

TAFT OUTLINES PARTY POLICIES

Acceptance Speech Keynote of Campaign.

HIGH PRAISE FOR ROOSEVELT.

Republican Candidate Rebukes Opposition's Stand on Philippine Independence—Promises Steps Toward Tariff Reform Immediately After Inauguration if Elected—Believes in Income Tax by Statutory Law if Necessary For Revenues Rather Than by Amendment to the Constitution—Rights of Both Organized and Unorganized Labor Should Be Impartially Upheld.

Senator Warner and Gentlemen of the Committee: I am deeply sensible of the honor which the Republican National Convention has conferred on me in the nomination which you formally tender. I accept it with full appreciation of the responsibility it imposes.

Gentlemen, the strength of the Republican cause in the campaign at hand is in the fact that we represent the policies essential to the reform of known abuses, to the continuance of liberty and true prosperity, and that we are determined, as our platform unequivocally declares, to maintain them and carry them on. For more than ten years this country passed through an epoch of material development far beyond any that ever occurred in the world before. In its course, certain evils crept in. Some prominent and influential members of the community, spurred by financial success and in their hurry for greater wealth, became unmindful of the common rules of business honesty and fidelity and of the limitations imposed by law upon their action. This became known. The revelations of the breaches of trust, the disclosures as to rebates and discriminations by railways, the accumulating evidence of the violation of the anti-trust law by a number of corporations, the overissue of stocks and bonds on interstate railways for the unlawful enriching of directors and for the purpose of concentrating control of railways in one management, all quickened the conscience of the people, and brought on a moral awakening among them that boded well for the future of the country.

What Roosevelt Has Done.
The man who formulated the expression of the popular conscience and who led the movement for practical reform was Theodore Roosevelt. He laid down the doctrine that the rich violator of the law should be as amenable to restraint and punishment as the offender without wealth and without influence, and he proceeded by recommending legislation and directing executive action to make that principle good in actual performance.

President Roosevelt directed suits to be brought and prosecutions to be instituted under the anti-trust law, to enforce its provisions against the most powerful of the industrial corporations. He pressed to pass the pure food law and the meat inspection law in the interest of the health of the public, clean business methods and great ultimate benefit to the trades themselves. He recommended the passage of a law, which the Republican convention has since specifically approved, restricting the future issue of stocks and bonds by interstate railways to such as may be authorized by Federal authority.

Chief Function of Next Administration
The chief function of the next Administration, in my judgment, is distinct from, and a progressive development of that which has been performed by President Roosevelt. The chief function of the next Administration is to complete and perfect the machinery by which these standards may be maintained, by which the lawbreakers may be promptly restrained and punished, but which shall operate with sufficient accuracy and dispatch to interfere with legitimate business as little as possible. Such machinery is not now adequate.

Physical Valuation of Railways.
Some of the suggestions of the Democratic platform relate really to this subordinate and ancillary machinery to which I have referred. Take for instance the so-called "physical valuation of railways." It is clear that the sum of all rates or receipts of a railway, less proper expenses, should be limited to a fair profit upon the reasonable value of its property, and that if the sum exceeds this measure, it ought to be reduced. The difficulty in enforcing the principle is in ascertaining what is the reasonable value of the company's property, and in fixing what is a fair profit. It is clear that the physical value of a railroad and its plant is an element to be given weight in determining its full value; but as President Roosevelt in his Indianapolis speech and the Supreme Court have in effect pointed out, the value of the railroad as a going concern, including its good will, due to efficiency of service and many other circumstances, may be much greater than the value of its tangible property, and it is the former that measures the investment on which a fair profit must be allowed. Then, too, the question what is a fair profit is one involving not only the rate of interest usually earned on normally safe investments, but also a sufficient allowance to make up for the loss of both of capital and interest in the original outlay. These considerations will have

justified the company in imposing charges high enough to secure a fair income on the enterprise as a whole. The securities at market prices will have passed into the hands of absentee purchasers by a theoretical investor. Such circumstances should properly affect the decision of the tribunal engaged in determining whether the totality of rates charged is reasonable or excessive. To ignore them might so seriously and unjustly impair settled values as to destroy all hope of restoring confidence and forever end the inducement for investment in new rail construction which, in these prosperous times, is so essential to our material progress.

