

PRESIDENT WILSON'S MESSAGE

National Preparedness Main Theme of Head of Nation. Submits Definite Plan to Increase Present Standing Force of Regulars and For Four Hundred Thousand Citizen Soldiers Raised in Increments of One Hundred and Thirty-three Thousand.



Photo by American Press Association. President Wilson reading message to Congress.

Declares That if Full Navy Program Is Carried Out We Will Have a Fleet For Defense That Will Be "Fitted to Our Needs and Worthy of Our Traditions." Greatest Danger to Country Comes From Within Our Borders.

of individual liberty and of the free labor that supports life and the unceasing thought that quickens it. Conquest and dominion are not in our reckoning or agreeable to our principles. But just because we demand individual development and the undisturbed government of our own lives upon our own principles of right and liberty, we resent, from whatever quarter it may come, the aggression upon ourselves which we do not practice. We insist upon security in prosecuting our self-chosen course of national development, and we demand it in such manner as shall be also for others. We do not confine our enthusiasm for individual liberty and free national development to the incidents and movements of affairs which affect only ourselves. We feel that wherever there is a people that tries to walk in these difficult paths of independence and self-determination, that can weave the delicate fabric of sympathy, comprehension, confidence and mutual dependence in which we wish to clothe our policy of America for Americans.

It is a question of independence. If other nations go to war or seek to hamper each other's commerce or our merchants, it seems, as at their mercy to do with as they please. We must use their ships and use them as they determine. We have no ships enough of our own. We cannot handle our own commerce on the seas. Our independence is provincial and is only on land and within our own borders. We are not likely to be permitted to use even the ships of other nations in rivalry of their own trade and are rival means to extend our commerce even where the doors are wide open and our goods desired. Such a situation is not to be endured. It is of capital importance not only that the United States should be its own carrier on the seas and enjoy the economic independence which only an adequate merchant marine would give it, but also that the American hemisphere as a whole should enjoy a like independence and self-sufficiency. It is not to be drawn into the tangle of European affairs. Without such independence the whole question of our political unity and self-determination is very seriously clouded and complicated indeed.

COMPREHENSIVE PLAN FOR GREATER NAVY.

Always Looked to it as Our First and Chief Line of Defense. The program which will be laid before you by the secretary of the navy is a similar, conceived. It is not only a long matured plan but is carried out, but it does make definite and explicit a program which has heretofore been only implicit, held in the minds of the committees on naval affairs and disclosed in the debates of the two houses, but nowhere formulated or actually adopted. It seems to me very clear that it will be to the advantage of the country for the congress to adopt a comprehensive plan for putting the navy upon a final footing of strength and efficiency and to press that plan to completion within the next five years. We have always looked to the navy of the country as our first and chief line of defense; we have always seen it to be our manifest course of prudence to be strong on the seas. Year by year we have been creating a navy which now ranks very high indeed among the navies of the maritime nations. We should now definitely determine the body of free citizens ready and sufficient to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves. We have commanded that "the right of the people to keep and bear arms shall not be infringed," and our confidence in the ability of our citizenry to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves. We have commanded that "the right of the people to keep and bear arms shall not be infringed," and our confidence in the ability of our citizenry to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves.

SUGGESTS BROAD PLAN FOR NATIONAL DEFENSE.

Increase Standing Regular Force—Four Hundred Thousand Citizen Soldiers. But war has never been a mere matter of guns and powder. It is a thing of disciplined might. If our citizens are ever to fight effectively upon a sudden summons, they must know how modern fighting is done, and what to do when the summons comes to render themselves immediately available and immediately effective. Available and immediately effective, and the government must be their agent in this matter, must supply them with the training they need to take care of themselves and of it. The military arm of their government, which they will not allow to direct them, they may properly use to direct them and make their independence secure and not their own independence merely. But the rights also of those with whom they have made common cause, should they also be put in jeopardy. They must be fitted to play the great role in the world, and particularly in this hemisphere, for which they are qualified by principle and by chastened ambition to play.

COUNTRY SHOULD HAVE FINE MERCHANT MARINE.

