

# THE PRESIDENT'S ANNUAL MESSAGE

## Mr. Roosevelt Makes Recommendations to the Senate and House of Representatives On Matters of Public Policy

### HE SPEAKS OF UNPRECEDENTED PROSPERITY

Says That While Wise Laws Do Not Make This Favorable Condition, Imprudent Legislation Would Do Much to Retard It—Recommendations That Congress Will Consider.

INTRODUCTION.  
To the Senate and House of Representatives:

We still continue in a period of unbounded prosperity. This prosperity is not the creature of law, but undoubtedly the laws under which we work have been instrumental in creating the conditions which made it possible, and by unwise legislation it would be easy enough to destroy it. There will undoubtedly be periods of depression. The wave will recede, but the tide will advance. This Nation is seated on a continent flanked by two great oceans. It is composed of men, the descendants of pioneers, or, in a sense, pioneers themselves; of men winnowed out from among the nations of the Old World by the energy, boldness, and love of adventure found in their own eager hearts. Such a nation, so placed, will surely wrest success from fortune.

As a people we have played a large part in the world, and we are bent upon making our future even larger than the past. In particular, the events of the last four years have definitely decided that, for we or for fear, our place must be great among the nations. We may either fail greatly or succeed greatly; but we can not avoid the endeavor from which either great failure or great success must come. Even if we could, we can not place small part. If we should try, all that would follow would be that we should play a large part ignobly and shamefully.

But our people, the sons of the men of the Civil War, the sons of the men who had iron in their blood, rejoice in the present and face the future with high heart and resolute will. Ours is not the creed of the weakling and the coward; ours is the gospel of hope and of triumphant endeavor. We do not shrink from the struggle before us. There are many problems which we face at the outset of the twentieth century—grave problems abroad and still graver at home; but we know that we can solve them and solve them well, provided only that we bring to the solution the qualities of head and heart which were shown by the men who, in the days of Washington, founded this Government, and, in the days of Lincoln, preserved it.

No country has ever occupied a higher plane of material well-being than ours at the present moment. This well-being is due to no sudden or accidental causes, but to the play of the economic forces in this country for over a century; to our laws, our sustained and continuous policies; above all, to the high individual average of our citizenship. Great fortunes have been won by those who have taken the lead in this phenomenal industrial development, and most of these fortunes have been won not by doing evil, but as an incident to action which has benefited the community as a whole. Never before has material well-being been so widely diffused among our people. Great fortunes have been accumulated, and yet in the aggregate these fortunes are small indeed when compared to the wealth of the people as a whole. The plain people are better off than they have ever been before. The insurance companies, which are practically mutual benefit societies—especially helpful to men of moderate means—represent to men of moderate means the largest accumulation of capital which is available. There are more deposits in the savings banks, more owners of farms, more well-paid wage-workers in this country now than ever before in our history. Of course, when the conditions have favored the growth of so much that was good, they have also favored somewhat the growth of that which was evil. It is eminently necessary that we should endeavor to cut out this evil, but let us keep a due sense of proportion; let us not in fixing our gaze upon the lesser evil forget the greater good. The evils are real and some of them are menacing, but they are the outgrowth, not of misery or decadence, but of prosperity—of the progress of our gigantic industrial development. This industrial development must not be checked, but side aggressive regulation as will diminish the evils. We should fall in our duty if we did not try to remedy the evils, but we shall succeed only if we proceed patiently, with practical common sense as well as resolution, separating the good from the bad and holding on to the former while endeavoring to get rid of the latter.

TRUSTS.  
In my Message to the present Congress at its first session I discussed at length the question of the regulation of those big corporations which commonly do an interstate business, often with some tendency to monopoly, which are popularly known as trusts. The experience of the past year has emphasized, in my opinion, the desirability of the steps I then proposed. A fundamental requisite of social efficiency is a high standard of individual character; but this is in no wise inconsistent with power to act in combination for aims which can not so well be achieved by the individual acting alone. A fundamental

