RESUME OF MESSAGE

President's Communication Is Conservative Document.

AIMS TO PLEASE ALL CLASSES

Would Delay Tariff Legislation Until After the Presidential Election—Wants Currency Changes.

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

In the effort to punish the guilty it is both wise and proper to endeavor so far as possible to minimize the distress of those who have been misled by the guilty. Yet it is not possible to refrain because of such distress from striving to put an end to the misdeeds that are the ultimate causes of the suffering, and, as a means to this end, where possible to punish those responsible for them. There may be honest differences of opinion as to many Governmental policies; but surely there can be no such differences as to the need of unflinching perseverance in the war against successful dishonesty.

INTERSTATE COMMERCE.

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

To confer upon the National Government, in connection with the amendment I advocate in the anti-trust law, power of supervision over big business concerns engaged in interstate commerce, would benefit them as it has benefitted the National banks. In the recent business crisis it is noteworthy that the institutions which failed were institutions which were not under the supervision and control of the National Government. Those which were under National control stood the test.

PURE FOOD LAW.

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

CURRENCY.

In my message to Congress a year ago I spoke as follows on the currency:

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

The mere statement of these facts shows that our present system is seriously defective. There is need of a change. Unfortunately, however, many of the proposed changes must be ruled from consideration because they are complicated, are not easy of comprehension and tend to disturb existing rights and interests. We must also rule out any plan which would materially impair the value of the United States 2-per cent bonds now pledged to secure circulation, the issue of which was made under conditions peculiarly creditable to the Treasury. I do not press any especial plan. Various plans have recently been proposed by expert committees of bankers. Among the plans which are possibly feasible and which certainly should receive your consideration is that repeatedly brought to your attention by the present Secretary of the Treasury, the essential features of which have been approved by many prominent bankers and business men. According to this plan National banks should be permitted to issue a specified proportion of their capital in notes of a given kind, the issue to be taxed at so high a rate as to drive the notes back when not wanted in legitimate trade. This plan would not permit the issue of currency to give banks additional profits, but to meet the emergency presented by times of stringency.

Need for Immediate Action.

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

THE TARIFF.

This country is definitely committed to the protective system and any effort to uproot it could not but cause widespread industrial disaster. In other words, the principle of the present tariff law could not with wisdom be changed. But in a country of such phenomenal growth as ours it is probably well that every dozen years or so the tariff laws should be carefully scrutinized so as to see that no excessive or improper benefits are conferred thereby, that proper revenue is provided and that our foreign trade is encouraged. There must always be as a minimum a tariff which will not only allow for the collection of an ample revenue but which will at least make good the difference in cost of production here and abroad; that is, the difference in the labor cost here and abroad, for the well-being of the wage-worker must ever be a cardinal point of American policy. The question should be approached purely from a business standpoint; both the time and the manner of the change being such as to arouse the minimum of agitation and disturbance in the business world, and to give the least play for selfish and factional motives. The sole consideration should be to see that the sum total of changes represents the public good. This means that the subject cannot with wisdom be dealt with in the year preceding a Presidential election, because as a matter of fact experience has conclusively shown that at such a time it is impossible to get men to treat it from the standpoint of the public good. In my judgment the wise time to deal with the matter is immediately after such election.

INCOME AND INHERITANCE TAX.

When our tax laws are revised the question of an income tax and an inheritance tax should receive the careful attention of our legislators. In my judgment both of these taxes should be part of our system of Federal taxation. I speak diffidently about the income tax because one scheme for an income tax was declared unconstitutional by the Supreme Court; while in addition it is a difficult tax to administer in its practical working, and great care would have to be exercised to see that it was not evaded by the very men whom it was most desirable to have taxed, for if so evaded it would, of course, be worse than no tax at all; as the least desirable of all taxes is the tax which bears heavily upon the honest as compared with the dishonest man. Nevertheless, a graduated income tax of the proper type would be a desirable feature of Federal taxation, and it is to be hoped that one may be devised which the Supreme Court will declare constitutional. The inheritance tax, however, is both a far better method of taxation and far more important for the purpose of having the fortunes of the country bear in proportion to their increase in size a corresponding increase and burden of taxation. The Government has the absolute right to decide as to the terms upon which a man shall receive a bequest or devise from another, and this point in the devolution of property is especially appropriate for the imposition of a tax. Laws imposing such taxes have repeatedly been placed upon the National statute books and as repeatedly declared constitutional by the courts; and these laws contained the progressive principle, that is, after a certain amount is reached the bequest or gift, in life or death, is increasingly burdened and the rate of taxation is increased in proportion to the remoteness of blood of the man receiving the bequest.

