

PAPERS RELATING TO
THE
FOREIGN RELATIONS
OF THE
UNITED STATES
WITH
THE ANNUAL MESSAGE OF THE
PRESIDENT TRANSMITTED TO
CONGRESS DECEMBER 6, 1910



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MESSAGE.

To the Senate and House of Representatives:

During the past year the foreign relations of the United States have continued upon a basis of friendship and good understanding.

ARBITRATION.

The year has been notable as witnessing the pacific settlement of two important international controversies before the Permanent Court of The Hague.

The arbitration of the Fisheries dispute between the United States and Great Britain, which has been the source of nearly continuous diplomatic correspondence since the Fisheries Convention of 1818, has given an award which is satisfactory to both parties. This arbitration is particularly noteworthy not only because of the eminently just results secured, but also because it is the first arbitration held under the general arbitration treaty of April 4, 1908, between the United States and Great Britain, and disposes of a controversy the settlement of which has resisted every other resource of diplomacy, and which for nearly ninety years has been the cause of friction between two countries whose common interest lies in maintaining the most friendly and cordial relations with each other.

The United States was ably represented before the tribunal. The complicated history of the questions arising made the issue depend, more than ordinarily in such cases, upon the care and skill with which our case was presented, and I should be wanting in proper recognition of a great patriotic service if I did not refer to the lucid historical analysis of the facts and the signal ability and force of the argument—six days in length—presented to the Court in support of our case by Mr. Elihu Root. As Secretary of State, Mr. Root had given close study to the intricate facts bearing on the controversy, and by diplomatic correspondence had helped to frame the issues. At the solicitation of the Secretary of State and myself, Mr. Root, though burdened by his duties as Senator from New York, undertook the preparation of the case as leading counsel, with the condition imposed by himself that, in view of his position as Senator, he should not receive any compensation.

The Tribunal constituted at The Hague by the Governments of the United States and Venezuela has completed its deliberations and has rendered an award in the case of the Orinoco Steamship Company against Venezuela. The award may be regarded as satisfactory since it has, pursuant to the contentions of the United States, recognized a number of important principles making for a judicial attitude in the determining of international disputes.

In view of grave doubts which had been raised as to the constitutionality of The Hague Convention for the establishment of an International Prize Court, now before the Senate for ratification, because of that provision of the Convention which provides that there may be an appeal to the proposed Court from the decisions of national courts, this government proposed in an Identic Circular Note addressed to those Powers who had taken part in the London Maritime Conference, that the powers signatory to the Convention, if confronted with such difficulty, might insert a reservation to the effect that appeals to the International Prize Court in respect to decisions of its national tribunals, should take the form of a direct claim for compensation; that the proceedings thereupon to be taken should be in the form of a trial *de novo*, and that judgment of the Court should consist of compensation for the illegal capture, irrespective of the decision of the national court whose judgment had thus been internationally involved. As the result of an informal discussion it was decided to provide such procedure by means of a separate protocol which should be ratified at the same time as the Prize Court Convention itself.

Accordingly, the Government of the Netherlands, at the request of this Government, proposed under date of May 24, 1910, to the powers signatory to the Hague Convention, the negotiation of a supplemental protocol embodying stipulations providing for this alternative procedure. It is gratifying to observe that this additional protocol is being signed without objection, by the powers signatory to the original convention, and there is every reason to believe that the International Prize Court will be soon established.

The Identic Circular Note also proposed that the International Prize Court when established should be endowed with the functions of an Arbitral Court of Justice under and pursuant to the recommendation adopted by the last Hague Conference. The replies received from the various powers to this proposal inspire the hope that this also may be accomplished within the reasonably near future.

It is believed that the establishment of these two tribunals will go a long way toward securing the arbitration of many questions which have heretofore threatened and, at times, destroyed the peace of nations.

PEACE COMMISSION.

Appreciating these enlightened tendencies of modern times, the Congress at its last session passed a law providing for the appointment of a commission of five members "to be appointed by the President of the United States to consider the expediency of utilizing existing international agencies for the purpose of limiting the armaments of the nations of the world by international agreement, and of constituting the combined navies of the world an international force for the preservation of universal peace, and to consider and report upon any other means to diminish the expenditures of government for military purposes and to lessen the probabilities of war."

I have not as yet made appointments to this Commission because I have invited and am awaiting the expressions of foreign governments as to their willingness to cooperate with us in the appointment of similar commissions or representatives who would meet with our commissioners and by joint action seek to make their work effective.

GREAT BRITAIN AND CANADA.

Several important treaties have been negotiated with Great Britain in the past twelve months. A preliminary diplomatic agreement has been reached regarding the arbitration of pecuniary claims which each Government has against the other. This agreement, with the schedules of claims annexed, will, as soon as the schedules are arranged, be submitted to the Senate for approval.

An agreement between the United States and Great Britain with regard to the location of the international boundary line between the United States and Canada in Passamaquoddy Bay and to the middle of Grand Manan Channel was reached in a Treaty concluded May 21, 1910, which has been ratified by both Governments and proclaimed, thus making unnecessary the arbitration provided for in the previous treaty of April 11, 1908.

The Convention concluded January 11, 1909, between the United States and Great Britain providing for the settlement of international differences between the United States and Canada including the apportionment between the two countries of certain of the boundary waters and the appointment of Commissioners to adjust certain other questions has been ratified by both Governments and proclaimed.

The work of the International Fisheries Commission appointed in 1908, under the treaty of April 11, 1908, between Great Britain and the United States, has resulted in the formulation and recommendation of uniform regulations governing the fisheries of the boundary waters of Canada and the United States for the purpose of protecting and increasing the supply of food fish in such waters.

In completion of this work, the regulations agreed upon require congressional legislation to make them effective and for their enforcement in fulfillment of the treaty stipulations.

PORTUGAL.

In October last the monarchy in Portugal was overthrown, a provisional Republic was proclaimed, and there was set up a de facto Government which was promptly recognized by the Government of the United States for purposes of ordinary intercourse pending formal recognition by this and other Powers of the Governmental entity to be duly established by the national sovereignty.

LIBERIA.

A disturbance among the native tribes of Liberia in a portion of the Republic during the early part of this year resulted in the sending, under the Treaty of 1862, of an American vessel of war to the disaffected district, and the Liberian authorities, assisted by the good offices of the American Naval Officers, were able to restore order. The negotiations which have been undertaken for the amelioration of the conditions found in Liberia by the American Commission, whose report I transmitted to Congress on March 25 last, are being brought to conclusion, and it is thought that within a short time practical measures of relief may be put into effect through the good offices of this Government and the cordial cooperation of other governments interested in Liberia's welfare.

THE NEAR EAST.

TURKEY.

To return the visit of the Special Embassy announcing the accession of His Majesty Mehemet V, Emperor of the Ottomans, I sent to Constantinople a Special Ambassador who, in addition to this mission of ceremony, was charged with the duty of expressing to the Ottoman Government the value attached by the Government of the United States to increased and more important relations between the countries and the desire of the United States to contribute to the larger economic and commercial development due to the new régime in Turkey.

The rapid development now beginning in that ancient empire and the marked progress and increased commercial importance of Bulgaria, Roumania, and Servia make it particularly opportune that the possibilities of American commerce in the Near East should receive due attention.

MONTENEGRO.

The National Skoupchtina having expressed its will that the Principality of Montenegro be raised to the rank of Kingdom, the Prince of Montenegro on August 15 last assumed the title of King of Montenegro. It gave me pleasure to accord to the new kingdom the recognition of the United States.

THE FAR EAST.

The center of interest in Far Eastern affairs during the past year has again been China.

It is gratifying to note that the negotiations for a loan to the Chinese Government for the construction of the trunk railway lines from Hankow southward to Canton and westward through the Yangtse Valley, known as the Hukuang Loan, were concluded by the representatives of the various financial groups in May last and the results approved by their respective governments. The agreement, already initialed by the Chinese Government, is now awaiting formal ratification. The basis of the settlement of the terms of this loan was one of exact equality between America, Great Britain, France, and Germany in respect to financing the loan and supplying materials for the proposed railways and their future branches.

The application of the principle underlying the policy of the United States in regard to the Hukuang Loan, viz., that of the internationalization of the foreign interest in such of the railways of China as may be financed by foreign countries, was suggested on a broader scale by the Secretary of State in a proposal for internationalization and commercial neutralization of all the railways of Manchuria. While the principle which led to the proposal of this Government was generally admitted by the powers to whom it was addressed, the Governments of Russia and Japan apprehended practical difficulties in the execution of the larger plan which prevented their ready adherence. The question of constructing the Chinchow-Aigun railway by means of an international loan to China is, however, still the subject of friendly discussion by the interested parties.

