MESSAGE READ TO CONGRESS

No Tariff Revision For the Present.

NICARAGUAN TROUBLE.

Irresponsible Nations Not Protected by Monroe Doctrine.

A DEFICIT OF $73,075,600.

Legislation Urged Against Injunctions Without Notice.

Washington, Dec. 7.—In his annual message, read to congress, President Taft said:

To the Senate and the House of Representatives:

The relations of the United States with all foreign governments have continued upon the normal basis of amity and good understanding and are very generally satisfactory.

Europe.

The American rights [in the fisheries on the north Atlantic coast] under the fisheries article of the treaty of 1818 have been a cause of difference between the United States and Great Britain for nearly seventy years. The interests involved are of great importance to the American fishing industry, and the final settlement of the controversy [by the permanent court of arbitration at The Hague] will remove a source of constant irritation and complaint. This is the first case involving such great international questions which has been submitted to the permanent court of arbitration at The Hague.

Negotiations for an international conference to consider and reach an arrangement providing for the preservation and protection of the fur seals in the north Pacific are in progress with the governments of Great Britain, Japan and Russia. The attitude of the governments interested leads me to hope for a satisfactory settlement of this question as the ultimate outcome of the negotiations.

The Near East.

The quick transition of the government of the Ottoman empire from one of retrograde tendencies to a constitutional government with a parliament and with progressive modern policies of reform and public improvement is one of the important phenomena of our times. Constitutional government seems also to have made further advance in Persia. These events have turned the eyes of the world upon the near east. In that quarter the prestige of the United States has spread widely through the peaceful influence of American schools, universities and missionaries. There is every reason why we should obtain a greater share of the commerce of the near east since the conditions are more favorable now than ever before.

Latin America.

One of the happiest events in recent pan-American diplomacy was the pacific, independent settlement by the governments of Bolivia and Peru of a boundary difference between them, which for some weeks threatened to cause war and even to entrain embitterments affecting other republics less directly concerned.

Our Citizens Abroad.

This administration, through the department of state and the foreign service, is lending all proper support to legitimate and beneficial American enterprise in foreign countries, the degree of such support being measured by the national advantages to be expected. A citizen himself cannot by contract or otherwise divest himself of the right, nor can this government escape the obligation, of his protection in his personal and property rights when these are unjustly infringed in a foreign country. To avoid ceaseless vexations it is proper that in considering whether American enterprise should be encouraged or supported in a particular country the government should give full weight not only to the national as opposed to the individual benefits to accrue, but also to the fact whether or not the government of the country in question is in its administration and in its diplomacy faithful to the principles of moderation, equity and justice upon which alone depends international credit in diplomacy as well as in finance.

The Monroe Doctrine.

The pan-American policy of this government has long been fixed in its principles and remains unchanged. With the changed circumstances of the United States and of the republics to the south of us, most of which have great natural resources, stable government and progressive ideals, the apprehension which gave rise to the Monroe doctrine may be said to have nearly disappeared, and neither the doctrine as it exists nor any other doctrine of American policy should be permitted to operate for the perpetuation of irresponsible government, the escape of just obligations or the insidious allegation of dominating ambitions on the part of the United States.

My meeting with President Diaz and the greeting exchanged on both American and Mexican soil served, I hope, to signalize the close and cordial relations which so well bind together this republic and the great republic immediately to the south, between which there is so vast a network of material interests.

I am happy to say that all but one of the cases which for so long vexed our relations with Venezuela have been settled within the past few months and that, under the enlightened regime now directing the government of Venezuela, provision has been made for arbitration of the remaining case before The Hague tribunal.

On July 30, 1909, the government of Panama agreed, after considerable negotiation, to indemnify the relatives of the American officers and sailors who were brutally treated, one of them having, indeed, been killed by the Panaman police this year.

This government was obliged to intervene diplomatically to bring about arbitration or settlement of the claim of the Emery company against Nicaragua, which it had long before been agreed should be arbitrated. A settlement of this troublesome case was reached by the signature of a protocol on Sept. 18, 1909.

Many years ago diplomatic intervention became necessary to the protection of the interests in the American claim of Alsop & Co. against the government of Chile. The government of Chile had frequently admitted obligation in the case and had promised this government to settle it. There had been two abortive attempts to do so through arbitral commissions, which failed through lack of jurisdiction. Now, happily, as the result of the recent diplomatic negotiations, the governments of the United States and of Chile, actuated by the sincere desire to free from any strain those cordial and friendly relations upon which both set such store, have agreed by a protocol to submit the controversy to definitive settlement by his Britannic Majesty Edward VII.

The Nicaraguan Trouble.

