ered under the laws of other States and transacting the larger part of their business elsewhere is also clear. As a remedy for this evil of conflicting, ineffective and yet burdensome regulations there has been for many years a widespread demand for Federal supervision. The Congress has already recognized that interstate insurance may be a proper subject for Federal legislation, for in creating the Bureau of Corporations it authorized it to publish and supply useful information concerning interstate corporations, "including corporations engaged in insurance." It is obvious that if the compilation of statistics be the limit of the Federal power, it is wholly ineffective to regulate this form of commercial intercourse between the States, and as the insurance business has outgrown in magnitude the possibility of adequate State supervision, the Congress should carefully consider whether further legislation can be had. What is said above applies with equal force to fraternal and benevolent organizations which contract for life insurance.

There is more need of stability than of the attempt to attain an ideal perfection in the methods of reading revenues, and the shock and strain to the business world certain to attend any serious change in these methods render such change inadvisable unless for grave reasons. It is not possible to lay down any general rule by which to determine the moment when the reasons for will outweigh the reasons against such a change. Much must depend, not merely on the needs, but on the desires, of the people as a whole; for needs and desires are not necessarily identical. Of course, no change can be made in lines beneficial to, or desired by, one section or one State only. There must be something like a general agreement among the citizens of the several States, as represented in the Congress, that the change is needed and desired in the interest of the people as a whole; and there should then be a sincere, intelligent and disinterested effort to make it in such shape as will combine, so far as possible, the maximum of good to the people at large with the minimum of necessary disregard for the special interests of localities or classes. But in time of peace the revenues have most to do, taking a series of years together, equal the expenditures, or else the revenue must be increased. Last year there was a deficit. Unless our expenditures can be kept within the revenues then our revenue laws must be readjusted so as to yet too early to attempt to outline what shape such a readjustment should take, for it is as yet too early to say whether there will be a deficit. It should be considered whether it is not desirable that tariff laws should provide for applying as against or in favor of any other nation maximum and minimum tariff rates established by the Congress, so as to secure a certain reciprocity of treatment between other nations trading in ways in which often larger considerations of policy than those of a purely economic nature, it would, in my judgment be well to endeavor to bring at an lower commercial conditions with the other peoples of the world. At present I am happy to be able to announce to you that Russia now treats us on the most-favored-nation basis.

I earnestly recommend to the Congress the need of economy, and to this end of a rigid scrutiny of appropriations. As examples more in detail of the need for this I call attention to one or two specific matters. All unnecessary offices should be abolished. The Commissioner of the General Land Office recommends the abolition of the office of receiver of public moneys for United States land offices. This will effect a saving of about a quarter of a million dollars a year. As the business of the nation grows it is inevitable that there should be from time to time a legitimate increase in the number of officials, and this fact renders it all the more important that when offices become unnecessary they should be abolished. In the public printing also, a large saving of public money should be made. There is a constantly growing tendency to publish masses of unimportant information. It is probably not unfair to say that many tens of thousands of volumes are published at a cost of many thousands of dollars for which there is no real demand whatsoever.

Yet, in speaking of economy, I must in no wise be misinterpreted as advocating the false economy which is in the end the worst extravagance. To cut down the navy, for instance, would be utterly unwise and foolish. To fail to push forward all work on the Panama Canal would be as great a folly.

In my message of December 2, 1902, to the Congress I said:

"Interest rates are a potent factor in business activity, and in order that these rates may be normal and not merely the result of panic seasons and of widely segregated communities, and to prevent the recurrence of financial stringencies which injuriously affect legitimate business, it is necessary that there should be some method of readily and promptly utilizing the surplus in the Treasury when it is useful at home, and in restoring it when it is needed for the payment of debts abroad. At present it may be that the Secretary of the Treasury has the power to do this, but it is doubtful if he has the right to do it. Some such power should be given, and it should be so exercised as to prevent disturbance of the money market as far as possible by the Government operations. Many plans have been suggested for this purpose, and I do not wish to be understood as wedded to any one of them, but I do wish to be understood as stating that in my opinion some such power should be given."

CURRENCY.

Banks are the natural servants of commerce, and upon them should be placed, as far as practicable, the burden of furnishing and maintaining the currency needed to supply the needs of our diversified industries and of our domestic and foreign commerce. The issue of this currency should be safeguarded, but sufficient supply should be made available for the business needs of the country.