The policy of this Government in these matters has been directed by a desire to make the use of American capital in the development of China an instrument in the promotion of China's welfare and material prosperity without prejudice to her legitimate rights as an independent political power.

This policy has recently found further exemplification in the assistance given by this Government to the negotiations between China and a group of American bankers for a loan of \$50,000,000 to be employed chiefly in currency reform. The confusion which has from

ancient times existed in the monetary usages of the Chinese has been one of the principal obstacles to commercial intercourse with that people. The United States in its Treaty of 1903 with China obtained a pledge from the latter to introduce a uniform national coinage, and the following year, at the request of China, this Government sent to Peking a member of the International Exchange Commission, to discuss with the Chinese Government the best methods of introducing the reform. In 1908 China sent a Commissioner to the United States to consult with American financiers as to the possibility of securing a large loan with which to inaugurate the new currency system, but the death of Their Majesties, the Empress Dowager and the Emperor of China, interrupted the negotiations, which were not resumed until a few months ago, when this Government was asked to communicate to the bankers concerned the request of China for a loan of \$50,000,000 for the purpose under review. A preliminary agreement between the American group and China has been made covering the loan.

For the success of this loan and the contemplated reforms which are of the greatest importance to the commercial interests of the United States and the civilized world at large, it is realized that an expert will be necessary, and this Government has received assurances from China that such an adviser, who shall be an American, will be engaged.

It is a matter of interest to Americans to note the success which is attending the efforts of China to establish gradually a system of representative government. The provincial assemblies were opened in October, 1909, and in October of the present year a consultative body, the nucleus of the future national parliament, held its first session at Peking.

The year has further been marked by two important international agreements relating to Far Eastern affairs. In the Russo-Japanese Agreement relating to Manchuria, signed July 4, 1910, this Government was gratified to note an assurance of continued peaceful conditions in that region and the reaffirmation of the policies with respect to China to which the United States together with all other interested powers are alike solemnly committed.

The treaty annexing Korea to the Empire of Japan, promulgated August 29, 1910, marks the final step in a process of control of the ancient empire by her powerful neighbor that has been in progress for several years past. In communicating the fact of annexation the Japanese Government gave to the Government of the United States assurances of the full protection of the rights of American citizens in Korea under the changed conditions.

Friendly visits of many distinguished persons from the Far East have been made during the year. Chief among these were Their Imperial Highnesses Princes Tsai-tao and Tsai-Hsun of China;

and His Imperial Highness Prince Higashi Fushimi, and Prince Tokugawa, President of the House of Peers of Japan. The Secretary of War has recently visited Japan and China in connection with his tour to the Philippines, and a large delegation of American business men are at present traveling in China. This exchange of friendly visits has had the happy effect of even further strengthening our friendly international relations.

LATIN AMERICA.

During the past year several of our southern sister Republics celebrated the one hundredth anniversary of their independence. In honor of these events, special embassies were sent from this country to Argentina, Chile, and Mexico, where the gracious reception and splendid hospitality extended them manifested the cordial relations and friendship existing between those countries and the United States, relations which I am happy to believe have never before been upon so high a plane and so solid a basis as at present.

The Congressional commission appointed under a concurrent resolution to attend the festivities celebrating the centennial anniversary of Mexican independence, together with a special ambassador, were received with the highest honors and with the greatest cordiality, and returned with the report of the bounteous hospitality and warm reception of President Diaz and the Mexican people, which left no doubt of the desire of the immediately neighboring Republic to continue the mutually beneficial and intimate relations which I feel sure the two governments will ever cherish.

At the Fourth Pan-American Conference which met in Buenos Aires during July and August last, after seven weeks of harmonious deliberation, three conventions were signed providing for the regulation of trade-marks, patents, and copyrights, which when ratified by the different Governments, will go far toward furnishing to American authors, patentees, and owners of trade-marks the protection needed in localities where heretofore it has been either lacking or inadequate. Further, a convention for the arbitration of pecuniary claims was signed and a number of important resolutions passed. The Conventions will in due course be transmitted to the Senate, and the report of the Delegation of the United States will be communicated to the Congress for its information. The special cordiality between representative men from all parts of America which was shown at this Conference can not fail to react upon and draw still closer the relations between the countries which took part in it.

The International Bureau of American Republics is doing a broad and useful work for Pan American commerce and comity. Its duties were much enlarged by the International Conference of

American States at Buenos Aires and its name was shortened to the more practical and expressive term of Pan American Union. Located now in its new building, which was specially dedicated April 26 of this year to the development of friendship, trade and peace among the American nations, it has improved instrumentalities to serve the twenty-two republics of this hemisphere.

I am glad to say that the action of the United States in its desire to remove imminent danger of war between Peru and Ecuador growing out of a boundary dispute, with the cooperation of Brazil and the Argentine Republic as joint mediators with this Government, has already resulted successfully in preventing war. The Government of Chile, while not one of the mediators, lent effective aid in furtherance of a preliminary agreement likely to lead on to an amicable settlement, and it is not doubted that the good offices of the mediating Powers and the conciliatory cooperation of the Governments directly interested will finally lead to a removal of this perennial cause of friction between Ecuador and Peru. The inestimable value of cordial cooperation between the sister republics of America for the maintenance of peace in this hemisphere has never been more clearly shown than in this mediation, by which three American Governments have given to this hemisphere the honor of first invoking the most far-reaching provisions of The Hague Convention for the pacific settlement of international disputes.

There has been signed by the representatives of the United States and Mexico a protocol submitting to the United States-Mexican Boundary Commission (whose membership for the purpose of this case is to be increased by the addition of a citizen of Canada) the question of sovereignty over the Chamizal Tract which lies within the present physical boundaries of the city of El Paso, Tex. The determination of this question will remove a source of no little annoyance to the two Governments.

The Republic of Honduras has for many years been burdened with a heavy bonded debt held in Europe, the interest on which long ago fell in arrears. Finally conditions were such that it became imperative to refund the debt and place the finances of the Republic upon a sound basis. Last year a group of American bankers undertook to do this and to advance funds for railway and other improvements contributing directly to the country's prosperity and commerce—an arrangement which has long been desired by this Government. Negotiations to this end have been under way for more than a year and it is now confidently believed that a short time will suffice to conclude an arrangement which will be satisfactory to the foreign creditors, eminently advantageous to Honduras, and highly creditable to the judgment and foresight of the Honduran Government. This is much to be desired since, as recognized by the Washington

Conventions, a strong Honduras would tend immensely to the progress and prosperity of Central America.

During the past year the Republic of Nicaragua has been the scene of internecine struggle. General Zelaya, for seventeen years the absolute ruler of Nicaragua, was throughout his career the disturber of Central America and opposed every plan for the promotion of peace and friendly relations between the five republics. When the people of Nicaragua were finally driven into rebellion by his lawless exactions, he violated the laws of war by the unwarranted execution of two American citizens who had regularly enlisted in the ranks of the revolutionists. This and other offenses made it the duty of the American Government to take measures with a view to ultimate reparation and for the safeguarding of its interests. This involved the breaking off of all diplomatic relations with the Zelaya Government for the reasons laid down in a communication from the Secretary of State, which also notified the contending factions in Nicaragua that this Government would hold each to strict accountability for outrages on the rights of American citizens. American forces were sent to both coasts of Nicaragua to be in readiness should occasion arise to protect Americans and their interests, and remained there until the war was over and peace had returned to that unfortunate country. These events, together with Zelaya's continued exactions, brought him so clearly to the bar of public opinion that he was forced to resign and to take refuge aboard.

In the above-mentioned communication of the Secretary of State to the Chargé d'Affaires of the Zelaya Government, the opinion was expressed that the revolution represented the wishes of the majority of the Nicaraguan people. This has now been proved beyond doubt by the fact that since the complete overthrow of the Madriz Government and the occupation of the capital by the forces of the revolution, all factions have united to maintain public order and as a result of discussion with an Agent of this Government, sent to Managua at the request of the Provisional Government, comprehensive plans are being made for the future welfare of Nicaragua, including the rehabilitation of public credit. The moderation and conciliatory spirit shown by the various factions give ground for the confident hope that Nicaragua will soon take its rightful place among the law-abiding and progressive countries of the world.

It gratifies me exceedingly to announce that the Argentine Republic some months ago placed with American manufacturers a contract for the construction of two battle-ships and certain additional naval equipment. The extent of this work and its importance to the Argentine Republic make the placing of the bid an earnest of friendly feeling toward the United States.

TARIFF NEGOTIATIONS.