United States Should Be Its Own Carrier on the Seas. If this full program should be carried out we should have built or building in 1921, according to the estimates of survival and standards of classification followed by the general board of the department, an effective navy consisting of 27 battleships of the first line, 6 battle cruisers, 25 battleships of the second line, 10 armored cruisers, 13 scout cruisers, 5 first class cruisers, 3 second class cruisers, 10 third class cruisers, 108 destroyers, 13 fleet submarines, 157 coast submarines, 6 monitors, 20 gunboats, 4 supply ships, 15 fuel ships, 4 transports, 3 tenders to torpedoes, 8 auxiliary ships, 2 types and two ammunition ships. This would be a navy fitted to our needs and worthy of our traditions.

conviction that there are few measures you could adopt which would more serviceably clear the way for the great policies by which we wish to make good, now and always, our right to lead in enterprises of peace and good will and economic and political freedom. The plans for the government of the nation which I have outlined and for the general policy of adequate preparation for mobilization and defense involve, of course, very large additional expenditures of money, expenditures which will considerably exceed the estimates of the government of the year 1916. It is made my duty by law whenever the estimates of expenditure exceed the estimates of revenue to call the attention of the congress to the fact and suggest any means of meeting the deficiency that it may be wise or possible for me to suggest. I am ready to believe that it would be my duty to do so in any case, and I feel particularly bound to speak of the matter when it appears that the deficiency will arise directly out of the adoption by the congress of measures which I myself would adopt. Allow me therefore to speak briefly of the present state of the treasury and of the fiscal problems which the next year will probably disclose.

On the 30th of June last there was an available balance in the general fund of the treasury of \$104,170,105.78. The total estimated receipts for the year 1916, on the assumption that the emergency revenue measure passed by the last congress will not be extended beyond its present limit, the 31st of December, 1915, and that the present duty of 1 cent per pound on sugar will be continued after the 1st of July, 1916, will be \$470,295,500. The balance of June last and these estimated revenues come therefore to a grand total of \$774,535,005.78. The total estimated disbursements for the present fiscal year, including twenty-five millions for the Panama canal, two millions for probable deficiency appropriations and \$50,000,000 for miscellaneous debt redemptions, will be \$753,891,000, and the balance in the general fund of the treasury will be reduced to \$20,644,005.78. The emergency revenue act if continued beyond its present time limitation would produce during the half year then remaining about forty-one million. The duty of 1 cent per pound on sugar if continued would produce during the two months of the fiscal year remaining after the 1st of May about fifteen millions. These two sums, taken together, amount to fifty-six million. If added to the revenues of the second half of the fiscal year would yield the treasury at the end of the year an available balance of \$76,644,005.78.

The additional revenues required to carry out the program of military and naval expansion of which I have just spoken would, as at present estimated, be for the fiscal year 1917 \$38,800,000. Those figures, taken with the figures for the present fiscal year which I have already given, disclose our financial problem for the year 1917. Assuming that the taxes imposed by the emergency revenue act and the present duty on sugar are to be discontinued and that the balance at the close of the present fiscal year will be only \$20,644,005.78, that the disbursements for the year 1917 cannot be less than about \$25,000,000 and that the additional expenditures for the army and navy are authorized by the congress, the deficit in the general fund of the treasury on the 30th of June, 1917, will be nearly \$235,000,000. To this sum at least \$50,000,000 should be added to represent a safe working balance for the treasury and \$12,000,000 to include the usual deficiency estimates in 1917, and these additions would make a total deficit of some \$297,000,000. If the present taxes should be continued throughout this year and the next, however, there would be a balance in the treasury of some \$76,500,000 at the end of the present fiscal year and a deficit at the end of the next year of only some \$50,000,000, or, reckoning in \$20,000,000 for deficiency appropriations and a safe treasury balance at the end of the year, a total deficit of some \$12,000,000. The obvious moral of the figures is that it is a plain counsel of prudence to continue all of the present taxes or their equivalents and to make our way to the problem of providing for the new revenue rather than \$297,000,000.

How shall we obtain the new revenue? We are frequently reminded that there are many millions of bonds which the treasury is authorized under existing law to sell to reimburse the sums paid out of current revenues for the construction of the Panama canal, and it is true that bonds for the amount of \$222,432,000 are now available for that purpose. Prior to 1913 \$138,000,000 of these bonds had actually been sold to recoup the expenditures at the isthmus, and now constitute a considerable item of the public debt. But I for one do not believe that the people of this country approve of postponing the payment of their bills. Borrowing money is a short-sighted financial policy. It can be used only when permanent things are to be accomplished which many generations will certainly benefit by and which it seems hardly fair that a single generation should pay for. The objects we are now proposing to spend money for cannot be so classified, except in the sense that everything wisely done may be said to be done in the interests of posterity as well as in our own. It seems to me a clear dictate of prudent statesmanship and frank finance that in what we are now, I hope, about to undertake we should pay as we go. The people of the country are entitled to know just what burdens of taxation they are to carry and to know from the outset how they are to be paid by internal taxation.

