

# PRESIDENT HARDING OUTLINES POLICIES

## Declares America Will Have No Part in the Existing League of Nations.

## SEPARATE PEACE IS DEMANDED

### Calls Upon Congress to Adopt Resolu- tion Ending War With Germany and Suggests Measures to Lower Taxes and Reduce Prices of Goods to Consumers.

Washington, April 12.—The text of President Harding's message to congress follows:

Members of the Congress: You have been called into extraordinary session to give your consideration to national problems far too pressing to be long neglected.

We face our task of legislation and administration amid conditions as difficult as our government ever contemplated.

Under our political system the people of the United States have charged the new congress and the new administration with the solution—the readjustment, reconstruction and restoration which must follow in the wake of war.

#### Invite All to Join.

It may be regretted that we were so ill prepared for war's aftermath, so little made ready to return to the ways of peace, but we are not to be discouraged. Indeed, we must be more firmly resolved to undertake our work with high hope, and invite every factor in our citizenship to join in the effort to find our normal onward way again.

The American people have appraised the situation and with that tolerance and patience which go with understanding they will give to us the influence of deliberate public opinion which ultimately becomes the edict of any popular government. They are measuring some of the stern necessities and will join in the give and take which is so essential to firm reestablishment.

#### Home Problems.

First in mind must be the solution of our problems at home, even though some phases of them are inseparably linked with our foreign relations. The surest procedure in every government is to put its own house in order.

I know of no more pressing problem at home than to restrict our national expenditures within the limits of our national income, and at the same time measurably lift the burdens of war taxation from the shoulders of the American people.

One cannot be unmindful that economy is a much employed cry, most frequently stressed in pre-election appeals, but it is ours to make it an outstanding and ever-impelling purpose in both legislation and administration. The unrestrained tendencies to heedless expenditure and the attending growth of public indebtedness extending from federal authority to that of state and municipality and including the smallest political subdivision constitute the most dangerous phase of government today.

#### Nation as Exemplar.

The nation cannot restrain except in its own activities, but it can be exemplar in a wholesome reversal. The staggering load of war debt must be cared for in orderly funding and gradual liquidation. We shall hasten the solution and aid effectively in lifting the tax burdens if we strike resolutely at expenditure.

It is far more easily said than done. In the fever of war our expenditures were so little questioned, the emergency was so impelling, appropriation was so unimpeded that we little noted millions and counted the treasury inexhaustible. It will strengthen our resolution if we ever keep in mind that a continuation of such a course means inevitable disaster.

Our current expenditures are running at the rate of approximately \$5,000,000,000 a year and the burden is unbearable. There are two agencies to be employed in correction: One is rigid resistance in appropriation and the other is the utmost economy in administration. Let us have both. I have already charged department heads with this necessity. I am sure congress will agree; and both congress and the administration may safely count on the support of all right minded citizens, because the burden is theirs.

#### Thrift For All.

The pressure for expenditure, swelling the flow in one locality while draining another, is sure to defeat the imposition of just burdens and the effect of our citizenship protesting outlay will be wholesome and helpful. I wish it might find its reflex in economy and thrift among the people themselves, because therein lies quicker recovery and added security for the future.

The estimates of receipts and expenditures and the statements as to the condition of the treasury which the secretary of the treasury is prepared to present to you will indicate what revenues must be provided in order to carry on the government's business and meet its current requirements and fixed debt charges. Unless there are striking cuts in the important fields of expenditures, receipts from internal taxes cannot safely be permitted to fall below \$4,000,000,000 in the fiscal year 1922 and 1923.

#### Cost of Living.

One who values American prosperity and maintains American standards of wages and living can have no sympathy with the proposal that easy entry and flood of imports will cheapen our costs of living. It is more likely to destroy our capacity to buy. Today American agriculture is menaced and its products are down to prewar normals, yet we are endangering our fun-

damental industry through the high cost of transportation from farm to market and through the influx of foreign farm products, because we offer, essentially unprotected, the best market in the world.

It would be better to err in protecting our basic food industry than paralyze our farm activities in the world struggle for restored exchanges. The maturer revision of our tariff laws should be based on the policy of protection, resisting that selfishness which turns to greed, but ever concerned with that productivity at home which is the source of all abiding good fortune.

