

FOR ELASTIC TARIFF, END OF LABOR FIGHTS

HARDING'S MESSAGE TO NEW CONGRESS

Continued from Preceding Page.

riculture. To the farmer has come the earlier and the heavier burdens of readjustment. There is actual depression in our agricultural industry, while agricultural prosperity is absolutely essential to the general prosperity of the country.

Congress has sought very earnestly to provide relief. It has promptly given such temporary relief as has been possible, but the call is insistent for the permanent solution. It is inevitable that large crops lower the prices and short crops advance them. No legislation can cure that fundamental law. But there must be some economic solution for the excessive variation in returns for agricultural production.

It is rather shocking to be told, and to have the statement strongly supported, that 9,000,000 bales of cotton, raised on American plantations in a given year, will actually be worth more to the producers than 13,000,000 bales would have been. Equally shocking is the statement that 700,000,000 bushels of wheat, raised by American farmers, would bring them more money than a billion bushels. Yet these are not exaggerated statements. In a world where there are tens of millions who need food and clothing which they cannot get, such a condition is sure to indict the social system which makes it possible.

In the main the remedy lies in distribution and marketing. Every proper encouragement should be given to the cooperative marketing program. This has proven very helpful to the cooperating communities in Europe. In Russia the cooperative community has become the recognized bulwark of law and order, and saved individualism from engulfment in social paralysis. Ultimately it will be accredited with the salvation of the Russian State.

There is the appeal for this experiment. Why not try it? No one challenges the right of the farmer to a larger share of the consumers' pay for his product, no one disputes that we cannot live without the farmer. He is justified in rebelling against the transportation cost. Given a fair return for his labor he will have less occasion to appeal for financial aid; and given assurance that his labors shall not be in vain, we reassure all the people of a production sufficient to meet our national requirements and guard against disaster.

The base of the pyramid of civilization which rests upon the soil is shrinking through the drift of population from farm to city. For a generation we have been expressing more or less concern about this tendency. Economists have warned and statesmen have deplored. We thought for a time that modern conveniences and the more intimate contact would halt the movement, but it has gone steadily on. Perhaps only grim necessity will correct it, but we ought to find a less drastic remedy.

The existing scheme of adjusting freight rates has been favoring the basing points, until industries are attracted to the centers and repelled from others. A great volume of uneconomic and wasteful transportation has attended, and the cost increased accordingly. The grain milling and meat packing industries afford ample illustration, and the attending concentration is readily apparent.

The menaces in concentration are not limited to the retarding influences on agriculture. Manifestly the conditions and terms of railway transportation ought not be permitted to increase this undesirable tendency. We have a just pride in our

great cities, but we shall find a greater pride in the nation, which has a larger distribution of its population into the country, where comparatively self-sufficient smaller communities may blend agricultural and manufacturing interests in harmonious helpfulness and enhanced good fortune. Such a movement contemplates no destruction of things wrought, or investment made, or wealth involved. It only leads to a general policy of transportation of distributed industry, and of highway construction, to encourage the spread of our population and restore the proper balance between city and country. The problem may well have your earnest attention.

It has been perhaps the proudest claim of our American civilization that in dealing with human relationships it has constantly moved toward such justice in distributing the product of human energy that it has improved continuously the economic status of the mass of people. Ours has been a highly productive social organization. On the way up from the elemental stages of society we have eliminated slavery and serfdom and are now far on the way to the elimination of poverty.

Through the eradication of illiteracy and the diffusion of education mankind has reached a stage where we may fairly say that in the United States equality of opportunity has been attained, though all are not prepared to embrace it. There exists, a too great divergence between the economic conditions of the most and the least favored classes in the community. But even that divergence has now come to the point where we bracket together the very poor and the very rich together as the least fortunate classes. Our efforts may well be directed to improving the status of both.

While this set of problems is commonly comprehended under the general phrase "capital and labor" it is really vastly broader. It is a question of social and economic organization. Labor has become a large contributor, through its savings, to the stock of capital; while the people who own the largest individual aggregates of capital are themselves often hard and earnest laborers. Very often it is extremely difficult to draw the line of demarcation between the two groups; to determine whether a particular individual is entitled to be set down as laborer or as capitalist. In a very large proportion of cases he is both, and when he is both he is the most useful citizen.

