

new growth of the very abuses which were in part responsible for the original outbreak. The one hope for success for our people lies in a resolute and fearless but sane and cool headed advance along the path marked out last year by this very congress. There must be a stern refusal to be misled into following either that base creature who appeals and panders to the lowest instincts and passions in order to arouse one set of Americans against their fellows or that other creature, equally base, but no baser, who in a spirit of greed or to accumulate or add to an already huge fortune seeks to exploit his fellow Americans with callous disregard to their welfare of soul and body. The man who debauches others in order to obtain a high office stands on an evil equality of corruption with the man who debauches others for financial profit, and when hatred is sown the crop which springs up can only be evil.

Demagogue and Corruptionist.

The plain people who think—the mechanics, farmers, merchants, workers with head or hand, the men to whom American traditions are dear, who love their country and try to act decently by their neighbors—owe it to themselves to remember that the most damaging blow that can be given popular government is to elect an unworthy and sinister agitator on a platform of demagoguery, promising much and performing nothing or else performing nothing but evil, who would set on the mob to plunder the rich, as from the crafty corruptionist who for his own ends would permit the common people to be exploited by the very wealthy. If we ever let this government fall into the hands of men of either of these two classes we shall soon ourselves fall to America's past. Moreover, the demagogue and the corruptionist often work hand in hand. There are at this moment wealthy reactionaries of such obnoxious morality that they regard the public servant who prosecutes them when they violate the law or who seeks to make them bear their proper share of the public burdens as being even more objectionable than the violent agitator who bounds on the mob to plunder the rich. There is nothing to choose between such a reactionary and such an agitator. Fundamentally they are alike in their selfish disregard of the rights of others, and it is natural that they should join in opposition to any movement of which the aim is fearlessly to do exact and even justice to all.

Railroad Employees' Hours and Eight Hour Law.

I call your attention to the need of passing the bill limiting the number of hours of employment of railroad employees. The measure is a very moderate one, and I can conceive of no serious objection to it. Indeed, so far as it is in our power, it should be our aim steadily to reduce the number of hours of labor, with as a goal the general introduction of an eight hour day. There are industries in which it is not possible that the hours of labor should be reduced, just as there are communities not far enough advanced for such a movement to be for their good or, if in the tropics, so situated that there is no analogy between their needs and ours in this matter. On the isthmus of Panama, for instance, the conditions are in every way so different from what they are here that an eight hour day would be absurd, just as it is absurd, so far as the isthmus is concerned, where white labor cannot be employed, to bother as to whether the necessary work is done by alien black men or by alien yellow men. But the wage-workers of the United States are of so high a grade that alike from the merely industrial standpoint and from the civic standpoint it should be our object to do what we can in the direction of securing the general observance of the eight hour day. Until recently the eight hour law on our federal statute books has been very scantily observed. Now, however, largely through the instrumentality of the bureau of labor, it is being rigidly enforced, and I shall speedily be able to say whether or not there is need of further legislation in reference thereto, for our purpose is to see it obeyed in spirit no less than in letter. Half holidays during summer should be established for government employees. It is as desirable for wage-workers who toil with their hands as for salaried officials whose labor is mental that there should be a reasonable amount of holiday.

Labor of Women and Children.

The congress at its last session wisely provided for a tripartite court for the District of Columbia, a marked step in advance on the path of properly caring for the children. Let me again urge that the congress provide for a thorough investigation of the conditions of child labor and of the labor of women in the United States. More and more our people are growing to recognize the fact that the questions which are not merely of industrial but of social importance outweigh all others, and these two questions most emphatically come in the category of those which affect in the most far reaching way the home life of the nation. The horrors incident to the employment of young children in factories or at work anywhere are a blot on our civiliza-

tion. It is true that each state must ultimately settle the question in its own way, but a thorough official investigation of the matter, with the results published broadcast, would greatly help toward arousing the public conscience and securing unity of state action in the matter. There is, however, one law on the subject which should be enacted immediately, because there is no need for an investigation in reference thereto, and the failure to enact it is discreditable to the national government. A drastic and thoroughgoing child labor law should be enacted for the District of Columbia and the territories.