base of civilization is the involubility of property; but this is in no wise inconsistent with the right of society to regulate the exercise of the artificial powers which it confers upon the owners of property, under the name of corporate franchises, in such a way as to prevent the misuse of these powers. Corporations, and especially combinations of corporations, should be managed under public regulation. Experience has shown that under our system of government the necessary supervision can not be obtained by State action. It must therefore be achieved by national action. We can not do away with corporations; on the contrary, these big aggregations are an inevitable development of modern industrialism, and the effect to destroy them would be futile unless accomplished in ways that would work the utmost mischief to the entire body politic. We can do nothing of good in the way of regulating and supervising these corporations until we fix clearly in our minds that we are not attacking the corporations, but endeavoring to do away with any evil in them. We are not hostile to them; we are merely determined that they shall be so handled as to subserve the public good. We draw the line against misconduct, not against wealth. The capitalist who, alone or in conjunction with the fellows, performs some great industrial feat by which he wins money is a welder, not a wrongdoer, provided only he works in proper and legitimate lines. We wish to favor such a man who he does well. We wish to supervise and control his actions only to prevent him from doing ill. Publicity can do no harm to the honest corporation; and we need not be over-tender about sparing the dishonest combination the combinations of capital which are or may become injurious to the public we must be careful not to stop the great enterprises which have legitimately reduced the cost of production, not to abandon the place which our country has won in the leadership of the international industrial world, not to strike down wealth with the result of closing factories and mines, of turning the wage-worker idle in the streets and leaving the farmer without a market for what he grows. Insistence upon the impossible means the achievement of the possible, exactly as, on the other hand, the stubborn defense alike of what is good and what is bad in the existing system, the resolute effort to obstruct any attempt at betterment, betrays blindness to the historic truth that wise evolution is the sure safeguard against revolution.

No more important subject can come before the Congress than this of the regulation of interstate business. This country can not afford to sit supine on the plea that under our peculiar system of government we are helpless in the presence of the new conditions, and unable to grapple with them or to cut out whatever evil has arisen in connection with them. The power of the Congress to regulate interstate commerce is an absolute and unqualified grant, and without limitations other than those prescribed by the Constitution. The Congress has constitutional authority to make all laws necessary and proper for executing this power, and I am satisfied that this power has not been exhausted by any legislation now on the statute books. It is evident, therefore, that evils restrictive of commercial freedom and entailing restraint upon national commerce fall within the regulative power of the Congress, and that a wise and reasonable law would be a necessary and proper exercise of Congressional authority to the end that such evils should be eradicated.

I believe that monopolies, unjust discriminations, which prevent or cripple competition, fraudulent overcapitalization, and other evils in trust organizations and practices which injuriously affect interstate trade can be prevented under the power of the Congress to "regulate commerce with foreign nations and among the several States" through regulations and requirements operating directly upon such commerce, the instrumentalities thereof, and those engaged therein. I earnestly recommend this subject to the consideration of the Congress with a view to the passage of a law reasonable in its provisions and effective in its operations, upon which the questions can be finally adjudicated that now raise doubts as to the necessity of constitutional amendment, if it prove impossible to accomplish the purposes above set forth by such a law, then, assuredly, we should shrink from amending the Constitution so as to secure beyond peradventure the power sought.

The Congress has not heretofore made any appropriation for the better enforcement of the antitrust law as it now stands. Very much has been done by the Department of Justice in securing the enforcement of this law, but much more could be done if Congress would make a special appropriation for this purpose, to be expended under the direction of the Attorney General.

One proposition advocated has

been the reduction of the tariff as a means of reaching the evils of the trusts which fall within the category I have described. Not merely would this be wholly ineffective, but the diversion of our efforts in such a direction would mean the abandonment of all intelligent attempt to do away with these evils. Many of the largest corporations, many of those which should certainly be included in any proper scheme of regulation, would not be affected by such a measure. A change in the tariff, save as such change interfered with the general prosperity of the country. The only relation of the tariff to big corporations as a whole is that the tariff makes manufactures profitable, and the tariff remedy proposed would in effect simply to make the manufacturers unprofitable. To remove the tariff as a punitive measure directed against trusts would inevitably result in ruin to the weaker competitors who are struggling against them. Our aim should be not to unwise tariff changes to give foreign producers an unfair advantage in the market, but by proper regulation to give domestic competition a fair chance; and this end can not be reached by any tariff changes which would affect unfavorably all domestic competitors, good and bad alike. The question of regulation of the trusts must stand by itself from the question of tariff revision.