The new tariff law, in section 2 respecting the maximum and minimum tariffs of the United States, which provisions came into effect on April 1, 1910, imposed upon the President the responsibility of determining prior to that date whether or not any undue discrimination existed against the United States and its products in any country of the world with which we sustained commercial relations.

In the case of several countries instances of apparent undue discrimination against American commerce were found to exist. These discriminations were removed by negotiation. Prior to April 1, 1910, when the maximum tariff was to come into operation with respect to importations from all those countries in whose favor no proclamation applying the minimum tariff should be issued by the President, one hundred and thirty-four such proclamations were issued. This series of proclamations embraced the entire commercial world, and hence the minimum tariff of the United States has been given universal application, thus testifying to the satisfactory character of our trade relations with foreign countries.

Marked advantages to the commerce of the United States were obtained through these tariff settlements. Foreign nations are fully cognizant of the fact that under section 2 of the tariff act the President is required, whenever he is satisfied that the treatment accorded by them to the products of the United States is not such as to entitle them to the benefits of the minimum tariff of the United States, to withdraw those benefits by proclamation giving ninety days' notice, after which the maximum tariff will apply to their dutiable products entering the United States. In its general operation this section of the tariff law has thus far proved a guaranty of continued commercial peace, although there are unfortunately instances where foreign governments deal arbitrarily with American interests within their jurisdiction in a manner injurious and inequitable.

The policy of broader and closer trade relations with the Dominion of Canada which was initiated in the adjustment of the maximum and minimum provisions of the Tariff Act of August, 1909, has proved mutually beneficial. It justifies further efforts for the readjustment of the commercial relations of the two countries so that their commerce may follow the channels natural to contiguous countries and be commensurate with the steady expansion of trade and industry on both sides of the boundary line. The reciprocation on the part of the Dominion Government of the sentiment which was expressed by this Government was followed in October by the suggestion that it would be glad to have the negotiations, which had been temporarily suspended during the summer, resumed. In accordance with this suggestion the Secretary of State, by my

direction, dispatched two representatives of the Department of State as special commissioners to Ottawa to confer with representatives of the Dominion Government. They were authorized to take such steps for formulating a reciprocal trade agreement as might be necessary and to receive and consider any propositions which the Dominion Government might care to submit.

Pursuant to the instructions issued conferences were held by these commissioners with officials of the Dominion Government at Ottawa in the early part of November.

The negotiations were conducted on both sides in a spirit of mutual accommodation. The discussion of the common commercial interests of the two countries had for its object a satisfactory basis for a trade arrangement which offers the prospect of a freer interchange for the products of the United States and of Canada. The conferences were adjourned to be resumed in Washington in January, when it is hoped that the aspiration of both Governments for a mutually advantageous measure of reciprocity will be realized.

FOSTERING FOREIGN TRADE.

All these tariff negotiations, so vital to our commerce and industry, and the duty of jealously guarding the equitable and just treatment of our products, capital, and industry abroad devolve upon the Department of State.

The Argentine battle-ship contracts, like the subsequent important one for Argentine railway equipment, and those for Cuban Government vessels, were secured for our manufacturers largely through the good offices of the Department of State.

The efforts of that Department to secure for citizens of the United States equal opportunities in the markets of the world and to expand American commerce have been most successful. The volume of business obtained in new fields of competition and upon new lines is already very great and Congress is urged to continue to support the Department of State in its endeavors for further trade expansion.

Our foreign trade merits the best support of the Government and the most earnest endeavor of our manufacturers and merchants, who, if they do not already in all cases need a foreign market, are certain soon to become dependent on it. Therefore, now is the time to secure a strong position in this field.

AMERICAN BRANCH BANKS ABROAD.

I can not leave this subject without emphasizing the necessity of such legislation as will make possible and convenient the establishment of American banks and branches of American banks in

foreign countries. Only by such means can our foreign trade be favorably financed, necessary credits be arranged, and proper avail be made of commercial opportunities in foreign countries, and most especially in Latin America.

AID TO OUR FOREIGN MERCHANT MARINE.

Another instrumentality indispensable to the unhampered and natural development of American commerce is merchant marine. All maritime and commercial nations recognize the importance of this factor. The greatest commercial nations, our competitors, jealously foster their merchant marine. Perhaps nowhere is the need for rapid and direct mail, passenger and freight communication quite so urgent as between the United States and Latin America. We can secure in no other quarter of the world such immediate benefits in friendship and commerce as would flow from the establishment of direct lines of communication with the countries of Latin America adequate to meet the requirements of a rapidly increasing appreciation of the reciprocal dependence of the countries of the Western Hemisphere upon each other's products, sympathies and assistance.

I alluded to this most important subject in my last annual message; it has often been before you and I need not recapitulate the reasons for its recommendation. Unless prompt action be taken the completion of the Panama Canal will find this the only great commercial nation unable to avail in international maritime business of this great improvement in the means of the world's commercial intercourse.

Quite aside from the commercial aspect, unless we create a merchant marine, where can we find the seafaring population necessary as a natural naval reserve and where could we find, in case of war, the transports and subsidiary vessels without which a naval fleet is arms without a body? For many reasons I can not too strongly urge upon the Congress the passage of a measure by mail subsidy or other subvention adequate to guarantee the establishment and rapid development of an American merchant marine, and the restoration of the American flag to its ancient place upon the seas.

Of course such aid ought only to be given under conditions of publicity of each beneficiary's business and accounts which would show that the aid received was needed to maintain the trade and was properly used for that purpose.

FEDERAL PROTECTION TO ALIENS.

With our increasing international intercourse, it becomes incumbent upon me to repeat more emphatically than ever the recommendation which I made in my Inaugural Address that Congress shall at once give to the Courts of the United States jurisdiction to punish as a crime the violation of the rights of aliens secured by treaty with the United States, in order that the general government of the United States shall be able, when called upon by a friendly nation, to redeem its solemn promise by treaty to secure to the citizens or subjects of that nation resident in the United States, freedom from violence and due process of law in respect to their life, liberty and property.

MERIT SYSTEM FOR DIPLOMATIC AND CONSULAR SERVICE.

I also strongly commend to the favorable action of The Congress the enactment of a law applying to the diplomatic and consular service the principles embodied in Section 1753 of the Revised Statutes of the United States, in the Civil Service Act of January 16, 1883, and the Executive Orders of June 27, 1906, and of November 26, 1909. The excellent results which have attended the partial application of Civil Service principles to the diplomatic and consular services are an earnest of the benefit to be wrought by a wider and more permanent extension of those principles to both branches of the foreign service. The marked improvement in the consular service during the four years since the principles of the Civil Service Act were applied to that service in a limited way, and the good results already noticeable from a similar application of civil service principles to the diplomatic service a year ago, convince me that the enactment into law of the general principles of the existing executive regulations could not fail to effect further improvement of both branches of the foreign service, offering as it would by its assurance of permanency of tenure and promotion on merit, an inducement for the entry of capable young men into the service and an incentive to those already in to put forth their best efforts to attain and maintain that degree of efficiency which the interests of our international relations and commerce demand.

GOVERNMENT OWNERSHIP OF OUR EMBASSY AND LEGATION PREMISES.

During many years past appeals have been made from time to time to Congress in favor of Government ownership of embassy and legation premises abroad. The arguments in favor of such ownership have been many and oft repeated and are well known to the Congress. The acquisition by the Government of suitable residences

and offices for its diplomatic officers, especially in the capitals of the Latin-American States and of Europe, is so important and necessary to an improved diplomatic service that I have no hesitation in urging upon the Congress the passage of some measure similar to that favorably reported by the House Committee on Foreign Affairs on February 14, 1910 (Report No. 438), that would authorize the gradual and annual acquisition of premises for diplomatic use.

The work of the Diplomatic Service is devoid of partisanship; its importance should appeal to every American citizen and should receive the generous consideration of the Congress.

TREASURY DEPARTMENT.

ESTIMATES FOR NEXT YEAR'S EXPENSES.

Every effort has been made by each department chief to reduce the estimated cost of his department for the ensuing fiscal year ending June 30, 1912. I say this in order that Congress may understand that these estimates thus made present the smallest sum which will maintain the departments, bureaus, and offices of the Government and meet its other obligations under existing law, and that a cut of these estimates would result in embarrassing the executive branch of the Government in the performance of its duties. This remark does not apply to the river and harbor estimates, except to those for expenses of maintenances and the meeting of obligations under authorized contracts, nor does it apply to the public building bill nor to the navy building program. Of course, as to these Congress could withhold any part or all of the estimates for them without interfering with the discharge of the ordinary obligations of the Government or the performance of the functions of its departments, bureaus, and offices.