Employers' Liability.

Among the excellent laws which the congress passed at the last session was an employers' liability law. It was a marked step in advance to get the recognition of employers' liability on the statute books, but the law did not go far enough. In spite of all precautions exercised by employers, there are unavoidable accidents and even deaths involved in nearly every line of business connected with the mechanic arts. This inevitable sacrifice of life may be reduced to a minimum, but it cannot be completely eliminated. It is a great social injustice to compel the employee, or, rather, the family of the killed or disabled victim, to bear the entire burden of such an inevitable sacrifice. In other words, society shirks its duty by laying the whole cost on the victim, whereas the injury comes from what may be called the legitimate risks of the trade. Compensation for accidents or deaths due in any line of industry to the actual conditions under which that industry is carried on should be paid by that portion of the community for the benefit of which the industry is carried on—that is, by those who profit by the industry. If the entire trade risk is placed upon the employer he will promptly and properly add it to the legitimate cost of production and assess it proportionately upon the consumers of his commodity. It is therefore clear to my mind that the law should place this entire "risk of a trade" upon the employer. Neither the federal law nor, as far as I am informed, the state laws dealing with the question of employers' liability are sufficiently thoroughgoing. The federal law should of course include employees in navy yards, arsenals and the like.

AS TO LABOR DISPUTES.

Federal Commission of Conciliation and Arbitration Needed.

The commission appointed by the president Oct. 16, 1902, at the request of both the anthracite coal operators and miners, to inquire into, consider and pass upon the questions in controversy in connection with the strike in the anthracite regions of Pennsylvania and the causes out of which the controversy arose, in their report, findings and award expressed the belief "that the state and federal governments should provide the machinery for what may be called the compulsory investigation of controversies between employers and employees when they arise." This expression of belief is deserving of the favorable consideration of the congress and the enactment of its provisions into law. A bill has already been introduced to this end.

Records show that during the twenty years from Jan. 1, 1881, to Dec. 31, 1900, there were strikes affecting 117,609 establishments and 6,105,694 employees were thrown out of employment. During the same period there were 1,005 lockouts, involving nearly 10,000 establishments, throwing over a million people out of employment. These strikes and lockouts involved an estimated loss to employees of \$307,000,000 and to employers of \$143,000,000, a total of \$450,000,000. The public suffered directly and indirectly, probably as great additional loss. But the money loss, great as it was, did not measure the anguish and suffering endured by the wives and children of employees whose pay stopped when their work stopped, or the disastrous effect of the strike or lockout upon the business of employers, or the increase in the cost of products and the inconvenience and loss to the public.

Many of these strikes and lockouts would not have occurred had the parties to the dispute been required to appear before an unprejudiced body representing the nation and, face to face, state the reasons for their contention. In most instances the dispute would doubtless be found to be due to a misunderstanding by each of the other's rights, aggravated by an unwillingness of either party to accept as true the statements of the other as to the justice or injustice of the matters in dispute. The exercise of a judicial spirit by a disinterested body representing the federal government, such as would be provided by a commission on conciliation and arbitration, would tend to create an atmosphere of friendliness and conciliation between contending parties, and the giving each side an equal opportunity to present fully its case in the presence of the other would prevent many disputes from developing into serious strikes or lockouts and in other cases would enable the commission to persuade the opposing parties to come to terms.

In this age of great corporate and labor combinations neither employers nor employees should be left completely at the mercy of the stronger party to a dispute regardless of the righteousness of their respective claims. The proposed measure would be in the line of securing recognition of the fact that in many strikes the public has itself an interest which cannot wisely be disregarded—an interest not merely of general convenience, for the question of a just and proper public policy must also

be considered. In all legislation of this kind it is well to advance cautiously, testing each step by the actual results. The step proposed can surely be safely taken, for the decisions of the commission would not bind the parties in legal fashion and would give a chance for public opinion to crystallize and thus to exert its full force for the right.

Withdrawal of Coal Lands.