From what has been said, the proper conditions would seem to be that in attempting to determine whether the entire schedule of rates of a railway is excessive, the physical valuation of the road is a relevant and important but not necessarily a controlling factor.

I am confident that the fixing of rates on the principles suggested above would not materially impair the present market values of railroad securities in most cases; for I believe that the normal increase in the value of railroad property, especially in their terminals, will more than make up for the possible overcapitalization in earlier years. In some cases, doubtless, it will be found that overcapitalization is made an excuse for excessive rates, and then they should be reduced; but the consensus of opinion seems to be that the railroad rates generally in this country are reasonably low.

Conclusion That There Should Be Physical Valuation.

I have discussed this, with some degree of detail, merely to point out that the valuation by the Interstate Commerce Commission of the tangible property of a railroad is proper and may from time to time be necessary in settling certain issues which may come before them, and that no evil or injustice can come from valuation in such cases, if it be understood that the result is to be used for a just purpose, and the right to a fair profit under all the circumstances of the investment is recognized.

National Control of Interstate Commerce Corporation.

Another suggestion in respect to subordinate and ancillary machinery necessary to carry out Republican policies is that of the incorporation under National law or the licensing by National license or enforced registry of companies engaged in interstate trade. The fact is that nearly all corporations doing a commercial business are engaged in interstate commerce, and if they all were required to take out a Federal license or a Federal charter, the burden upon the interstate business of the country would become intolerable.

It is necessary, therefore, to devise some means for classifying and insuring Federal supervision of such corporations as have the power and temptation to effect restraints of interstate trade and monopolies. Such corporations constitute a very small percentage of all engaged in interstate business.

Construction of Anti-Trust Law.

The possible operation of the anti-trust law under existing rulings of the Supreme Court has given rise to suggestions for its necessary amendment to prevent its application to cases which it is believed were never in the contemplation of the framers of the statute. Take two instances: A merchant or manufacturer engaged in a legitimate business that covers certain States, wishes to sell his business and his good will, and so in the terms of the sale obligates himself to the purchaser not to go into the same business in those States. Such a restraint of trade has always been enforced at common law. Again, the employees of an interstate railway combine and enter upon a peaceable and lawful strike to secure better wages. At common law this was not a restraint of trade or commerce or a violation of the rights of the company or of the public. Neither case ought to be made a violation of the anti-trust law. My own impression is that the Supreme Court would hold that neither of these instances is within its inhibition, but, if they are to be so regarded, general legislation amending the law is necessary.

The proposal to compel every corporation to sell its commodities at the same price the country over, allowing for transportation, is utterly impracticable. If it can be shown that in order to drive out competition, a corporation owning a large part of the plant producing an article is selling in one part of the country, where it has competitors, at a low and unprofitable price, and in another part of the country, where it has none, at an exorbitant price, this is evidence that it is attempting an unlawful monopoly, and justifies conviction under the anti-trust law; but the proposal to supervise the business of corporations in such a way as to fix the price of commodities and compel the sale at such price is absurd and socialistic in plank as was ever inserted in a Democratic political platform.

Advantage of Combination of Capital.

The combination of capital in large plants to manufacture goods with the greatest economy is just as necessary as the assembling of the parts of a machine to the economical and more rapid manufacture of what in old times was made by hand. The Government should not interfere with one any more than the other.

What is an Unlawful Trust?

When, however, such combinations are not based on any economic principle, but are made merely for the purpose of controlling the market, to maintain or raise prices, restrict output and drive out competitors, the public derives no benefit and we have a monopoly. It is important, therefore,

that such large aggregations of capital and combination should be controlled so that the public may have the advantage of reasonable prices and that the avenues of enterprise may be kept open to the individual and the smaller corporation wishing to engage in business.

