

## PRESIDENT'S MESSAGE.

(Continued from First Page).

industry. Over 5,000,000 American women are now engaged in gainful occupations, yet there is an almost complete dearth of data upon which to base any trustworthy conclusions as regards a subject as important as it is vast and complicated. The introduction of women into industry is working change and disturbance in the domestic and social life of the nation. The decrease in marriage, and especially in the birth rate, has been coincident with it. We must face accomplished facts, and the adjustment to factory conditions must be made, but surely it can be made with less friction and less harmful effects on family life than is now the case. This whole matter in reality forms one of the greatest sociological phenomena of our time. It is a social question of the first importance, of far greater importance than any merely political or economic question can be.

In any great labor disturbance not only are employer and employee interested, but also a third party—the general public. Every considerable labor difficulty in which interstate commerce is involved should be investigated by the government and the facts officially reported to the public.

## Insurance.

The great insurance companies afford striking examples of corporations whose business has extended so far beyond the jurisdiction of the states which created them as to preclude strict enforcement of supervision and regulation by the parent states. In my last annual message I recommended "that the congress carefully consider whether the power of the bureau of corporations cannot constitutionally be extended to cover interstate transactions in insurance." Recent events have emphasized the importance of an early and exhaustive consideration of this question, to see whether it is not possible to furnish better safeguards than the several states have been able to furnish against corruption of the flagrant kind which has been exposed.

It has been only too clearly shown that certain of the men at the head of these large corporations take but small note of the ethical distinction between honesty and dishonesty. They draw the line only this side of what may be called law-honesty, the kind of honesty necessary in order to avoid falling into the clutches of the law. Of course the only complete remedy for this condition must be found in an aroused public conscience, a higher sense of ethical conduct in the community at large and especially among business men and in the great profession of the law, and in the growth of a spirit which condemns all dishonesty, whether in rich man or in poor man, whether it takes the shape of bribery or of blackmail. But much can be done by legislation which is not only drastic, but practical. There is need of a far stricter and more uniform regulation of the vast insurance interests of this country. The United States should in this respect follow the policy of other nations by providing adequate national supervision of commercial interests which are clearly national in character.

I repeat my previous recommendation that the congress should consider whether the federal government has any power or owes any duty with respect to domestic transactions in insurance of an interstate character. That state supervision has proved inadequate is generally conceded.

## The Revenue.

There is more need of stability than of the attempt to attain an ideal perfection in the methods of raising revenue, and the shock and strain to the business world certain to attend any serious change in these methods render such change inadvisable unless for grave reason. It is not possible to lay down any general rule by which to determine the moment when the reasons for will outweigh the reasons against such a change. No change can be made on lines beneficial to or desired by one section or one state only. There must be something like a general agreement among the citizens of the several states that the change is needed and desired in the interest of the people as a whole, and there should then be a sincere, intelligent and disinterested effort to make it in such shape as will combine, so far as possible, the maximum of good to the people at large with the minimum of necessary disregard for the special interests of localities or classes, but in time of peace the revenue must, on the average, taking a series of years together, equal the expenditures or else the revenues must be increased. Last year there was a deficit. Unless our expenditures can be kept within the revenues then our revenue laws must be readjusted.

It is impossible to outline what shape such a readjustment should take, for it is as yet too early to say whether there will be need for it. It should be considered whether it is not desirable that the tariff laws should provide for applying as against or in favor of any other nation maximum and minimum tariff rates established by the congress, in order to secure a certain revenue

treatment between other nations and ourselves.

## Economy in Expenditures.

I earnestly recommend to the congress the need of economy and, to this end, of a rigid scrutiny of appropriations. All unnecessary offices should be abolished. In the public printing also a large saving of money can be made. There is a constantly growing tendency to publish masses of unimportant information at which no human being ever looks.

Yet, in speaking of economy, I must in nowise be understood as advocating the false economy which is in the end the worst extravagance. To cut down in the navy would be a crime against the nation. To fail to push forward all work on the Panama canal would be as great a folly.

## Currency.

Every consideration of prudence demands the addition of the element of elasticity to our currency system. The evil does not consist in an inadequate volume of money, but in the rigidity of this volume, which does not respond as it should to the varying needs of communities and of seasons. Inflation must be avoided, but some provision should be made that will insure a larger volume of money during the fall and winter months than in the less active seasons of the year, so that the currency will contract against speculation and will expand for the needs of legitimate business. At present the treasury department is at irregularly recurring intervals obliged in the interest of the business world—that is, in the interests of the American public—to try to avert financial crises by providing a remedy which should be provided by congressional action.