#### To Sell and Buy.

It is agreed that we cannot sell unless we buy, but ability to sell is based on home development and the fostering of home markets. There is little sentiment in the trade of the world. Trade can and ought to be honorable, but it knows no sympathy. While the delegates of the nations at war were debating peace terms at Paris, and while we later debated our part in completing the peace, commercial agents of other nations were opening their lines and establishing their outposts with a forward look to the morrow's trade. It was wholly proper and has been advantageous to them. Tardy as we are, it will be safer to hold our own markets secure and build thereon for our trade with the world.

A very important matter is the establishment of the government's business on a business basis. There was toleration and the easy going, unsystematic method of handling our fiscal affairs when indirect taxation held the public unmindful of the federal burden. But there is knowledge of the high cost of government today, and the high cost of living is inseparably linked with high cost of government. There can be no complete correction of the high living cost until government's cost is notably reduced.

#### Budget System.

Let me most heartily commend the enactment of legislation providing for the national budget system. Congress has already recorded its belief in the budget. It will be a very great satisfaction to know of its early enactment, so that it may be employed in establishing the economies and business methods so essential to the minimum of expenditure.

I have said to the people we meant to have less of government in business as well as more business in government. It is well to have it understood that business has a right to pursue its normal, legitimate and righteous way unimpeded and it ought have no call to meet government competition where all risk is borne by the public treasury.

#### Reducing Costs.

There is no challenge to honest and lawful business success. But government approval of fortunate, untrammeled business does not mean toleration of restraint of trade or of maintained prices by unnatural methods. It is well to have legitimate business understand that a just government, mindful of the interests of all the people, has a right to expect the co-operation of that legitimate business in stamping out the practices which add to unrest and inspire restrictive legislation. Anxious as we are to restore the onward flow of business, it is fair to combine assurance and warning in one utterance.

One condition in the business world may well receive your inquiry. Deflation has been in progress, but has failed to reach the mark where it can be proclaimed to the great mass of consumers. Reduced cost of basic production has been recorded, but high cost of living has not yielded in like proportion. For example, the prices on grain and livestock have been deflated, but the cost of butter and meats is not actually reflected therein. It is to be expected that nonperishable staples will be slow in yielding to lowered prices, but the maintained retail costs in perishable foods cannot be justified.

#### Cause of Trouble.

I have asked the federal trade commission for a report on its observations and it attributes in the main the failure to adjust consumers' cost to basic production costs to the exchange of information by "open price associations" which operate, evidently within the law, to the very great advantage of their members and equal disadvantage to the consuming public.

Without the spirit of hostility or haste in accusation of profiteering, some suitable inquiry by congress might speed the price readjustment to normal relationship, with helpfulness of both producer and consumer. A measuring rod of fair prices will satisfy the country and give us a business revival to end all depression and unemployment.

#### Rail Problem.

The great interest of both the producer and consumer—indeed, all our industrial and commercial life from agriculture to finance—in the problems of transportation will find its reflex in your concern to aid reestablishment to restore efficiency and bring transportation cost into a helpful relationship rather than continue it as a hindrance to resumed activities.

It is little to be wondered that ill-considered legislation, the war strain, government operation in heedlessness of cost and the conflicting programs, or the lack of them, for restoration have brought about a most difficult situation, made doubly difficult by the low tide of business. All are so intimately related that no improvement will be permanent until the railways are operated efficiently at a cost within that which the traffic can bear.

#### Must Reduce Rates.

If we can have it understood that congress has no sanction for government ownership, that congress does not levy taxes upon the people to cover deficits in a service which should be self-sustaining, there will be an approved foundation on which to rebuild.

Freight carrying charges have mounted higher and higher until commerce is halted and production discouraged. Railway rates and costs of operation must be reduced.

Congress may well investigate and let the public understand wherein our system and the federal regulations are lacking in helpfulness or hindering in restrictions. The remaining obstacles

which are the heritage of capitalistic exploitation must be removed and labor must join management in understanding that the public which pays is the public to be served and simple justice is the right and will continue to be the right of all the people.

