rico.

MINING.

A bureau of mines should be created under the control and direction of the Secretary 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. If this cannot now be done, at least additional appropriations should be given the Interior Department to be used for the study of mining conditions, for the prevention of fraudulent mining schemes, for carrying on the work of mapping the mining districts, for studying methods for minimizing the accidents and dangers in the industry, in short, to aid in all proper ways the development of the mining industry.

The Hermitage.

I strongly recommend to the Congress to provide funds for keeping up the Hermitage, the home of Andrew Jackson; these funds to be used through the existing Hermitage Association for the preservation of a historic building which should ever be dear to Americans.

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 13th 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.

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 Congress has already provided a bureau of public health and has provided for a hygienic laboratory. There are other valuable laws relating to the public health connected with the various departments. This whole branch of the Government should be strengthened and aided in every way.

Governmental Commissions.

I call attention to two Government commissions which I have appointed and which have already done excellent work. The first of these has to do with the organization of the scientific work of the Government, which has grown up wholly without plan and is in consequence so unwisely distributed among the executive departments that much of its effect is lost for the lack of proper co-ordination. This commission's chief object is to introduce a planned and orderly development and operation in the place of the ill-assorted and often ineffective grouping and methods of work which have prevailed. This can not be done without legislation, nor would it be feasible to deal in detail with so complex an administrative problem by specific provisions of law. I recommend that the President be given authority to concentrate related lines of work and reduce duplication by executive order through transfer and consolidation of lines of work.

The second committee, that on department methods, was instructed to investigate and report upon the changes needed to place the conduct of the executive force of the Government on the most economical and effective basis in the light of the best modern business practice. The committee has made very satisfactory progress. Antiquated practices and bureaucratic ways have been abolished, and a general renovation of departmental methods has been inaugurated. All that can be done by executive order has already been accomplished or will be put into effect in the near future. The work of the main committee and its several assistant committees has produced a wholesome awakening on the part of the great body of officers and employes engaged in Government work. In nearly every department and office there has been a careful self-inspection for the purpose of remedying any defects before they could be made the subject of adverse criticism. This has led individuals to a wider study of the work in which they were engaged, and this study has resulted in increasing their efficiency in their respective lines of work. There are recommendations of special importance from the committee on the subject of personnel and the classification of salaries which will require legislative action before they can be put into effect. It is my intention to submit to the Congress in the near future a special message on these subjects.

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. There is, however, always danger in laws of this kind, which from their very nature are difficult of enforcement; the danger being lest they be obeyed only by the honest, and disobeyed by the unscrupulous, so as to act only as a penalty upon honest men. Moreover, no such law would hamper an unscrupulous man of unlimited means from buying his own way into office.

Biological Survey.

The Biological Survey is quietly working for the good of our agricultural interests, and is an excellent example of a Government bureau which conducts original scientific research the findings of which are of much practical utility. For more than 20 years it has studied the food habits of birds and mammals that are injurious or beneficial to agriculture, horticulture, and forestry; has distributed illustrated bulletins on the subject, and has labored to secure legislative protection for the beneficial species. The cotton boll-weevil, which has recently overspread the cotton belt of Texas and is steadily extending its range, is said to cause an annual loss of about $3,000,000. The Biological Survey has ascertained and given wide publicity to the fact that at least 43 kinds of birds prey upon this destructive insect. It has discovered that 57 species of birds feed upon scale-insects—dreaded enemies of the fruit grower. It has shown that woodpeckers as a class, by destroying the larvae of wood-boring insects, are so essential to tree life that it is doubtful if our forests could exist without them. It has shown that cuckoos and orioles are the natural enemies of the leaf-eating caterpillars that destroy our shade and fruit trees; that quails and sparrows consume annually hundreds of tons seeds of noxious weeds; that hawks and owls as a class (excepting the few that kill poultry and game birds) are markedly beneficial, spending their lives in catching grasshoppers, mice, and other pests that prey upon the products of husbandry.