To what sources, then, shall we turn? This is so peculiarly a question which the gentlemen of the house of representatives are expected under the constitution to propose an answer to that you will hardly expect me to do more than discuss it in very general terms. We should be following an almost universal example of modern governments if we were to draw the greater part or even the whole of the revenues we need from the Income taxes. By somewhat lowering the present limits of exemption and the figure at which the surtax shall begin to be imposed and by increasing, step by step, throughout the present graduation the

surtax itself, the income taxes as at present apportioned would yield sums sufficient to balance the books of the treasury at the end of the fiscal year 1917 without anywhere making the burden unreasonably or oppressively heavy. The precise reckonings are fully and accurately set out in the report of the secretary of the treasury which will be immediately laid before you. And there are many additional sources of revenue which can justly be resorted to without hampering the industries of the country or putting any undue great charge upon individual expenditure. A 1 cent tax per gallon on gasoline and naphtha would yield, at the present estimated production, \$10,000,000, a tax of 50 cents per horsepower on automobiles and internal explosion engines \$15,000,000, a stamp tax on bank checks probably \$18,000,000, a tax of 25 cents per ton on pig iron \$10,000,000, a tax of 50 cents per ton on fabricated iron and steel probably \$10,000,000. In a country of great industries like this it ought to be easy to distribute the burdens of taxation without making them anywhere bear too heavily or too exclusively upon any one set of persons or industries. What is clear is that the industry of this generation should pay the bills of this generation.

NATION'S SECRET FOES SHOULD BE CRUSHED.

Greatest Danger to Country Comes From Within Our Own Borders. I have spoken to you today, gentlemen, upon a single theme, the thorough preparation of the nation to care for its own security and to make sure of entire freedom to play the impartial role in this hemisphere and in the world which we all believe to have been providentially assigned to it. I have had in my mind no thought of any immediate or particular danger arising out of our relations with other nations. We are at peace with all the nations of the world, and there is reason to hope that no question in controversy between this and other governments will lead to any grave breach of amicable relations, or to some differences of attitude and policy have been and may yet turn out to be. I am sorry to say that the gravest threats against our national peace and safety have been uttered within our own borders. There are citizens of the United States, I blush to admit, born under other flags, but welcomed under our generous naturalization laws to the full and equal opportunity of American life, who have sought to bring the authority and good name of our government into contempt, to destroy our industries wherever they thought it effective for their vindictive purposes to do so, and to bring our politics to the uses of foreign intrigue. Their number is not great as compared with the whole number of those sturdy hosts by which our nation has been enriched in recent generations out of virile foreign stocks, but it is great enough to have brought deep disaster upon us, and to have made it necessary that we should promptly make use of processes of law by which we may be purged of their coward distempers.

America never witnessed anything like this before. It never dreamed it possible that men sworn into its citizenship, men drawn out of great free stocks such as we have, and of the best and strongest elements of that stock, but how heroic, nation that in a high day of old staked its very life to free itself from every entanglement that had darkened the fortunes of the older nations and set up a new standard here—that men of such origins and such free choices of allegiance would ever turn in unbrotherly regard against the government and people who had welcomed and nurtured them and seek to make this proud country once more a hotbed of European passion. A little while ago such a thing would have seemed incredible. Because it was incredible we made no preparation for it. We would have been almost ashamed to prepare for it, and to have our suspicions of ourselves, our own comrades and neighbors! But the ugly and incredible thing has actually come about, and we are without adequate federal laws to deal with it. I urge you to enact such laws at the earliest possible moment and feel that in doing so I am urging you to do nothing less than save the honor and self respect of the nation. Such measures as banishment, disloyalty and anarchy must be crushed out. They are not many, but they are infinitely malignant, and the hand of our power should close over them at once. They have formed plots to destroy property, they have entered into conspiracies against the neutrality of the government, they have sought to pry into every confidential transaction of the government in order to serve interests alien to our own. It is possible to deal with these things very effectively. I need not suggest the terms in which they may be dealt with.