Many enterprises have been organized on the theory that mere aggregation of all, or nearly all, existing plants in a line of manufacture, without regard to economy of production, destroys competition. They have, most of them, gone into bankruptcy. Competition in a profitable business will not be affected by the mere aggregation of many existing plants under one company, unless the company thereby effects great economy, the benefit of which it shares with the public, or takes some illegal method to avoid competition and to perpetuate a hold on the business.

Proper Treatment of Trusts.

Unlawful trusts should be restrained with all the efficiency of injunctive process, and the persons engaged in maintaining them should be punished with all the severity of criminal prosecution, in order that the methods pursued in the operation of their business shall be brought within the law. To destroy them and to eliminate the wealth they represent from the producing capital of the country would entail enormous loss, and would throw out of employment myriads of workmen and workingwomen. Such a result is wholly unnecessary to the accomplishment of the needed reform, and will inflict upon the innocent far greater punishment than upon the guilty.

Destructive Policy of Democratic Platform.

The Democratic platform does not propose to destroy the plants of the trusts physically, but it proposes to do the same thing in a different way. The business of this country is largely dependent on a protective system of tariffs. The business done by many of the so-called "trusts" is protected with the other business of the country. The Democratic platform proposes to take off the tariff in all articles coming into competition with those produced by the so-called "trusts," and to put them on the free list. If such a course would be utterly destructive of their business, as is intended, it would not only destroy the trusts, but all of their smaller competitors. The ruthless and impracticable character of the proposition grows plainer as its effects upon the whole community are realized.

To take the course suggested by the Democratic platform in such matters is to involve the entire community, innocent as it is, in the punishment of the guilty, while our policy is to stamp out the specific evil. This difference between the policies of the two great parties is of especial importance in view of the present condition of business. After ten years of the most remarkable material development and prosperity, there came a financial stringency, a panic and an industrial depression. This was brought about not only by the enormous expansion of business plants and business investments which could not be readily converted, but also by the waste of capital, in extravagance of living, in wars and other catastrophes.

Republican Doctrine of Protection.

The Republican doctrine of protection, as definitely announced by the Republican convention of this year and by previous conventions, is that a tariff shall be imposed on all imported products, whether of the factory, farm or mine, sufficiently great to equal the difference between the cost of production abroad and at home, and that this difference should, of course, include the difference between the higher wages paid in this country and the wages paid abroad and embrace a reasonable profit to the American producer. A system of protection thus adopted and put in force has led to the establishment of a rate of wages here that has greatly enhanced the standard of living of the laboring man. It is the policy of the Republican party permanently to continue that standard of living. In 1897 the Dingley Tariff Bill was passed, under which we have had, as already said, a period of enormous prosperity.

Necessity For Revision of Tariff.

The consequent material development has greatly changed the conditions under which many articles described by the schedules of the tariff are now produced. The tariff in a number of the schedules exceeds the difference between the cost of production of such articles abroad and at home, including a reasonable profit to the American producer. The excess over that difference serves no useful purpose, but offers a temptation to those who would monopolize the production and the sale of such articles in this country, to profit by the excessive rate. On the other hand, there are other schedules in which the tariff is not sufficiently high to give the measure of protection which they should receive upon Republican principles, and as to those the tariff should be raised. A revision of the tariff undertaken upon this principle, which is at the basis of our present business system, begun promptly upon the incoming of the new administration, and considered at a special session with the preliminary investigations already begun by the appropriate committees of the House and Senate, will make the disturbance of business incident to such a change as little as possible.

Labor and What the Republican Party Has Done For It.