#### Highway Building.

Transportation over the highways is little less important, but the problems relate to construction and development and deserve your most earnest attention because we are laying a foundation for a long time to come and the creation is very difficult to visualize in its great responsibilities.

The highways are not only feeders to the railroads and afford relief from their local burdens; they are actually lines of motor traffic, are interstate commerce. They are the smaller arteries of the larger portion of our commerce and the motor car has become an indispensable instrument in our political, social and industrial life.

#### Federal Assistance.

There is begun a new era in highway construction, the outlay for which runs far into hundreds of millions of dollars. Bond issues by road districts, counties and states amount to enormous figures, and the country is facing such an outlay that it is vital that every effort shall be directed against wasted effort and unjustifiable expenditure.

The federal government can place no inhibition on the expenditure in several states; but since congress has embarked upon a policy of assisting the states in highway improvement, wisely, I believe, it can assert a wholly becoming influence in shaping policy.

#### General Supervision.

With the principle of federal participation acceptably established, probably never to be abandoned, it is important to exert federal influence in developing comprehensive plans looking to the promotion of commerce and apply our expenditures in the surest way to guarantee a public return for money expended.

Large federal outlay demands a federal voice in the program of expenditure. Congress cannot justify a mere gift from the federal purse to the several states, to be prorated among counties for road betterment. Such a course will invite abuses which it were better to guard against in the beginning.

The laws governing federal aid should be amended and strengthened. The federal agency of administration should be elevated to the importance and vested with authority comparable to the work before it. And congress ought to prescribe conditions to federal appropriations which will necessitate a consistent program of uniformity which will justify the federal outlay.

#### Constant Repair.

I know of nothing more shocking than the millions of public funds wasted in improved highways, wasted because there is no policy of maintenance. The neglect is not universal, but it is very near it. There is nothing congress can do more effectively to end this shocking waste than condition all federal aid on provisions for maintenance.

Highways, no matter how generous the outlay for construction, cannot be maintained without patrol and constant repair. Such conditions insisted upon in the grant of federal aid will safeguard the public which pays and guard the federal government against political abuses, which tend to defeat the very purposes for which we authorize federal expenditure.

#### Merchant Marine.

Linked with rail and highway is the problem of water transportation—land, coastwise and transoceanic. It is not possible on this occasion to suggest to congress the additional legislation needed to meet the aspirations of our people for a merchant marine. In the emergency of war we have constructed a tonnage equaling our largest expectations. Its war cost must be discounted to the actual values of peace and the large difference charged to the war emergency and the pressing task is to turn our assets in tonnage to an agency of commerce. It is not necessary to say it to congress, but I have thought this to be a fitting occasion to give notice that the United States means to establish and maintain a great merchant marine.

#### Marine Laws.

Manifestly if our laws governing American activities on the seas are such as to give advantage to those who compete with us for the carrying of our own cargoes and those which ought naturally to come in American bottoms through trade exchanges, then the spirit of American fair play will assert itself to give American carriers their equality of opportunity.

This republic can never realize its righteous aspirations in commerce, can never be worthy the traditions of the early days of the expanding republic until the millions of tons of shipping which we now possess are coordinated with our inland transportation and our shipping has government encouragement, not government operation, in carrying our cargoes under our flag, over regularly operated routes, to every market in the world, agreeable to American exchanges. It will strengthen American genius and management to have it understood that ours is an abiding determination, because carrying is second only to production in establishing and maintaining the flow of commerce to which we rightfully aspire.

#### Radio and Cables.

It is proper to invite your attention to the importance of the question of radio communication and cables. To meet strategic commercial and political needs, active encouragement should be given to the extension of American owned and operated cable and radio service. Between the United States and its possessions there should be ample communication facilities providing direct services at reasonable rates. Between the United States and other countries not only should there be adequate facilities, but these should be, so far as practicable, direct and free from foreign intermediation. Friendly co-operation should be extended to international efforts aimed at encouraging improvement of international communication

facilities and designed to further the exchange of messages.

