

WILSON FAVORS REPEAL OF BAN ON BEER AND WINE

(Continued from page one.)

signed, the international settlements which must form the subject matter of the present treaties of peace and of our national action in the immediate future. It would be premature to discuss them or to express a judgment about them before they are brought to their complete formulation by the agreements which are now being sought at the table of the conference. I shall hope to lay them before you in their many aspects as soon as arrangements have been reached.

I hesitate to venture any opinion or press any recommendation with regard to domestic legislation while absent from the United States and out of daily touch with intimate sources of information and counsel. I am conscious that I need, after so long an absence from Washington, to seek the advice of those who have remained in constant touch with domestic problems and who have known them close at hand from day to day; and I trust that it will very soon be possible for me to do so. But there are several questions pressing for consideration to which I feel that I may and indeed must, even now direct your attention, if in only general terms. In speaking of them I shall I dare say, be doing little more than speak your own thoughts. I hope that I shall speak your own independent also. The question which stands at the front of all others in every country amidst the present great awakening is the question of labor, and perhaps I can speak of it with as great advantage while engaged in the consideration of interests which naturally most affect my thought, because they are the interests of our own people.

Men Who Work

By the question of labor I do not mean the question of efficient industrial production; the question of how labor is to be obtained and made effective in the great process of sustaining populations and winning success amidst commercial and industrial rivalries. I mean that much greater and more vital question, how are the men and women who do the daily labor of the world to obtain progressive improvement in the conditions of their labor to be made happier, and to be served better by the communities and the industries which their labor sustains and advances? How are they to be given their right advantage as citizens and human beings?

We cannot go any further in our present direction. We have already gone too far. We cannot live our right life as a nation or achieve our proper success as an industrial community if capital and labor are to continue to be antagonistic instead of being partners; if they are to continue to distrust one another and covetive how they can get the better of one another. Or, what perhaps amounts to the same thing, calculate by what form and degree of coercion they can manage to extort, on the one hand, work enough to make enterprise profitable; on the other, justice and fair treatment enough to make life tolerable. That bad road has turned out a blind alley. It is no thoroughfare to real prosperity. We must find another, leading in another direction and to a very definite destination. It must lead not merely to accommodation but also to a genuine cooperation and partnership based upon a real community of interest and participation in control.

Capital and Labor

There is now in fact a real community of interest between capital and labor but it has never been made evident in action. It can be made operative and manifest only in a new organization of industry. The genius of our business men and the sound practical sense of our workers can certainly work such a partnership out when once they realize exactly what it is that they seek and sincerely adopt a common purpose with regard to it.

Labor legislation lies, of course, chiefly with the states; but the new spirit and method of organization which must be effected are not to be brought about by legislation so much as by the common counsel and voluntary cooperation of capitalist, manager and workman. Legislation can go only a very little way in commanding what shall be done. The organization of industry is a matter of corporate and individual initiative and of practical business arrangement. Those who really desire a new relationship between capital and labor and can readily find a way to bring it about and perhaps federal legislation can help more than state legislation could.

Democratize Industry

The object of all reform in this essential matter must be the genuine democratization of industry, based upon a full recognition of the right of those who work, in whatever rank, to participate in some organic way in every decision which directly affects their welfare or the part they are to play in industry. Some positive legislation is practicable. The congress has already shown the way to one reform which should be world-wide, by establishing the eight-hour day as the standard day in every field of labor over which it can exercise

control. It has sought to find the way to prevent child labor, and will, I hope and believe, presently find it. It has served the whole country by leading the way in developing the means of preserving and safeguarding life and health in dangerous industries. It can now help in the difficult task of giving a new form and spirit to industrial organization by co-ordinating the several agencies of conciliation and adjustment, which have been brought into existence by the difficulties and mistaken policies of the present management of industry, and by setting up and developing new federal agencies of advice and information which may serve as a clearing house for the best experiments and the best thought on this great matter, upon which every thinking man must be aware that the future development of society directly depends.

Agencies of international counsel and suggestion are presently to be created in connection with the League of Nations in this very field; but it is national action and the enlightened policy of individuals, corporations and societies within each nation that must bring about the actual reforms. The members of the committees on labor in the two houses will hardly need suggestions from me as to what means they shall seek to make the federal government the agent of the whole nation in pointing out and, if need be, guiding the process of re-organization and reform.

Returning Soldiers

I am sure that it is not necessary for me to remind you that there is one immediate and very practical question of labor that we should meet in the most liberal spirit. We must see to it that our returning soldiers are assisted in every practicable way to find the places for which they are fitted in the daily work of the country. This can be done by developing and maintaining upon an adequate scale the admirable organization created by the department of labor for placing men seeking work; and it can also be done, in at least one very great field by creating new opportunities for individual enterprise. The secretary of the interior has pointed out the way by which returning soldiers may be helped to find and take up lands in the hitherto undeveloped regions of the country which the federal government has prepared or can readily prepare for cultivation and for many of the cut over or neglected areas which lie within the limits of the older states; and I once more urge the liberty of recommending very urgently that his plans shall receive the immediate and substantial support of the congress.