We come now to the question of labor. One important phase of the policies of the present Administration has been an anxiety to secure for the wage-earner an equality of opportunity and such positive statutory protection as

shall place him on a level in dealing with his employer. The Republican party has passed an employers' liability act for interstate railroads, and has established an eight hour law for government employees and on government construction. The essence of the reform effected by the former is the abolition of the fellow-servant rule, and the introduction of the comparative negligence theory by which an employee injured in the service of his employer does not lose his right to recover because of slight negligence on his part. Then there is the act providing for compensation for injury to government employees, together with the various statutes requiring safety appliances upon interstate commerce railroads for the protection of their employees, and limiting the hours of their employment. These are all instances of the desire of the Republican party to do justice to the wage-earner. Doubtless a more comprehensive measure for compensation of government employees will be adopted in the future.

To give to employees their proper position in such a controversy, to enable them to maintain themselves against employers having great capital, they may well unite, because in union there is strength and without it each individual laborer and employee would be helpless. The promotion of industrial peace through the instrumentality of the trade agreement is often one of the results of such union when intelligently conducted.

There is a large body of laborers, however, skilled and unskilled, who are not organized into unions. Their rights before the law are exactly the same as those of the union men, and are to be protected with the same care and watchfulness.

In order to induce their employer into a compliance with their request for changed terms of employment, workmen have the right to strike in a body. They have a right to use such persuasion as they may, provided it does not reach the point of duress, to lead their reluctant co-laborers to join them in their union against their employer, and they have a right, if they choose, to accumulate funds to support those engaged in a strike, to delegate to officers the power to direct the action of the union, and to withdraw themselves and their associates from dealings with, or giving custom to, those with whom they are in controversy.

What Labor Cannot Lawfully Do.

What they have not the right to do is to injure their employer's property, to injure their employer's business by use of threats or methods of physical duress against those who would work for him, or deal with him, or by carrying on what is sometimes known as a secondary boycott against his customers or those with whom he deals.

It has been claimed that injunctions do not issue to protect anything but property rights, and that business is not a property right; but such a proposition is wholly inconsistent with all the decisions of the courts. The Supreme Court of the United States says that the injunction is a remedy to protect property or rights of a pecuniary nature, and we may well submit to the considerate judgment of all laymen whether the right of a man in his business is not as distinctly a right of a pecuniary nature as the right to his horse or his house or the stock of goods on his shelf; and the instances in which injunctions to protect business have been upheld by all courts are so many that it is futile further to discuss the proposition.

It is difficult to tell the meaning of the Democratic platform upon this subject. It says:

"Questions of judicial practice have arisen especially in connection with industrial disputes. We deem that the parties to all judicial proceedings should be treated with rigid impartiality, and that injunctions should not be issued in any cases in which injunctions would not issue if no industrial dispute were involved."

This declaration is disingenuous. It seems to have been loosely drawn with the especial purpose of rendering it susceptible to one interpretation by one set of men and to a diametrically opposite interpretation by another. It does not aver that injunctions should not issue in industrial disputes, but only that they should not issue merely because they are industrial disputes, and yet those responsible for the declaration must have known that no one has ever maintained that the fact that a dispute was industrial gave any basis for issuing an injunction in reference thereto.

The declaration seems to be drawn in its present vague and ambiguous shape in order to persuade some people that it is a declaration against the issuing of injunctions in any industrial dispute, while at the same time it may be possible to explain to the average plain citizen who objects to class distinctions that no such intention exists at all. Our position is clear and unequivocal. We are anxious to prevent even an appearance of any injustice to labor in the issuance of injunctions, not in a spirit of favoritism to one set of our fellow citizens, but of justice to all of our fellow citizens. The reason for exercising or refusing to exercise the power of injunction must be found in the character of the unlawful injury and not in the character or class of the persons who inflict this injury.

The man who has a business which is being unlawfully injured is entitled to the remedies which the law has always given him, no matter who has inflicted the injuries. Otherwise, we shall have class legislation unjust in principle and likely to sap the foundations of a free government.

Notice and Hearing Before Issue of Injunction.