#### To Carry News.

Private monopolies tending to prevent the development of needed facilities should be prohibited. Government owned facilities wherever possible without unduly interfering with private enterprise or government needs, should be made available for general uses. Particularly desirable is the provision of ample cable and radio services at reasonable rates for the transmission of press matter, so that the American reader may receive a wide range of news and the foreign reader receive full accounts of American activities.

The daily press of all countries may well be put in position to contribute to international understanding by the publication of interesting foreign news. Practical experience demonstrates the need for effective recognition of both domestic and international radio operation if this new means of intercommunication is to be fully utilized. Especially needful is the provision of ample radio facilities for those services where radio only can be used, such as communication with ships at sea, with aircraft and with out of the way places.

International communication by cable and radio requires co-operation between the powers concerned. Whatever the degree of control deemed advisable within the United States, government licensing of cable landings and of radio stations transmitting and receiving international traffic seems necessary for the protection of American interests and for the securing of satisfactory reciprocal privileges.

#### Another Program.

Aviation is inseparable from either the army or the navy and the government must, in the interests of national defense, encourage its development for military and civil purposes. The encouragement of the civil development of aeronautics is especially desirable as relieving the government largely of the expense of development and of maintenance of an industry, now almost entirely borne by the government through appropriations for the military, naval and postal air service. The mail service is an important initial step in the direction of commercial aviation.

It has become a pressing duty of the federal government to provide for the regulation of air navigation; otherwise independent and conflicting legislation will be enacted by the various states which will hamper the development of aviation. The national advisory committee for aeronautics, in a special report on this subject, has recommended the establishment of a bureau of aeronautics in the department of commerce for the federal regulation of air navigation, which recommendation ought to have legislative approval.

#### Favors Bureau.

I recommend the enactment of legislation establishing a bureau of aeronautics in the navy department to centralize the control of naval activities in aeronautics and removing the restrictions on the personnel detailed to aviation in the navy.

The army air service should be continued as a coordinate component of the army and its existing organization utilized in co-operation with other agencies of the government in the establishment of national transcontinental air ways, and in co-operation with the states in the establishment of local air routes and landing fields.

#### World War Veterans.

The American people expect congress unflinchingly to voice the gratitude of the republic in a generous and practical way to its defenders in the World War, who need the supporting arm of the government. Our very immediate concern is for the crippled soldiers and those deeply needing the helping hand of the government.

Conscious of the generous intent of congress and the public concern for the crippled and dependent, I invited the services of a volunteer committee to inquire into the administration of the bureau of war risk insurance, the federal board for vocational training and other agencies of government in caring for the ex-soldiers, sailors and marines of the World War. This committee promptly reported the chief difficulty to be the imperfect organization of governmental effort, the same lack of coordination which hinders government efficiency in many undertakings, less noticed because the need for prompt service is less appealing.

This committee has recommended, and I convey the recommendations to you with cordial approval, that all government agencies looking to the welfare of the ex-service men should be placed under one directing head, so that the welfare of these disabled survivors of our civilization and freedom may have the most efficient direction. It may be well to make such an official the director general of service to war veterans and place under his direction all hospitalization, vocational training, war insurance, rehabilitation and all pensions.

The immediate extension and utilization of the government's hospital facilities in the army and navy will bring relief to the acute conditions most complained of and the hospital building program may be worked out to meet the needs likely to be urgent at the time of possible completion.

The whole program requires the most thoughtful attention of congress, for we are embarking on the performance of a sacred obligation which involves the expenditure of billions in the half-century before us. Congress must stamp out abuses in the very beginning. We must strengthen rather than weaken the moral fiber of the beneficiaries and humanize all efforts so that rehabilitation shall be attended by spiritualization.

#### Public Welfare.

During the recent political canvass the proposal was made that a department of public welfare should be created. It was endorsed and commended so strongly that I venture to call it to your attention and to suggest favorable legislative consideration.

#### Maternity Bill.

In the realms of education, public health, sanitation, conditions of workers in industry, child welfare, proper amusement and recreation, the elimi-

nation of social vice, and many other subjects, the government has already undertaken a considerable range of activities. I assume the maternity bill, already strongly approved, will be enacted promptly, thus adding to our manifestation of human interest. But these undertakings have been scattered through many departments and bureaus without coordination and with much overlapping of functions which fritters energies and magnifies the cost.

