

PRESIDENT'S MESSAGE TO THE CONGRESS

PRESENTED TO BOTH HOUSES SIMULTANEOUSLY YESTERDAY

President Comments on Many Matters Now Under General Discussion.

RAILWAY REGULATION

This Is the Leading Theme of the Message—Insurance, Monroe Doctrine and Panama Canal Considered.

WASHINGTON, Dec. 2.—President Roosevelt was notified at 11 o'clock today by a joint committee consisting of Senators Allison and Morgan and Representatives McClary, Littauer and Williams, that congress had assembled and organized and was ready to receive any message which he might desire to deliver to it. The president expressed his gratification at the convening of congress, and requested the committee to present his communications to the two branches and to say that he would communicate with them at once in writing.

Washington, Dec. 2.—President Roosevelt's message to congress was read simultaneously in the senate and house of representatives today. The document is as follows: To the Senate and House of Representatives:

The people of this country continue to enjoy great prosperity. Undoubtedly there will be ebb and flow in such prosperity, and this ebb and flow will be felt more or less by all members of the community, both by the deserving and the undeserving. Against the wrath of the Lord the wisdom of man cannot avail; in times of flood or drought human ingenuity can but partially repair the disaster. A general failure of crops would hurt all of us. Again, if the folly of man mars the general well-being, then those who are innocent of the folly will have to pay part of the penalty incurred by those who are guilty of the folly. A panic brought on by the speculative folly of part of the business community would hurt the whole business community. But such a stroke of welfare, though it might be severe, would not be lasting. In the long run the one vital factor in the permanent prosperity of this country is the high individual character of the average American worker; the average American citizen, no matter whether his work be mental or manual, whether he be farmer or wage-worker, business man or professional man.

In our industrial and social system the interests of all men are so closely interwoven that in the immense majority of cases a straight-dealing man who by his efficiency, by his ingenuity and industry, benefits himself, must also benefit others. Normally the man of great productive capacity who becomes rich by guiding the labor of many other men does so by enabling them to produce more than they could produce without his guidance; and both he and they share in the benefit, which also comes to the public at large. The superficial fact that the sharing may be unequal must never blind us to the underlying fact that there is this sharing, and that the benefit comes in some degree to each man concerned. Normally the wage-worker, the man of small means, and the average consumer, as well as the average producer, are all alike helped by making conditions such that the man of exceptional business ability receives an exceptional reward for his ability. Something can be done by legislation to help the general prosperity; but no such help of a permanently beneficial character can be given to the less able and the less fortunate must of necessity come even more to the more able and more fortunate. If, therefore, the less fortunate man is moved by envy of his more fortunate brother to strike at the conditions under which they have both, though unequally, prospered, the result will assuredly be that while damage may come to the one who struck at it, it will visit with an even heavier load the one who strikes the blow. Taken as a whole, we must all go up or go down together.

Corporations.

Yet, while not merely admitting, but insisting upon this, it is also true that where there is no governmental restraint or supervision some of the exceptional men use their energies not in ways that are for the common good, but in ways which tell against this common good. The fortunes amassed through corporate organization are now so large, and vest such power in those that wield them, as to make it a matter of necessity to give to the sovereign—that is, the government, which represents the people as a whole—some effective power of supervision over their corporate use. In order to insure a healthy social and industrial life, every big corporation should be held responsible by, and be accountable to, some sovereign strong enough to control its conduct. I am in no sense hostile to corporations. This is an age of combination, and any effort to prevent all combinations will be not only useless, but in the end vicious. Thus, of the content for law which the fair enforcement of law inevitably produces, we should, moreover, recognize in cordial and ample fashion the immense good effected by corporate agencies in a country such as ours, and the wealth

of intellect, energy and fidelity devoted to their service, and therefore normally to the service of the public, by their officers and directors. The corporation has come to stay, just as the trades union has come to stay. Each can do and has done great good. Each should be favored so long as it does good. But each should be sharply checked where it acts against law and justice.