A FIFTY-TWO MILLION CUT.

The final estimates for the year ending June 30, 1912, as they have been sent to the Treasury, on November 29 of this year, for the ordinary expenses of the Government, including those for public buildings, rivers and harbors, and the navy building program, amount to \$630,494,013.12. This is \$52,964,887.36 less than the appropriations for the fiscal year ending June 30, 1911. It is \$16,883,153.44 less than the total estimates, including supplemental estimates submitted to Congress by the Treasury for the year 1911, and is \$5,574,659.39 less than the original estimates submitted by the Treasury for 1911.

These figures do not include the appropriations for the Panama Canal, the policy in respect to which ought to be, and is, to spend as much each year as can be economically and effectively expended in

order to complete the Canal as promptly as possible, and, therefore, the ordinary motive for cutting down the expense of the Government does not apply to appropriations for this purpose. It will be noted that the estimates for the Panama Canal for the ensuing year are more than fifty-six millions of dollars, an increase of twenty millions over the amount appropriated for this year—a difference due to the fact that the estimates for 1912 include something over nineteen millions for the fortification of the Canal. Against the estimated expenditures of \$630,494,013.12, the Treasury has estimated receipts for next year \$680,000,000, making a probable surplus of ordinary receipts over ordinary expenditures of about \$50,000,000.

A table showing in detail the estimates and the comparisons referred to follows:

Statement of estimates of appropriations for the fiscal years 1912 and 1911, and of appropriations for 1911, showing increases and decreases.

	Final esti- mates for 1912 as of Novem- ber 29.	Original esti- mates submi- tted by the Treasury for 1911.	Total esti- mates for 1911 including sup- plementals.	Appropri- ations for 1911.	Increase (+) and decrease (-) 1912 estimates against 1911 total estimates.	Increase (+) and decrease (-) 1912 estimates against 1911 appropri- ations.	Increase (+) and decrease (-) 1911 estimates against 1911 appropri- ations.
Legislative.	\$12,426,805.73	\$13,169,678.70	\$13,169,678.70	\$12,938,048.00	+	\$231,631.70	+
Executive.	998,170.00	722,270.00	722,270.00	870,750.00	+	148,480.00	+
State Department.	4,876,576.41	4,576,301.41	4,749,801.41	5,046,701.41	+	296,900.00	+
Treasury Department:							
Treasury Department proper.	68,735,451.00	69,865,240.00	70,388,543.76	69,973,434.61	-	1,237,983.61	+
Public buildings and works.	11,864,545.60	6,198,365.60	7,101,465.60	5,565,154.00	+	6,299,381.60	+
Territorial governments.	202,150.00	287,350.00	287,350.00	282,600.00	-	90,450.00	+
Independent offices.	2,638,695.12	2,400,695.12	2,492,695.12	2,128,695.12	+	510,000.00	+
District of Columbia.	13,602,785.90	11,894,928.49	12,108,878.49	11,440,345.99	+	2,162,438.91	+
War Department:							
War Department proper.	120,104,260.12	124,165,636.28	125,717,204.77	122,322,178.12	-	2,217,918.00	+
Rivers and harbors.	28,232,438.00	28,232,465.00	28,232,465.00	49,390,541.50	-	-21,158,103.50	-
Navy Department:							
Navy Department proper.	116,101,730.24	117,029,914.38	119,768,890.83	119,596,870.46	-	3,495,140.22	+
New Navy building program.	12,840,428.00	12,844,122.00	12,844,122.00	14,790,122.00	-	1,949,694.00	-
Interior Department.	189,151,875.00	191,224,182.90	193,948,582.02	214,764,278.00	-	-25,602,403.00	-
Post Office Department.	1,667,490.00	1,666,690.00	1,666,690.00	2,085,005.33	+	387,515.33	-
Deficiency in postal revenues.	19,681,066.00	10,634,122.63	10,634,122.63	10,634,122.63	+	-10,634,122.63	-
Department of Agriculture.	17,681,138.00	17,753,931.24	17,821,836.00	17,821,836.00	+	1,859,230.00	-
Department of Commerce and Labor.	16,278,970.00	14,187,913.00	15,789,271.00	14,169,969.32	+	2,107,000.68	+
Department of Justice.	10,063,576.00	9,518,640.00	9,962,283.00	9,648,237.99	+	416,388.01	+
Total ordinary.	630,494,013.12	636,068,672.51	647,377,166.56	683,458,900.48	-	-16,883,133.44	-
Panama Canal.	56,920,847.69	46,063,524.70	52,063,524.70	37,865,000.00	+	4,867,322.99	+
Total.	687,414,860.81	684,132,197.21	699,440,691.26	721,313,900.48	-	-12,025,530.45	-
							-33,899,039.67
							-21,873,202.22

TYPICAL ECONOMIES.

The Treasury Department is one of the original departments of the Government. With the changes in the monetary system made from time to time and with the creation of national banks, it was thought necessary to organize new bureaus and divisions which were added in a somewhat haphazard way and resulted in a duplication of duties which might well now be ended. This lack of system and economic coordination has attracted the attention of the head of that Department who has been giving his time for the last two years, with the aid of experts and by consulting his bureau chiefs, to its reformation. He has abolished four hundred places in the civil service without at all injuring its efficiency. Merely to illustrate the character of the reforms that are possible, I shall comment on some of the specific changes that are being made, or ought to be made by legislative aid.

AUDITING SYSTEM.

The auditing system in vogue is as old as the Government and the methods used are antiquated. There are six Auditors and seven Assistant Auditors for the nine departments, and under the present system the only function which the Auditor of a department exercises is to determine, on accounts presented by disbursing officers, that the object of the expenditure was within the law and the appropriation made by Congress for the purpose on its face, and that the calculations in the accounts are correct. He does not examine the merits of the transaction or determine the reasonableness of the price paid for the articles purchased, nor does he furnish any substantial check upon disbursing officers and the heads of departments or bureaus with sufficient promptness to enable the Government to recoup itself in full measure for unlawful expenditure. A careful plan is being devised and will be presented to Congress with the recommendation that the force of auditors and employees under them be greatly reduced thereby effecting substantial economy. But this economy will be small compared with the larger economy that can be effected by consolidation and change of methods. The possibilities in this regard have been shown in the reduction of expenses and the importance of methods and efficiency in the office of the Auditor for the Post Office Department, who, without in the slightest degree impairing the comprehensiveness and efficiency of his work, has cut down the expenses of his office \$120,000 a year.

CUSTOMS COLLECTION.

Again, in the collection of the revenues, especially the customs revenues, a very great improvement has been effected, and further improvements are contemplated. By the detection of frauds in weighing sugar, upwards of \$3,400,000 have been recovered from the beneficiaries of the fraud, and an entirely new system free from the possibilities of such abuse has been devised. The Department has perfected the method of collecting duties at the Port of New York so as to save the Government upwards of ten or eleven million dollars; and the same spirit of change and reform has been infused into the other customs offices of the country.

The methods used at many places are archaic. There would seem to be no reason at all why the Surveyor of the Port, who really acts for the Collector, should not be a subordinate of the Collector at a less salary and directly under his control, and there is but little reason for the existence of the Naval Officer, who is a kind of local auditor. His work is mainly an examination of accounts which is conducted again in Washington and which results in no greater security to the Government. The Naval Officers in the various ports are Presidential appointees, many of them drawing good salaries, and those offices should be abolished or with reduced force made part of the central auditing system.

There are entirely too many customs districts and too many customs collectors. These districts should be consolidated and the collectors in charge of them, who draw good salaries, many of them out of proportion to the collections made, should be abolished or treated as mere branch offices, in accordance with the plan of the Treasury Department, which will be presented for the consideration of Congress. As an illustration, the cost of collecting \$1 of revenue at typical small ports like the port of York, Me., was \$50.04. At the port of Annapolis, Md., it cost \$309.41 to collect \$1 of revenue; at Natchez, \$52.76; at Alexandria, Va., \$122.49.

It is not essential to the preventing of smuggling that customs districts should be increased in number. The violation of the customs laws can be quite as easily prevented, and much more economically, by the revenue-cutter service and by the use of the special agent traveling force of the Treasury Department. A reorganization of the special customs agents has been perfected with a view to retaining only those who have special knowledge of the customs laws, regulations, and usual methods of evasion, and with this improvement, there will be no danger to the Government from the recommended consolidation and abolition of customs districts.

An investigation of the appraising system now in vogue in New York City has shown a sacrifice of the interests of the Government

by under-appraisement, which is in the course of being remedied by reorganization and the employment of competent experts. Prosecutions have been instituted growing out of the frauds there discovered and are now awaiting hearing in the Federal Courts.