Stability of economic policy must always be the prime economic need of this country. This stability should not be fossilization. The country has acquired in the wisdom of the protective tariff a business system, especially undesirable, that this system should be destroyed or that there should be violent and radical changes therein. Our past experience shows that great prosperity in this country has always come under a protective tariff, and that the tariff has been a most successful factor in our economic life. If the tariff laws as a whole work well, and if business has prospered under them and is prospering, it is better to endure for a time slight inconveniences and inequalities in some schedules than to undergo the shocks of quick and too radical changes. It is most earnestly to be wished that we could treat the tariff from the standpoint solely of our business needs. It is, perhaps, too much to hope that partisanship may be entirely excluded from consideration of the subject, but at least it can be made secondary to the business interests of the country—that is, to the interests of our people as a whole. Unquestionably these business interests will best be served if together with fixity of principle as regards the tariff we combine a system of business interests at least in part to make the necessary reapportionment of the principle to the shifting national needs. We must take scrupulous care that the reapportionment shall be made in such a way that it will not amount to a dislocation of our system, the mere threat of which would produce paralysis in the business energies of the community. The first consideration in making these changes would, of course, be to preserve the principle which underlies our whole tariff system—that is, the principle of putting men on an equal footing with each other on a full equality with interests abroad, and of always allowing a sufficient rate of duty to more than cover the difference between the labor cost here and abroad. The well-being of the wage-worker, like the well-being of the farmer, is the first consideration in shaping our whole economic policy. There must never be any change which will jeopardize the standard of comfort, the standard of wages of the American wage-worker.

One way in which the readjustment sought can be reached is by reciprocity treaties. It is greatly to be desired that such treaties may be adopted. They can be given to widen our markets and to give a greater field for the activities of our producers on the one hand, and on the other hand to secure in practical shape the lowering of duties when they are no longer needed for protection among our own people, or when the minimum of damage done may be disregarded for the sake of the maximum of good accomplished. If it prove impossible to ratify the pending treaties, and if there seem to be no warrant for the endeavor to execute others, or to amend the pending treaties so that they can be ratified, then the same end—secure reciprocity—should be met by direct legislation.

Wherever the tariff conditions are such that a needed change can not with advantage be made by the application of the reciprocity idea, such a change can be made by the lowering of duties on a given product. If possible, such change should be made only after the fullest consideration by practical experts, who should approach the subject from a business standpoint, having in view both the particular interests affected and the commercial well-being of the people as a whole. The machinery for providing such careful investigation can readily be supplied. The executive department has already at its disposal methods of collecting facts and figures; and if the Congress desire additional consideration to that which will be given the subject by its own committees, then a commission of business experts can be appointed whose duty it should be to recommend action by the Congress after a deliberate and scientific examination of the various schedules as they are affected by the changed and changing conditions. The unbiassed and unbiased report of this commission would show what changes should be made in the various schedules, and how far these changes could go without also changing the great prosperity which this country has achieved by the maintenance of its fixed economic policy.

The cases in which the tariff can produce a monopoly are so few as to constitute an inconsiderable factor in the question; but of course if in any case it be found that a given rate of duty does promote a monopoly, the duty does not protect against it, but object to such reduction of the duty on would equalize competition.

In my judgment, the tariff on anthracite coal should be removed, and attractively put actually, where it now is nominally, on the free list. This would have no effect at all save in services; but in crises it might be of service to the people.

NATIONAL BANKS.  
Interest rates are a potent factor in business activity, and in order that these rates may be equalized to meet the varying needs of the seasons of which separate commitments, and to prevent the recurrence of financial stringencies which injuriously affect legitimate business, it is necessary that there should be an element of elasticity in our monetary system. Banks are the natural servants of commerce, and upon them should be placed, as far as practicable, the burden of furnishing and maintaining a circulation adequate to supply the needs of our diversified industries and of our domestic and foreign commerce; and the issue of this should be so regulated that as sufficient supply should be always available for the business interests of the country.

It would be both unwise and unnecessary at this time to attempt to reconstruct our financial system, which has been the growth of a century; but some additional legislation of a desirable character, in the outline of any plan sufficiently comprehensive to meet these requirements would transgress the appropriate limits of this communication. It is suggested, however, that all future legislation on the subject should be with the view of encouraging the use of such instruments as will automatically supply every legitimate demand of productive industries and of commerce, not only in the amount, but in the character of circulation; and of making all kinds of money interchangeable, as far as possible, with the gold standard.

I again call your attention to the need of passing a proper immigration law, covering the points outlined in my Message to you at the first session of the present Congress; substantially identical with a bill I have already passed.

LABOR AND CAPITAL.  
How to secure fair treatment alike for labor and for capital, how to hold in check the unscrupulous man, whether employer or employee, without weakening individual initiative, without hampering and cramping the industrial development of the country, is a problem fraught with great difficulties and one which it is of the highest importance to solve on lines of sanity and far-sighted common sense as well as of devotion to the right. This is an era of federation and combination. Existing business men find they must often work through corporations, and as it is a constant tendency of these corporations to grow larger, so it is often necessary for laboring men to work in federations, and these have become important factors of modern industrial development. Capitalism and labor, and as necessary corollary they can both do evil. Opposition to each kind of organization should take the form of opposition to whatever is bad in the conduct of any given corporation or union, not of an organized labor party, and not of an organized labor party, and not of an organized labor party, and not of an organized labor party.