ENFORCEMENT OF THE LAW.

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

INJUNCTIONS.

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

QUESTIONS AFFECTING LABOR.

The National Government should be a model employer. It should demand the highest quality of service from each of its employes and it should care for all of them properly in return. Congress should adopt legislation providing limited but definite compensation for accidents to all workmen within the scope of the Federal power, including employes of navy-yards and arsenals. In other words, a model employers' liability act, far-reaching and thoroughgoing, should be enacted which should apply to all positions, public and private, over which the National Government has jurisdiction. The number of accidents to wage-workers, including those that are preventable and those that are not, has become appalling in the mechanical, manufacturing, and transportation operations of the day. It works grim hardship to the ordinary wage-worker and his family to have the effect of such an accident fall solely upon him; and, on the other hand, there are whole classes of attorneys who exist only by inciting men who may or may not have been wronged to undertake suits for negligence.

As a matter of fact a suit for negligence is generally an inadequate remedy for the person injured, while it often causes altogether disproportionate annoyance to the employer. The law should be made such that the payment for accidents by the employer would be automatic instead of being a matter for lawsuits. Workmen should receive certain and definite compensation for all accidents in industry irrespective of negligence. The employer is the agent of the public and on his own responsibility and for his own profit he serves the public. When he starts in motion agencies which create risks for others, he should take all the ordinary and extraordinary risks involved; and the risk he thus at the moment assumes will ultimately be assumed, as it ought to be, by the general public. Only in this way can the shock of the accident be diffused, instead of falling upon the man or woman least able to bear it, as is now the case. The community at large should share the burdens as well as the benefits of industry. By the proposed law, employers would gain a desirable certainty of obligation and get rid of litigation to determine it, while the workman and his family would be relieved from a crushing load. With such a policy would come increased care, and accidents would be reduced in number.

The Congress should consider the extension of the eight-hour law. The constitutionality of the present law has recently been called into question, and the Supreme Court has decided that the existing legislation is unquestionably within the powers of the Congress. The principle of the eight-hour day should as rapidly and as far as practicable be extended to the entire work carried on by the Government; and the present law should be amended to embrace contracts on those public works which the present wording of the act has been construed to exclude. The general introduction of the eight-hour day should be the goal toward which we should steadily tend, and the Government should set the example in this respect.

Compulsory Investigation of Industrial Disputes.

Strikes and lockouts, with their attendant loss and suffering continue to increase. For the five years ending December 31, 1905, the number of strikes was greater than those in any previous ten years and was double the number in the preceding five years. These figures indicate the increasing need of providing some machinery to deal with this class of disturbances in the interest alike of the employer, the employe and the general public. I renew my previous recommendation that the Congress favorably consider the matter of creating the machinery for compulsory investigation of such industrial controversies as are of sufficient magnitude and of sufficient concern to the people of the country as a whole to warrant the Federal Government in taking action.

Capital and Labor.