Great Opportunities Ahead

Peculiar and very stimulating conditions await our commerce and industrial enterprise in the immediate future. Unusual opportunities will presently present themselves to our merchants and producers in foreign markets and large fields for profitable investment will be opened to our free capital. But it is not only of that that I am thinking; it is not chiefly of that that I am thinking. Many great industries prostrated by the war need to be rehabilitated in many parts of the world where what will be lacking is not brains or willing hands or organizing capacity or exceptional skill, but machinery and raw materials and capital. I believe our business men, our merchants, our manufacturers and our capitalists will have the vision to see that prosperity in one part of the world ministers to prosperity everywhere; that there is in a very true sense a solidarity of interest throughout the world of enterprise, and that our dealings with the countries that have need of our products and our money will teach them to deem us more than ever friends whose necessities we seek in the right way to serve.

The Merchant Marine

Our new merchant ships which have in some quarters been feared as destructive rivals, may prove helpful rivals, rather, and common servants, very much needed and very welcome. Our great shipyards, new and old, will be so opened to the use of the world that they will prove immensely serviceable to every maritime people in restoring, much more rapidly than would otherwise have been possible, the tonnage wantonly destroyed in the war. I have only to suggest that there are many points at which we can facilitate American enterprise in foreign trade by opportune legislation and make it easy for American merchants to go where they will be welcomed as friends rather than as dreaded antagonists. American has a great and honorable service to perform in bringing the commercial and industrial undertakings of the world back to their old scope and swing again, and putting a solid structure of credit under them. All our legislation should be friendly to such plans and purposes.

Simplify Taxes

And credit and enterprise alike will be quickened by timely and helpful legislation with regard to taxation. I hope that the congress will find it possible to undertake an early reconstruction of federal taxes in order to make our system of taxation more simple and easy of administration and the taxes themselves as little burdensome as they can be made and yet sufficient to support the government and meet all its obligations. These figures to which those obligations have arisen are very great indeed, but they are not so great as to make it difficult for the nation to meet them and meet them, perhaps, in a single generation, by taxes which will neither crush nor discourage. These are not so great as they seem, not so great as the immense sums we have had to borrow, added to the immense sums we have had to raise by taxation, would seem to indicate; for a very large proportion of those

sums were raised in order that they might be loaned to the governments with which we were associated in the war and those loans will, of course, constitute assets, not liabilities, and will not have to be taken care of by our taxpayers. The main thing we shall have to care for is that our taxation shall rest as lightly as possible on the productive resources of the country, that its rates shall be stable, and that it shall be constant in its revenue yielding power. We have found the main sources from which it must be drawn. I take it for granted that its mainstays will henceforth be the income tax, the excess profits tax and the estate tax. All these can so be adjusted to yield constant and adequate returns and yet not constitute a too grievous burden on the taxpayer. A revision of the income tax has already been provided for by the act of 1918, but I think you will find that further changes can be made to advantage, both in the rate of tax and the method of its collection. The excess profits tax need not lose he maintained at the rates which were necessary while the enormous expenses of the war had to be borne; but it should be made the basis of a permanent system which will reach undue profits without discouraging the enterprise and activity of our business men. The tax on inheritance ought, no doubt, to be reconsidered in its relation to the fiscal systems of the several states, but it certainly ought to remain a permanent part of the fiscal system of the federal government also.

Repeal Excise Taxes

Many of the minor taxes provided for in the revenue legislation of 1917 and 1918 though no doubt made necessary by the pressing necessities of war time, could hardly find sufficient justification under the easier circumstances of peace and can now happily be got rid of. Among these, I hope you will agree, are the excises upon which various manufacturers and the taxes upon retail sales. The very unequal in the incidence on different industries and on different individuals. Their collection is difficult and expensive. Those which are levied upon articles sold at retail are largely evaded by the readjustment of retail prices. On the other hand, I should assume that it is expedient to maintain a considerable range of indirect taxes; and the fact that alcoholic liquors will no longer afford a source of revenue by taxation makes it the more necessary that the field should be carefully restudied in order that equivalent sources of revenue may be found which it will be legitimate and not burdensome to draw upon. But you have at hand in the treasury department many experts who can advise you upon the matters much better than I can. I can only suggest the lines of a permanent and workable system, and the placing of the taxes where they will least hamper the life of the people.

No Tariff Revision

There is, fortunately, no occasion for undertaking in the immediate future any general revision of our system of import duties. No serious danger of foreign competition now threatens American industries. Our country has emerged from the war less disturbed and less weakened than any of the European countries which are our competitors in manufacture. Their industrial establishments have been subjected to a greater strain than ours, their labor force to a more serious disorganization and this is clearly not the time to seek an organized reconstruction will. I am afraid, tax the capacity and the resources of their people for years to come. So far from there being any danger or need of foreign competition, it is likely that the conditions of the next few years will greatly facilitate the marketing of American manufactures abroad. Least of all should we depart from the policy adopted in the tariff act of 1913, of permitting the free entry into the United States of the raw materials needed to supple-

ment and enrich our own abundant supplies.