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endow the department with large powers, which could be increased as experience might show by the weak.

RECIPROcity WITH CUBA.  
I hope soon to submit to the Senate a reciprocity treaty with Cuba. On May 20 last the United States kept its promise to the island by formally vacating Cuban soil and turning Cuba over to those whom her own people have chosen as the first officials of the new Republic.

Cuba lies at our doors, and what ever affects her for good or for ill affects us also. So much have our people felt this that in the Platt amendment we definitely took the ground that Cuba must hereafter have closer political relations with us than with any other power. Thus in a sense Cuba has become a part of our international political system. This makes it necessary that in return she should be given some of the benefits of becoming part of our economic system. It is, from our own standpoint, a short-sighted and mischievous policy to fail to recognize this need. Moreover, it is unworthy of a mighty and generous nation, itself the greatest and most successful republic in history, to refuse to stretch out a helping hand to a young and weak sister republic just entering upon its career of independence. We should always fearlessly insist upon our rights, in the face of the strong, and we should with ungrudging hand our generous duty by the weak.

The adoption of reciprocity with Cuba not only because it is eminently for our own interests to control the Cuban market and by every means to foster our supremacy in the tropical lands and waters south of us, but also because we, of the giant republic in the north, should make all our sister nations of the American Continent feel that whenever they will permit it we desire to show ourselves disinterestedly and effectively their friend.

The message advocates reciprocal trade relations between Great Britain and the United States.

ISTHMIAN CANAL.  
The Congress has wisely provided that we shall build at once an isthmian canal, if possible at Panama. The Attorney General reports that we can undoubtedly acquire good title from the French Panama canal company. Negotiations are now pending with Colombia to secure her assent to our building the canal. This canal will be one of the greatest engineering feats of the twentieth century; a greater engineering feat than has yet been accomplished during the history of mankind. The work should be carried out as a continuing policy without regard to change of Administration; and it should be begun under circumstances which will make it a matter of pride for all Administrations to continue the policy.

The canal will be of great benefit to America, and of importance to all the world. It will be of advantage to us industrially and also as improving our military position. It will be of advantage to the countries of tropical America. It is earnestly to be hoped that all of these countries will do as some of them have already done with mutual success, and will invite to their shores commerce and improve their material conditions by recognizing that stability and order are the prerequisites of successful development. No independent nation in America need have the slightest fear of aggression from the United States. It behooves each one to maintain order within its own borders and to discharge its just obligations to foreigners. When this is done, they can rest assured that, be they strong or weak, they have nothing to dread from outside interference. More and more the increasing interdependence and complexity of international political and economic relations render it incumbent on all civilized and orderly powers to insist on the proper policing of the world.

Arbitration between the United States and the foreign powers is recommended where possible. The army has been reduced to the minimum allowed by law. It is small for so large a nation. We can take pride in both our officers and enlisted men.

It is urged that the necessary appropriations be made for the continuance of the naval manœuvres. Also, that the necessary officers should be provided for the proper oversight of the enlisted men.

PACIFIC CABLE.  
During the fall of 1901 a communication was addressed to the Secretary of State, asking whether permission would be granted by the President to a corporation to lay a cable from a point on the California coast to the Philippine Islands by way of Hawaii, and whether such corporation would undertake to lay and operate a cable was volunteered.

Speaking further the President says his action in the Pacific Cable matter has been deferred till the meeting of Congress.

CIVIL SERVICE.  
Gratifying progress has been made during the year in the extension of the merit system of making appointments in the Government service. It should be extended by law to the District of Columbia. It is much to be desired that our consular system be established by law on a basis providing for appointment and promotion only in consequence of proved fitness.

IRRIGATION.  
The message suggests the reclamation of the arid lands by irrigation and also the protection of game.

PORTO RICO.  
Of Porto Rico it is only necessary to say that the prosperity of the island and the wisdom with which it has been governed have been such as to make it serve as an example of all that is best in insular administration. It should be to absorb them into the body politic. A large amount of educational work must be done among them.

Continuing the President argues that irrigated land should provide the farmer with a never failing source of revenue.