Since the Washington conventions of 1907 were communicated to the government of the United States as a consulting and advising party this government has been almost continuously called upon by one or another and in turn by all of the five Central American republics to exert itself for the maintenance of the conventions. Nearly every complaint has been against the Zelaya government of Nicaragua, which has kept Central America in constant tension or turmoil. The responses made to the representations of Central American republics as due from the United States on account of its relation to the Washington conventions have been at all times conservative and have avoided, so far as possible, any semblance of interference, although it is very apparent that the considerations of geographic proximity to the canal zone and of the very substantial American interests in Central America give to the United States a special position in the zone of these republics and the Caribbean sea.

I need not rehearse here the patient efforts of this government to promote peace and welfare among these republics, efforts which are fully appreciated by the majority of them who are loyal to their true interests. It would be no less unnecessary to rehearse here the sad tale of unspeakable barbarities and oppression alleged to have been committed by the Zelaya government. Recently two Americans were put to death by order of President Zelaya himself. They were officers in the organized forces of a revolution which had continued many weeks and was in control of about half of the republic, and as such, according to the modern enlightened practice of civilized nations, they were entitled to be dealt with as prisoners of war.

At the date when this message is printed this government has terminated diplomatic relations with the Zelaya government for reasons made public in a communication to the former Nicaraguan charge d'affaires and is intending to take such future steps as may be found most consistent with its dignity, its duty to American interests and its moral obligations to Central America and to civilization. It may later be necessary for me to bring this subject to the attention of the congress in a special message.

In the Far East.

In the far east this government preserves unchanged its policy of supporting the principle of equality of opportunity and scrupulous respect for the integrity of the Chinese empire, to which policy are pledged the interested powers of both east and west.

By the treaty of 1903 China has undertaken the abolition of likin with a moderate and proportionate raising of the customs tariff along with currency reform. These reforms being of manifest advantage to foreign commerce as well as to the interests of China, this government is endeavoring to facilitate these measures and the needful acquiescence of the treaty powers. When it appeared that Chinese likin revenues were to be hypothecated to foreign bankers in connection with a great railway project it was obvious that the governments whose nationals held this loan would have a certain direct interest in the question of the carrying out by China of the reforms in question. The administration deemed American participation to be of great national interest. Happily, when it was as a matter of broad policy urgent that this opportunity should not be lost, the indispensable instrumentality presented itself when a group of American bankers of international reputation and great resources agreed at once to share in the loan upon precisely such terms as this government should approve. The chief of those terms was that American railway material should be upon an exact equality with that of the other nationals joining in the loan in the placing of orders for this whole railroad system. After months of negotiation the equal participation of Americans seems at last assured.

In one of the Chinese-Japanese conventions of Sept. 4 of this year there was a provision which caused considerable public apprehension in that upon its face it was believed in some quarters to seek to establish a monopoly of mining privileges along the South Manchurian and Antung-Mukden railroads and thus to exclude Americans from a wide field of enterprise, to take part in which they were by treaty with China entitled. After a thorough examination of the conventions and of the several contextual documents the secretary of state reached the conclusion that no such monopoly was intended or accomplished. This government made inquiry of the imperial Chinese and Japanese governments and received from each official assurance that the provision had no purpose inconsistent with the policy of equality of opportunity to which the signatories, in common with the United States, are pledged.

Our traditional relations with the Japanese empire continue cordial as usual. The arrangement of 1908 for a co-operative control of the coming of laborers to the United States has proved to work satisfactorily. The matter of a revision of the existing treaty between the United States and Japan which is terminable in 1912 is already receiving the study of both countries.

The Department of State.

I earnestly recommend to the favorable action of the congress the estimates submitted by the department of state and most especially the legislation suggested in the secretary of state's letter of this date whereby it will be possible to develop and make permanent the reorganization of the department upon modern lines in a manner to make it a thoroughly efficient instrument in the furtherance of our foreign trade and of American interests abroad.

Under a provision of the act of Aug. 5, 1909, I have appointed three officials to assist the officers of the government in collecting information necessary to a wise administration of the tariff act of Aug. 5, 1909. As to questions of customs administration they are co-operating with the officials of the treasury department and as to matters of the needs and the exigencies of our manufacturers and exporters with the department of commerce and labor in its relation to the domestic aspect of the subject of foreign commerce.

As a consequence of section 2 of the tariff act of Aug. 5, 1909, it becomes the duty of the secretary of state to conduct as diplomatic business all the negotiations necessary to place him in a position to advise me as to whether or not a particular country unduly discriminates against the United States in the sense of the statute referred to.

Government Expenditures and Revenues.

