THE PRESIDENT'S ANNUAL MESSAGE

CAUSES OF THE PRESENT FINAN-CIAL CONDITIONS IS MADE THE CHIEF TOPIC.

SUGGESTS REMEDIES FOR ILLS

CONTROL OF CORPORATIONS AND RAILROADS TO PREVENT OVERCAPITALIZATION.

Believes This Would Solve the Problem Together with Provision for More Elastic Currency—Recommends Postal Banks and Asks for Legislation Along Many Lines.

Washington, Dec. 3. — President Roosevelt's annual message to congress is a voluminous document of nearly 50,000 words, by far the longest message he has ever submitted to congress. The opening subject of the message is the financial condition of the country, and for which the president lays much of the blame upon unscrupulous stock speculators, and says:

"In any large body of men, however, there are certain to be some who are dishonest, and if the conditions are such that these men prosper or commit their misdeeds with impunity, their example is a very evil thing for the community. Where these men are business men of great sagacity and of temperament both unscrupulous and reckless, and where the conditions are such that they act without supervision or control and at first without effective check from public opinion, they delude many innocent people into making investments or embarking in kinds of business that are really unsound. When the misdeeds of these successfulfly dishonest men are discovered, suffering comes not only upon them, but upon the innocent men whom they have misled. It is a painful awakening, whenever it occurs; and, naturally, when it does occur those who suffer dering comes not only upon them, but upon the innocent men whom they have misled. It is a painful awakening, whenever it occurs; and, naturally, when it does occur those who suffer are apt to forget that the longer it was deferred the more painful it would be. 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."

He quotes at length from his message of last year in which he advocated federal control of corporations doing interstate business, and believes that in such control would be found the remedy for overcapitalization and stock speculation which he believes have brought about the present financial conditions. He says:

"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 time such regulation of industrial activities has been recognized in the action of the lawmaking bodies; and all that I propose is to meet the changed conditions in such manner as will prevent the commonwealth abdicating the power it has always possessed, not only in this country, but also in England before and since this country became a separate mation.

Federal Control of

Railroads Is Favored.

"No small part of the trouble that we have comes from carrying to an extreme the national virtue of self-netance, 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. tions have now so wholly changed that the interstate commerce by water is in-significant 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 ac-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 can not 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 hattority already centralized in the healthy constructive course of action which this nation has elected to pursue, and has steadily pursued, during the last six years, as shown both in the legislation of the congress and the administration of the law by the department of justice. The most vital need is in connection with the railroads, As to these, in my judgment there should now be either a national incorporation act or a law licensing railway companies to engage in interstate commerce is medically pursued, during the last six years, as shown both in the legislation of the congress and the administration of the law by the department of justice. The most vital need is in connection with the railroads, As to these, in my judgment there should now be either a national incorporation and on the future issue of securities, while at the same times and inte

the consent of the interstate commerce commission being first obtained. Until the national government assumes proper control of interstate commerce, in the exercise of the authority it already possesses, it will be impossible either to give to or to get from the railroads full justice. The railroads and all other great corporations will do well to recognize that this control must come; the only question is as to what governmental body can most wisely exercise it. The courts will determine the limits within which the federal authority can exercise it, and there will still remain ample work within each state for the railway commission of that state; and the national interstate commerce commission will work in harmony with the several state commissions, each within its own province, to achieve the desired end.

Control of Interstate Business Concerns Urged.

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"Moreover, in my judgment there should be additional legislation looking to the proper control of the great business concerns engaged in interstate business, this control to be exercised for their own benefit and prosperity no less than for the protection of investors and of the general public. As I have repeatedly said in messages to congress, and elsewhere, experience has definitely shown not merely the unwisdom but the futility of endeavoring to put a stop to all business combinations. Modern industrial conditions are such that combination is not only necessary but inevitable. It is so in the world of business just as it is so in the world of business just as it is so in the world of labor, and it is as idle to desire to put an end to all corporations, to all big combinations of capital, as to desire to put an end to all corporations of labor. Corporation and labor union alike have come to stay. Each if properly managed is a source of good and not evil. Whenever in either there is evil, it should be promptily held to account; but it should receive hearty encouragement so long as it is properly managed. It is profoundly immoral to put or keep on the statute books a law, nominally in the interest of public morality, that really puts a premium upon public immorality, by undertaking to forbid honest men from doing what must be done under modern business conditions, so that the law itself provides that its own furfraction must be the condition precedent upon-business success. To aim at the accomplishment of too little, and often the doing of positive damage.

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ally means the accomplishment of too little, and often the doing of positive damage.

"The antitrust Iaw should not be repealed; but it should be made both more efficient and more in harmony with actual conditions. It should be so amended as to forbid only the kind of combination which does harm to the general public, such amendment to be accompanied by, or to be an incident of, a grant of supervisory power to the government over these big corporations engaged in interstate business. This should be accompanied by provision for the compulsory publication of accounts and the subjection of books and papers to the inspection of books and papers to the inspection of the government officials. A beginning has already been made for such supervision by the establishment of the bureau of corporations.