PHILIPPINE ISLANDS.  
On July 4 last, on the one hundred and twenty-sixth anniversary of the declaration of our independence, peace and amnesty were promulgated in the Philippine Islands. Some trouble has since from time to time threatened with the Mohammedan Moros, but with the late insurrectionary Filipinos the war has entirely ceased. Civil

government has now been introduced. Not only does each Filipino enjoy such rights to life, liberty, and the pursuit of happiness as he has never before known during the recorded history of the islands, but the people taken as a whole now enjoy a measure of self-government greater than that granted to any other Orientals by any foreign power and greater than that enjoyed by any other Orientals under their own governments, save the Japanese alone.

We have not gone too far in granting these rights of liberty and self-government; but we have certainly gone to the limit that in the interests of the Philippine people themselves it was wise or just to go. To hurry matters, to go faster than we are now going, would entail calamity on the people of the islands. No policy ever entered into by the American people has vindicated itself in more signal manner than the policy of holding the Philippines. The triumph of our arms, above all the triumph of our laws and principles, has come sooner than we had any right to expect. Too much praise can not be given to the Philippine people for what they have done in the Philippines both in warfare and from an administrative standpoint in preparing the way for civil government; and similar credit belongs to the civil authorities for the way in which they have planted the seeds of self-government in the ground, thus made ready for them. The courage, the unflinching endurance, the high soldierly efficiency, and the general kind-heartedness and humanity of our troops have been strikingly manifested. There now remain only some fifteen thousand troops in the islands. All told, over one hundred thousand have been sent there. Of course, there have been individual instances of wrongdoing among them. They warred under fearful difficulties of climate and surroundings; and under the strain of the terrible provocations which they encountered from their foes, occasional instances of cruel retaliation occurred. Every effort has been made to prevent such cruelties, and finally these efforts have been completely successful. Every effort has also been made to detect and punish the wrongdoers. As a result, it remains true that few indeed have been the instances in which war has been waged by a civilized power against semicivilized or barbarous forces where there has been so little wrongdoing by the victors as in the Philippine Islands. On the other hand, the amount of difficult, important, and beneficent work which has been done is well-nigh incalculable.

Taking the work of the Army and the civil authorities together, it may be questioned whether anywhere else in modern times the world has seen a better example of constructive statesmanship than our people have given in the Philippine Islands. High praise should also be given those Filipinos, in the aggregate very numerous, who have accepted the new conditions and joined with our representatives in work with hearty good will for the well-fare of the islands.

The question of Alaska occupies a well written paragraph of the message, in which are a number of good suggestions.

SMITHSONIAN INSTITUTION.  
The President recommends special consideration of the Smithsonian Institution, and commends its good work.

DISTRICT OF COLUMBIA.  
A number of recommendations follow concerning the proper government of the district.

RAILWAY EMPLOYEES.  
The recommendation for the enactment of laws for the protection of railway employes is concise and pointed.

THE POSTAL DEPARTMENT.  
The striking increase in the revenues of the Post-Office Department shows clearly the prosperity of our people and the increasing activity of the business of the country.

The receipts of the Post-Office Department for the fiscal year ending June 30 last amounted to \$121,848,047.26, an increase of \$10,216,563.87 over the preceding year, the largest increase known in the history of the postal service. The magnitude of this increase will best appear from the fact that the entire postal receipts for the year 1880 amounted to but \$8,518,000.

Rural free-delivery service is no longer in the experimental stage; it has become a fixed policy. The results following its introduction have fully justified the Congress in the large appropriations made for its establishment and extension. The average yearly increase in post-office receipts in the rural districts of the country is about two per cent. We are now able, by actual results, to show that where established to such an extent as to enable us to make comparisons the yearly increase has been upward of ten per cent.

On November 1, 1902, 11,650 rural free-delivery routes had been established and were in operation, covering about one-third of the territory of the United States available for rural free-delivery service. There are now awaiting the action of the Department petitions and applications for the establishment of 10,748 additional routes. This shows conclusively the want which the establishment of the service has met and the need of further extending it as rapidly as possible. It is justified both by the financial results and by the practical benefits to our rural population; it brings the men who live on the soil into close relations with the active business world; it keeps the farmer in daily touch with the markets; it is a potential educational force; it enhances the value of farm property, makes farm life far pleasanter and less isolated, and will do much to check the undesirable current from country to city.

It is to be hoped that the Congress will make liberal appropriations for the continuance of the service already established and for its further extension.

The President commends the action of the last Congress on the great improvement made in the White House.

The message is urgent in encouraging scientific farming, and farmers given every advantage to improved methods of farming.

CONCLUSION.  
The reports of the several Executive Departments are submitted to the Congress with this communication.

THEODORE ROOSEVELT.  
White House.