SHOULD AGREE ON POLICY IN THE PHILIPPINES.

Recommends Early Adoption of Measures Giving Matter Fuller Justice. There is another matter which seems to me to be very intimately associated with the question of national safety and preparation for defense. That is our policy toward the Philippines and the people of Porto Rico. Our treatment of them and their attitude toward us are manifestly of the first consequence in the development of our duties in the world and in getting a free hand to perform those duties. We must be free from every unnecessary burden or embarrassment, and there is no better way to be clear of embarrassment than to fulfill our promises and promote the interests of those dependent on us to the utmost. Bills for the alteration and reform of the government of the Philippines and for rendering fuller political justice to the people of Porto Rico were submitted to the Sixty-third congress. They will be submitted also to you. I need not particularize their details. You are most of you already familiar with them. But I do recommend them to your early adoption with the sincere

feeling of the younger men of the country whether they responded for service or not. It would depend upon the patriotic spirit of the employers of the country whether they made it possible for the young men in their employ to respond under favorable conditions or not. I for one do not doubt the patriotic devotion of either of our young men, or of those who give them employment—those for whose benefit and protection they would in fact enlist. I would look forward to the success of such an experiment with entire confidence.

At least so much by way of preparation for defense seems to me to be absolutely imperative now. We cannot do less.

COMPREHENSIVE PLAN FOR GREATER NAVY.

Always Looked to it as Our First and Chief Line of Defense. The program which will be laid before you by the secretary of the navy is a similar, conceived. It is not only a long matured plan but is carried out, but it does make definite and explicit a program which has heretofore been only implicit, held in the minds of the committees on naval affairs and disclosed in the debates of the two houses, but nowhere formulated or actually adopted. It seems to me very clear that it will be to the advantage of the country for the congress to adopt a comprehensive plan for putting the navy upon a final footing of strength and efficiency and to press that plan to completion within the next five years. We have always looked to the navy of the country as our first and chief line of defense; we have always seen it to be our manifest course of prudence to be strong on the seas. Year by year we have been creating a navy which now ranks very high indeed among the navies of the maritime nations. We should now definitely determine the body of free citizens ready and sufficient to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves. We have commanded that "the right of the people to keep and bear arms shall not be infringed," and our confidence in the ability of our citizenry to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves.

SUGGESTS BROAD PLAN FOR NATIONAL DEFENSE.

Increase Standing Regular Force—Four Hundred Thousand Citizen Soldiers. But war has never been a mere matter of guns and powder. It is a thing of disciplined might. If our citizens are ever to fight effectively upon a sudden summons, they must know how modern fighting is done, and what to do when the summons comes to render themselves immediately available and immediately effective. Available and immediately effective, and the government must be their agent in this matter, must supply them with the training they need to take care of themselves and of it. The military arm of their government, which they will not allow to direct them, they may properly use to direct them and make their independence secure and not their own independence merely. But the rights also of those with whom they have made common cause, should they also be put in jeopardy. They must be fitted to play the great role in the world, and particularly in this hemisphere, for which they are qualified by principle and by chastened ambition to play.

COUNTRY SHOULD HAVE FINE MERCHANT MARINE.

United States Should Be Its Own Carrier on the Seas. If this full program should be carried out we should have built or building in 1921, according to the estimates of survival and standards of classification followed by the general board of the department, an effective navy consisting of 27 battleships of the first line, 6 battle cruisers, 25 battleships of the second line, 10 armored cruisers, 13 scout cruisers, 5 first class cruisers, 3 second class cruisers, 10 third class cruisers, 108 destroyers, 13 fleet submarines, 157 coast submarines, 6 monitors, 20 gunboats, 4 supply ships, 15 fuel ships, 4 transports, 3 tenders to torpedoes, 8 auxiliary ships, 2 types and two ammunition ships. This would be a navy fitted to our needs and worthy of our traditions.

conviction that there are few measures you could adopt which would more serviceably clear the way for the great policies by which we wish to make good, now and always, our right to lead in enterprises of peace and good will and economic and political freedom. The plans for the government of the nation which I have outlined and for the general policy of adequate preparation for mobilization and defense involve, of course, very large additional expenditures of money, expenditures which will considerably exceed the estimates of the government of the year 1916. It is made my duty by law whenever the estimates of expenditure exceed the estimates of revenue to call the attention of the congress to the fact and suggest any means of meeting the deficiency that it may be wise or possible for me to suggest. I am ready to believe that it would be my duty to do so in any case, and I feel particularly bound to speak of the matter when it appears that the deficiency will arise directly out of the adoption by the congress of measures which I myself would adopt. Allow me therefore to speak briefly of the present state of the treasury and of the fiscal problems which the next year will probably disclose.