So long as the finances of the nation are kept upon an honest basis no other question of internal economy with which the congress has the power to deal begins to approach in importance the matter of endeavoring to secure proper industrial conditions under which the individuals—and especially the great corporations—doing an interstate business are to act. The makers of our national constitution provided especially that the regulation of interstate commerce should come within the sphere of the general government. The arguments in favor of their taking this stand were even then overwhelming. But they are far stronger today, in view of the enormous development of great business agencies, usually corporate in form. Experience has shown conclusively that it is useless to try to get any adequate regulation and supervision of these great corporations by state action. Such regulation and supervision can only be effectively exercised by a sovereign whose jurisdiction is co-extensive with the field of work of the corporations, that is, by the national government. I believe that this regulation and supervision can be obtained by the enactment of law by the congress. If this proves impossible, it will certainly be necessary ultimately to confer in fullest form such power upon the national government by a proper amendment of the constitution. It would obviously be unwise to endeavor to secure such an amendment until it is certain that the result cannot be obtained under the constitution as it now is. The laws of the congress and of the several states hitherto, as passed upon by the courts, have resulted more often in showing that the states have no power in the matter but that the national government has power; so that there at present exists a very unfortunate condition of things, under which these great corporations doing an interstate business occupy the position of subjects without a sovereign, neither any state government nor the national government having effective control over them. Our steady aim should be by legislation, cautiously and carefully undertaken, but resolutely persevered in, to assert the sovereignty of the national government by affirmative action.

This is only in form an innovation, in substance it is merely a restoration; for from the earliest times such regulation of industrial activities has been recognized by the action of the law-making bodies; and all that I propose is to meet the changed conditions in such manner as will prevent the commonwealth adjudicating the power it has always possessed, not only in this country, but also in England before and since this country became a separate nation.

It has been a misfortune that the national laws on this subject have hitherto been of a negative or prohibitive rather than an affirmative kind, and still more that they have in part sought to prohibit what could not be effectively prohibited, and have in part in their prohibitions confounded what should be allowed and what should not be allowed. It is generally unnecessary to prohibit the restraint on competition, whether this restraint be reasonable or unreasonable; and where it is not useless it is generally hurtful. Events have shown that it is not possible adequately to secure the enforcement of any law of this kind by incessant appeal to the courts. The department of justice has for the last four years devoted more attention to the enforcement of the antitrust legislation than to anything else. Much has been accomplished; particularly marked has been the moral effect of the prosecutions; but it is increasingly evident that there will be a very insufficient beneficial result in the way of economic changes. The successful prosecution of one device to evade the law immediately develops another device to accomplish the same purpose. What is needed is not sweeping prohibition of every arrangement, good or bad, which may tend to restrict competition, but such adequate supervision and regulation as will prevent any restriction of competition from being to the detriment of the public—as well as such supervision and regulation as will prevent other abuses in no way connected with restriction of competition. Of these abuses, perhaps the chief, although by no means the only one, is overcapitalization—generally itself the result of dishonest promotion—because of the myriad evils it brings in its train; for such overcapitalization often means an inflation that invites business panic; it always conceals the true relation of the profits earned to the capital actually invested, and it creates a burden of interest payments which is a fertile cause of improper reduction in or limitation of wages; it damages the small investor, discourages thrift, and encourages gambling and speculation; while, perhaps worst of all, it is the trickiest and dishonesty which it implies—for harm to morals is worse than any possible harm to material interests, and the debauchery of politics and business by great dishonest corporations is far worse than any actual material evil which they do the public. Until the national government obtains, in some manner, the wisdom of the congress may suggest, proper control over the big corporations engaged in interstate commerce—that is, over the great majority of the big corporations—it will be im-

possible to deal adequately with these evils.

I am well aware of the difficulties of the legislation that I am suggesting, and of the need of temperate and cautious action in securing it. I should emphatically protest against improperly radical or hasty action. The first thing to do is to deal with the great corporations engaged in the business of interstate transportation. As I said in my message of December 6 last, the immediate and most pressing need, so far as legislation is concerned, is the enactment into law of some scheme to secure to the agents of the government such supervision and regulation of the rates charged by the railroads of the country engaged in interstate traffic as shall summarily and effectively prevent the imposition of unjust or unreasonable rates. It must include putting a complete stop to rebates in every shape and form. This power to regulate rates like all similar powers over the business world, should be exercised with moderation, caution, and self-restraint; but it should exist, so that it can be effectively exercised when the need arises.

The first consideration to be kept in mind is that the power should be affirmative and should be given to some administrative body created by the congress. If given to the present interstate commerce commission or to a recog-

ned to operate as a fraud upon the federal interstate commerce laws could be brought under the jurisdiction of the Federal authorities. At present it occurs that large shipments of interstate traffic are controlled by concessions on purely state business, which course amounts to an evasion of the law. The commission should have power to enforce fair treatment by the great trunk lines of lateral and branch lines. I urge upon the congress the need of providing for expeditious action by the interstate commerce commission in all these matters, whether in regulating rates for transportation or for storing or for handling property or commodities in transit. The history of the cases litigated under the present commerce act shows that its efficacy has been to a great degree destroyed by the weapon of delay, almost the most formidable weapon in the hands of those whose purpose it is to violate the law.