#### Rights of States.

In creating such a department it should be made plain that there is no purpose to invade fields which the states have occupied. In respect to education for example, control and administration have rested with the states, yet the federal government has always aided them. National appropriations in aid of educational purposes the last fiscal year were no less than \$65,000,000.

#### Halt Lynchings.

Somewhat related to the foregoing human problems is the race question. Congress ought to wipe the stain of barbaric lynching from the banners of a free and orderly, representative democracy. We face the fact that many millions of people of African descent are numbered among our population, and that in a number of states they constitute a very large proportion of the total population. It is unnecessary to recount the difficulties incident to this condition, nor to emphasize the fact that it is a condition which cannot be removed.

#### Appropriation Bills.

It is needless to call your attention to the unfinished business inherited from the preceding congress. The appropriation bills for army and navy will have your early consideration.

Neither branch of the government can be unmindful of the call for reduced expenditure for these departments of our national defense. The government is in accord with the wish to eliminate the burdens of heavy armament. The United States ever will be in harmony with such a movement toward the higher attainments of peace.

#### Need of Entirely.

But we shall not defensively discard our agencies for defense until there is removed the need to defend. We are ready to co-operate with other nations in approximate disarmament, but mere prudence forbids that we disarm alone.

The naval program, which had its beginning in what seemed the highest assurance of peace, can carry no threat after the latest proof of our national unselfishness. The reasonable limitation of personnel may be combined with economies of administration to lift the burdens of excessive outlay.

The war department is reducing the personnel of the army from the maximum provided by law in June, 1920, to the minimum directed by congress in a subsequent enactment. When further reduction is compatible with national security, it may well have the sanction of congress, so that a system of voluntary military training may offer to our young manhood the advantages of physical development, discipline and commitment to service and constitute the army reserve in return for the training.

#### End of the War.

Nearly two and a half years ago the World War came to an end, and yet we find ourselves today in the technical state of war, though actually at peace, while Europe is at technical peace, although far from tranquility and little progressed toward the hoped for restoration.

It ill becomes us to express impatience that the European belligerents are not yet in full agreement, when we ourselves have been unable to bring constituted authority into accord in our own relations to the formally proclaimed peace.

#### Rejects the League.

Little avail in reciting the causes of delay in Europe on our own failure to agree. But there is no longer excuse for uncertainties respecting some phases of our foreign relationship. In the existing league of nations, world governing with its super powers, this republic will have no part. There can be no misinterpretation, and there will be no betrayal of the deliberate expression of the American people in the recent elections and settled in our decision for ourselves. It is only fair to say to the world in general, and to our associates in war in particular, that the league covenant can have no sanction by us.

The aim to associate nations to prevent war, preserve peace and promote civilization our people most cordially applauded. We yearned for this new instrument of justice, but we can have no part in a commitment to an agency of force in unknown contingencies; we can recognize no super authority.

Manifestly the highest purpose of the league of nations was defeated in linking it with the treaty of peace and making it the enforcing agency of the victors of the war. International association for permanent peace must be conceived solely as an instrumentality of justice, unassociated with the passions of yesterday and not so constituted as to attempt the dual functions of a political instrument of the conquerors and of an agency of peace. There can be no prosperity for the fundamental purpose sought to be achieved by any such association so long as it is an organ of any particular treaty, or committed to the attainment of the special aims of any nation or group of nations.

#### Association of Nations.

The American aspiration, indeed, the world aspiration, was an association of nations, based upon the application of justice and right, binding us in conference and co-operation for the prevention of war and pointing the way to a higher civilization and international fraternity in which all the world might share.

In rejecting the league covenant and uttering that rejection to our people, and to the world, we make no surrender of our hope and aim for an association to promote peace in which we would most heartily join. We wish it to be conceived in peace and dedicated to peace, and will relinquish no effort to bring the nations of the world into such fellowship, not in the surrender of national sovereignty, but in joining in a nobler exercise of it in

the advancement of human activities, among the compensations of peaceful achievement.