"The antitrust law should not prohibit combinations that do no injustice to the public, still less those the existence of which is on the whole of benefit to the public. But even if this feature of the law were abolished, there would remain as an equally objectionable feature the difficulty and delay now incident to its enforcement. The government must now submit to Irksome and repeated delays before obtaining a final decision of the courts upon proceedings instituted, and oven a favorable decree may mean an empty victory. Moreover, to attempt to control these corporations by lawsuits means to impose upon both the department of justice and the courts an impossible burden; it is not feasible to carry on more than a limited number of such suits. Such a law to be really effective must of course be administered by an executive body, and not merely by means of lawsuits. The design should be to prevent the abuses incident to the creation of unhealthy and improper combinations, instead of waiting until they are in existence and then attempting to destroy them by civil or criminal proceedings.

Investing Public Should

Investing Public Should
Be Amply Safeguarded.

"The congress has the power to charter corporations to engage in interstate and foreign commerce, and a general law can be enacted under the provisions of which existing corporations could take out federal charters and new federal corporations could be created. An essential provision of such a law should be a method of predetermining by some federal board or commission whether the applicant for a federal charter was an association or combination within the restrictions of the federal law. Provision should also be made for complete publicity in all matters affecting the public and complete protection to the investing public and the shareholders in the matter of issuing corporate securities. If an incorporation law is not deemed advisable, a license act for big interstate corporations might be enacted; or a combination of the two might be tried. The supervision established might be analogous to that now exercised over national banks. At least, the antitrust act should be supplemented by specific prohibitions of the methods which experience has shown have been of most service in enabling monopolistic combinations to crush out competition. The real owners of a corporation should be comservice in enabling monopolistic combinations to crush out competition. The real
owners of a corporation should be compelled to do business in their own name.
The right to hold stock in other corporations should hearcafter be denied to interstate corporations, unless on approval by
the proper government officials, and a
prerequisite to such approval should be
the listing with the government of all
owners and stockholders, both by the
corporation owning such stock and by
the corporations in which such stock is
owned.
"To confer upon the national govern-

rect subject of currency legislation, and says:

"I again urgs 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 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.

"Yet we must also remember that even the wisest legislation on the subject can only accomplish a certain amount. No legislation can by any possibility guarantee the business community against the results of speculative folly any more than it can guarantee an individual against the results of speculative folly any more than it can guarantee an individual against the results of speculative folly any more than it can guarantee an individual against the results of speculative folly any more than it can guarantee an individual against the results of speculative folly any more than it can guarantee sommunity against the results of speculative folly any more than it can guarantee can individual against the results of speculative folly any more than it can guarantee can individual against the results of speculative folly any more than it can guarantee can individual against the results of speculation—especially if it is accompanied by dishonesty—they jeopardiz

He advises against any general tariff begislation this session of congress, and says:

"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 represent 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."

He asks for the repeal of the tariff on

don."

He asks for the repeal of the tariff on paper and wood pulp.

He reviews and enlarges upon his pre-vious recommendations for the enact-ment of federal inheritance and income

tax laws.

Attention is called to the prosecution of

The Use and the Abuse of Injunctions.

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"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 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 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 carnestly 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."

Of other legislation in the interest of labor he favors federal inspection of railroads; providing limited but definite compensation for accidents to all workmen employed in any way by the government, and says:

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and says:

"The constitutionality of the employers' liability act passed by the preceding congress has been carried before the courts. In two jurisdictions the law has been declared unconstitutional, and in three jurisdictions its constitutionality has been affirmed. The question has been carried to the supreme court, the case has been heard by that tribunal, and a decision is expected at an early date. In the event that the court should affirm the constitutionality of the act, I urge further legislation along the lines advocated in my message to the preceding congress. The practice of putting the entire burden of loss of life or limb upon the victim or the victim's family is a form of social injustice in which the United States stands in unenviable prominence. In both our federal and our state legislation we have, with few exceptions, scarcely gone farther than the repeal of the fellowservant principle of the old law of liability, and in some of our states even this slight modification of a complete outgrown principle has not yet been secured." he constitutionality of the employers

He favors the extension of the eight-

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.

Inland Waterway Systems

Should Be Deevloped.