It is certain that for some time to come there will be a constant increase absolutely, and perhaps relatively, of those among our citizens who dwell in cities or towns of some size and who work for wages. This means that there will be an ever increasing need to consider the problems inseparable from a great industrial civilization. Where an immense and complex business, especially in those branches relating to manufacture and transportation, is transacted by a large number of capitalists who employ a very much larger number of wage-earners, the former tend more and more to combine into corporations and the latter into unions. The relations of the capitalist and wage-worker to one another, and of each to the general public, are not always easy to adjust; and to put them and keep them on a satisfactory basis is one of the most important and one of the most delicate tasks before our whole civilization. Much of the work for the accomplishment of this end must be done by the individuals concerned themselves, whether singly or in combination; and the one fundamental fact that must never be lost track of is that the character of the average man, whether he be a man of means or a man who works with his hands, is the most important factor in solving the problem aright. But it is almost equally important to remember that without good laws it is also impossible to reach the proper solution. It is idle to hold that without good laws evils such as child labor, as the over-working of women, as the failure to protect employes from loss of life or limb, can be effectively reached, any more than the evils of rebates and stock-watering can be reached without good laws. To fail to stop these practices by legislation means to force honest men into them, because otherwise the dishonest who surely will take advantage of them will have everything their own way. If the states will correct these evils, well and good; but the Nation must stand ready to aid them.

Farmers and Wage-Workers.

When the Department of Agriculture was founded there was much sneering as to its usefulness. No department of the Government, however, has more emphatically vindicated its usefulness, and none save the Postoffice Department comes so continually and intimately into touch with the people. The two citizens whose welfare is in the aggregate most vital to the welfare of the Nation, and therefore to the welfare of all other citizens, are the wage-worker who does manual labor and the tiller of the soil, the farmer. There are, of course, kinds of labor where the work must be purely mental, and there are other kinds of labor where, under existing conditions, very little demand indeed is made upon the mind, though I am glad to say that the proportion of men engaged in this kind of work is diminishing. But in any community with the solid, healthy qualities which make up a really great nation the bulk of the people should do work which calls for the exercise of both body and mind. Progress can not permanently exist in the abandonment of physical labor, but in the development of physical labor, so that it shall represent more and more the work of the trained mind in the trained body.

Our school system is gravely defective in so far as it puts a premium upon mere literary training and tends therefore to train the boy away from the farm and the workshop. Nothing is more needed than the best type of industrial school, the school for mechanical industries in the city, the school for practically teaching agriculture in the country. The calling of the skilled tiller of the soil, the calling of the skilled mechanic, should alike be recognized as professions, just as emphatically as the callings of lawyer, doctor, merchant or clerk. The schools should recognize this fact and it should equally be recognized in popular opinion. The young man who has the farsightedness and courage to recognize it and to get over the idea that it makes a difference whether what he earns is called salary or wages, and who refuses to enter the crowded field of the so-called professions, and takes to constructive industry instead, is reasonably sure of an ample reward in earnings, in health, in opportunity to marry early, and to establish a home with a fair amount of freedom from worry. It should be one of our prime objects to put both the farmer and the mechanic on a higher plane of efficiency and reward, so as to increase their effectiveness in the economic world, and therefore the dignity, the remuneration, and the power of their positions in the social world.

The grain-producing industry of the country, one of the most important in the United States, deserves special consideration at the hands of the Congress. Our grain is sold almost exclusively by grades. To secure satisfactory results in our home markets and to facilitate our trade abroad, these grades should approximate the highest degree of uniformity and certainty. The present diverse methods of inspection and grading throughout the country under different laws and boards, result in confusion and lack of uniformity, destroying that confidence which is necessary for healthful trade. Complaints against the present methods have continued for years and they are growing in volume and intensity, not only in this country but abroad. I therefore suggest to the Congress the advisability of a National system of inspection and grading of grain entering into interstate and foreign commerce as a remedy for the present evils.

RECLAMATION WORK.