I come now to the question of notice before issuing an injunction. It is

a fundamental rule of general jurisprudence that no man shall be affected by a judicial proceeding without notice and hearing. This rule, however, has sometimes had an exception in the issuing of temporary restraining orders commanding a defendant in effect to maintain the status quo until a hearing. Such a process should issue only in rare cases where the threatened change of the status quo would inflict irreparable injury if time were taken to give notice and a summary hearing. The unlawful injury usual in industrial disputes, such as I have described, does not become formidable except after sufficient time in which to give the defendants notice and a hearing. I do not mean to say that there may not be cases even in industrial disputes where a restraining order might properly be issued without notice, but, generally, I think it is otherwise. In some State courts, and in fewer Federal courts, the practice of issuing a temporary restraining order without notice merely to preserve the status quo on the theory that it won't hurt anybody, has been too common. Many of us recall that the practice has been pursued in other than industrial disputes, as, for instance, in corporate and stock controversies like those over the Erie railroad, in which a stay order without notice was regarded as a step of great advantage to the one who secured it, and a corresponding disadvantage to the one against whom it was secured. Indeed, the chances of doing injustice on an ex-parte application are much increased over those when a hearing is granted, and there may be circumstances under which it may affect the defendant to his detriment. In the case of a lawful strike, the sending of a formidable document restraining a number of defendants from doing a great many different things which the plaintiff avers they are threatening to do, often so discourages men always reluctant to go into a strike from continuing what is their lawful right. This has made the laboring man feel that an injustice is done in the issuing of a writ without notice. I conceive that in the treatment of this question it is the duty of the citizen and the legislator to view the subject from the standpoint of the man who believes himself to be unjustly treated, as well as from that of the community at large. I have suggested the remedy of returning in such cases to the original practice under the old statute of the United States and the rules in equity adopted by the Supreme Court, which did not permit the issuing of an injunction without notice. In this respect, the Republican Convention has adopted another remedy, that, without going so far, promises to be efficacious.

Effect of Jury Trial.
Under such a provision a recalcitrant witness who refuses to obey a subpoena may insist on a jury trial before the court can determine that he received the subpoena. A citizen summoned as a juror and refusing to obey the writ when brought into court must be tried by another jury to determine whether he got the summons. Such a provision applies not alone to injunctions, but to every order which the court issues against persons. A suit may be tried in the court of first instance and carried to the Court of Appeals, and thence to the Supreme Court, and a judgment and decree entered and an order issued, and then if the decree involves the defendant's doing anything or not doing anything, and he disobeys it, the plaintiff who has pursued his remedies in lawful course for years must, to secure his rights, undergo the uncertainties and the delays of a jury trial before he can enjoy that which is his right by the decision of the highest court of the land. I say without hesitation that such a change will greatly impair the indispensable power and authority of the courts. Securing to the public the benefits of the new statutes enacted in the present Administration, the ultimate instrumentality to be resorted to is the courts of the United States. If now their authority is to be weakened in a manner never known in the history of the jurisprudence of England or America, except in the constitution of Oklahoma, how can we expect that such statutes will have efficient enforcement? Those who advocate this intervention of a jury in such cases seem to suppose that this change in some way will inure only to the benefit of the poor workingman. As a matter of fact, the person who will secure chief advantage from it is the wealthy and unscrupulous defendant, able to employ astute and cunning counsel and anxious to avoid justice.

The Currency System.

The late panic disclosed a lack of elasticity in our financial system. This has been provisionally met by an act of the present Congress permitting the issue of additional emergency bank notes, and insuring their withdrawal when the emergency has passed by a high rate of taxation. It is drawn in conformity with the present system of bank note currency, but varies from it in certain respects by authorizing the use of commercial paper and bonds of good credit, as well as United States bonds, as security for its redemption. It is expressly but a temporary measure and contains a provision for the appointment of a currency commission to devise and recommend a new and reformed system of currency. This inadequacy of our present currency system, due to changed conditions and enormous expansion, is generally recognized. The Republican platform well states that we must have a "more elastic and adaptable system to meet the requirements of agriculturists, manufacturers, merchants and business men generally, must be automatic in operation, recognizing the fluctuations in interest rates," in which every dollar shall be as good as gold, and which shall prevent rather than aid financial stringency in bringing on a panic.