Very great improvements have been made in respect to the mints and assay offices. Diminished appropriations have been asked for those whose continuance is unnecessary, and this year's estimate of expenses is \$326,000 less than two years ago. There is an opportunity for further saving in the abolition of several mints and assay offices that have now become unnecessary. Modern machinery has been installed there, more and better work has been done, and the appropriations have been consequently diminished.

In the Bureau of Engraving and Printing, great economies have been effected. Useless divisions have been abolished with the result of saving \$440,000 this year in the total expenses of the Bureau despite increased business.

The Treasurer's office and that of the Division of Public Moneys in part cover the same functions and this is also true of the office of the Register and the Division of Loans and Currency. Plans for the elimination of the duplication in these offices will be presented to Congress.

COMPTROLLER OF THE CURRENCY.

The office of the Comptroller of the Currency is one most important in the preservation of proper banking methods in the national banking system of the United States, and the present Comptroller has impressed his subordinates with the necessity of so conducting their investigations as to establish the principle that every bank failure is unnecessary because proper inspection and notice of threatening conditions to the responsible directors and officers can prevent it.

PUBLIC BUILDINGS.

In our public buildings we still suffer from the method of appropriation, which has been so much criticised in connection with our rivers and harbors. Some method should be devised for controlling the supply of public buildings, so that they will harmonize with the actual needs of the Government. Then, when it comes to the actual construction, there has been in the past too little study of the building plans and sites with a view to the actual needs of the Government. Post-Office buildings which are in effect warehouses for the economical handling of transportation of thousands of tons of mail have been made monumental structures, and often located far from the convenient and economical spot. In the actual construction of the buildings, a closer scrutiny of the methods employed by the Government architects or by architects employed by the Government have

resulted in decided economies. It is hoped that more time will give opportunity for a more thorough reorganization. The last public building bill carried authorization for the ultimate expenditure of \$33,011,500 and I approved it because of the many good features it contained, just as I approved the river and harbor bill, but it was drawn upon a principle that ought to be abandoned. It seems to me that the wiser method of preparing a public building bill would be the preparation of a report by a commission of Government experts whose duty it should be to report to Congress the Government's needs in the way of the construction of public buildings in every part of the country, just as the Army Engineers make report with reference to the utility of proposed improvements in rivers and harbors, with the added function which I have recommended for the Army Engineers of including in their recommendation the relative importance of the various projects found to be worthy of approval and execution.

REVENUES.

As the Treasury Department is the one through which the income of the Government is collected and its expenditures are disbursed, this seems a proper place to consider the operation of the existing tariff bill, which became a law August 6, 1909. As an income-producing measure, the existing tariff bill has never been exceeded by any customs bill in the history of the country.

The corporation excise tax, proportioned to the net income of every business corporation in the country, has worked well. The tax has been easily collected. Its prompt payment indicates that the incidence of the tax has not been heavy. It offers, moreover, an opportunity for knowledge by the Government of the general condition and business of all corporations, and that means by far the most important part of the business of the country. In the original act provision was made for the publication of returns. This provision was subsequently amended by Congress, and the matter left to the regulation of the President. I have directed the issue of the needed regulations, and have made it possible for the public generally to know from an examination of the record, the returns of all corporations, the stock of which is listed on any public stock exchange or is offered for sale to the general public by advertisement or otherwise. The returns of those corporations whose stock is not so listed or offered for sale are directed to be open to the inspection and examination of creditors and stockholders of the corporation whose record is sought. The returns of all corporations are subject to the inspection of any government officer or to the examination of any court, in which the return made by the corporation is relevant and competent evidence.

THE PAYNE TARIFF ACT.

The schedules of the rates of duty in the Payne tariff act have been subjected to a great deal of criticism, some of it just, more of it unfounded, and to much misrepresentation. The act was adopted in pursuance of a declaration by the party which is responsible for it that a customs bill should be a tariff for the protection of home industries, the measure of the protection to be the difference between the cost of producing the imported article abroad and the cost of producing it at home, together with such addition to that difference as might give a reasonable profit to the home producer. The chief criticism of this tariff is a charge that in respect to a number of the schedules the declared measure was not followed, but a higher difference retained or inserted by way of undue discrimination in favor of certain industries and manufactures. Little, if any, of the criticism of the tariff has been directed against the protective principle above stated.

TARIFF BOARD.

The time in which the tariff was prepared undoubtedly was so short as to make it impossible for the Congress and its experts to acquire all the information necessary strictly to conform to the declared measure. In order to avoid criticism of this kind in the future and for the purpose of more nearly conforming to the party promise, Congress at its last session made provision at my request for the continuance of a board created under the authority of the maximum and minimum clause of the tariff bill, and authorized this board to expend the money appropriated under my direction for the ascertainment of the cost of production at home and abroad of the various articles included in the schedules of the tariff. The tariff board thus appointed and authorized has been diligent in preparing itself for the necessary investigations. The hope of those who have advocated the use of this board for tariff purposes is that the question of the rate of a duty imposed shall become more of a business question and less of a political question, to be ascertained by experts of long training and accurate knowledge. The halt in business and the shock to business, due to the announcement that a new tariff bill is to be prepared and put in operation, will be avoided by treating the schedules one by one as occasion shall arise for a change in the rates of each, and only after a report upon the schedule by the tariff board competent to make such report. It is not likely that the board will be able to make a report during the present session of Congress on any of the schedules, because a proper examination involves an enormous amount of detail and a great deal of care; but I hope to be able at the opening of the new Congress, or at least during the session of that Congress, to bring

to its attention the facts in regard to those schedules in the present tariff that may prove to need amendment. The carrying out of this plan, of course, involves the full cooperation of Congress in limiting the consideration in tariff matters to one schedule at a time, because if a proposed amendment to a tariff bill is to involve a complete consideration of all the schedules and another revision, then we shall only repeat the evil from which the business of this country has in times past suffered most grievously by stagnation and uncertainty, pending a resettlement of a law affecting all business directly or indirectly. I can not too much emphasize the importance and benefit of the plan above proposed for the treatment of the tariff. It facilitates the removal of noteworthy defects in an important law without a disturbance of business prosperity, which is even more important to the happiness and the comfort of the people than the elimination of instances of injustice in the tariff.

The inquiries which the members of the Tariff Board made during the last summer into the methods pursued by other Governments with reference to the fixing of tariffs and the determination of their effect upon trade, show that each Government maintains an office or bureau, the officers and employees of which have made their life work the study of tariff matters, of foreign and home prices and cost of articles imported, and the effect of the tariff upon trade, so that whenever a change is thought to be necessary in the tariff law this office is the source of the most reliable information as to the propriety of the change and its effect. I am strongly convinced that we need in this Government just such an office, and that it can be secured by making the Tariff Board already appointed a permanent tariff commission, with such duties, powers, and emoluments as it may seem wise to Congress to give. It has been proposed to enlarge the board from three to five. The present number is convenient, but I do not know that an increase of two members would be objectionable.

Whether or not the protective policy is to be continued, and the degree of protection to be accorded to our home industries, are questions which the people must decide through their chosen representatives; but whatever policy is adopted, it is clear that the necessary legislation should be based on an impartial, thorough, and continuous study of the facts.

BANKING AND CURRENCY REFORM.

The method of impartial scientific study by experts as a preliminary to legislation, which I hope to see ultimately adopted as our fixed national policy with respect to the tariff, rivers and harbors, waterways, and public buildings, is also being pursued by the non-partisan Monetary Commission of Congress. An exhaustive and

most valuable study of the banking and currency systems of foreign countries has been completed.

A comparison of the business methods and institutions of our powerful and successful commercial rivals with our own is sure to be of immense value. I urge upon Congress the importance of a nonpartisan and disinterested study and consideration of our banking and currency system. It is idle to dream of commercial expansion, and of the development of our national trade on a scale that measures up to our matchless opportunities, unless we can lay a solid foundation in a sound and enduring banking and currency system. The problem is not partisan, is not sectional—it is national.

WAR DEPARTMENT.

The War Department has within its jurisdiction the management of the Army, and, in connection therewith, the coast defenses; the government of the dependencies of the Philippines and of Porto Rico; the recommendation of plans for the improvement of harbors and waterways, and their execution when adopted; and, by virtue of an executive order, the supervision of the construction of the Panama Canal.