#### To Keep Pledge.

In the national referendum to which I have adverted we pledged our efforts toward such association, and the pledge will be faithfully kept. In the plight of policy and performance, we told the American people we meant to seek an early establishment of peace. The United States alone among the allied and associated powers continues in a technical state of war against the central powers of Europe. This anomalous condition ought not to be permitted to continue.

To establish the state of technical peace without further delay, I should approve a declaratory resolution by congress to that effect, with the qualifications essential to protect all our rights. Such action would be the simplest keeping of faith with ourselves, and could in no sense be construed as a desertion of those with whom we shared our sacrifices in war, for these powers are already at peace.

#### To Declare Peace.

Such a resolution should undertake to do no more than thus to declare the state of peace, which all America craves. It must add no difficulty in effecting, with just reparations, the restoration for which all Europe yearns, and upon which the world's recovery must be founded. Neither former enemy nor ally can mistake America's position, because our attitude as to the responsibility for the war and the necessity for just reparations already has had formal and very earnest expression.

It would be unwise to undertake to make a statement of policy with respect to European affairs in such a declaration of a state of peace. In correcting the failure of the executive in negotiating the most important treaty in the history of the nation to recognize the constitutional powers of the senate, we would go to the other extreme, equally objectionable, if congress or the senate should assume the function of the executive. Our highest duty is the preservation of the constituted powers of each, and the promotion of the spirit of co-operation so essential to our common welfare.

#### Save Parts of Treaty.

It would be idle to declare for separate treaties of peace with the central powers on the assumption that these alone would be adequate, because the situation is so involved that our peace engagements cannot ignore the old world relationship and the settlements already effected, nor is it desirable to do so in preserving our own rights and contracting our future relationships.

The wiser course would seem to be the acceptance of the confirmation of our rights and interests already provided and to engage under the existing treaty, assuming, of course, that this can be satisfactorily accomplished, by such explicit reservations and modifications as will secure our absolute freedom from inadvisable commitments and safeguard all our essential interests.

#### For Accomplishment.

Neither congress nor the people need any assurance that a request to negotiate treaties of peace would be as superfluous and unnecessary as it is technically ineffective, and I know in my own heart there is none who would wish to embarrass the executive in the performance of his duty when we are all so eager to turn disappointment and delay into gratifying accomplishment.

#### Keeping Vision Clear.

We must not allow our vision to be impaired by the conflict among ourselves. The weariness at home and the disappointment to the world have been compensated in the proof that this republic will surrender none of the heritage of nationality, but our rights in international relationship have to be asserted; they require establishment in compacts of amity; our part in readjustment and restoration cannot be ignored, and must be defined.

#### With the Superpowering League.

With the superpowering league definitely rejected and with the world so informed, and with the status of peace proclaimed at home, we may proceed to negotiate the covenanted relationships so essential to the recognition of all the rights everywhere of our own nation and play our full part in joining the peoples of the world in the pursuits of peace once more. Our obligations in effecting European tranquility because of war's involvements are not less impelling than our part in the war itself. This restoration may be wrought before the human procession can go onward again. We can be helpful because we are moved by no hatreds and harbor no fears. Helpfulness does not mean entanglement, and participation in economic adjustments does not mean sponsorship for treaty commitments which do not concern us and in which we will have no part.

#### Advice of Senate.

In an all impelling wish to do the most and best for our own republic and maintain its high place among nations and at the same time make the fullest offering of justice to them, I shall invite in the most practical way the advice of the senate, after acquainting it with all the conditions to be met and obligations to be discharged, along with our own rights to be safeguarded. Prudence in making the program and confident co-operation in making it effective cannot lead us far astray. We can render no effective service to humanity until we prove anew our own capacity for co-operation in the coordination of powers contemplated in the constitution and no covenants which ignore our associations in the war can be made for the future. More, no helpful society of nations can be founded on justice and committed to peace until the covenants reestablishing peace are sealed by the nations which were at war.

To such accomplishments — to the complete re-establishment of peace and the realization of our aspirations for nations associated for world helpfulness without world government, for world stability on which humanity's hopes are founded, we shall address ourselves, fully mindful of the high privilege and the paramount duty of the United States in this critical period of the world.