Postal Savings Bank and Its Advantages.

In addition to this, the Republican platform recommends the adoption of a postal savings bank system in which, of course, the Government would become responsible to the depositors for the payment of principal and interest. It is thought that the Government guaranty will bring out of hoarding places much money which may be turned into wealth producing capital, and that it will be a great incentive for thrift in the many small places in the country having now no savings bank facilities which are reached by the Post Office Department. It will bring to every one, however remote from financial centers, a place of perfect safety for deposits, with interest return.

Objections to Democratic Proposal to Enforce Insurance of Bank Deposits.

The Democratic platform recommends a tax upon National banks and upon such State banks as may come in, in the nature of enforced insurance to raise a guaranty fund to pay the depositors of any bank which fails. How State banks can be included in such a scheme under the constitution is left in the twilight zone of States rights and Federalism so frequently dimming the meaning and purpose of the promises of the platform. If they come in under such a system, they must necessarily be brought within the closest National control, and so they must really cease to be State banks and become National banks.

Income Tax.

The Democratic platform demands two constitutional amendments, one providing for an income tax, and the other for the election of Senators by the people. In my judgment, an amendment to the Constitution for an income tax is not necessary. I believe that an income tax, when the protective system of customs and the internal revenue tax shall not furnish income enough for governmental needs, can and should be devised which under the decisions of the Supreme Court will conform to the Constitution.

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The proposition is to tax the honest and prudent banker to make up for the dishonesty and imprudence of others. If the proposal were adopted exactly as the Democratic platform suggests, it would bring the whole banking system of the country down in ruin.

The Republican party prefers the postal savings bank as one tried, safe, and known to be effective, and as reaching many more people now without banking facilities than the new system proposed.

Philippines.

In the Philippines the experiment of a national assembly has justified itself, both as an assistance in the government of the islands and as an education in the practice of self-government to the people of the islands.

The proposition of the Democratic platform is to turn over the islands as soon as a stable government is established. This has been established. The proposal then is in effect to turn them over at once. Such action will lead to ultimate chaos in the islands.

The Rights and Progress of the Negro.

The Republican platform refers to these amendments to the Constitution that were passed by the Republican party for the protection of the negro. The negro, in the forty years since he was freed from slavery, has made remarkable progress. He is becoming a more and more valuable member of the communities in which he lives. The education of the negro is being expanded and improved in every way. The best men of both races, at the North as well as at the South, ought to rejoice to see growing up among the Southern people an influential element disposed to encourage the negro in his hard struggle for industrial independence and assured political status. The Republican platform, adopted at Chicago, explicitly demands justice for all men without regard to race or color, and just as explicitly declares for the enforcement, and without reservation, in letter and spirit of the Thirteenth, Fourteenth and Fifteenth Amendments to the Constitution.

Publicity of Campaign Contributions and Expenditures.

Another plank of the Democratic platform refers to the failure of the Republican Convention to express an opinion in favor of the publicity of contributions received and expenditures made in elections. Here again we contrast our opponents' promises with our own acts. A resident of New York has been selected as treasurer of the Republican National Committee, who was treasurer of the Republican State Committee when Governor Hughes was elected in New York, and who made a complete statement within twenty days after the election, as required by the New York law, of the contributions received by him and the expenditures made by him or under his authority in connection with that election. His residence and the discharge of his duties in the State of New York subject him to the law of that State as to all receipts of the treasury of the National Committee from whatever source and as to all its disbursements. His returns will be under the obligations and penalties of the law, and a misstatement by him or the filing of a false account will subject him to prosecution for perjury and violation of the statute. Of course, under the Federal law, he is not permitted to receive any contributions from corporations.

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