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## THE PRESIDENT'S MESSAGE

A Very Mild Document from the Facile Pen of the Past Master of Strenuity.

### PREACHES GOSPEL OF "LET WELL ENOUGH ALONE."

RECOGNIZES GOOD TRUSTS AND BAD TRUSTS AND SUGGESTS "PUBLICITY" AS A REMEDY.

President Roosevelt's annual message to congress was read Tuesday to the senate and house of representatives. The Independent will not attempt to give the full text of the message, but will quote the points of most importance to its readers.

"We still continue in a period of unbounded prosperity," says the president in his opening sentence, but no attempt is made to define what he means by "we." If trusts, yes. If railroads, yes. If eastern farmers, no. If western farmers, yes, if he will cut out the "unbounded." If small business men, no.

"This prosperity is not the creature of law," he continues, but adds, by way of nullification, "but undoubtedly the laws under which we work have been instrumental in creating the conditions which made it possible, and by unwise legislation it would be easy enough to destroy it." Certainly the laws under which we work have been instrumental in creating the conditions which made it possible for the Standard Oil trust to slaughter its competitors and to declare fabulous dividends to its stockholders; "unwise" legislation might destroy some of that prosperity—and yet not injure the nation. These same laws have made it possible for the several hundred other trusts to be built up and thousands of small business establishments to be destroyed. They have made it possible for the railroads to rob the public of millions upon millions of dollars in excess of what would have been a fair return for the services rendered; and "unwise" legislation might destroy some of this trust and railroad prosperity without the slightest injury to the public generally, but on the contrary to their great benefit.

The president thinks there "will undoubtedly be periods of depression," but attempts no explanation other than that "the wave will recede." He does not even say that the depression will not be the creature of law.

"No country has ever occupied a higher plane of material well-being than ours at the present moment. This well-being is due to no sudden or accidental causes, but to the play of the economic forces in this country for over a century; to our laws, our sustained and continuous policies; above all, to the high individual average of our citizenship. Great fortunes have been won by those who have taken the lead in this phenomenal industrial development, and most of these fortunes have been won not by doing evil, but as an incident to action which has benefited the community as a whole. Never before has material well-being been so widely diffused among our people. Great fortunes have been accumulated, and yet in the aggregate these fortunes are small indeed when compared to the wealth of the people as a whole. The plain people are better off than they have ever been before. The insurance companies, which are practically mutual benefit societies—especially helpful to men of moderate means—represent accumulations of capital which are among the largest in this country. There are more deposits in the savings banks, more owners of farms, more well-paid wage-workers in this country now than ever before in our history. Of course, when the conditions have favored the growth of so much that was good, they have also favored somewhat the growth of what was evil. It is eminently necessary that we should endeavor to cut out this evil, but let us keep a due sense of proportion; let us not in fixing our gaze upon the lesser evil forget the greater good. The evils are real and some of them are menacing, but they are the outgrowth, not of misery or

decadence, but of prosperity—of the progress of our gigantic industrial development. This industrial development must not be checked, but side by side with it should go such progressive regulation as will diminish the evils. We should fail in our duty if we did not try to remedy the evils, but we shall succeed only if we proceed patiently, with practical common sense as well as resolution, separating the good from the bad and holding on to the former while endeavoring to get rid of the latter."

The president might have said that there are more people in the United States than ever before in our history, and that would have been the explanation of his statement that there are "more owners of farms." The aggregate number of farm owners is larger, but relatively very much less than it was twenty years ago. In 1880 farm owners operated 74.5 per cent of the farms; 71.6 per cent in 1890; and only 64.7 per cent in 1900. In other words, notwithstanding the increase in actual numbers of farm owners, because of increase in the number of farms and owners, there has been a decrease of over 13 per cent in farm ownership in twenty years—an increase of 13 per cent in farm tenantry in that time.

#### TRUST REGULATION.

In my message to the present congress at its first session I discussed at length the question of the regulation of those big corporations commonly doing an interstate business, often with some tendency to monopoly, which are popularly known as trusts. The experience of the past year has emphasized in my opinion the desirability of the steps I then proposed. A fundamental requisite of social efficiency is a high standard of individual energy and excellence; but this is in no wise inconsistent with power to act in combination for aims which cannot so well be achieved by the individual acting alone. A fundamental base of civilization is the inviolability of property; but this is in no wise inconsistent with the right of society to regulate the exercise of the artificial powers which it confers upon the owners of property, under the name of corporate franchises, in such a way as to prevent the misuse of these powers.

Corporations, and especially combinations of corporations, should be managed under public regulation. Experience has shown that under our system of government the necessary supervision cannot be obtained by state action. It must therefore be achieved by national action. Our aim is not to do away with corporations; on the contrary, these big aggregations are an inevitable development of modern industrialism, and the effort to destroy them would be futile unless accomplished in ways that would work the utmost mischief to the entire body politic.

We can do nothing of good in the way of regulating and supervising these corporations until we fix clearly in our minds that we are not attacking the corporations, but endeavoring to do away with any evil in them. We are not hostile to them; we are merely determined that they shall be so handled as to subserve the public good. We draw the line against misconduct, not against wealth. The capitalist who, alone or in conjunction with his fellows, performs some great industrial feat by which he wins money is a well-doer, not a wrong-doer, provided only he works in proper and legitimate lines. We wish to favor such a man when he does well. We wish to supervise and control his actions only to prevent him from doing ill. Publicity can do no harm to the honest corporation; and we need not be overtender

about sparing the dishonest corporation.