Proper consideration of prudence demands the addition of some element of elasticity in our currency, but this should consist in the ability readily to increase the issue of money. But the trouble comes in the question of how to secure this elasticity. I feel strongly that it would be unwise to make a change in our currency system in any way which would lessen the value or the quality of our currency. I do not believe that any such change is necessary. I do not believe that the American people, when they understand the facts, will wish to run the risk of putting themselves in the position of being the only people in Christendom to have a currency of inferior quality. It would be difficult as a practical matter to devise a currency which would be absolutely safe which would not be liable to depreciate in the hands of the people if it were issued in excess of the needs of the country. I believe that the currency should be made to expand and contract in accordance with the needs of the business community. This can be done by giving to the banks the right to issue currency on the security of certain bonds, the issue being made compulsory when the price of these bonds is low and prohibitory when it is high. In addition to this, a tax should be levied on the currency issued by the banks when it is in excess of a certain amount, the tax being made heavier when the currency is in excess of a larger amount, and being made so light when the currency is not in excess of the amount specified that it will be profitable to issue it. I believe that such a system would be safe and would afford all the elasticity of currency that is desirable. I recommend that the Secretary be given the power to prepare such a system and submit it to Congress for its consideration.

BUSINESS METHODS IN DEPARTMENTS.

Examination of the departments shows much laxity in principle and wasteful methods in many parts of their business. Methods are antiquated and inefficient. There are many instances where executive governmental machinery should be at least well planned, economical and efficient in the best business fashion. There are organizations which at present lack the machinery to make it as a rule of business efficiency and especially economy in the future. Probably in no matter do we and our people need more to be shown that we are wasteful and careless than in our business methods. I recommend that the Congress give careful consideration to the matter, and that it make such appropriations as may be necessary for the proper betterment of the business methods of the Government.

I have dwelt much on the dangers to be avoided by steering clear of any more foolish sentimentality because my wish for peace is as genuine and earnest, because I take a manly and active interest in trying to make it prevail, and because I think it may be of real service to make a step forward in the direction of securing the peace of justice through out the world. Nobody is better worthy of the attention of enlightened and disinterested people than the apostles of peace who in the name of peace would do away with the necessity for securing justice as between nations, both for the protection of the little nations and for the prevention of war between the big nations, as this alone would be the ultimate result if such doctrines prevailed. But, above all, effectively to strengthen the forces of right. The Golden Rule should be, and in the world grown in morality it will be, the guiding rule of conduct among nations as among individuals. Instead of this being the case, the strong nations habitually treat the weaker nations in a manner utterly lawless and grasping. We do not wish to see any such nation made the recipient of any favor which would enable it to do more harm in the world. But we do wish to see every nation treated with the justice and fairness which it shows itself capable of using to its own advantage. We do not wish to see any nation wronged in order that another may be benefited, but we do wish to see the interests of each nation, small or great, treated with the same regard for its rights as is shown by the best of the other nations. We do not wish to see any nation, small or great, wronged in order that it may be made to pay money to the subjects of another nation when the money thus paid will be used for purposes of oppression and not for the benefit of the people who are taxed to make the payment. We do not wish to see any nation, small or great, have its territory seized by any other nation, because such seizure is almost always a calamity for the people whose territory is seized, and because it is a blow at the principle of independence and self-government for a people to be made the property of another people. We do not wish to see any people oppressed in order that they may be made to pay money to their oppressors which will be used not for the benefit of the people who are taxed, but for the benefit of the oppressors. We do not wish to see any people robbed in order that the money thus stolen may be used for the benefit of the robbers. We do not wish to see any people treated with cruelty because their government is too weak to secure them justice from other nations. We do not wish to see any people treated with cruelty because they are too ignorant or too peaceable to know how to make war. We do not wish to see any people treated with cruelty because they have the misfortune to be rich and to tempt the greed of the robber nations. We do not wish to see any people treated with cruelty because they have the misfortune to be weak and to tempt the contempt of the strong nations that have the power to do evil to them with impunity. We do not wish to see any people treated with cruelty because they are in the right if they have not the power to make their rights good against a mighty foe. We do not wish to see any people treated with cruelty because they are in the wrong if there is no one with the power and the will to point out to them the wrong they do