It has conducted field experiments for the purpose of devising and perfecting simple methods for holding in check the hordes of destructive rodents—rats, mice, rabbits, gophers, prairie dogs and ground squirrels—which annually destroy crops worth many millions of dollars; and it has published practical directions for the destruction of wolves and coyotes on the stock ranches of the West, resulting during the past year in an estimated saving of cattle and sheep valued at upward of a million dollars.

Ocean Mail Service.

I call your special attention to the unsatisfactory condition of our foreign mail service, which, because of the lack of American steamships, lines of the mail steamers through foreign lines, and which, particularly so far as South and Central America are concerned, is done in a manner which constitutes a serious barrier to the extension of our commerce.

The time has come, in my judgment, to set to work seriously to make our ocean mail service worthy of the position of our incomparably great commercial and political development. A beginning was made by the ocean mail act of March 3, 1891, but even at that time the act was known to be inadequate in various particulars. Since that time events have moved rapidly in our history. We have acquired Hawaii, the Philippines, and lower islands in the Pacific. We are steadily prosecuting the great work of uniting at the isthmus the waters of the Atlantic and the Pacific. To a greater extent than seemed probable even a dozen years ago, we may look to an American future on the sea worthy of the traditions of our past. In the first step, in all directions, and the only one feasible at the present time, I recommend the extension of the ocean mail act of 1891. That act has stood for some years free from successful criticism of its principle and purpose. It was based on theories of the obligations of a great maritime nation, undisputed in our own land and followed by other nations at the beginning of steam navigation. Briefly those theories are, that it is the duty of a first-class power, so far as practicable, to carry its ocean mails under its own flag; that the fast ocean steamships and their crews, required for such mail service, are valuable auxiliaries to the sea power of a nation. Furthermore, the subsidization of such steamships insures the maintenance in an efficient condition of the shipyards in which our battleships must be built.

The expenditure of public money for the performance of such necessary functions of government is certainly warranted, nor is it necessary to dwell upon the incidental benefits to our foreign commerce, to the shipbuilding industry, and to ship owning and navigation which will accompany the discharge of these urgent public duties, though they, too, should have weight.

The only serious question is whether at this time we can afford to improve our ocean mail service as it should be improved. All doubt on this subject is removed by the reports of the Postoffice Department. For the fiscal year ended June 30, 1907, that department estimates that the postage collected on the articles exchanged with foreign countries other than Canada and Mexico amounted to $6,570,643.48, or $1,617,226.81 more than the net cost of the service, exclusive of the cost of transporting the mails between the United States, exchange postoffices, and the United States postoffices at which they were mailed or delivered. In other words, the Government of the United States, having assumed a monopoly of carrying the mails for the people, is making a profit of over $1,600,000 by rendering a cheap and inefficient service. That profit I believe should be devoted to strengthening our maritime power in those directions where it will best promote our prestige. The country is familiar with the facts of our maritime impotence in the harbors of the great and friendly republics of South America. Following the failure of the shipbuilding bill, we lost our only American line of steamers to Argentina, and that loss on the Pacific has become a serious embarrassment to the people of Hawaii, and has wholly cut off the Samoan islands from regular communication with the Pacific Coast. Puget Sound, in the year, has lost over half (four out of seven) of its American steamers trading with the Orient.