Domestic Protection Needed

Nevertheless there are parts of our tariff system which need prompt attention. The experiences of the war have made it plain that in some cases too great reliance on foreign supply is dangerous, and that in determining certain parts of our tariff policy domestic considerations must be borne in mind which are political as well as economic. Among these industries to which special consideration should be given is that of the manufacture of dyestuffs and related chemicals. Our complete dependence upon German supplies before the war made interruption of trade a cause of exceptional economic disturbance. The close relation between the manufacture of dyestuffs on the one hand, and of explosives and poisonous gases on the other, moreover has given the industry an exceptional significance and value. Although the United States will gladly and unhesitatingly join in the program of international disarmament, it will, nevertheless, be a policy of obvious prudence to make certain of the successful maintenance of many strong and well combined chemical plants. The German chemical industry, with which we will be brought into competition and may be again, a thoroughly knit monopoly capable of exercising a competition of peculiarly insidious and dangerous kind.

Tariff Retaliation

The United States should, moreover, have the means of properly protecting itself whenever our trade is discriminated against by foreign nations, in order that we may be well assured of that equality of treatment which we hope to accord and to promote the world over. Our tariff laws as they now stand provide no weapon of retaliation in case other governments should enact legislation unequal in its bearing on our products as compared with the products of other nations. Though we are as far as possible from desiring to enter upon any course of retaliation, we must frankly face the fact that hostile legislation by other nations is not beyond the range of possibility and that it may have to be met by counter legislation.

This subject has fortunately been exhaustively investigated by the United States tariff commission. A recent report of that commission has shown very clearly that we lack and that we ought to have the instruments necessary for the assurance of equal and equitable treatment. The attention of the congress has been called to this matter on past occasions and the measures which are now recommended by the tariff commission are substantially the same that have been suggested by previous administrations. I recommend that this phase of the tariff question receive the early attention of the congress.

Adopt Suffrage Amendment

Will you not permit me, turning from these matters, to speak once more and very earnestly, of the proposed amendment to the constitution which would extend the suffrage to women and which passed the house of representatives at the last session of the congress? It seems to me that every consideration of justice and of public advantage calls for the immediate adoption of that amendment and its submission forthwith to the legislatures of the several states. Throughout the world this long delayed extension of the suffrage is looked for; in the United States longer I believe, than anywhere else, the necessity for it and the immense advantage of it to the national life has been urged and debated by women and men who saw the need for it and urged the policy of it when it required steadfast courage to be so much beforehand with the common conviction; and I for one, ever for our country the distinction of being among the first to act in a very great reform.

Return Railroads to Owners

The telegraph and telephone lines

will, of course, be returned to their owners so soon as their transfer can be affected without administrative confusion, so soon, that is, as the change can be made with least possible inconvenience to the public and to the owners themselves. The railroads will be handed over to their owners at the end of the calendar year; if I were in immediate contact with the administrative questions which must govern the transfer of the telegraph and telephone lines I could name the exact date for their return also. Until I am in direct contact with the practical questions involved I can only suggest that in the case of the telegraphs and telephones as in the case of the railways, it is clearly desirable in the public interest that some legislation should be considered which may tend to make of these indispensable instrumentalities of our modern life a uniform and co-ordinated system which will afford those who use them as complete and certain means of communication with all parts of the country as has so long been afforded by the postal system of the government and at rates as uniform and intelligible. Expert advice is, of course, available in this very practical matter, and the public interest is manifest.

Neither the telegraph nor the telephone service of the country can be said to be in any sense a national system. There are many confusions and inconsistencies of rates. The scientific means by which communication by such instrumentalities can be rendered more thorough and satisfactory has not been made full use of. An exhaustive study of the whole question of electrical communication and of the means by which the central authority of the nation can be used to unify and improve it, if undertaken by the appropriate committees of congress, would certainly result, indirectly even if not directly, in a very great public benefit.

Remove Beer Ban

The demobilization of military forces of the country has progressed to such a point that it seems to be entirely safe now to remove the ban upon the manufacture and sale of wines and beers, but I am advised that without further legislation I have not the legal authority to remove the present restrictions. I therefore recommend that the act approved November 21, 1918, entitled "an act to enable the secretary of agriculture to carry out during the fiscal year ending June 30, 1918, the purpose of the act entitled 'an act to provide further for the national security and defense by stimulating agriculture and facilitating the distribution of agricultural products and for other purposes,' be amended or repealed insofar as it applies to wines and beers.

I sincerely trust that I shall very soon be at my post in Washington again to report upon the measures which made my presence at the peace table apparently imperative and to put myself at the service of the congress in every matter of administration or counsel that may seem to demand executive action or advice.

WOODROW WILSON.

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