On the 30th of June last there was an available balance in the general fund of the treasury of \$104,170,105.78. The total estimated receipts for the year 1916, on the assumption that the emergency revenue measure passed by the last congress will not be extended beyond its present limit, the 31st of December, 1915, and that the present duty of 1 cent per pound on sugar will be continued after the 1st of July, 1916, will be \$470,295,500. The balance of June last and these estimated revenues come therefore to a grand total of \$774,535,005.78. The total estimated disbursements for the present fiscal year, including twenty-five millions for the Panama canal, two millions for probable deficiency appropriations and \$50,000,000 for miscellaneous debt redemptions, will be \$753,891,000, and the balance in the general fund of the treasury will be reduced to \$20,644,005.78. The emergency revenue act if continued beyond its present time limitation would produce during the half year then remaining about forty-one million. The duty of 1 cent per pound on sugar if continued would produce during the two months of the fiscal year remaining after the 1st of May about fifteen millions. These two sums, taken together, amount to fifty-six million. If added to the revenues of the second half of the fiscal year would yield the treasury at the end of the year an available balance of \$76,644,005.78.

The additional revenues required to carry out the program of military and naval expansion of which I have just spoken would, as at present estimated, be for the fiscal year 1917 \$38,800,000. Those figures, taken with the figures for the present fiscal year which I have already given, disclose our financial problem for the year 1917. Assuming that the taxes imposed by the emergency revenue act and the present duty on sugar are to be discontinued and that the balance at the close of the present fiscal year will be only \$20,644,005.78, that the disbursements for the year 1917 cannot be less than about \$25,000,000 and that the additional expenditures for the army and navy are authorized by the congress, the deficit in the general fund of the treasury on the 30th of June, 1917, will be nearly \$235,000,000. To this sum at least \$50,000,000 should be added to represent a safe working balance for the treasury and \$12,000,000 to include the usual deficiency estimates in 1917, and these additions would make a total deficit of some \$297,000,000. If the present taxes should be continued throughout this year and the next, however, there would be a balance in the treasury of some \$76,500,000 at the end of the present fiscal year and a deficit at the end of the next year of only some \$50,000,000, or, reckoning in \$20,000,000 for deficiency appropriations and a safe treasury balance at the end of the year, a total deficit of some \$12,000,000. The obvious moral of the figures is that it is a plain counsel of prudence to continue all of the present taxes or their equivalents and to make our way to the problem of providing for the new revenue rather than \$297,000,000.

How shall we obtain the new revenue? We are frequently reminded that there are many millions of bonds which the treasury is authorized under existing law to sell to reimburse the sums paid out of current revenues for the construction of the Panama canal, and it is true that bonds for the amount of \$222,432,000 are now available for that purpose. Prior to 1913 \$138,000,000 of these bonds had actually been sold to recoup the expenditures at the isthmus, and now constitute a considerable item of the public debt. But I for one do not believe that the people of this country approve of postponing the payment of their bills. Borrowing money is a short-sighted financial policy. It can be used only when permanent things are to be accomplished which many generations will certainly benefit by and which it seems hardly fair that a single generation should pay for. The objects we are now proposing to spend money for cannot be so classified, except in the sense that everything wisely done may be said to be done in the interests of posterity as well as in our own. It seems to me a clear dictate of prudent statesmanship and frank finance that in what we are now, I hope, about to undertake we should pay as we go. The people of the country are entitled to know just what burdens of taxation they are to carry and to know from the outset how they are to be paid by internal taxation.