The Army of the United States is a small body compared with the total number of people for the preservation of whose peace and good order it is a last recourse. The Army now numbers about 80,000 men, of whom about 18,000 are engaged in the Coast Artillery and detailed to the management and use of the guns in the forts and batteries that protect our coasts. The rest of the Army, or about 60,000, is the mobile part of our national forces and is divided into 31 regiments of infantry, including the Porto Rican regiment, 15 regiments of cavalry, 6 regiments of field artillery, a corps of ordnance, of engineers, and of signal, a quartermaster's department, a commissary department, and a medical corps.

The general plan for an army of the United States at peace should be that of a skeleton organization with an excess of trained officers and thus capable of rapid enlargement by enlistments, to be supplemented in emergency by the national militia and a volunteer force. In some measure this plan has been adopted in the very large proportion of cavalry and field artillery as compared with infantry in the present army and on a peace basis. An infantry force can be trained in six months; a cavalry or a light artillery force not under one and one-half or two years; hence the importance of having ready a larger number of the more skilled soldiers.

The militia system, for which Congress by the Constitution is authorized to provide, was developed by the so-called Dick law, under which the discipline, the tactics, the drill, the rank, the uniform, and

the various branches of the militia are assimilated as far as possible to those of the Regular Army. Under the militia law, as the Constitution provides, the Governors of the States appoint the militia officers, but, by appropriations from Congress, States have been induced to comply with the rules of assimilation between the Regular Army and the militia, so that now there is a force, the efficiency of which differs in different States, which could be incorporated under a single command with the Regular Army, and which for some time each year receives the benefit of drill and maneuvers with conditions approximating actual military service, under the supervision of Regular Army officers.

In the Army of the United States, in addition to the regular forces and the militia forces which may be summoned to the defense of the Nation by the President, there is also the volunteer force, which made up a very large part of the army in the Civil War, and which in any war of long continuance would become its most important constituent. There is an act which dates from the Civil War, known as the Volunteer Act, which makes provision for the enlistment of volunteers in the Army of the United States in time of war. This was found to be so defective in the Philippine War that a special act for the organization of volunteer regiments to take part in that war was adopted, and it was much better adapted to the necessities of the case. There is now pending in Congress a bill repealing the present Volunteer Act and making provision for the organization of volunteer forces in time of war, which is admirably adapted to meet the exigencies which would be then presented. The passage of the bill would not entail a dollar's expense upon the Government at this time, or in the future, until war comes, but when war does come the methods therein directed are in accordance with the best military judgment as to what they ought to be, and the act would prevent the necessity for the discussion of new legislation and the delays incident to its consideration and adoption. I earnestly urge the passage of this Volunteer Bill.

I further recommend that Congress establish a commission to determine as early as practicable a comprehensive policy for the organization, mobilization and administration of the Regular Army, the organized militia, and the volunteer forces in the event of war.

NEED FOR ADDITIONAL OFFICERS.

One of the great difficulties in the prompt organization and mobilization of militia and volunteer forces is the absence of competent officers of the rank of captain to teach the new army, by the unit of the company, the business of being soldiers and of taking care of themselves so as to render effective service. This need of army

officers can only be supplied by provisions of law authorizing the appointment of a greater number of army officers than are needed to supply the commands of regular army troops now enlisted in the service. There are enough regular army officers to command the troops now enlisted, but Congress has authorized, and the Department has followed the example of Congress and exercised the authority conferred by detailing these army officers to duty other than that of the command of troops. For instance, there are a large number of army officers assigned to duty with military colleges or in colleges in which military training is given. Then a large number of officers are assigned to General Staff duty, and there are various other places to which army officers can be and are legally assigned, which take them away from their regiments and companies. In order that the militia of each State should be properly drilled and made more like the regular army, regular army officers should be detailed to assist the Adjutant-General of each State in the supervision of the state militia; but this is impossible unless provision is made by Congress for a very considerable increase in the number of company and field officers of the Army. A bill is pending in Congress for this purpose, and I earnestly hope that, in the interest of the proper development of a republican army, an army, small in the time of peace but possible of prompt and adequate enlargement in time of war, shall become possible under the laws of the United States.

PROPOSED INCREASE IN ARMY ENGINEERS.

A bill, the strong argument for which can be based on the ground quite similar to that of the increased officers bill, is a bill for the increase of sixty in the Army Engineers. The Army Engineers are largely employed in the expenditure of the moneys appropriated for the improvement of rivers and harbors and in the construction of the Panama Canal. This, in addition to their military duties, which include the building of fortifications both on our coasts and in our dependencies, requires many more engineers than the Army has, and public works, civil and military, are, therefore, much delayed. I earnestly recommend the passage of this bill, which passed the House at the last session and is now pending in the Senate.

FORTIFICATIONS.

I have directed that the estimates for appropriation for the improvement of coast defenses in the United States should be reduced to a minimum, while those for the completion of the needed fortifications at Corregidor in the Philippine Islands and at Pearl Harbor in the Hawaiian Islands should be expedited as much as possible. The proposition to make Olongapo and Subig Bay the

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naval base for the Pacific was given up, and it is to be treated merely as a supply station, while the fortifications in the Philippines are to be largely confined to Corregidor Island and the adjacent islands which command entrance to Manila Bay and which are being rendered impregnable from land and sea attack. The Pacific Naval base has been transferred to Pearl Harbor in the Hawaiian Islands. This necessitates the heavy fortification of the harbor and the establishment of an important military station near Honolulu. I urge that all the estimates made by the War Department for these purposes be approved by Congressional appropriation.

PHILIPPINE ISLANDS.

During the last summer, at my request, the Secretary of War visited the Philippine Islands and has described his trip in his report. He found the Islands in a state of tranquillity and growing prosperity, due largely to the change in the tariff laws, which has opened the markets of America to the products of the Philippines, and has opened the Philippine markets to American manufactures. The rapid increase in the trade between the two countries is shown in the following table:

Philippine exports, fiscal years 1908-1910.

[Exclusive of gold and silver.]

Fiscal year.	To—		Total.
	United States.	Other countries.	
1908.....	\$10,323,233	\$22,493,334	\$32,816,567
1909.....	10,215,331	20,778,232	30,993,563
1910.....	18,741,771	21,122,398	39,864,169

NOTE.—Latest monthly returns show exports for the year ending August, 1910, to the United States \$20,035,902, or 49 per cent of the \$41,075,738 total, against \$11,031,275 to the United States, or 34 per cent of the \$32,183,871 total for the year ending August, 1909.

Philippine imports, fiscal years 1908-1910.

[Exclusive of gold and silver and government supplies.]

Fiscal year.	From—		Total.
	United States.	Other countries.	
1908.....	\$5,079,487	\$25,838,870	\$30,918,357
1909.....	4,691,770	23,100,627	27,792,397
1910.....	10,775,301	26,292,329	37,067,630

NOTE.—Latest monthly returns show imports for the year ending August, 1910, from the United States \$11,615,962, or 30 per cent of the \$39,025,667 total, against \$5,193,419 from the United States, or 18 per cent of the \$28,948,011 total for the year ending August, 1909.

PORTO RICO.

The year has been one of prosperity and progress in Porto Rico. Certain political changes are embodied in the bill "To Provide a Civil Government for Porto Rico and for other Purposes," which passed the House of Representatives on June 15, 1910, at the last session of Congress, and is now awaiting the action of the Senate.

The importance of those features of this bill relating to public health and sanitation can not be overestimated.

The removal from politics of the judiciary by providing for the appointment of the municipal judges is excellent, and I recommend that a step further be taken by providing therein for the appointment of secretaries and marshals of these courts.

The provision in the bill for a partially elective senate, the number of elective members being progressively increased, is of doubtful wisdom, and the composition of the senate as provided in the bill when introduced in the House, seems better to meet conditions existing in Porto Rico. This is an important measure, and I recommend its early consideration and passage.

RIVERS AND HARBORS.

I have already expressed my opinion to Congress in respect to the character of the river and harbor bills which should be enacted into law; and I have exercised as much power as I could under the law in directing the Chief of Engineers to make his reports to Congress conform to the needs of the committee framing such a bill in determining which of the proposed improvements is the more important and ought to be completed first, and promptly.

PANAMA CANAL.

At the instance of Colonel Goethals, the Army Engineer officer in charge of the work on the Panama Canal, I have just made a visit to the Isthmus to inspect the work done and to consult with him on the ground as to certain problems which are likely to arise in the near future. The progress of the work is most satisfactory. If no unexpected obstacle presents itself, the canal will be completed well within the time fixed by Colonel Goethals, to wit, January 1, 1915, and within the estimate of cost, \$375,000,000.

Press reports have reached the United States from time to time giving accounts of slides of earth of very large yardage in the Culebra Cut and elsewhere along the line, from which it might be inferred that the work has been much retarded and that the time of completion has been necessarily postponed.