Let me most earnestly say that these recommendations are not made in any spirit of hostility to the railroads. In ethical grounds, on grounds of right, such hostility would be intolerable; but on grounds of mere national self-interest we must remember that such hostility would tell against the welfare not merely of some few rich men, but of a multitude of small investors, a multitude of railway employees, wage workers; and most severely against the interest of the public as a whole. I believe that on the whole our railroads have done well and not ill; but the railroad men who wish to do well should be exposed to competition with those who have no such desire, and the only way to secure this end is to give some government tribunal the power to see that justice is done by the unwilling exactly as it is gladly done by the willing. Moreover, if some government body is given increased power the effect will be to furnish authoritative answer on behalf of the railroad whenever irrational clamor against it is raised, or whenever charges made against it are disproved. I ask this legislation not only in the interest of the honest railroad man and the honest shipper alike, for it is they who are chiefly jeopardized by the practices of their dishonest competitors. This legislation should be enacted in a spirit as remote as possible from hysteria and anger. If we of the American body politic are true to the traditions we have inherited we shall always scorn any effort to make us hate any man because he is rich, just as much as we should scorn any effort to make us look down upon or treat contemptuously any man because he is poor. We judge a man by his conduct—that is, by his character—and not by his wealth or intellect. If he makes his fortune honestly, there is no just cause of quarrel with him. Indeed, we have nothing but the kindest feelings of admiration for the successful business man who behaves decently, whether he has made his success by building or managing a railroad or by shipping goods over that railroad. The big railroad men and big shippers are simply Americans of the ordinary type who have developed an extraordinary degree of certain great business qualities. They are either better or worse than their fellow citizens of smaller means. They are merely more able in certain lines, and therefore exposed to certain peculiar temptations. These temptations have not sprung newly into being; the exceptional successful among mankind have always been exposed to them; but they have grown amazingly in power as a result of the extraordinary development of industrialism along new lines, and under these new conditions, which the lawmakers of old could not foresee and therefore could not provide against, they have become so serious and menacing as to demand entirely new remedies. It is in the interest of the best type of railroad man and the best type of shipper no less than of the public, that there should be governmental supervision and regulation of these great business operations, for the same reason that it is in the interest of the corporation which wishes to treat its employees aright that there should be an effective employers' liability act or an effective system of factory laws to prevent the abuse of women and children. All such legislation frees the corporation that wishes to do well from being driven into going ill, in order to compete with its rival, which prefers to do ill. We desire to set up a moral standard. There can be no delusion more fatal to the nation than the delusion that the standard of profits, of business prosperity, is sufficient in judging any business or political question—from rate legislation to municipal government. Business success, whether for the individual or for the nation, is a good thing only so far as it is accompanied by and develops a high standard of conduct—honor, integrity, civic courage. The kind of business prosperity that blunts the standard of honor, that puts an inordinate value on mere wealth that makes a man ruthless and conscienceless in trade and weak and cowardly in citizenship, is not a good thing at all, out a very bad thing for the nation. This government stands for manhood first and business only as an adjunct of manhood.



OUR "TEDDY."

giving this further power is by no means as great as the necessity for giving the commission or administrative body the other powers I have enumerated above; and it may well be advisable to attempt to vest this particular power in the commission or other administrative body until it already possesses and is exercising what I regard as by far the most important of all the powers I recommend—as indeed, the vitally important power—that to fix a given maximum rate, which rate, after the lapse of a reasonable time, goes into full effect, subject to review by the courts.

All private car lines, industrial roads, refrigerator charges and the like, should be expressly put under the supervision of the interstate commerce commission or some similar body so far as rates, and agreements, practically affecting rates, are concerned. The private car owners and the owners of industrial railroads are entitled to a fair and reasonable compensation on their investment, but neither private cars nor industrial railroads nor spur tracks should be utilized as devices for securing preferential rates. A rebate in icing charges, or in mileage, or in a division of the rate of refrigerating charges is just as pernicious as a rebate in any other way. No lower rate should apply on goods imported than actually obtain on domestic goods from the American seaboard to destination except in cases where water competition is the controlling influence. There should be publicity of the accounts of common carriers; the common carrier engaged in interstate business should keep any books or memoranda other than those reported pursuant to law or regulation, and these books or memoranda should be open to the inspection of the government. Only in this way can violations or evasions of the law be surely detected. A system of examination of railroad accounts should be provided similar to that now conducted into the national banks by the bank examiners; a few first-class accountants, if they had proper direction and proper authority to inspect books and papers, could accomplish much in preventing willful violations of the law. It would not be necessary for them to examine into the accounts of any railroad unless for good reasons they were directed to do so by the interstate commerce commission. It is greatly to be desired that some way might be found by which an agreement as to transportation within a state in-