Most only there is not now, but there never has been, any other nation in the world so wholly free from the evils of militarism as is ours. There never has been any other large nation, not even China, which for so long a period has had relatively to its numbers so small a regular army as has ours. Never at any time in our history has this Nation suffered from militarism or been in the remotest danger of suffering from militarism. Never at any time of our history has the regular Army been of a size which caused the slightest appreciable tax upon the taxpaying citizens of the Nation. Almost always it has been too small in size and underpaid. 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 given it, too much money spent upon it, or because it has been too large. But again and again we have suffered because enough care has not been given to it, because it has been too small, because there has not been sufficient preparation in advance for possible war. Every foreign war in which we have engaged has cost us many times the amount, which, if wisely expended during the preceding years of peace on the regular Army, would have insured the war ending in but a fraction of the time and but for a fraction of the cost that was actually the case. As a Nation we have always been shortsighted in providing for the efficiency of the Army in time of peace. It is nobody's especial interest to make such provision and no one looks ahead to war at any period, no matter how remote, as being a serious possibility; while an improper economy, or rather niggardliness, can be practiced at the expense of the Army with the certainty that those practicing it will not be called to account therefor, but that the price will be paid by the unfortunate persons who happen to be in office when a war does actually come.

Industry is always necessary, just as war is sometimes necessary. Each has its price, and industry in the United States now exacts, and has always exacted, a far heavier toll of death than all our wars put together. The statistics of the railroads of this country for the year ended June 30, 1906, the last contained in the annual statistical report of the Interstate Commerce Commission, show in that one year a total of 108,824 casualties to persons, of which 10,618 represent the number of persons killed. In that wonderful hive of human activity, Pittsburg, the deaths due to industrial accidents in 1906 were 916, all the result of accidents in mills, mines or on railroads. For the entire country, therefore, it is safe to say that the deaths due to industrial accidents aggregate in the neighborhood of 20,000 a year. Such a record makes the death rate in all our foreign wars utterly trivial by comparison. The number of deaths in battle in all the foreign wars put together, for the last century and a quarter, aggregate considerably less than one year's death record for our industries. A mere glance at these figures is sufficient to show the absurdity of the outcry against militarism.

But again and again in the past our little regular Army has rendered service literally vital to the country, and it may at any time have to do so in the future. Its standard of efficiency and instruction is higher now than ever in the past. But it is too small. There are not enough officers; and it is impossible to secure enough enlisted men. We should maintain in peace a fairly complete skeleton of a large army. A great and long-continued war would have to be fought by volunteers. But months would pass before any large body of efficient volunteers could be put in the field, and our regular Army should be large enough to meet any immediate need. In particular it is essential that we should possess a number of extra officers trained in peace to perform efficiently the duties urgently required upon the breaking out of war.

The Medical Corps should be much larger than the needs of our regular Army in war. Yet at present it is smaller than the needs of the service demand even in peace. The Spanish War occurred less than ten years ago. The chief loss we suffered in it was by disease among the regiments which never left the country. At the moment the Nation seemed deeply impressed by this fact, yet seemingly it has already been forgotten, for not the slightest effort has been made to prepare a medical corps of sufficient size to prevent the repetition of the same disaster on a much larger scale if we should ever be engaged in a serious conflict. The trouble in the Spanish War was not with the then existing officials of the War Department; it was with the representatives of the people as a whole who, for the preceding 35 years, had declined to make the necessary provision for the Army. Unless ample provision is now made by Congress to put the Medical Corps where it should be, disaster in the next war is inevitable, and the responsibility will not lie with those then in charge of the War Department, but with those who now decline to make the necessary provision.

A well-organized medical corps, thoroughly trained before the advent of war in all the important administrative duties of a military sanitary corps, is essential to the efficiency of any large army, and especially of a large volunteer army. Such knowledge of medicine and surgery as is possessed by the medical profession generally will not alone suffice to make an efficient military surgeon. He must have, in addition, knowledge of the administration and sanitation of large field hospitals and camps, in order to safeguard the health and life of men drawn from the great centers of population to swell his ranks. A bill has long been pending before the Congress for the reorganization of the Medical Corps; its passage is urgently needed.