The report of Doctor Hayes, of the Geological Survey, whom I sent within the last month to the Isthmus to make an investigation, shows that this section of the Canal Zone is composed of sedimentary rocks of rather weak structure and subject to almost immediate disintegration when exposed to the air. Subsequent to the deposition of these sediments, igneous rocks, harder and more durable, have been thrust into them, and being cold at the time of their intrusion united but indifferently with the sedimentary rock at the contacts. The result of these conditions is that as the cut is deepened, causing unbalanced pressures, slides from the sides of the cut have occurred. These are in part due to the flowing of surface soil and decomposed sedimentary rocks upon inclined surfaces of the underlying undecomposed rock and in part by the crushing of structurally weak beds under excessive pressure. These slides occur on one side or the other of the cut through a distance of 4 or 5 miles, and now that their character is understood, allowance has been made in the calculations of yardage for the amount of slides which will have to be removed and the greater slope that will have to be given to the bank in many places in order to prevent their recurrence. Such allowance does not exceed ten millions of yards. Considering that the number of yards removed from this cut on an average of each month through the year is 1,300,000, and that the total remaining to be excavated, including slides, is about 30,000,000 yards, it is seen that this addition to the excavation does not offer any great reason for delay.

While this feature of the material to be excavated in the cut will not seriously delay or obstruct the construction of a canal of the lock type, the increase of excavation due to such slides in the cut made 85 feet deeper for a sea-level canal would certainly have been so great as to delay its completion to a time beyond the patience of the American people.

FORTIFY THE CANAL.

Among questions arising for present solution is whether the Canal shall be fortified. I have already stated to the Congress that I strongly favor fortification and I now reiterate this opinion and ask your consideration of the subject in the light of the report already before you made by a competent board.

If, in our discretion, we believe modern fortifications to be necessary to the adequate protection and policing of the Canal, then it is our duty to construct them. We have built the Canal. It is our property. By convention we have indicated our desire for, and indeed undertaken, its universal and equal use. It is also well known that one of the chief objects in the construction of the Canal has been to increase the military effectiveness of our Navy.

Failure to fortify the Canal would make the attainment of both these aims depend upon the mere moral obligations of the whole international public—obligations which we would be powerless to enforce and which could never in any other way be absolutely safeguarded against a desperate and irresponsible enemy.

CANAL TOLLS.

Another question which arises for consideration and possible legislation is the question of tolls in the Canal. This question is necessarily affected by the probable tonnage which will go through the Canal. It is all a matter of estimate, but one of the government commission in 1900 investigated the question and made a report. He concluded that the total tonnage of the vessels employed in commerce that could use the Isthmian Canal in 1914 would amount to 6,843,805 tons net register, and that this traffic would increase 25.1 per cent per decade; that it was not probable that all the commerce included in the totals would at once abandon the routes at present followed and make use of the new Canal, and that it might take some time, perhaps two years, to readjust trade with reference to the new conditions which the Canal would establish. He did not include, moreover, the tonnage of war vessels, although it is to be inferred that such vessels would make considerable use of the Canal. In the matter of tolls he reached the conclusion that a dollar a net ton would not drive business away from the Canal, but that a higher rate would do so.

In determining what the tolls should be we certainly ought not to insist that they should at once amount to enough to pay the interest on the investment of \$400,000,000 which the United States has made in the construction of the Canal. We ought not to do this, first, because the benefit to be derived by the United States from this expenditure is not to be measured solely by a return upon the investment. If it were, then the construction might well have been left to private enterprise. It was because an adequate return upon the money invested could not be expected immediately, or in the near future, and because there were peculiar political advantages to be derived from the construction of the Canal that it fell to the Government to advance the money and perform the work.

In addition to the benefit to our naval strength, the Canal greatly increases the trade facilities of the United States. It will undoubtedly cheapen the rates of transportation in all freight between the Eastern and Western seaboard. Then, if we are to have a world canal, and if we are anxious that the world's trade shall use it, we must recognize that we have an active competitor in the Suez Canal and that there are other means of carriage between the two oceans—

by the Tehauntepec Railroad and by other railroads and freight routes in Central America.

In all these cases the question whether the Panama Canal is to be used and its tonnage increased will be determined mainly by the charge for its use. My own impression is that the tolls ought not to exceed \$1 per net ton. On January 1, 1911, the tolls in the Suez Canal are to be 7 francs and 25 centimes for 1 net ton by Suez Canal measurement, which is a modification of Danube measurement. A dollar a ton will secure under the figures above a gross income from the Panama Canal of nearly \$7,000,000. The cost of maintenance and operation is estimated to exceed \$3,000,000. Ultimately, of course, with the normal increase in trade, we hope the income will approximate the interest charges upon the investment. The inquiries already made of the Chief Engineer of the Canal show that the present consideration of this question is necessary in order that the commerce of the world may have time to adjust itself to the new conditions resulting from the opening of this new highway. On the whole I should recommend that within certain limits the President be authorized to fix the tolls of the Canal and adjust them to what seems to be commercial necessity.

MAINTENANCE OF CANAL.

The next question that arises is as to the maintenance, management, and general control of the canal after its completion. It should be premised that it is an essential part of our navy establishment to have the coal, oil and other ship supplies, a dry dock, and repair shops, conveniently located with reference to naval vessels passing through the canal. Now, if the Government, for naval purposes, is to undertake to furnish these conveniences to the navy, and they are conveniences equally required by commercial vessels, there would seem to be strong reasons why the Government should take over and include in its management the furnishing, not only to the navy but to the public, dry-dock and repair-shop facilities, and the sale of coal, oil, and other ship supplies.

The maintenance of a lock canal of this enormous size in a sparsely populated country and in the tropics, where the danger from disease is always present, requires a large and complete and well-trained organization with full police powers, exercising the utmost care. The visitor to the canal who is impressed with the wonderful freedom from tropical diseases on the Isthmus must not be misled as to the constant vigilance that is needed to preserve this condition. The vast machinery of the locks, the necessary amount of dredging, the preservation of the banks of the canal from slides, the operation and the maintenance of the equipment of the railway—will all require a force, not, of course, to be likened in any way to the present

organization for construction, but a skilled body of men who can keep in a state of usefulness this great instrument of commerce. Such an organization makes it easy to include within its functions the furnishing of dry-dock, fuel, repairs and supply facilities to the trade of the world. These will be more essential at the Isthmus of Panama than they are at Port Said or Suez, because there are no depots for coal, supplies, and other commercial necessities within thousands of miles of the Isthmus.

Another important reason why these ancillary duties may well be undertaken by the Government is the opportunity for discrimination between patrons of the canal that is offered where private concessions are granted for the furnishing of these facilities. Nothing would create greater prejudice against the canal than the suspicion that certain lines of traffic were favored in the furnishing of supplies or that the supplies were controlled by any large interest that might have a motive for increasing the cost of the use of the canal. It may be added that the termini are not ample enough to permit the fullest competition in respect to the furnishing of these facilities and necessities to the world's trade even if it were wise to invite such competition and the granting of the concession would necessarily, under these circumstances, take on the appearance of privilege or monopoly.

PROHIBITION OF RAILROAD OWNERSHIP OF CANAL STEAMERS.

I can not close this reference to the canal without suggesting as a wise amendment to the interstate commerce law a provision prohibiting interstate commerce railroads from owning or controlling ships engaged in the trade through the Panama Canal. I believe such a provision may be needed to save to the people of the United States the benefits of the competition in trade between the eastern and western seaboards which this canal was constructed to secure.

DEPARTMENT OF JUSTICE.

The duties of the Department of Justice have been greatly increased by legislation of Congress enacted in the interest of the general welfare of the people and extending its activities into avenues plainly within its constitutional jurisdiction, but which it has not been thought wise or necessary for the General Government heretofore to occupy.

I am glad to say that under the appropriations made for the Department, the Attorney-General has so improved its organization that a vast amount of litigation of a civil and criminal character has been disposed of during the current year. This will explain the necessity for slightly increasing the estimates for the expenses of

the Department. His report shows the recoveries made on behalf of the Government, of duties fraudulently withheld, public lands improperly patented, fines and penalties for trespass, prosecutions and convictions under the antitrust law, and prosecutions under the interstate-commerce law. I invite especial attention to the prosecutions under the Federal law of the so-called "bucket shops," and of those schemes to defraud in which the use of the mail is an essential part of the fraudulent conspiracy, prosecutions which have saved ignorant and weak members of the public and are saving them hundreds of millions of dollars. The violations of the antitrust law present perhaps the most important litigation before the Department, and the number of cases filed shows the activity of the Government in enforcing that statute.