Perhaps the most important question presented to this administration is that of economy in expenditures and sufficiency of revenue.

The report of the secretary shows that the ordinary expenditures for the current fiscal year ending June 30, 1910, will exceed the estimated receipts by $34,075,620. If to this deficit are added the sum to be disbursed for the Panama canal, amounting to $38,000,000, and $1,000,000 to be paid on the public debt, the deficit of ordinary receipts and expenditures will be increased to a total deficit of $73,075,620. This deficit the secretary proposes to meet by the proceeds of bonds issued to pay the cost of constructing the Panama canal. I approve this proposal.

The Panama Canal.

The policy of paying for the construction of the Panama canal not out of current revenue, but by bond issues, was adopted in the Spooner act of 1902, and there seems to be no good reason for departing from the principle by which a part at least of the burden of the cost of the canal shall fall upon our posterity, who are to enjoy it, and there is all the more reason for this view because the actual cost to date of the canal, which is now half done and which will be completed Jan. 1, 1915, shows that the cost of engineering and construction will be $297,766,000 instead of $139,705,200, as originally estimated. In addition to engineering and construction, the other expenses, including sanitation and government and the amount paid for the properties, the franchise and the privilege of building the canal, increase the cost by $75,435,000 to a total of $375,201,000. The increase in the cost of engineering and construction is due to a substantial enlargement of the plan of construction by widening the canal 100 feet in the Culebra cut and by increasing the dimensions of the locks, to the underestimate of the quantity of the work to be done under the original plan and to an underestimate of the cost of labor and materials, both of which have greatly enhanced in price since the original estimate was made.

Government Economy.

In order to avoid a deficit for the ensuing fiscal year I directed the heads of departments in the preparation of their estimates to make them as low as possible consistent with imperative governmental necessity. The result has been, as I am advised by the secretary of the treasury, that the estimates of the expenses of the government for the fiscal year ending June 30, 1911—that is, for the next fiscal year—are less by $55,063,000 than the total of appropriations for the current fiscal year and less by $94,000,000 than the estimates for that year. So far as the secretary of the treasury is able to form a judgment as to future income, there will be no deficit in the year ending June 30, 1911, but a small surplus of $712,000.

In the present estimates the needs of the departments and of the government have been cut to the quick.

For the purpose of securing information which may enable the executive and the legislative branches to unite in a plan for the permanent reduction of the cost of governmental administration the treasury department has instituted an investigation by one of the most skilled expert accountants in the United States. The object of the investigation is to devise means to increase the average efficiency of each employee. There is great room for improvement toward this end, not only by the reorganization of bureaus and departments and in the avoidance of duplication, but also in the treatment of the individual employee.

Under the present system it constantly happens that two employees receive the same salary when the work of one is far more difficult and important and exacting than that of the other. Superior ability is not rewarded or encouraged.

Civil Pensions.

As the degree of efficiency in all the departments is much lessened by the retention of old employees who have outlived their energy and usefulness it is indispensable to any proper system of economy that provision be made so that their separation from the service shall be easy and inevitable. It is impossible to make such provision unless there is adopted a plan of civil pensions. We cannot, in view of the advancing prices of living, hope to save money by a reduction in the standard of salaries paid. Indeed, if any change is made in that regard an increase rather than a decrease will be necessary, and the only means of economy will be in reducing the number of employees and in obtaining a greater average of efficiency from those retained in the service.

Frauds In the Collection of Customs.

I regret to refer to the fact of the discovery of extensive frauds in the collection of the customs revenue at New York city, in which a number of the subordinate employees in the weighing and other departments were directly concerned and in which the beneficiaries were the American Sugar Refining company and others. The frauds consisted in the payment of duty on underweights of sugar. The government has recovered from the American Sugar Refining company all that it is shown to have been defrauded of. The sum was received in full of the amount due which might have been recovered by civil action against the beneficiary of the fraud, but there was an express reservation in the contract of settlement by which the settlement should not interfere with or prevent the criminal prosecution of every one who was found to be subject to the same.

Criminal prosecutions are now proceeding against a number of the government officers. The treasury department and the department of justice are exerting every effort to discover all the wrongdoers, including the officers and employees of the companies who may have been privy to the fraud. It would seem to me that an investigation of the frauds by congress at present, pending the probing by the treasury department and the department of justice, as proposed, might by giving immunity and otherwise prove an embarrassment in securing conviction of the guilty parties.

Maximum and Minimum Clause in Tariff Act.

Two features of the new tariff act call for special reference. In order that the maximum duty shall be charged against the imports from a country it is necessary that the executive shall find on the part of that country not only discriminations in its laws or the practice under them against the trade of the United States, but that the discriminations found shall be undue—that is, without good and fair reason. [illegible] a condition in which the spirit of retaliation shall be obviated.