But the Medical Department is not the only department for which increased provision should be made. The rate of pay for the officers should be greatly increased; there is no higher type of citizen than the American regular officer, and he should have a fair reward for his admirable work. There should be a relatively even greater increase in the pay for the enlisted men. An especial provision should be made for establishing grades equivalent to those of warrant officers in the Navy, which should be open to the enlisted men who serve sufficiently long and who do their work well. Inducements should be offered sufficient to encourage really good men to make the Army a life occupation. The prime needs of our present Army is to secure and retain competent noncommissioned officers. This difficulty rests fundamentally on the question of pay.

The noncommissioned officer does not correspond with an unskilled laborer; he corresponds to the best type of skilled workman or to the subordinate official in civil institutions. Wages have greatly increased in outside occupations in the last 40 years and the pay of the soldier, like the pay of the officers, should be proportionately increased. The first sergeant of a company, if a good man, must be one of such executive and administrative ability, and such knowledge of his trade, as to be worth far more than we at present pay him. The same is true of the regimental sergeant major. These men should be men who had fully resolved to make the Army a life occupation and they should be able to look forward to ample reward, while only men properly qualified should be given a chance to secure these final rewards. The increase over the present pay need not be great in the lower grades for the first one or two enlistments, but the increase should be marked for the noncommissioned officers of the upper grades who serve long enough to make it evident that they intend to stay permanently in the Army, while additional pay should be given for high qualifications in target practice.

The position of warrant officer should be established and there should be not only an increase of pay, but an increase of privileges and allowances and dignity, so as to make the grade open to noncommissioned officers capable of filling them desirably from every standpoint. The rate of desertion in our Army now in time of peace is alarming. The deserter should be treated by public opinion as a man guilty of the greatest crime; while on the other hand the man who serves steadily in the Army should be treated as what he is, that is, as preeminently one of the best citizens of this Republic. After 12 years service in the Army my own belief is that the man should be given a preference according to his ability for certain types of office over all civilian applicants without examination. This should also apply, of course, to the men who have served 12 years in the Navy. A special corps should be provided to do the manual labor now necessarily demanded of the privates themselves.

Among the officers there should be severe examinations to weed out the unfit up to the grade of Major. From that position on appointments should be solely by selection and it should be understood that a man of merely average capacity could never get beyond the position of Major, while every man who serves in any grade a certain length of time prior to promotion to the next grade without getting the promotion to the next grade should be forthwith retired. The practice marches and field maneuvers of the last two or three years have been invaluable to the Army. They should be continued and extended. A rigid and not a perfunctory examination of physical capacity has been provided for the higher grade officers. This will work well. Unless an officer has a good physique, unless he can stand hardship, ride well, and walk fairly, he is not fit for any position, even after he has become a Colonel. Before he has become a Colonel the need for physical fitness in the officer is almost as great as in the enlisted man. I hope speedily to see introduced into the Army a far more rigid and thoroughgoing test of horsemanship for all field officers than at present. There should be a Chief of Cavalry just as there is a Chief of Artillery.

Perhaps the most important of all legislation needed for the benefit of the Army is a law to equalize and increase the pay of officers and enlisted men of the Army, Navy, Marine Corps, and Revenue-Cutter service. Such a bill has been prepared, which it is hoped will meet with your favorable consideration. The next most essential measure is to authorize a number of extra officers as mentioned above. To make the Army more attractive to enlisted men, it is absolutely essential to create a service corps, such as exists in nearly every modern army in the world, to do the skilled and unskilled labor, inseparably connected with military administration, which is now exacted, without just compensation, of enlisted men who voluntarily entered the Army to do service of an altogether different kind. There are a number of other laws necessary to so organize the Army as to promote its efficiency and facilitate its rapid expansion in time of war; but the above are the most important.

The Navy.