**Business Methods in Departments.**  
At various times I have instituted investigations into the organization and conduct of the business of the executive departments. While none of these inquiries have yet progressed far enough to warrant final conclusions, they have already confirmed and emphasized the general impression that the organization of the departments is often faulty in principle and wasteful in results, while many of their business methods are antiquated and inefficient. I recommend that the congress consider this subject.

## Federal Elections.

In my last annual message I said: "The power of the government to protect the integrity of the elections of its own officials is inherent and has been recognized and affirmed by repeated declarations of the supreme court. There is no enemy of free government more dangerous and none so insidious as the corruption of the electorate. No one defends or excuses corruption, and it would seem to follow that none would oppose vigorous measures to eradicate it. I recommend the enactment of a law directed against bribery and corruption in federal elections. The details of such a law may be safely left to the wise discretion of the congress, but it should go as far as under the constitution it is possible to go and should include severe penalties against him who gives or receives a bribe intended to influence his act or opinion as an elector and provisions for the publication not only of the expenditures for nominations and elections of all candidates, but also of all contributions received and expenditures made by political committees."

I desire to repeat this recommendation. All contributions by corporations to any political committee or for any political purpose should be forbidden by law, directors should not be permitted to use stockholders' money for such purposes, and, moreover, a prohibition of this kind would be, as far as it went, an effective method of stopping the evils aimed at in corrupt practices acts.

## The Hague Conference.

The first conference of nations held at The Hague in 1899, being unable to dispose of all the business before it, recommended the consideration and settlement of a number of important questions by another conference to be called subsequently and at an early date. These questions were the following: (1) The rights and duties of neutrals; (2) the limitation of the armed forces on land and sea and of military budgets; (3) the use of new types and calibers of military and naval guns; (4) the inviolability of private property at sea in times of war; (5) the bombardment of ports, cities and villages by naval forces. In October, 1904, at the instigation of the Interparliamentary union, I issued invitations to all the powers signatory to The Hague convention to send delegates to such a conference and suggested that it be again held at The Hague.

From all the powers acceptance was received, coupled in some cases with the condition that we should wait until the end of the war then waging between Russia and Japan. The emperor of Russia, immediately after the treaty of peace which so happily terminated this war, in a note presented to the president on Sept. 13 took the initiative in recommending that the conference be now called. The United States government in response expressed its cordial acquiescence and stated that it would as a matter of course take part in the new conference and endeavor to

further its aims. We assume that all civilized governments will support the movement and that the conference is now an assured fact. This government will do everything in its power to secure the success of the conference to the end that substantial progress may be made in the cause of international peace, justice and good will.

## Monroe Doctrine.

There are certain essential points which must never be forgotten as regards the Monroe doctrine. In the first place, we must as a nation make it evident that we do not intend to treat it in any shape or way as an excuse for aggrandizement on our part at the expense of the republics to the south.

But we must make it evident that we do not intend to permit the Monroe doctrine to be used by any nation on this continent as a shield to protect it from the consequences of its own misdeeds against foreign nations. The Monroe doctrine does not force us to interfere to prevent the punishment of a port save to see that the punishment does not assume the form of territorial occupation in any shape. The case is more difficult when it refers to a contractual obligation. This country would certainly decline to go to war to prevent a foreign government from collecting a just debt. On the other hand, it is very inadvisable to permit any foreign power to take possession, even temporarily, of the custom houses of an American republic in order to enforce the payment of its obligations, for such temporary occupation might turn into a permanent occupation. The only escape from these alternatives may at any time be that we must ourselves undertake to bring about some arrangement by which so much as possible of a just obligation shall be paid.

To do so insures the defaulting republic from having to pay debts of an improper character under duress, while it also insures honest creditors of the republic from being passed by in the interest of dishonest or grasping creditors. Moreover, for the United States to take such a position offers the only possible way of insuring us against a clash with some foreign power. The position is therefore in the interest of peace as well as in the interest of justice.

## Santo Domingo.

Santo Domingo has now made an appeal to us, and not only every principle of wisdom, but every generous instinct within us, bids us respond to the appeal. The conditions in Santo Domingo have for a number of years grown from bad to worse until a year ago all society was on the verge of dissolution. Fortunately just at this time a ruler sprang up in Santo Domingo who, with his colleagues, saw the dangers threatening their country and appealed to the friendship of the only neighbor who possessed the power and the will to help them. There was imminent danger of foreign intervention. The patience of foreign creditors had become exhausted, and at least two foreign nations were on the point of intervention and were only prevented by the unofficial assurance of this government that it would itself strive to help Santo Domingo in her hour of need.