It is not wise that the nation should alienate its remaining coal lands. I have temporarily withdrawn from settlement all the lands which the geological survey has indicated as containing or in all probability containing coal. The question, however, can be properly settled only by legislation, which, in my judgment, should provide for the withdrawal of these lands from sale or from entry save in certain special circumstances. The ownership would then remain in the United States, which should not, however, attempt to work them, but permit them to be worked by private individuals under a royalty system, the government keeping such control as to permit it to see that no excessive price was charged consumers. It would of course be as necessary to supervise the rates charged by the common carriers to transport the product as the rates charged by those who mine it, and the supervision must extend to the conduct of the common carriers, so that they shall in no way favor one competitor at the expense of another. The withdrawal of these coal lands would constitute a policy analogous to that which has been followed in withdrawing the forest lands from ordinary settlement. The coal, like the forests, should be treated as the property of the public, and its disposal should be under conditions which would inure to the benefit of the public as a whole.

CORPORATION CONTROL.

Far More Complete Supervision at Early Date Required.

The present congress has taken long strides in the direction of securing proper supervision and control by the national government over corporations engaged in interstate business, and the enormous majority of pure socialism, and especially of its extreme form, communism, and the destruction of individual character which they would bring about are in part achieved by the wholly unregulated competition which results in a single individual or corporation rising at the expense of all others until his or its rise effectually checks all competition and reduces former competitors to a position of utter inferiority and subordination. In enacting and enforcing such legislation as this congress already has to its credit we are working on a coherent plan, with the steady endeavor to secure the needed reform by the joint action of the moderate men, the plain men who do not wish anything hysterical or dangerous, but who do intend to deal in resolute common sense fashion with the real and great evils of the present system. The reactionaries and the violent extremists show symptoms of joining hands against us. Both assert, for instance, that, if logical, we should go to government ownership of railroads and the like, the reactionaries because on such an issue they think the people would stand with them, while the extremists care rather to preach discontent and agitation than to achieve solid results. As a matter of fact, our position is as remote from that of the Bourbon reactionaries as from that of the impracticable or sinister visionaries. We hold that the government should not conduct the business of the nation, but that it should exercise such supervision as will insure its being conducted in the interest of the nation. Our aim is, so far as may be, to secure, for all decent, hardworking men equality of opportunity and equality of burden.

Necessity of Combinations.

The actual working of our laws has shown that the efforts to prohibit all combinations, good or bad, is noxious where it is not ineffective. Combination of capital, like combination of labor, is a necessary element of our present industrial system. It is not possible completely to prevent it, and if it were possible such complete prevention would do damage to the body politic. What we need is not vainly to try to prevent all combination, but to secure such rigorous and adequate control and supervision of the combinations as to prevent their injuring the public or existing in such form as inevitably to threaten injury, for the mere fact that a combination has secured practically complete control of a necessary life would under any circumstances show that such combination was to be presumed to be adverse to the public interest. It is unfortunate that our present laws should forbid all combinations instead of sharply discriminating between those combinations which do good and those combinations which do evil.

Rebates, for instance, are as often due to the pressure of big shippers (as was shown in the investigation of the Standard Oil company and as has been shown since by the investigation of the tobacco and sugar trusts) as to the initiative of big railroads. Often railroads would like to combine for the purpose of preventing a big shipper from maintaining improper advantages at the expense of small shippers and of the general public. Such a combination, instead of being forbidden by law, should be favored. In other words, it should be permitted to railroads to make agreements, provided these agreements were sanctioned by the interstate commerce commission and were published. With these two conditions complied with, it is impossible to see what harm such a combination could do to the public at large. It is a public evil to have on the statute books a law incapable of full enforcement, because both judges and juries realize that its full enforcement would destroy the business of the country, for the result is to make decent railroad men violators of the law against their will and to put a premium on the behavior of the willful wrongdoers. Such a result in turn tends to throw the decent man and the willful wrongdoer into close association and in the end to drag down the former to the latter's level, for the man who becomes a lawbreaker in one way unhappily tends to lose all respect for law and to be willing to break it in many ways. No more scathing condemnation could be visited upon a law than is contained in the words of the interstate commerce commission when, in commenting upon the fact that the numerous joint traffic associations do technically violate the law, they say: "The decision of the United States su-

preme court in the transmissouri case and the Joint Traffic association case has produced no practical effect upon the railway operations of the country. Such associations, in fact, exist now as they did before these decisions and with the same general effect. In justice to all parties we ought probably to add that it is difficult to see how our interstate railways could be operated with due regard to the interest of the shipper and the railway without concerted action of the kind afforded through these associations."