It was hoped The Hague Conference might deal with the question of the limitation of armaments. But even before it had assembled informal inquiries had developed that as regards naval armaments, the only ones in which this country had any interest, it was hopeless to try to devise any plan for which there was the slightest possibility of securing assent of the nations gathered at The Hague. No plan was even proposed which would have had the assent of more than one first-class power outside of the United States. The only plan that seemed at all feasible, that of limiting the size of battleships, met with no favor at all. It is evident, therefore, that it is folly for this Nation to base any hope of securing peace on any international agreement as to the limitation of armaments. Such being the fact it would be most unwise for us to stop the upbuilding of our Navy. To build one battleship of the best and most advanced type a year would barely keep our fleet up to its present force. This is not enough. In my judgment, we should this year provide for four battleships. But it is idle to build battleships unless in addition to providing the men, and the means for thorough training, we provide the auxiliaries for them, unless we provide docks, the coaling stations, the colliers and supply ships that they need. We are extremely deficient in coaling stations and docks on the Pacific, and this deficiency should not longer be permitted to exist. Plenty of torpedo boats and destroyers should be built. Both on the Atlantic and Pacific coasts fortifications of the best type should be provided for all our greatest harbors.

We need always to remember that in time of war the Navy is not to be used to defend harbors and sea coast cities; we should perfect our system of coast fortifications. The only efficient use for the Navy is for offense. The only way in which it can efficiently protect our own coast against the possible action of a foreign navy is by destroying that foreign navy. For defense against a hostile fleet which actually attacks them, the coast cities must depend upon their forts, mines, torpedoes, submarines and torpedo boats and destroyers. All of these together are efficient for defensive purposes, but they in no way supply the place of a thoroughly efficient navy capable of acting on the offensive, for parrying never yet won a fight. It can only be won by hard hitting, and an aggressive seagoing navy alone can do this hard hitting of the offensive type. But the forts and the like are necessary so that the Navy may be footloose. In time of war there is sure to be demand, under pressure of fright, for the ships to be scattered so as to defend all kinds of ports. Under penalty of terrible disaster this demand must be refused. The ships must be kept together, and their objective must be the enemy's fleet. If fortifications are sufficiently strong, no modern navy will venture to attack them, so long as the foe has in existence a hostile navy of anything like the same size or efficiency. But unless there exists such a navy, then the fortifications are powerless by themselves to secure the victory. For of course the mere deficiency means that any resolute enemy can at his leisure combine all his forces upon one point with the certainty that he can take it.

Until our battle fleet is much larger than at present it should never be split into detachments so far apart that they could not in event of emergency be speedily united. Our coast line is on the Pacific just as much as on the Atlantic. The interests of California, Oregon and Washington are as emphatically the interests of the whole Union as those of Maine and New York, of Louisiana and Texas. The battle fleet should now and then be moved to the Pacific just as at other times it should be kept in the Atlantic. When the Isthmian Canal is built the transit of the battle fleet from one ocean to the other will be comparatively easy. Until it is built, I earnestly hope that the battle fleet will be thus shifted between the two oceans every year or two. The marksmanship on all our ships has improved phenomenally during the last five years.

Until within the last two or three years it was not possible to train a battle fleet in squadron maneuvers under service conditions, and it is only during the last two or three years that the training under these conditions has really become effective. Another and most necessary stride in advance is now being taken. The battle fleet is about starting by the Straits of Magellan to visit the Pacific Coast. Sixteen battleships are going under the command of Rear-Admiral Evans, while eight armored cruisers and two other battleships will meet him at San Francisco, whither certain torpedo destroyers are also going. No fleet of such size has ever made such a voyage, and it will be of very great educational use to all engaged in it. The only way by which to teach officers and men how to handle the fleet so as to meet every possible emergency of war in time of war is to have them practice under similar conditions in time of peace. Moreover, the only way to find out our actual needs is to perform in time of peace whatever maneuvers might be necessary in time of war. After war is declared it is too late to find out the needs; that means to invite disaster; the only way in which we can be sure of our needs are and will enable us to provide for them. The proper place for an officer to learn his duty is at sea, and the only way in which a navy can ever be made efficient is by practice at sea, under all the conditions which would have to be met if war existed.