To what sources, then, shall we turn? This is so peculiarly a question which the gentlemen of the house of representatives are expected under the constitution to propose an answer to that you will hardly expect me to do more than discuss it in very general terms. We should be following an almost universal example of modern governments if we were to draw the greater part or even the whole of the revenues we need from the Income taxes. By somewhat lowering the present limits of exemption and the figure at which the surtax shall begin to be imposed and by increasing, step by step, throughout the present graduation the

surtax itself, the income taxes as at present apportioned would yield sums sufficient to balance the books of the treasury at the end of the fiscal year 1917 without anywhere making the burden unreasonably or oppressively heavy. The precise reckonings are fully and accurately set out in the report of the secretary of the treasury which will be immediately laid before you. And there are many additional sources of revenue which can justly be resorted to without hampering the industries of the country or putting any undue great charge upon individual expenditure. A 1 cent tax per gallon on gasoline and naphtha would yield, at the present estimated production, \$10,000,000, a tax of 50 cents per horsepower on automobiles and internal explosion engines \$15,000,000, a stamp tax on bank checks probably \$18,000,000, a tax of 25 cents per ton on pig iron \$10,000,000, a tax of 50 cents per ton on fabricated iron and steel probably \$10,000,000. In a country of great industries like this it ought to be easy to distribute the burdens of taxation without making them anywhere bear too heavily or too exclusively upon any one set of persons or industries. What is clear is that the industry of this generation should pay the bills of this generation.

NATION'S SECRET FOES SHOULD BE CRUSHED.

Greatest Danger to Country Comes From Within Our Own Borders. I have spoken to you today, gentlemen, upon a single theme, the thorough preparation of the nation to care for its own security and to make sure of entire freedom to play the impartial role in this hemisphere and in the world which we all believe to have been providentially assigned to it. I have had in my mind no thought of any immediate or particular danger arising out of our relations with other nations. We are at peace with all the nations of the world, and there is reason to hope that no question in controversy between this and other governments will lead to any grave breach of amicable relations, or to some differences of attitude and policy have been and may yet turn out to be. I am sorry to say that the gravest threats against our national peace and safety have been uttered within our own borders. There are citizens of the United States, I blush to admit, born under other flags, but welcomed under our generous naturalization laws to the full and equal opportunity of American life, who have sought to bring the authority and good name of our government into contempt, to destroy our industries wherever they thought it effective for their vindictive purposes to do so, and to bring our politics to the uses of foreign intrigue. Their number is not great as compared with the whole number of those sturdy hosts by which our nation has been enriched in recent generations out of virile foreign stocks, but it is great enough to have brought deep disaster upon us, and to have made it necessary that we should promptly make use of processes of law by which we may be purged of their coward distempers.

America never witnessed anything like this before. It never dreamed it possible that men sworn into its citizenship, men drawn out of great free stocks such as we have, and of the best and strongest elements of that stock, but how heroic, nation that in a high day of old staked its very life to free itself from every entanglement that had darkened the fortunes of the older nations and set up a new standard here—that men of such origins and such free choices of allegiance would ever turn in unbrotherly regard against the government and people who had welcomed and nurtured them and seek to make this proud country once more a hotbed of European passion. A little while ago such a thing would have seemed incredible. Because it was incredible we made no preparation for it. We would have been almost ashamed to prepare for it, and to have our suspicions of ourselves, our own comrades and neighbors! But the ugly and incredible thing has actually come about, and we are without adequate federal laws to deal with it. I urge you to enact such laws at the earliest possible moment and feel that in doing so I am urging you to do nothing less than save the honor and self respect of the nation. Such measures as banishment, disloyalty and anarchy must be crushed out. They are not many, but they are infinitely malignant, and the hand of our power should close over them at once. They have formed plots to destroy property, they have entered into conspiracies against the neutrality of the government, they have sought to pry into every confidential transaction of the government in order to serve interests alien to our own. It is possible to deal with these things very effectively. I need not suggest the terms in which they may be dealt with.

SHOULD AGREE ON POLICY IN THE PHILIPPINES.

Recommends Early Adoption of Measures Giving Matter Fuller Justice. There is another matter which seems to me to be very intimately associated with the question of national safety and preparation for defense. That is our policy toward the Philippines and the people of Porto Rico. Our treatment of them and their attitude toward us are manifestly of the first consequence in the development of our duties in the world and in getting a free hand to perform those duties. We must be free from every unnecessary burden or embarrassment, and there is no better way to be clear of embarrassment than to fulfill our promises and promote the interests of those dependent on us to the utmost. Bills for the alteration and reform of the government of the Philippines and for rendering fuller political justice to the people of Porto Rico were submitted to the Sixty-third congress. They will be submitted also to you. I need not particularize their details. You are most of you already familiar with them. But I do recommend them to your early adoption with the sincere

feeling of the younger men of the country whether they responded for service or not. It would depend upon the patriotic spirit of the employers of the country whether they made it possible for the young men in their employ to respond under favorable conditions or not. I for one do not doubt the patriotic devotion of either of our young men, or of those who give them employment—those for whose benefit and protection they would in fact enlist. I would look forward to the success of such an experiment with entire confidence.