This means that the law as construed by the supreme court is such that the business of the country cannot be conducted without breaking it. I recommend that you give careful and early consideration to this subject and, if you find the opinion of the interstate commerce commission justified, that you amend the law so as to obviate the evil disclosed.

INCOME TAX DISCUSSED.

Both This and Inheritance Tax Strongly Advocated.

The question of taxation is difficult in any country, but it is especially difficult in ours with its federal system of government. Some taxes should on every ground be levied in a small district for use in that district. Thus the taxation of real estate is peculiarly one for the immediate locality in which real estate is found. Again, there is no more legitimate tax for any state than a tax on the franchises conferred by that state upon street railroads and similar corporations which operate wholly within the state boundaries, sometimes in one and sometimes in several municipalities or other minor divisions of the state. But there are many kinds of taxes which can only be levied by the general government so as to produce the best results, because, among other reasons, the attempt to impose them in one particular state too often results merely in driving the corporation or individual affected to some other locality or other state. The national government has long derived its chief revenue from a tariff on imports and from an internal or excise tax. In addition to these, there is every reason why, when next our system of taxation is revised, the national government should impose a graduated inheritance tax and, if possible, a graduated income tax. The man of great wealth owes a peculiar obligation to the state because he derives special advantages from the mere existence of government. Not only should he recognize this obligation in the way he leads his daily life and in the way he earns and spends his money, but it should also be recognized by the way in which he pays for the protection the state gives him. On the one hand, it is desirable that he should assume his full and proper share of the burden of taxation; on the other hand, it is quite as necessary that in this kind of taxation, where the men who vote the tax pay but little of it, there should be clear recognition of the danger of inaugurating any such system save in a spirit of entire justice and moderation.

Whenever we as a people undertake to remodel our taxation system along the lines suggested we must make it clear beyond peradventure that our aim is to distribute the burden of supporting the government more equitably than at present, that we intend to treat rich man and poor man on a basis of absolute equality and that we regard it as equally fatal to true democracy to do or permit injustice to the one as to do or permit injustice to the other.

I am well aware that such a subject as this needs long and careful study in order that the people may become familiar with what is proposed to be done, may clearly see the necessity of proceeding with wisdom and self-restraint and may make up their minds just how far they are willing to go in the matter, while only trained legislators can work out the project in necessary detail. But I feel that in the near future our national legislators should enact a law providing for a graduated inheritance tax by which a steadily increasing rate of duty should be put upon all moneys or other values coming by gift, bequest or devise to any individual or corporation. It may be well to make the tax heavy in proportion as the individual benefited is remote of kin. In any event, in my judgment, the pro rata of the tax should increase very heavily with the amount left to the individual after a certain point has been reached. It is most desirable to encourage thrift and ambition, and a potent source of thrift and ambition is the desire on the part of the breadwinner to leave his children well off. This object can be attained by making the tax very small on moderate amounts of property left, because the prime object should be to put a constantly increasing burden on the inheritance of those swollen fortunes which it is certainly of no benefit to this country to perpetuate.

Ethical Propriety Unquestioned.

There can be no question of the ethical propriety of the government thus determining the conditions upon which any gift or inheritance should be received. Exactly how far the inheritance tax would, as an incident, have the effect of limiting the transmission by devise or gift of the enormous fortunes in question it is not necessary at present to discuss. It is wise that progress in this direction should be gradual. At first a permanent national inheritance tax, while it might be more substantial than any such tax has hitherto been, need not approximate, either in amount or in the extent of the increase by graduation, to what such a tax should ultimately be.