Tariff Readjustment.

The new tariff law enables me to appoint a tariff board to assist me in connection with the department of state in the administration of the minimum and maximum clause of the act and also to assist officers of the government in the administration of the entire law. I believe that the work of this board will be of prime utility and importance whenever congress shall deem it wise again to readjust the customs duties. If the facts secured by the tariff board are of such a character as to show generally that the rates of duties imposed by the present tariff law are excessive under the principles of protection as described in the platform of the successful party at the late election I shall not hesitate to invite the attention of congress to this fact and to the necessity for action predicated thereon. Nothing, however, halts business and interferes with the course of prosperity so much as the threatened revision of the tariff, and until the facts are at hand, after careful and deliberate investigation, upon which such revision can properly be undertaken, it seems to me unwise to attempt it.

War Department.

In the interest of immediate economy I have required a reduction in the estimates of the war department for the coming fiscal year which brings the total estimates down to an amount forty-five millions less than the corresponding estimates for last year. This could be accomplished only by cutting off new projects and suspending for the period of one year all progress in military matters. For the same reason I have directed that the army shall not be recruited up to its present authorized strength. These measures can hardly be more than temporary, for I am sure that the interests of the military establishment are seriously in need of careful consideration by congress.

The secretary of war calls attention to a number of needed changes in the army, in all of which I concur, but the point upon which I place most emphasis is the need for an elimination bill providing a method by which the merits of officers shall have some effect upon their advancement and by which the advancement of all may be accelerated by the effective elimination of a definite proportion of the least efficient.

The military and naval joint board have unanimously agreed that it would be unwise to make the large expenditures which at one time were contemplated in the establishment of a naval base and station in the Philippine islands and have expressed their judgment, in which I fully concur, in favor of making an extensive naval base at Pearl Harbor, near Honolulu, and not in the Philippines.

The Navy.

The return of the battleship fleet from its voyage around the world in more efficient condition than when it started was a noteworthy event of interest alike to our citizens and the naval authorities of the world. The marked success of the ships in steaming around the world in all weathers on schedule time has increased respect for our navy and has added to our national prestige.

It is a regrettable fact that the higher officers are old for the responsibilities of the modern navy, and the admirals do not arrive at flag rank young enough to obtain adequate training in their duties as flag officers.

Owing to the necessity for economy in expenditures, I have directed the curtailment of recommendations for naval appropriations so that they are thirty-eight millions less than the corresponding estimates of last year, and the request for new naval construction is limited to two first class battleships and one repair vessel.

The secretary of the navy has inaugurated a tentative plan involving certain changes in the organization of the navy department, including the navy yards, all of which have been found by the attorney general to be in accordance with law. I have approved the execution of the plan proposed because of the greater efficiency and economy it promises.

Department of Justice—Expedition in Legal Procedure.

The deplorable delays in the administration of civil and criminal law have received the attention of committees of the American Bar association and of many state bar associations as well as the considered thought of judges and jurists. In my judgment, a change in judicial procedure, with a view to reducing its expense to private litigants in civil cases and facilitating the dispatch of business and final decision in both civil and criminal cases, constitutes the greatest need in our American institutions. I do not doubt for one moment that much of the lawless violence and cruelty exhibited in lynchings are directly due to the uncertainties and injustice growing out of the delays in trials, judgments and the executions thereof by our courts.

I therefore recommend legislation providing for the appointment by the president of a commission with authority to examine the law and equity procedure of the federal courts of first instance, the law of appeals from those courts to the courts of appeals and to the supreme court and the costs imposed in such procedure upon the private litigants and upon the public treasury and make recommendation with a view to simplifying and expediting the procedure as far as possible and making it as inexpensive as may be to the litigant of little means.

The platform of the successful party in the last election contained the following:

Injunctions Without Notice.

"We believe that the rules of procedure in the federal courts with respect to the issuance of the writ of injunction should be more accurately defined by statute and that no injunction or temporary restraining order should be issued without notice, except where irreparable injury would result from delay, in which case a speedy hearing thereafter should be granted."

I recommend that in compliance with the promise thus made appropriate legislation be adopted. Moreover, every such injunction or restraining order issued without previous notice and opportunity by the defendant to be heard should by force of the statute expire and be of no effect after seven days from the issuance thereof or within any time less than that period which the court may fix unless within such seven days or such less period the injunction or order is extended or renewed after previous notice and opportunity to be heard.

Anti-trust and Interstate Commerce Laws.