"The conservation of our national resources and their proper use constitute the fundamental problem which underlies almost every other problem of our national life. We must maintain for our civilization the adequate material basis without which that civilization cannot exist. We must show foresight, we must look ahead. As a nation we not only enjoy a wonderful measure of present prosperity but if this prosperity is used aright it is an earnest of future success such as no other nation will have. The reward of foresight for this nation is great and easily foretold. But there must be the look ahead, there must be a realization of the fact that to waste, to destroy, our natural resources, to skin and exhaust the land instead of using it so as to increase its usefulness, will result in undermining in the days of our children the very prosperity which we ought by right to hand down to them amplified and developed. For the last few years, through several agencies, the government has been endeavoring to get our people to look ahead and to substitute a planned and orderly development of our resources in place of a haphazard strivier systems should be developed as national water highways; the Mississippi, with its tributaries, standing first in importance, and the Columbia second, aithough there are many others of importance on the Pacific and Atlantic and the gulf slopes. The national government should undertake this work, and I hope a beginning will be made in the present congress; and the greatest of all our rivers, the Mississippi, should receive especial attention. From the Great Lakes to the mouth of the Mississippi there should be a deep waterway would practically mean the extension of our coast line into the very heart of our country. It would be systematically and continuously carried forward in accordance with some well-conceived plan. The work should be systematically and continuously carried forward in accordance with some well-conceived plan. The work should be well to protect the peop

Progress of the Work On the Panama Canal.

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"Work on the Panama canal is proceeding in a highly satisfactory manner. In March the total excavation in the Culebra Cut, where effort was chiefly concentrated, was \$15,270 cubic yards. In April this was increased to \$79.527 cubic yards. There was a considerable decrease in the output for May and June owing partly to the advent of the rainy season and partly to temporary trouble with the steam shovel men over the question of wages. This trouble was settled satisfactorily to all parties and in July the total excavation advanced materially and in

shovel men over the question of wages. This trouble was settled satisfactorily to all parties and in July the total excavation advanced materially and in August the grand total from all points in the canal prism by steam shovels and dredges exceeded all previous United States records, reaching 1,274,404 cubic yards. In September this record was eclipsed and a total of 1,517,412 cubic yards was removed. Of this amount 1,481,307 cubic yards were from the canal prism and 36,105 cubic yards were from accessory works. These results were achieved in the rainy season with a rainfall in August of 11.89 inches and in September of 11.65 inches. Finally, in October, the record was again eclipsed, the total excavation being 1,868,729 cubic yards; a truly extraordinary record, especially in view of the heavy rainfall, which was 17.1 inches. In fact, experience during the last two rainy seasons demonstrates that the rains are a less serious obstacle to progress than has hitherto been supposed.

"Work on the locks and dams at Gatun, which began actively in March last, has advanced so far that it is thought that masonry work on the locks can be begun within 15 months.

"Last winter bids were requested and received for doing the work of canal construction by contract. None of them was found to be satisfactory and all were rejected. It is the unanimous opinion of the present commission that the work can be done better, more cheaply, and more quickly by the government than by private contractors, Fully 80 per cent. of the entire plant needed for construction has been purchased or contracted for; machine shops have been erected and equipped for making all needed repairs to the plant; many thousands of employes have been secured; an effective organization has been perfected; a recruiting system is in operation which is capable of furnishing more labor than can be used advantageously; employes are well sheltered and well fed; salaries paid are satisfactory, and the work is not only going forward smoothly, but it is producing results Gatun, which began actively in March He favors the extension of the eight He favors the extension of the eight He favors the extension of the eight hour law to all departments of the government, and to all work carried on by the government. He urges legislation for the compulsory investigation of industrial disputes, and says:

"The need for some provision for such investigation of the present the unanimous during the past summer. A strike of during the past summer. A strike of during the past summer. A strike of the contraction by contract. None of them are all the unanimous opinion of the present the unanimous opinion of the present the unanimous and serious inconvenience to the general public. Appeals were made to me from many parts of the country, from clause and serious inconvenience to the general public. Appeals were made to me from many parts of the country, from clausers of commerce, and from any parts of the country, from the country of the present that the properties of done by a representative of the form thankers of commerce, and from the present that the properties of done by a representative of the favorable of the factors of the government was done without avail, and for weeks the public stood by and suffered without recourse of any kind, lidd the machinery existed and band and form the country of the ments of the manufacture of the factors of the ments of the country, from the properties of the factors of the country of the present the factors of the fa

and increase the cost and lengthen the time of completing the canal.

President Recommends

Postal Savings Banks.

"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; individuals have hoarded their cash and the workingmen their carnings; all of which money has been withdrawn 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. "If further commend to the congress the consideration of the postmaster general's recommendation for an extension of the parcel post, especially on the rural routes, the armount of the congress the consideration. The postmaster general's recommendation for an extension of the parcel 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 storekeeper; otherwise, I should not favor them, for I believe that it is good policy for our government to do everything possible to ald the small town and the country merchant should not be crushed out.

"The fourth-class postmasters' convention has passed a very strong resolution in favor of placing the fourth-class postmasters under the civil-service law. The administration has already put into effect t

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.

"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 dong 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 soldler, like the pay of the officers, should be proportionately increased. The first sergeant of a company, if a good man, must be one of such executive and administrative ability, and such knowledge of his trade, as to be worth far more than we at present pay him. The same is true of the regimental sergeant major. These men should be 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.

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"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."

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