This species of tax has again and again been imposed, although only temporarily, by the national govern-

ment. It was first imposed by the act of July 6, 1797, when the makers of the constitution were alive and at the head of affairs. It was a graduated tax. Though small in amount, the rate was increased with the amount left to any individual, exceptions being made in the case of certain close kin. A similar tax was again imposed by the act of July 1, 1862, a minimum sum of \$1,000 in personal property being excepted from taxation, the tax then becoming progressive according to the remoteness of kin. The war revenue act of June 13, 1898, provided for an inheritance tax on any sum exceeding the value of \$10,000, the rate of the tax increasing both in accordance with the amounts left and in accordance with the legatee's remoteness of kin. The supreme court has held that the succession tax imposed at the time of the civil war was not a direct tax, but an impost or excise which was both constitutional and valid. More recently the court, in an opinion delivered by Mr. Justice White, which contained an exceedingly able and elaborate discussion of the powers of the congress to impose death duties, sustained the constitutionality of the inheritance tax feature of the war revenue act of 1898.

Earlier Legislation Reviewed.

In its incidents and apart from the main purpose of raising revenue an income tax stands on an entirely different footing from an inheritance tax, because it involves no question of the perpetuation of fortunes swollen to an unhealthy size. The question is in its essence a question of the proper adjustment of burdens to benefits. As the law now stands it is undoubtedly difficult to devise a national income tax which shall be constitutional. But whether it is absolutely impossible is another question, and if possible it is most certainly desirable. The first purely income tax law was passed by the congress in 1861, but the most important law dealing with the subject was that of 1894. This court held to be unconstitutional.

The question is undoubtedly very intricate, delicate and troublesome. The decision of the court was only reached by one majority. It is the law of the land and of course is accepted as such and loyally obeyed by all good citizens. Nevertheless the hesitation evidently felt by the court as a whole in coming to a conclusion when considered together with the previous decisions on the subject may perhaps indicate the possibility of devising a constitutional income tax law which shall substantially accomplish the results aimed at. The difficulty of amending the constitution is so great that only real necessity can justify a resort thereto. Every effort should be made in dealing with this subject, as with the subject of the proper control by the nation, government over the use of corporate wealth in interstate business, to devise legislation which without such action shall attain the desired end, but if this fails there will ultimately be no alternative to a constitutional amendment.

Technical and Industrial Training.

It would be impossible to overstate, though it is of course difficult quantitatively to measure, the effect upon a nation's growth to greatness of what may be called organized patriotism, which necessarily includes the substitution of a national feeling for mere local pride, with as a resultant a high ambition for the whole country. No country can develop its full strength so long as the parts which make up the whole each put a feeling of loyalty to the part above the feeling of loyalty to the whole. This is true of sections, and it is just as true of classes. The industrial and agricultural classes must work together, capitalists and wage-workers must work together, if the best work of which the country is capable is to be done. It is probable that a thoroughly efficient system of education comes next to the influence of patriotism in bringing about national success of this kind. Our federal form of government, so fruitful of advantage to our people in certain ways, in other ways undoubtedly limits our national effectiveness.

It is not possible, for instance, for the national government to take the lead in technical industrial education, to see that the public school system of this country develops on all its technical, industrial, scientific and commercial sides. This must be left primarily to the several states. Nevertheless the national government has control of the schools of the District of Columbia, and it should see that these schools promote and encourage the fullest development of the scholars in both commercial and industrial training. The commercial training should in one of its branches deal with foreign trade. The industrial training is even more important. It should be one of our prime objects as a nation, so far as feasible, constantly to work toward putting the mechanic, the wage-worker who works with his hands, on a higher plane of efficiency and reward, so as to increase his effectiveness in the economic world and the dignity, the remuneration and the power of his position in the social world. Unfortunately, at present the effect of some of the work in the public schools is in the exactly opposite direction. If boys and girls are trained merely in literary accomplishments to the total exclusion of industrial, manual and technical training the tendency is to unfit them for industrial work and to make them reluctant to go into it or unfitted to do well if they do go into it. This is a tendency which should be strenuously combated. Our industrial development depends largely upon technical education, including in this term all industrial education, from that which fits a man to be a good mechanic, a good carpenter or blacksmith, to that which fits a man to do the greatest engineering feat. The skilled mechanic, the skilled workman, can best become