The jurisdiction of the general government over interstate commerce has led to the passage of the so called "Sherman anti-trust law" and the "interstate commerce law" and its amendments. The developments in the operation of those laws call for a discussion and some suggestions as to amendments. These I prefer to embody in a special message.

Postoffice Department—Second Class Mail Matter.

The deficit every year in the postoffice department is largely caused by the low rate of postage of 1 cent a pound charged on second class mail matter, which includes not only newspapers, but magazines and miscellaneous periodicals. The actual loss growing out of the transmission of this second class mail matter at 1 cent a pound amounts to about $63,000,000 a year. The average cost of the transportation of this matter is more than 9 cents a pound. The statistics of 1907 show that second class mail matter constituted 63.91 per cent of the weight of all the mail and yielded only 5.19 per cent of the revenue.

The figures given are startling and show the payment by the government of an enormous subsidy to the newspapers, magazines and periodicals. A great saving might be made, amounting to much more than half of the loss, by imposing upon magazines and periodicals a higher rate of postage.

Postal Savings Banks.

I believe postal savings banks to be necessary in order to offer a proper inducement to thrift and saving to a great many people of small means who do not now have banking facilities and to whom such a system would offer an opportunity for the accumulation of capital. They will furnish a satisfactory substitute, based on sound principle and actual successful trial in nearly all the countries of the world, for the system of government guaranty of deposits now being adopted in several western states which, with deference to those who advocate it, seems to me to have in it the seeds of demoralization to conservative banking and certain financial disaster.

Ship Subsidy.

Following the course of my distinguished predecessor, I earnestly recommend to congress the consideration and passage of a ship subsidy bill.

Interior Department—New Mexico and Arizona.

The successful party in the last election in its national platform declared in favor of the admission as separate states of New Mexico and Arizona, and I recommend that legislation appropriate to this end be adopted.

Alaska.

With respect to the territory of Alaska, I recommend legislation which shall provide for the appointment by the president of a governor and also of an executive council, the members of which shall during their term of office reside in the territory and which shall have legislative powers sufficient to enable it to give to the territory local laws adapted to its present growth. I strongly deprecate legislation looking to the election of a territorial legislature in that vast district.

Conservation of Natural Resources.

In several departments there is presented the necessity for legislation looking to the further conservation of our national resources, and the subject is one of such importance as to require a more detailed and extended discussion than can be entered upon in this communication. For that reason I shall take an early opportunity to send a special message to congress.

The White Slave Trade.

There is urgent necessity for additional legislation and greater executive activity to suppress the recruiting of the ranks of prostitutes from the streams of immigration into this country—an evil which, for want of a better name, has been called "the white slave trade."

Bureau of Health.

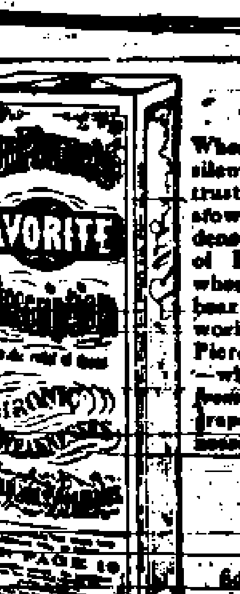
There seems to be no reason why all the bureaus and offices in the general government which have to do with the public health or subjects akin thereto should not be united in a bureau to be called the "bureau of public health."

Political Contributions.

I urgently recommend to congress that a law be passed requiring that candidates in elections of members of the house of representatives and committees in charge of their candidacy and campaign file in a proper office of the United States government a statement of the contributions received and of the expenditures incurred in the campaign for such elections and that similar legislation be enacted in respect to all other elections which are constitutionally within the control of congress.

Conclusion.

Speaking generally, the country is in a high state of prosperity. There is every reason to believe that we are on the eve of a substantial business expansion, and we have just garnered a harvest unexampled in the market value of our agricultural products. The high prices which such products bring mean great prosperity for the farming community; but, on the other hand, they mean a very considerably increased burden upon those classes in the community whose yearly compensation does not expand with the improvement in business and the general prosperity. Various reasons are given for the high prices. The proportionate increase in the output of gold, which today is the chief medium of exchange and is in some respects a measure of value, furnishes a substantial explanation of at least part of the increase in prices. The increase in population and the more expensive mode of living of the people, which have not been accompanied by a proportionate increase in acreage production, may furnish a further reason. It is well to note that the increase in the cost of living is not confined to this country, but prevails the world over, and that those who would charge increases in prices to the existing protective tariff must meet the fact that the rise in prices has taken place almost wholly in those products of the factory and farm in respect to which there has been either no increase in the tariff or in many instances a very considerable reduction.



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