I bespeak the most liberal treatment for the officers and enlisted men of our Navy. It is true of them, as likewise of the officers and enlisted men of the Army, that they form a body whose interests should be close to the heart of every good American. In return the most rigid performance of duty should be exacted from them. The reward should be ample when they do their best, and nothing less than their best should be tolerated. It is idle to hope for the best results when the men in the senior grades come to those grades late in life and serve too short a time in them. Up to the rank of lieutenant-commander promotion in the Navy should be as now, by seniority, subject, however, to such right to retire as would eliminate the unfit. After the grade of lieutenant-commander, that is, when we come to the grade of command rank, the unfit should be eliminated in such manner that only the conspicuously fit would remain, and sea service should be a principal test of fitness. Those who are passed by should, after a certain length of service in their respective grades, be retired. Of a given number of men it may be well that almost all would make good lieutenants and most of them good lieutenant-commanders, while only a minority will be fit to be captains, and but three or four to be admirals.

Those who object to promotion otherwise than by mere seniority should reflect upon the elementary fact that no business in private life could be successfully managed if those who enter at the lowest rungs of the ladder should each in turn, if he lived, become the head of the firm, its active director, and retire after he had held the position a few months. On its face such a scheme is an absurdity. Chances for improper favoritism can be minimized by a properly formed board, such as the board of last June, which did such conscientious and excellent work in elimination.

If all that ought to be done cannot now be done, at least let a beginning be made. In my last three annual messages, and in a special message in the last Congress, the necessity for legislation that will cause officers of the line of the Navy to reach the grades of captain and rear admiral at less advanced ages and which will cause them to have more sea training and experience in the highly responsible duties of those grades, so that they may become thoroughly skillful in handling battleships, divisions, squadrons and fleets in action, has been fully explained and urgently recommended. Upon this subject the Secretary of the Navy has submitted detailed and definite recommendations which have received my approval, and which, if enacted into law, will accomplish what is immediately necessary and will, as compared with existing law, make a saving of more than $5,000,000 during the next seven years.

It must be remembered that everything done in the Navy to fit it to do well in time of war must be done in time of peace. Modern wars are short; they do not last the length of time requisite to build a battleship, and it takes longer to train the officers and men to do well on a battleship than it takes to build it. Nothing effective can be done for the Navy once war has begun, and the result of the war, if the combatants are otherwise equally matched, will depend upon which power has prepared best in time of peace. The United States Navy is the best guaranty the Nation has that its honor and interest will not be neglected; and in addition it offers by far the best insurance for peace that can by human ingenuity be devised.

Foreign Affairs.

In foreign affairs this country's steady policy is to behave toward other nations as a strong and self-respecting man should behave toward the other men with whom he is brought into contact. In other words, our aim is disinterestedly to help other nations where such help can be wisely given without the appearance of meddling with what does not concern us; to be careful to act as a good neighbor; and at the same time, in good-natured fashion, to make it evident that we do not intend to be imposed upon.

The Hague.

The Second International Peace Conference was convened at The Hague on the 15th of June last and remained in session until the 18th of October. For the first time the representatives of practically all the civilized countries of the world united in a temperate and kindly discussion of the methods by which the causes of war might be narrowed and its injurious effects reduced.

Although the agreements reached in the conference did not in any direction go to the length hoped for by the more sanguine, yet in many directions important steps were taken, and upon every subject on the programme there was such full and considerate discussion as to justify the belief that substantial progress has been made toward further agreements in the future. Thirteen conventions were agreed upon embodying the definite conclusions which had been reached, and resolutions were adopted marking the progress made in matters upon which agreement was not yet sufficiently complete to make conventions practicable.

Cuba.