The right of labor to organize is just as fundamental and necessary as is the right of capital to organize. The right of labor to negotiate, to deal with and solve its particular problems in an organized way, through its chosen agents, is just as essential as is the right of capital to organize, to maintain corporations, to limit the liabilities of stockholders. Indeed, we have come to recognize that the limited liability of the citizen as a member of a labor organization closely parallels the limitation of liability of the citizen as a stockholder in a corporation for profit. Along this line of reasoning we shall make the greatest progress toward solution of our problem of capital and labor.

In the case of the corporation which enjoys the privilege of limited liability of stockholders, particularly when engaged in the public service, it is recognized that the outside public has a large concern which must be protected; and so we provide regulations, restrictions, and in some cases detailed supervision. Likewise in the case of labor organizations we might well apply similar and equally well defined principles of regulation and supervision in order to conserve the public's interests as affected by their operations.

Just as it is not desirable that a corporation shall be allowed to impose undue exactions upon the public, so it is not desirable that a labor organization shall be permitted to exact unfair terms of employment

or subject the public to actual distresses in order to enforce its terms. Finally, just as we are earnestly seeking for procedures whereby to adjust and settle political differences between nations without resort to war, so we may well look about for means to settle the differences between organized capital and organized labor without resort to those forms of warfare which we recognize under the name of strikes, lockouts, boycotts and the like.

As we have great bodies of law carefully regulating the organization and operations of industrial and financial corporations, as we have treaties and compacts among nations which look to the settlement of differences without the necessity of conflict in arms, so we might well have plans of conference of common counsel, of mediation, arbitration and judicial determination in controversies between labor and capital.

To accomplish this would involve the necessity to develop a thorough-going code of practice in dealing with such affairs. It might be well to frankly set forth the superior interest of the community, as a whole, to either the labor group or the capital group. With rights, privileges, immunities and modes of organization thus carefully defined, it should be possible to set up judicial or quasi-judicial tribunals for the consideration and determination of all disputes which menace the public welfare.

In an industrial society such as ours the strike, the lockout and the boycott are as much out of place and as disastrous in their results as is war or armed revolution in the domain of politics. The same disposition to reasonableness, to conciliation, to recognition of the other side's point of view, the same provision of fair and recognized tribunals and processes, ought to make it possible to solve the one set of questions as easily as the other. I believe the solution is possible.

The consideration of such a policy would necessitate the exercise of care and deliberation in the construction of a code and a charter of elemental rights, dealing with the relations of employer and employee. This foundation in the law, dealing with the modern conditions of social and economic life, would hasten the building of the temple of peace in industry which a rejoicing nation would acclaim.

After each war until the last the Government has been enabled to give homes to its returned soldiers, and a large part of our settlement and development has attended this generous provision of land for the nation's defenders.

There is yet unreserved approximately 200,000,000 acres in the public domain, 20,000,000 acres of which are known to be susceptible of reclamation and made fit for homes by provision for irrigation.

The Government has been assisting in the development of its remaining lands until the estimated increase in land values in the irrigated sections is full \$500,000,000 and the crops of 1920 alone on these lands are estimated to exceed \$100,000,000. Under the law authorizing these expenditures for development the advances are to be returned, and it would be good business for the Government to provide for the reclamation of the remaining 20,000,000 acres in addition to expediting the completion of projects long under way.

Under what is known as the coal and gas lease law, applicable also to deposits of phosphates and other minerals on the public domain, leases are now being made on the royalty basis and are producing large revenues to the Government. Under this legislation 10 per centum of all royalties is to be paid directly to the Federal Treasury, and of the remainder 50 per centum is to be used for reclamation of arid lands by irrigation and 40 per centum is to be

paid to the States in which the reclamations are located to be used by them for school and road purposes.

These resources are so vast, and the development is affording so reliable a basis of estimate, that the Interior Department expresses the belief that ultimately the present law will add in royalties and payments to the treasuries of the Federal Government and the States containing these public lands a total of \$12,000,000,000. This means of course an added wealth of many times that sum. Those prospects seem to afford every justification of Government advances in reclamation and irrigation.

Contemplating the inevitable and desirable increase of population, there is another phase of reclamation full worthy of consideration. There are 79,000,000 acres of swamp and overflow lands which may be reclaimed and made as valuable as any farm lands we possess. These acres are largely located in Southern States, and the greater proportion is owned by the States or by private citizens. Congress has a report of the survey of this field for reclamation, and the feasibility is established. I gladly commend Federal aid, by way of advances, where State and private participation is assured.