Accordingly, the executive department of our government negotiated a treaty under which we are trying to help the Dominican people to straighten out their finances. This treaty is pending before the senate. In the meantime a temporary arrangement has been made under which the Dominican government has appointed Americans to all the important positions in the customs service, and they are seeing to the honest collection of the revenues, turning over 45 per cent to the government for running expenses and putting the other 55 per cent into a safe depository for equitable division in case the treaty shall be ratified among the various creditors, whether European or American.

Under the course taken stability and order and all the benefits of peace are at last coming to Santo Domingo, danger of foreign intervention has been suspended, and there is at last a prospect that all creditors will get justice, no more and no less. If the arrangement is terminated by the failure of the treaty chaos will follow, and sooner or later this government may be involved in serious difficulties with foreign governments over the island or else may be forced itself to intervene in the island in some unpleasant fashion.

## Army and Navy.

I do not believe that any army in the world has a better average of enlisted man or a better type of junior officer, but the army should be trained to act effectively in a mass. Provision should be made by sufficient appropriations for maneuvers of a practical kind.

Provision should be made for the promotion of exceptionally meritorious men over the heads of their comrades and for the retirement of all men who have reached a given age without getting beyond a given rank.

There should be an increase in the coast artillery force so that our coast fortifications can be in some degree adequately manned. There is special need for an increase and reorganization of the medical department of the army. In both the army and navy there must be the same thorough training for duty in the staff corps as in the fighting line. The importance of this work should be

clusively in the Spanish-American and the Russo-Japanese wars. The work of the medical departments in the Japanese army and navy is especially worthy of study.

Our navy must, relatively to the navies of other nations, always be of greater size than our army. We have most wisely continued for a number of years to build up our navy, and it has now reached a fairly high standard of efficiency. This standard must not only be maintained, but increased. It does not seem to me necessary, however, that the navy should, at least in the immediate future, be increased beyond the present number of units. What is now clearly necessary is to substitute efficient for inefficient units as the latter become worn out or as it becomes apparent that they are useless. Probably the result would be attained by adding a single battleship to our navy each year, the superseded or outworn vessels being laid up or broken up as they are thus replaced.

## Naturalization.

On this subject I recommend:

First.—A federal bureau of naturalization, to be established in the department of commerce and labor, to supervise the administration of the naturalization laws and to receive returns of naturalizations pending and accomplished.

Second.—Uniformity of naturalization certificates, fees to be charged, and procedure.

Third.—More exacting qualifications for citizenship.

Fourth.—The preliminary declaration of intention to be abolished and no alien to be naturalized until at least ninety days after the filing of his petition.

Fifth.—Jurisdiction to naturalize aliens to be confined to United States district courts and to such state courts as have jurisdiction in civil actions in which the amount in controversy is unlimited; in cities of over 100,000 inhabitants the United States district courts to have exclusive jurisdiction in the naturalization of the alien residents of such cities.

## Criminal Laws.

In my last message I asked the attention of the congress to the urgent need of action to make our criminal law more effective, and I most earnestly request that you pay heed to the report of the attorney general on this subject.

There seems to be no statute of the United States which provides for the punishment of a United States attorney or other officer of the government who corruptly agrees to wrongfully do or wrongfully refrain from doing any act when the consideration for such corrupt agreement is other than one possessing money value. This ought to be remedied by appropriate legislation. Legislation should also be enacted to cover explicitly, unequivocally and beyond question breach of trust in the shape of prematurely divulging official secrets by an officer or employee of the United States and to provide a suitable penalty therefor.

## Merchant Marine.

To the spread of our trade in peace and the defense of our flag in war a great and prosperous merchant marine is indispensable. We should have ships of our own and seamen of our own to convey our goods to neutral markets and in case of need to re-enforce our battle line. It cannot but be a source of regret and uneasiness to us that the lines of communication with our sister republics of South America should be chiefly under foreign control. It is not a good thing that American merchants and manufacturers should have to send their goods and letters to South America via Europe if they wish security and dispatch. Even on the Pacific, where our ships have held their own better than on the Atlantic, our merchant flag is now threatened through the liberal aid bestowed by other governments on their own steam lines. I ask your earnest consideration of the report with which the merchant marine commission has followed its long and careful inquiry.