is done the public. It is because, in my judgment, public ownership of railroads is highly undesirable and would bring disaster, that I wish to see such supervision and regulation of them in the interest of the public as will make it evident that there is no need for public ownership. The owners of government regulation dwell upon the difficulties to be encountered and the intricate and involved nature of the problem. Their contention is true. It is a complicated and delicate problem, and all kinds of difficulties are sure to arise in connection with any plan of solution, while no plan will bring all the benefits hoped for by its more optimistic adherents. Moreover, under any healthy plan, the benefits will develop gradually, and not rapidly. Finally, we must clearly understand that the public servants who are to do this peculiarly responsible and delicate work must themselves be of the highest type both as regards integrity and efficiency. They must be well paid, for otherwise able men cannot in the long run be secured; and they must possess a lofty probity which will revolt as quickly at the thought of pandering to any gust of popular prejudice against rich men as at the thought of anything even remotely resembling subservience to rich men. But while I fully admit the difficulties in the way, I do not for a moment admit that these difficulties warrant us in stopping our effort to secure a wise and just system. They should have no other effect than to spur us on to the exercise of the resolution, the even handed justice, and the fertility of resource, which we like which will in the end achieve good results in this as in other fields of activity. The task is a great one, and underlies the task of dealing with the whole industrial problem. But the fact that it is a great problem does not warrant us in shrinking from the attempt to solve it. At present we face such utter lack of supervision, such freedom from the restraints of law, that excellent men have often been literally forced into doing what they deplored because they were left at the mercy of unscrupulous competitors, and assure the men who have done as they best could under such conditions accomplishes little. What we need is to develop an orderly system; and such a system can only come through the gradually increased exercise of the right of efficient government control.

Safety Appliances.

In my annual message to the Fifty-ninth congress, at its third session, I called attention to the necessity for legislation requiring the use of block signals upon railroads engaged in interstate commerce. The number of serious collisions upon unblocked roads that have occurred within the past year adds force to the recommendation then made. The congress should provide, by appropriate legislation, for the introduction of block signals upon all railroads engaged in interstate commerce at the earliest practicable date, as a measure of increased safety to the traveling public.

Through decisions of the supreme court of the United States and the lower Federal courts in cases brought before them for adjudication the safety appliance law has been materially strengthened, and the government has been enabled to secure its effective enforcement in almost all cases, with the result that the condition of railroad equipment throughout the country is much improved and railroad employees perform their duties under safer conditions than heretofore. The government's most effective aid in arriving at this result has been its inspection service, and that these improved conditions are not more general is due to the insufficient number of inspectors employed. The inspection service has fully demonstrated its usefulness, and in appropriating for its maintenance the congress should make provision for an increase in the number of inspectors.

Hours of Labor of Railroad Employees.

The excessive hours of labor to which railroad employees in train service are in many cases subjected is also a matter which may well engage the serious attention of the congress. The strain, both mental and physical, upon those who are engaged in the movement and operation of railroad trains under modern conditions is perhaps greater than that which exists in any other industry, and if there are any reasons for limiting by law the hours of labor in any employment, they certainly apply with peculiar force to the employment of those upon whose vigilance and alertness the performance of their duties the safety of all who travel by rail depends.

Employers' Liability Law.

In my annual message to the Fifty-seventh congress, at its second session, I recommended the passage of an employers' liability law for the District of Columbia and in our navy yards. I renewed that recommendation in my message to the Fifty-eighth congress, at its second session, and further suggested the appointment of a commission to make a comprehensive study of employers' liability, with a view to the enactment of a wise and constitutional law covering the subject, applicable to all industries within the scope of the Federal power. I hope that such a law will be prepared and enacted as speedily as possible.

Labor.