Home making is one of the greater benefits which Government can bestow. Measures are pending embodying this sound policy to which we may well adhere. It is easily possible to make available permanent homes which will provide in turn, for prosperous American families, without injurious competition with established activities, or imposition on wealth already acquired.

While we are thinking of promoting the fortunes of our own people I am sure there is room in the sympathetic thought of America for fellow human beings who are suffering and dying of starvation in Russia. A severe drought in the valley of the Volga has plunged 15,000,000 people into grievous famine. Our voluntary agencies are exerting themselves to the utmost to save the lives of children in this area, but it is now evident that unless relief is afforded the loss of life will extend into many millions. America cannot be deaf to such a call as that.

We do not recognize the Government of Russia, nor tolerate the propaganda which emanates therefrom, but we do not forget the traditions of Russian friendship. We may put aside our consideration of all international politics and fundamental differences in government. The big thing is the call of the suffering and the dying. Unreservedly I commend the appropriation necessary to supply the American Relief Administration with 10,000,000 bushels of corn and 1,000,000 bushels of seed grains, not alone to halt the wave of death through starvation, but to enable spring planting in areas where the seed grains have been exhausted temporarily to stem starvation.

The American relief administration is directed in Russia by former officers of our own armies, and has fully demonstrated its ability to transport and distribute relief through American hands without hindrance or loss. The time has come to add the Government's support to the wonderful relief already wrought out of the generosity of the American private purse.

I am not unaware that we have suffering and privation at home. When it exceeds the capacity for the relief within the States concerned it will have Federal consideration. It seems to me we should be indifferent to our own heart promptings, and out of accord with the spirit which acclaims the Christmastide if we do not give out of our national abundance to lighten this burden of woe upon a people blame-

less and helpless in famine's peril. There are a full score of topics concerning which it would be becoming to address you, and one which I hope to make the subject of a report at a later time. I have alluded to the things requiring your earlier attention. However, I cannot end this limited address without a suggested amendment to the organic law.

Many of us belong to that school of thought which is hesitant about altering the fundamental law.

I think our tax problems, the tendency of wealth to seek non-taxable investment, and the menacing increase of public debt, Federal, State and municipal, all justify a proposal to change the Constitution so as to end the issue of non-taxable bonds. No action can change the status of many billions outstanding, but we can guard against future encouragement of capital's paralysis, while a halt in the growth of public indebtedness would be beneficial throughout our whole land.

Such a change in the Constitution must be very thoroughly considered before submission. There ought to be known what influence it will have on the inevitable refunding of our vast national debt, how it will operate on the necessary refunding of State and municipal debt, how the advantages of nation over State and municipality, or the contrary, may be avoided. Clearly, the States would not ratify to their own apparent disadvantage. I suggest the consideration because the drift of wealth into non-taxable securities is hindering the flow of large capital to our industries, manufacturing, agricultural and carrying, until we are discouraging the very activities which make our wealth.

Agreeable to your expressed desire and in complete accord with the purposes of the executive branch of the Government, there is in Washington, as you happily know, an international conference now most earnestly at work on plans for the limitation of armament, a naval holiday and the just settlement of problems which weigh down the causes of international disagreement. It is easy to believe a world hope is centered in this capital city. A most gratifying world accomplishment is not improbable.

PRESIDENT SENSES VALUATION DANGER

Continued from First Page.

pro tem. of the Senate, mounted the rostrum and took a seat by Speaker Gillett. In a few minutes the Speaker rapped for order, and Senator Cummings named a committee of five Senators to act as an escort to the President, consisting of Lodge (Mass.), Hitchcock (Neb.), Nelson (Minn.), Simmons (N. C.) and Smoot (Utah). To represent the House Speaker Gillett named Representatives Mondell (Wyo.), Cannon (Ill.), Campbell (Kan.) and Garrett (Tenn.).

The door to the left of the Speaker's rostrum was opened and Gen. Pershing and his aid, Major Quackenbush, headed the column escorting the President. When the President mounted the rostrum he received an ovation which lasted nearly a minute, the galleries leading in the applause.

A lull fell over the assembled multitude when the President started to read his address in clear, distinct tones. His first was applauded when he declared this nation is now at peace with the world and that there is growing assurance of permanent peace.

When the President dwelt upon the "insuperable relations which this nation occupies in world affairs," the foreign diplomats and delegates showed the keenest interest. They also displayed much concern during his discussion of the plan to fund the foreign debts owed this country.



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