In curbing and regulating the combinations of capital which are or may become injurious to the public we must be careful not to stop the great enterprises which have legitimately reduced the cost of production, not to abandon the place which our country has won in the leadership of the international industrial world, not to strike down wealth with the result of closing factories and mines, of turning the wage-worker idle in the streets and leaving the farmer without a market for what he grows. Insistence upon the impossible means delay in achieving the possible, exactly as, on the other hand, the stubborn defense alike of what is good and what is bad in the existing system, the resolute effort to obstruct any attempt at betterment, betrays blindness to the historic truth that wise evolution is the sure safeguard against revolution.

#### INTERSTATE COMMERCE.

No more important subject can come before the congress than this of the regulation of interstate business. This country cannot afford to sit supine on the plea that under our peculiar system of government we are helpless in the presence of new conditions, and unable to grapple with them or to cut out whatever of evil has arisen in connection with them.

The power of congress to regulate interstate commerce is an absolute and unqualified grant, and without limitations other than those prescribed by the constitution. The congress has constitutional authority to make all laws necessary and proper for executing this power, and I am satisfied that this power has not been exhausted by any legislation now on the statute books. It is evident, therefore, that evils restrictive of commercial freedom and entailing restraint upon national commerce fall within the regulative power of congress, and that a wise and reasonable law would be a necessary and proper exercise of congressional authority to the end that such evils should be eradicated.

I believe that monopolies, unjust discriminations, which prevent or cripple competition, fraudulent overcapitalization, and other evils in trust organizations and practices which injuriously affect interstate trade can be prevented under the power of congress to "regulate commerce with foreign nations and among the several states" through regulations and requirements operating directly upon such commerce, the instrumentalities thereof, and those engaged therein.

I earnestly recommend this subject to the consideration of the congress with a view to the passage of a law reasonable in its provisions and effective in its operations, upon which the questions can be finally adjudicated that now raise doubts as to the necessity of constitutional amendment. If it prove impossible to accomplish the purposes above set forth by such a law, then, assuredly, we should not shrink from amending the constitution so as to secure beyond peradventure the power sought.

The congress has not heretofore made any appropriation for the better enforcement of the anti-trust law as it now stands. Very much has been done by the department of justice in securing the enforcement of this law, but much more could be done if congress would make a special appropriation for this purpose, to be expended under the direction of the attorney general.

#### TRUSTS AND TARIFF.

One proposition advocated has been the reduction of the tariff as a means of reaching the evils of the trusts which fall within the category I have described. Not merely would this be wholly ineffective, but the diversion of our efforts in such a direction would mean the abandonment of all intelligent attempt to do away with these evils. Many of the largest corporations, many of those which should certainly be included in any proper scheme of regulation, would not be affected in the slightest degree by a change in the tariff, save as such change interfered with the general prosperity of the country. The only relation of the tariff to big corporations as a whole is that the tariff makes manufactures profitable, and the tariff remedy proposed would be in effect simply to make manufactures unprofitable. To remove the tariff as a punitive measure directed against

trusts would inevitably result in ruin to the weaker competitors who are struggling against them. Our aim should be not by unwise tariff changes to give foreign products the advantage over domestic products, but by proper regulation to give domestic competition a fair chance; and this end cannot be reached by any tariff changes which would affect unfavorably all domestic competitors, good and bad alike. The question of regulation of the trusts stands apart from the question of tariff revision.

Stability of economic policy must always be the prime economic need of this country. This stability should not be fossilization. The country has acquiesced in the wisdom of the protective tariff principle. It is exceedingly undesirable that this system should be destroyed or that there should be violent and radical changes therein. Our past experience shows that great prosperity in this country has always come under a protective tariff; and that the country cannot prosper under fitful tariff changes at short intervals. Moreover, if the tariff laws as a whole work well, and if business has prospered under them and is prospering, it is better to endure for a time slight inconveniences and inequalities in some schedules than to upset business by too quick and too radical changes. It is most earnestly to be wished that we could treat the tariff from the standpoint solely of our business needs. It is, perhaps, too much to hope that partisanship may be entirely excluded from consideration of the subject, but at least it can be made secondary to the business interests of the country—that is, to the interests of our people as a whole. Unquestionably these business interests will best be served if together with fixity of principle as regards the tariff we combine a system which will permit us from time to time to make the necessary reapportionment of the principle to the shifting national needs. We must take scrupulous care that the reapportionment shall be made in such a way that it will not amount to a dislocation of our system, the mere threat of which (not to speak of the performance) would produce paralysis in the business energies of the community. The first consideration in making these changes would, of course, be to preserve the principle which underlies our whole tariff system—that is, the principle of putting American business interests at least on a full equality with interests abroad, and of always allowing a sufficient rate of duty to more than cover the difference between the labor cost here and abroad. The well-being of the wage-worker, like the well-being of the tiller of the soil, should be treated as an essential in shaping our whole economic policy. There must never be any change which will jeopardize the standard of comfort, the standard of wages of the American wage-worker.

#### RECIPROCITY TREATIES.

One way in which the readjustment sought can be reached is by reciprocity treaties. It is greatly to be desired that such treaties may be adopted. They can be used to widen our markets and to give a greater field for the activities of our producers on the one hand, and on the other hand to secure in practical shape the lowering of duties when they are no longer needed for protection among our own people, or when the minimum of damage done may be disregarded for the sake of the maximum of good accomplished. If it prove impossible to ratify the pending treaties, and if there seem to be no warrant for the endeavor to execute others, or to amend the pending treaties so that they can be ratified, then the same end—to secure reciprocity—should be met by direct legislation.

Whenever the tariff conditions are such that a needed change cannot with advantage be made by the application of the reciprocity idea, then it can be made outright by a lowering of duties on a given product. If possible, such change should be made only after the fullest consideration by practical experts, who should approach the subject from a business standpoint, having in view both the particular interests affected and the commercial well-being of the people as a whole. The machinery for providing such careful investigation can readily be supplied. The executive department has already at its disposal methods of