The national government has as a rule but little occasion to deal with the formidable group of problems connected more or less directly with what is known as the labor question, for in the great majority of cases these problems must be dealt with by the state and municipal authorities, and not by the national government. The national government has control of the District of Columbia, however, and it should see to it that the City of Washington is made a model city in all respects, both as regards parks, public playgrounds, proper regulation of the system of housing so as to do away with the evils of alley tenements, a proper system of education, a proper system of dealing with trancy and juvenile offenders, a proper handling of the charitable work of the District. Moreover, there should be proper factory laws to prevent all abuses in the employment of women and children in the District. These will be useful chiefly as object lessons, but even this limited amount

of usefulness would be of real national value. There has been demand for depriving courts of the power to issue injunctions in labor disputes. Such special limitation of the equity powers of our courts would be most unwise. It is true that some judges have misused this power; but this does not justify a denial of the power any more than an improper exercise of the power would justify a labor leader who would justify the denial of the right to call a strike. The remedy is to regulate the procedure by requiring the judge to give due notice to the adverse parties before granting the writ, the hearing to be ex parte if the adverse party does not appear at the time and place ordered. What is due notice must depend upon the facts of the case; it should not be used as a pretext to permit violation of law, or the jeopardizing of life or property. Of course, this would not authorize the issuing of a restraining order or injunction in any case in which it is not already authorized by existing law.

I renew the recommendation I made in my last annual message for an investigation by the department of commerce and labor of general labor conditions, especial attention to be paid to the conditions of child labor and child labor legislation in the several states. Such an investigation should take into account the various problems with which the question of child labor is connected. It is true that these problems can be actually met in most cases only by the states themselves, but it would be well for the nation to endeavor to secure and publish comprehensive information as to the conditions of the labor of children in the different states, so as to spur up those that are behindhand, and to secure approximately uniform legislation of a high character among the several states. In such a republic as ours the one thing that we cannot afford to neglect is the problem of turning out decent citizens. The future of the nation depends upon the citizenship of the generations to come; the children of today are those who tomorrow will shape the destiny of our land, and we cannot afford to neglect them. The legislature of Colorado has recommended that the national government provide some general measure for the protection from abuse of children and dumb animals throughout the United States. I lay the matter before you for what I trust will be your favorable consideration.

The department of commerce and labor should also make a thorough investigation of the conditions of women in industry. Over five million American women are now engaged in gainful occupations; yet there is an almost complete dearth of data upon which to base any trustworthy conclusions as regards a subject as important as it is vast and complicated. There is need of full knowledge upon which to base action looking toward state and municipal legislation for the protection of working women. The introduction of women into industry is working change and disturbances in the domestic and social life of the nation. The decrease in marriage, and especially in the birth rate, has been coincident with it. We must face accomplished facts, and the adjustment to fact conditions must be made; but surely it can be made with less friction and less harmful effects on family life than is now the case. This whole matter in reality forms one of the greatest sociological phenomena of our time; it is a social question of the first importance, of far greater importance than any merely political or economic question can be; and to solve it we need ample data, gathered in a sane and scientific spirit in the course of an exhaustive investigation. In any great labor disturbance not only are employer and employee interested, but also a third party—the general public. Every considerable labor difficulty in which interstate commerce is involved should be investigated by the government and the facts officially reported to the public.

The question of securing a healthy, self-respecting and mutually sympathetic attitude as between employer and employee, capitalist and wage worker, is a difficult one. All phases of the labor problem prove difficult when approached. But the underlying principles, the root principles, in accordance with which the problem must be solved, are entirely simple. We can get justice and right dealing only if we put as of paramount importance the principle of treating a man on his worth as a man, rather than with reference to his special position, his occupation, or the class to which he belongs. There are selfish and brutal men in all ranks of life. If they are capitalists their selfishness and brutality may take the form of hard indifference to suffering, greedy disregard of every moral restraint which interferes with the accumulation of wealth, and cold blooded exploitation of the weak; or, if they are laborers, the form of laziness, of sullen envy of the more fortunate and of willingness to perform deeds of murderously violence. Such conduct is just as reprehensible in one case as in the other, and all honest and farseeing men should join in warring against it wherever it becomes manifest. Individual capitalist and individual wage worker, corporation and union, are alike entitled to the protection of the law, and must alike obey the law. Moreover, in addition to mere obedience to the law, each man, if he be really a good citizen, must show broad sympathy for his neighbor and genuine desire to look at any question arising between them and from the standpoint of that neighbor no less than from his own; and to this end it is essential that capitalist and wage worker should consult freely one with the other, should each strive to bring closer the day when both shall realize that they are properly partners and not enemies. To approach the question which inevitably arises between them solely from the standpoint which treats each side in the mass as the enemy of the other side in the mass is both wicked and foolish. In the past the most bitter among the influences that have brought about the downfall of republics has ever been the growth of the class spirit, the growth of the spirit which leads to make a man subordinate the welfare of the public as a whole to the welfare of the particular class to which he be-