COMPREHENSIVE PLAN FOR GREATER NAVY.

Always Looked to it as Our First and Chief Line of Defense. The program which will be laid before you by the secretary of the navy is a similar, conceived. It is not only a long matured plan but is carried out, but it does make definite and explicit a program which has heretofore been only implicit, held in the minds of the committees on naval affairs and disclosed in the debates of the two houses, but nowhere formulated or actually adopted. It seems to me very clear that it will be to the advantage of the country for the congress to adopt a comprehensive plan for putting the navy upon a final footing of strength and efficiency and to press that plan to completion within the next five years. We have always looked to the navy of the country as our first and chief line of defense; we have always seen it to be our manifest course of prudence to be strong on the seas. Year by year we have been creating a navy which now ranks very high indeed among the navies of the maritime nations. We should now definitely determine the body of free citizens ready and sufficient to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves. We have commanded that "the right of the people to keep and bear arms shall not be infringed," and our confidence in the ability of our citizenry to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves.

of individual liberty and of the free labor that supports life and the unceasing thought that quickens it. Conquest and dominion are not in our reckoning or agreeable to our principles. But just because we demand individual development and the undisturbed government of our own lives upon our own principles of right and liberty, we resent, from whatever quarter it may come, the aggression upon ourselves which we do not practice. We insist upon security in prosecuting our self-chosen course of national development, and we demand it in such manner as shall be also for others. We do not confine our enthusiasm for individual liberty and free national development to the incidents and movements of affairs which affect only ourselves. We feel that wherever there is a people that tries to walk in these difficult paths of independence and self-determination, that can weave the delicate fabric of sympathy, comprehension, confidence and mutual dependence in which we wish to clothe our policy of America for Americans.

It is a question of independence. If other nations go to war or seek to hamper each other's commerce or our merchants, it seems, as at their mercy to do with as they please. We must use their ships and use them as they determine. We have no ships enough of our own. We cannot handle our own commerce on the seas. Our independence is provincial and is only on land and within our own borders. We are not likely to be permitted to use even the ships of other nations in rivalry of their own trade and are rival means to extend our commerce even where the doors are wide open and our goods desired. Such a situation is not to be endured. It is of capital importance not only that the United States should be its own carrier on the seas and enjoy the economic independence which only an adequate merchant marine would give it, but also that the American hemisphere as a whole should enjoy a like independence and self-sufficiency. It is not to be drawn into the tangle of European affairs. Without such independence the whole question of our political unity and self-determination is very seriously clouded and complicated indeed.

COMPREHENSIVE PLAN FOR GREATER NAVY.

Always Looked to it as Our First and Chief Line of Defense. The program which will be laid before you by the secretary of the navy is a similar, conceived. It is not only a long matured plan but is carried out, but it does make definite and explicit a program which has heretofore been only implicit, held in the minds of the committees on naval affairs and disclosed in the debates of the two houses, but nowhere formulated or actually adopted. It seems to me very clear that it will be to the advantage of the country for the congress to adopt a comprehensive plan for putting the navy upon a final footing of strength and efficiency and to press that plan to completion within the next five years. We have always looked to the navy of the country as our first and chief line of defense; we have always seen it to be our manifest course of prudence to be strong on the seas. Year by year we have been creating a navy which now ranks very high indeed among the navies of the maritime nations. We should now definitely determine the body of free citizens ready and sufficient to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves. We have commanded that "the right of the people to keep and bear arms shall not be infringed," and our confidence in the ability of our citizenry to take care of themselves and of the governments which they have set up to serve them in our constitutions themselves.

SUGGESTS BROAD PLAN FOR NATIONAL DEFENSE.

Increase Standing Regular Force—Four Hundred Thousand Citizen Soldiers. But war has never been a mere matter of guns and powder. It is a thing of disciplined might. If our citizens are ever to fight effectively upon a sudden summons, they must know how modern fighting is done, and what to do when the summons comes to render themselves immediately available and immediately effective. Available and immediately effective, and the government must be their agent in this matter, must supply them with the training they need to take care of themselves and of it. The military arm of their government, which they will not allow to direct them, they may properly use to direct them and make their independence secure and not their own independence merely. But the rights also of those with whom they have made common cause, should they also be put in jeopardy. They must be fitted to play the great role in the world, and particularly in this hemisphere, for which they are qualified by principle and by chastened ambition to play.