A year ago in consequence of a revolutionary movement in Cuba which threatened the immediate return to chaos of the island, the United States intervened, sending down an army and establishing a provisional government under Governor Magoon. Absolute quiet and prosperity have returned to the island because of this action. We are now taking steps to provide for elections in the island and our expectation is within the coming year to be able to turn the island over again to a government chosen by the people thereof. Cuba is at our doors. It is not possible that this Nation should permit Cuba again to sink into the condition from which we rescued it. All that we ask of the Cuban people is that they be prosperous, that they govern themselves so as to bring content, order and progress to their island, the Queen of the Antilles; and our only interference has been and will be to help them achieve these results.

The Japanese Exposition.

An invitation has been extended by Japan to the Government and people of the United States to participate in a great national exposition to be held at Tokio from April 1 to October 31, 1912, and in which the principal countries of the world are to be invited to take part. This is an occasion of special interest to all the nations of the world, and peculiarly so to us; for it is the first instance in which such a great national exposition has been held by a great power dwelling on the Pacific, and all the nations of Europe and America will, I trust, join in helping to success this first great exposition ever held by a great nation of Asia. The geographical relations of Japan and the United States as the possessors of such large portions of the coasts of the Pacific, the intimate trade relations already existing between the two countries, the warm friendship which has been maintained between them without break since the opening of Japan to intercourse with the western nations, and her increasing wealth and production, which we regard with hearty goodwill and wish to make the occasion of mutually beneficial commerce, all unite in making it eminently desirable that this invitation should be accepted. I heartily recommend such legislation as will provide in generous fashion for the representation of this Government and its people in the proposed exposition. Action should be taken now. We are apt to underestimate the time necessary for preparation in such cases. The invitation to the French Exposition of 1900 was brought to the attention of the Congress by President Cleveland in December, 1893; and so many are the delays necessary to such proceedings that the period of four years and a half which then intervened before the exposition proved none too long for the proper preparation of the exhibits.

German Tariff Agreement.

The adoption of a new tariff by Germany, accompanied by conventions for reciprocal tariff concessions between that country and most of the other countries of Continental Europe, led the German government to give the notice necessary to terminate the reciprocal commercial agreement with this country proclaimed July 13, 1900. The notice was to take effect on March 1, 1906, and in default of some other arrangements this would have left the exports from the United States to Germany subject to the general German tariff duties, from 25 to 50 per cent higher than the conventional duties imposed upon the goods of most of our competitors for German trade.

Under the special agreement made between the two governments in February, 1906, the German government postponed the operation of their notice until June 30, 1907. In the meantime, deeming it to be my duty to make every possible effort to prevent a tariff war between the United States and Germany arising from misunderstanding by either country of the conditions existing in the other, and acting upon the invitation of the German government, I sent to Berlin a commission composed of competent experts in the operation and administration of the customs tariff, from the Departments of the Treasury and Commerce and Labor. This commission was engaged for several months in conference with a similar commission appointed by the German government, under instructions, so far as practicable, to reach a common understanding as to all the facts regarding the tariffs of the United States and Germany material and relevant to the trade relations between the two countries. The commission reported, and upon the basis of the report, a further temporary commercial agreement was entered into by the two countries, pursuant to which, in the exercise of the authority conferred upon the President by the third section of the tariff act of July 24, 1897, I extended the reduced tariff rates provided for in that section to champagne and all other sparkling wines, and pursuant to which the German conventional or minimum tariff rates were extended to about 85 per cent of all the exports from the United States to Germany. This agreement is to remain in force until June 30, 1908, and until six months after notice by either party to terminate it.

China.

I ask for authority to re-form the agreement with China under which the indemnity of 1900 was fixed, by remitting and canceling the obligation of China for the payment of all that part of the stipulated indemnity which is in excess of the sum of $11,655,492.66, and interest at 4 per cent. After the rescue of the foreign legations in Pekin during the Boxer troubles in 1900 the Powers required from China the payment of equitable indemnities to the several nations, and the final protocol under which the troops were withdrawn, signed at Pekin, September 7, 1901