Irrigation should be far more extensively developed than at present, not only in the states of the great plains and the Rocky Mountains, but in many others, as, for instance, in large portions of the South Atlantic and Gulf States, where it should go hand in hand with the reclamation of swamp land. The Federal Government should seriously devote itself to this task, realizing that utilization of waterways and waterpower, forestry, irrigation and the reclamation of lands threatened with overflow, are all interdependent parts of the same problem. The work of the Reclamation Service in developing the larger opportunities of the western half of our country for irrigation is more important than almost any other movement. The constant purpose of the Government in connection with the Reclamation Service has been to use the water resources of the public lands for the ultimate greatest good of the greatest number; in other words, to put upon the land permanent home-makers, to use and develop it for themselves and for their children and children's children. There has been, of course, opposition to this work; opposition from some interested men who desire to exhaust the land for their own immediate profit without regard to the welfare of the next generation, and opposition from honest and well-meaning men who did not fully understand the subject or who did not look far enough ahead. This opposition is, I think, dying away, and our people are understanding that it would be utterly wrong to allow a few individuals to exhaust for their own temporary personal profit the resources which ought to be developed through use so as to be conserved for the permanent common advantage of the people as a whole.

PUBLIC LANDS.

The effort of the Government to deal with the public land has been based upon the same principle as that of the Reclamation Service. The land law system which was designed to meet the needs of the fertile and well-watered regions of the Middle West has largely broken down when applied to the dryer regions of the great plains, the mountains and much of the Pacific Slope, where a farm of 160 acres is inadequate for self-support. In these regions the system lent itself to fraud, and much land passed out of the hands of the Government without passing into the hands of the home-maker. The Department of the Interior and the Department of Justice joined in prosecuting the offenders against the law; and they have accomplished much, while where the administration of the law has been defective it has been changed. But the laws themselves are defective. Three years ago a public lands commission was appointed to scrutinize the law, and defects, and recommend a remedy. Their examination specifically showed the existence of great fraud upon the public domain, and their recommendations for changes in the law were made with the design of conserving the natural resources of every part of the public lands by putting it to its best use.

Especial attention was called to the prevention of settlement by the passage of great areas of public land into the hands of a few men, and to the enormous waste caused by unrestricted grazing upon the open range. The recommendations of the Public Lands Commission are sound, for they are especially in the interest of the actual home-maker; and where the small home-maker cannot at present utilize the land they provide that the Government shall keep control of it so that it may not be monopolized by a few men. The Congress has not yet acted upon these recommendations; but they are so just and proper, so essential to our National welfare, that I feel confident, if the Congress will take time to consider them, that they will ultimately be adopted.

FORESTS.

Optimism is a good characteristic, but if carried to an excess it becomes foolishness. We are prone to speak of the resources of this country as inexhaustible; this is not so. The mineral wealth of the country, the coal, iron, oil, gas, and the like, does not reproduce itself, and therefore is certain to be exhausted ultimately; and wastefulness in dealing with it today means that our descendants will feel the exhaustion a generation or two before they otherwise would. But there are certain other forms of waste which could be entirely stopped—the waste of soil by washing, for instance, which is among the most dangerous of all wastes now in progress in the United States, is easily preventable, so that this present enormous loss of fertility is entirely unnecessary. 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.

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.

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.

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.

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

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

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.

I call your especial attention to the unsatisfactory condition of our foreign mail service, which, because of the lack of American steamship lines is now largely done 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.

Not 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 108,324 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 919, 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.

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 33 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 put 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.

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 administative 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.

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 mentaioned 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.

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 these 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 strain and emergency 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. This trip to the Pacific will show what some 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.

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 to 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.

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.

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 $11,655,492.69, 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, fixed the amount of this indemnity allotted to the United States at over $20,000,000, and China paid, up to and including the 1st day of June, last, a little over $6,000,000. It was the first intention of this Government at the proper time, when all claims had been presented and all expenses ascertained as fully as possible, to revise the estimates and account, and as a proof of sincere friendship for China voluntarily to release that country from its legal liability for all payments in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

Chinese Students.

This Nation should help in every practicable way in the education of the Chinese people, so that the vast and populous Empire of China may gradually adapt itself to modern conditions. One way of doing this is by promoting the coming of Chinese students to this country and making it attractive to them to take courses at our universities and higher educational institutions. Our educators should, so far as possible, take concerted action toward this end.

International Bureau of American Republics.

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

THEODORE ROOSEVELT.

The White House, December 3, 1907.