COUNTRY SHOULD HAVE FINE MERCHANT MARINE.

United States Should Be Its Own Carrier on the Seas. If this full program should be carried out we should have built or building in 1921, according to the estimates of survival and standards of classification followed by the general board of the department, an effective navy consisting of 27 battleships of the first line, 6 battle cruisers, 25 battleships of the second line, 10 armored cruisers, 13 scout cruisers, 5 first class cruisers, 3 second class cruisers, 10 third class cruisers, 108 destroyers, 13 fleet submarines, 157 coast submarines, 6 monitors, 20 gunboats, 4 supply ships, 15 fuel ships, 4 transports, 3 tenders to torpedoes, 8 auxiliary ships, 2 types and two ammunition ships. This would be a navy fitted to our needs and worthy of our traditions.

conviction that there are few measures you could adopt which would more serviceably clear the way for the great policies by which we wish to make good, now and always, our right to lead in enterprises of peace and good will and economic and political freedom. The plans for the government of the nation which I have outlined and for the general policy of adequate preparation for mobilization and defense involve, of course, very large additional expenditures of money, expenditures which will considerably exceed the estimates of the government of the year 1916. It is made my duty by law whenever the estimates of expenditure exceed the estimates of revenue to call the attention of the congress to the fact and suggest any means of meeting the deficiency that it may be wise or possible for me to suggest. I am ready to believe that it would be my duty to do so in any case, and I feel particularly bound to speak of the matter when it appears that the deficiency will arise directly out of the adoption by the congress of measures which I myself would adopt. Allow me therefore to speak briefly of the present state of the treasury and of the fiscal problems which the next year will probably disclose.

On the 30th of June last there was an available balance in the general fund of the treasury of \$104,170,105.78. The total estimated receipts for the year 1916, on the assumption that the emergency revenue measure passed by the last congress will not be extended beyond its present limit, the 31st of December, 1915, and that the present duty of 1 cent per pound on sugar will be continued after the 1st of July, 1916, will be \$470,295,500. The balance of June last and these estimated revenues come therefore to a grand total of \$774,535,005.78. The total estimated disbursements for the present fiscal year, including twenty-five millions for the Panama canal, two millions for probable deficiency appropriations and \$50,000,000 for miscellaneous debt redemptions, will be \$753,891,000, and the balance in the general fund of the treasury will be reduced to \$20,644,005.78. The emergency revenue act if continued beyond its present time limitation would produce during the half year then remaining about forty-one million. The duty of 1 cent per pound on sugar if continued would produce during the two months of the fiscal year remaining after the 1st of May about fifteen millions. These two sums, taken together, amount to fifty-six million. If added to the revenues of the second half of the fiscal year would yield the treasury at the end of the year an available balance of \$76,644,005.78.

The additional revenues required to carry out the program of military and naval expansion of which I have just spoken would, as at present estimated, be for the fiscal year 1917 \$38,800,000. Those figures, taken with the figures for the present fiscal year which I have already given, disclose our financial problem for the year 1917. Assuming that the taxes imposed by the emergency revenue act and the present duty on sugar are to be discontinued and that the balance at the close of the present fiscal year will be only \$20,644,005.78, that the disbursements for the year 1917 cannot be less than about \$25,000,000 and that the additional expenditures for the army and navy are authorized by the congress, the deficit in the general fund of the treasury on the 30th of June, 1917, will be nearly \$235,000,000. To this sum at least \$50,000,000 should be added to represent a safe working balance for the treasury and \$12,000,000 to include the usual deficiency estimates in 1917, and these additions would make a total deficit of some \$297,000,000. If the present taxes should be continued throughout this year and the next, however, there would be a balance in the treasury of some \$76,500,000 at the end of the present fiscal year and a deficit at the end of the next year of only some \$50,000,000, or, reckoning in \$20,000,000 for deficiency appropriations and a safe treasury balance at the end of the year, a total deficit of some \$12,000,000. The obvious moral of the figures is that it is a plain counsel of prudence to continue all of the present taxes or their equivalents and to make our way to the problem of providing for the new revenue rather than \$297,000,000.