such by technical industrial education. The far reaching usefulness of institutes of technology and schools of mines or of engineering is now universally acknowledged, and no less far reaching is the effect of a good building or mechanical trades school, a textile or watchmaking or engraving school. All such training must develop not only manual dexterity, but industrial intelligence. In international rivalry this country does not have to fear the competition of pauper labor as much as it has to fear the educated labor of specially trained competitors, and we should have the education of the hand, eye and brain which will fit us to meet such competition.

In every possible way we should help the wage-worker who toils with his hands and who must—we hope in a constantly increasing measure—also toll with his brain. Under the constitution the national legislature can do but little of direct importance for his welfare save where he is engaged in work which permits it to act under the interstate commerce clause of the constitution, and this is one reason why I so earnestly hope that both the legislative and judicial branches of the government will construe this clause of the constitution in the broadest possible manner. We can, however, in such a matter as industrial training, in such a matter as child labor and factory laws, set an example to the states by enacting the most advanced legislation that can wisely be enacted for the District of Columbia.

FARMING A PROFESSION.

Agriculture Must Have Chance to Develop Properly.

The only other persons whose welfare is as vital to the welfare of the whole country as is the welfare of the wage-workers are the tillers of the soil, the farmers. It is a mere truism to say that no growth of cities, no growth of wealth, no industrial development, can atone for any falling off in the character and standing of the farming population. During the last few decades this fact has been recognized with ever increasing clearness. There is no longer any failure to realize that farming, at least in certain branches, must become a technical and scientific profession. This means that there must be open to farmers the chance for technical and scientific training, not theoretical merely, but of the most severely practical type. The farmer represents a peculiarly high type of American citizenship, and he must have the same chance to rise and develop as other American citizens have. Moreover, it is exactly as true of the farmer as it is of the business man and the wage-worker that the ultimate success of the nation of which he forms a part must be founded not alone on material prosperity, but upon high moral, mental and physical development. This education of the farmer—self education by preference, but also education from the outside, as with all other men—is peculiarly necessary here in the United States, where the frontier conditions even in the newest states have now nearly vanished, where there must be a substitution of a more intensive system of cultivation for the old wasteful farm management and where there must be a better business organization among the farmers themselves.

Several factors must co-operate in the improvement of the farmer's condition. He must have the chance to be educated in the widest possible sense—in the sense which keeps ever in view the intimate relationship between the theory of education and the facts of life. In all education we should widen our aims. It is a good thing to produce a certain number of trained scholars and students, but the education superintended by the state must seek rather to produce a hundred good citizens than merely one scholar, and it must be turned now and then from the class book to the study of the great book of nature itself. This is especially true of the farmer, as has been pointed out again and again by all observers most competent to pass practical judgment on the problems of our country life. All students now realize that education must seek to train the executive powers of young people and to confer more real significance upon the phrase "dignity of labor" and to prepare the pupils so that, in addition to each developing in the highest degree his individual capacity for work, they may together help create a right public opinion and show in many ways social and co-operative spirit. Organization has become necessary in the business world, and it has accomplished much for good in the world of labor. It is no less necessary for farmers. Such a movement as the grange movement is good in itself and is capable of a well nigh infinite further extension for good so long as it is kept to its own legitimate business. The benefits to be derived by the association of farmers for mutual advantage are partly economic and partly social.

Agricultural Education.

Moreover, while in the long run voluntary effort will prove more efficacious than government assistance, while the farmers must primarily do most for themselves, yet the government can also do much. The department of agriculture has broken new ground in many directions, and year by year it finds how it can improve its methods and develop fresh usefulness. Its constant effort is to give the governmental assistance in the most effective way—that is, through associations of farmers rather than to or through individual farmers. It is also striving to co-ordinate its work with the agricultural departments of the several states, and so far as its own work is educational, to co-ordinate it with