It is a matter of unalloyed satisfaction once more to call attention to the excellent work of the pension bureau, for the veterans of the civil war have a greater claim upon us than any other class of our citizens. To them first of all among our people honor is due.

## Immigration.

As I said in my last message to the congress, we cannot have too much immigration of the right sort, and we should have none whatever of the wrong sort.

The questions arising in connection with Chinese immigration stand by themselves. The conditions in China are such that the entire Chinese coolie class—that is, the class of Chinese laborers, skilled and unskilled—legitimately come under the head of undesirable immigrants to this country. But in the effort to carry out the policy of excluding Chinese laborers, Chinese coolies, grave injustice and wrong have been done by this nation to the people of China and therefore ultimately to this nation itself. Chinese students, business and professional men of all kinds, not only merchants, but bankers, doctors, manufacturers, professors, teachers and the like, should be encouraged to come here and work

ed on precisely the same footing that we treat students, business men, travelers and the like of other nations.

As a people we have talked much of the open door in China, and we expect, and quite rightly intend to insist upon, justice being shown us by the Chinese. But we cannot expect to receive equity unless we do equity.

## The Civil Service.

Heads of executive departments and members of the commission have called my attention to the fact that the rule requiring a filing of charges and three days' notice before an employee could be separated from the service for inefficiency has served no good purpose whatever. Experience has shown that the rule is wholly ineffective to save any man if a superior for improper reasons wishes to remove him and is mischievous because it sometimes serves to keep in the service incompetent men not guilty of specific wrongdoing. Having these facts in view, the rule has been amended by providing that where the inefficiency or incapacity comes within the personal knowledge of the head of a department the removal may be made without notice, the reasons therefor being filed and made a record of the department. The absolute right of removal rests where it always has rested, with the head of a department. The change is merely one of procedure. It was much needed, and it is producing good results.

Our copyright laws need revision.

**Philippines and Other Islands.**  
During the last year the Philippine Islands have been slowly recovering from the series of disasters which since American occupation have greatly reduced the amount of agricultural products below what was produced in Spanish times.

The agricultural conditions of the islands enforce more strongly than ever the argument in favor of reducing the tariff on the products of the Philippine Islands entering the United States. I earnestly recommend that the tariff now imposed by the Dingley bill upon the products of the Philippine Islands be entirely removed, except the tariff on sugar and tobacco, and that that tariff be reduced to 25 per cent of the present rates under the Dingley act; that after July 1, 1906, the tariff upon tobacco and sugar produced in the Philippine Islands be entirely removed and that free trade between the islands and the United States in the products of each country then be provided for by law.

In my judgment, immediate steps should be taken for the fortification of Hawaii. This is the most important point in the Pacific to fortify in order to conserve the interests of this country. It would be hard to overstate the importance of this need. Hawaii is too heavily taxed. Laws should be enacted setting aside for a period of, say, twenty years 75 per cent of the internal revenue and customs receipts from Hawaii as a special fund to be expended in the islands.

I earnestly advocate the adoption of legislation which will explicitly confer American citizenship on all citizens of Porto Rico.

I wish also to call the attention of the congress to one question which affects our insular possessions generally—namely, the need of an increased liberality in the treatment of the whole franchise question in these islands.

I earnestly ask that Alaska be given an elective delegate.

I recommend that Indian Territory and Oklahoma be admitted as one state and that New Mexico and Arizona be admitted as one state.

Active work in canal construction, mainly preparatory, has been in progress for less than a year and a half. During that period two points about the canal have ceased to be open to debate. First, the question of route; second, the question of feasibility. The point which remains unsettled is whether the canal shall be one of several locks above sea level or at sea level with a single tide lock. On this point I hope to lay before the congress at an early day the findings of the advisory board of American and European engineers.

In addition to sanitating the isthmus, satisfactory quarters are being provided for employees and an adequate system of supplying them with wholesome food at reasonable prices has been created. Hospitals have been established and equipped that are without superiors of their kind anywhere. During the past year a large portion of the plant with which the work is to be done has been ordered. It is confidently believed that by the middle of the approaching year a sufficient proportion of this plant will have been installed to enable us to resume the work of excavation on a large scale.

What is needed now and without delay is an appropriation by the congress to meet the current and accruing expenses of the commission. The first appropriation of \$10,000,000 out of the \$125,000,000 authorized by the Spooner act was made three years ago. It is nearly exhausted. Unless the congress shall appropriate before that time all work must cease.

In conclusion the president recommends an increase in the diplomatic and consular service and more efficient management of our foreign affairs.