NATIONAL INCORPORATION.

In a special message last year I brought to the attention of Congress the propriety and wisdom of enacting a general law providing for the incorporation of industrial and other companies engaged in interstate commerce, and I renew my recommendation in that behalf.

PAYMENT OF JUST CLAIMS.

I invite the attention of Congress to the great number of claims which, at the instance of Congress, have been considered by the Court of Claims and decided to be valid claims against the Government. The delay that occurs in the payment of the money due under the claims injures the reputation of the Government as an honest debtor, and I earnestly recommend that those claims which come to Congress with the judgment and approval of the Court of Claims should be promptly paid.

REFORM IN JUDICIAL PROCEDURE.

One great crying need in the United States is cheapening the cost of litigation by simplifying judicial procedure and expediting final judgment. Under present conditions the poor man is at a woeful disadvantage in a legal contest with a corporation or a rich opponent. The necessity for the reform exists both in United States courts and in all State courts. In order to bring it about, however, it naturally falls to the General Government by its example to furnish a model to all States. A legislative commission appointed by joint resolution of Congress to revise the procedure in the United States courts has as yet made no report.

Under the law the Supreme Court of the United States has the power and is given the duty to frame the equity rules of procedure which are

to obtain in the Federal courts of first instance. In view of the heavy burden of pressing litigation which that Court has had to carry, with one or two of its members incapacitated through ill health, it has not been able to take up problems of improving the equity procedure, which has practically remained the same since the organization of the Court in 1789. It is reasonable to expect that with all the vacancies upon the Court filled, it will take up the question of cheapening and simplifying the procedure in equity in the courts of the United States. The equity business is much the more important in the Federal courts, and I may add much the more expensive. I am strongly convinced that the best method of improving judicial procedure at law is to empower the Supreme Court to do it through the medium of the rules of the court, as in equity. This is the way in which it has been done in England, and thoroughly done. The simplicity and expedition of procedure in the English courts to-day make a model for the reform of other systems.

Several of the Lord Chancellors of England and of the Chief Justices have left their lasting impress upon the history of their country by their constructive ability in proposing and securing the passage of remedial legislation effecting law reforms. I can not conceive any higher duty that the Supreme Court could perform than in leading the way to a simplification of procedure in the United States courts.

RELIEF OF SUPREME COURT FROM UNNECESSARY APPEALS.

No man ought to have, as a matter of right, a review of his case by the Supreme Court. He should be satisfied by one hearing before a court of first instance and one review by a court of appeals. The proper and chief usefulness of a Supreme Court, and especially of the Supreme Court of the United States, is, in the cases which come before it, so to expound the law, and especially the fundamental law—the Constitution—as to furnish precedents for the inferior courts in future litigation and for the executive officers in the construction of statutes and the performance of their legal duties. Therefore, any provisions for review of cases by the Supreme Court that cast upon that Court the duty of passing on questions of evidence and the construction of particular forms of instruments, like indictments, or wills, or contracts, decisions not of general application or importance, merely clog and burden the Court and render more difficult its higher function, which makes it so important a part of the framework of our Government. The Supreme Court is now carrying an unnecessary burden of appeals of this kind, and I earnestly urge that it be removed.

The statutes respecting the review by the Supreme Court of the United States of decisions of the Court of Appeals of the District of

Columbia ought to be so amended as to place that court in the same position with respect to the review of its decisions as that of the various United States Circuit Courts of Appeals. The act of March 2, 1907, authorizing appeals by the Government from certain judgments in criminal cases where the defendant has not been put in jeopardy, within the meaning of the Constitution, should be amended so that such appeals should be taken to the Circuit Courts of Appeals instead of to the Supreme Court in all cases except those involving the construction of the Constitution or the constitutionality of a statute, with the same power in the Supreme Court to review on *certiorari* as is now exercised by that court over determinations of the several Circuit Courts of Appeals. Appeals in copyright cases should reach final judgment in the courts of appeals instead of the Supreme Court as now. The decision of the courts of appeals should be made final also in all cases wherein jurisdiction rests on both diverse citizenship and the existence of a federal question, and not as now be reviewable in the Supreme Court when the case involves more than one thousand dollars. Appeals from the United States Court in Porto Rico should run to the Circuit Court of Appeals of the third circuit instead of to the Supreme Court. These suggested changes would, I am advised; relieve the Supreme Court of the consideration of about 100 cases annually.

The American Bar Association has had before it the question of reducing the burden of litigation involved in reversals on review and new trials or re-hearings and in frivolous appeals in habeas corpus and criminal cases. Their recommendations have been embodied in bills now pending in Congress. The recommendations are not radical, but they will accomplish much if adopted into law, and I earnestly recommend the passage of the bills embodying them.

INJUNCTION BILL.

I wish to renew my urgent recommendation made in my last Annual Message in favor of the passage of a law which shall regulate the issuing of injunctions in equity without notice in accordance with the best practice now in vogue in the courts of the United States. I regard this of especial importance, first because it has been promised, and second because it will deprive those who now complain of certain alleged abuses in the improper issuing of injunctions without notice of any real ground for further amendment and will take away all semblance of support for the extremely radical legislation they propose, which will be most pernicious if adopted, will sap the foundations of judicial power, and legalize that cruel social instrument, the secondary boycott.

JUDICIAL SALARIES.

I further recommend to Congress the passage of the bill now pending for the increase in the salaries of the Federal Judges, by which the Chief Justice of the United States shall receive \$17,500 and the Associate Justices of the Supreme Court \$17,000; the Circuit Judges constituting the Circuit Court of Appeals shall receive \$10,000, and the District Judges \$9,000. These judges exercise a wide jurisdiction and their duties require of them a profound knowledge of the law, great ability in the dispatch of business, and care and delicacy in the exercise of their jurisdiction so as to avoid conflict whenever possible between the Federal and the State courts. The position they occupy ought to be filled by men who have shown the greatest ability in their professional work at the bar, and it is the poorest economy possible for the Government to pay salaries so low for judicial service as not to be able to command the best talent of the legal profession in every part of the country. The cost of living is such, especially in the large cities, that even the salaries fixed in the proposed bill will enable the incumbents to accumulate little, if anything, to support their families after their death. Nothing is so important to the preservation of our country and its beloved institutions as the maintenance of the independence of the judiciary, and next to the life tenure an adequate salary is the most material contribution to the maintenance of independence on the part of our Judges.

POST-OFFICE DEPARTMENT.

POSTAL SAVINGS BANKS.

At its last session Congress made provision for the establishment of savings banks by the Post-Office Department of this Government, by which, under the general control of trustees, consisting of the Postmaster-General, the Secretary of the Treasury and the Attorney-General, the system could be begun in a few cities and towns, and enlarged to cover within its operations as many cities and towns and as large a part of the country as seemed wise. The initiation and establishment of such a system has required a great deal of study on the part of the experts in the Post-Office and Treasury Departments, but a system has now been devised which is believed to be more economical and simpler in its operation than any similar system abroad. Arrangements have been perfected so that savings banks will be opened in some cities and towns on the 1st of January, and there will be a gradual extension of the benefits of the plan to the rest of the country.

WIPING OUT OF POSTAL DEFICIT.

As I have said, the Post-Office Department is a great business department, and I am glad to note the fact that under its present management principles of business economy and efficiency are being applied. For many years there has been a deficit in the operations of the Post-Office Department which has been met by appropriation from the Treasury. The appropriation estimated for last year from the Treasury over and above the receipts of the Department was \$17,500,000. I am glad to record the fact that of that \$17,500,000 estimated for, \$11,500,000 were saved and returned to the Treasury. The personal efforts of the Postmaster-General secured the effective cooperation of the thousands of postmasters and other postal officers throughout the country in carrying out his plans of reorganization and retrenchment. The result is that the Postmaster-General has been able to make his estimate of expenses for the present year so low as to keep within the amount the postal service is expected to earn. It is gratifying to report that the reduction in the deficit has been accomplished without any curtailment of postal facilities. On the contrary the service has been greatly extended during the year in all its branches. A principle which the Postmaster-General has recommended and sought to have enforced in respect to all appointments has been that those appointees who have rendered good service should be reappointed. This has greatly strengthened the interest of postmasters throughout the country in maintaining efficiency and economy in their offices, because they believed generally that this would secure for them a further tenure.

EXTENSION OF THE CLASSIFIED SERVICE.

Upon the recommendation of the Postmaster-General, I have included in the classified service all assistant postmasters, and I believe that this giving a secure tenure to those who are the most important subordinates of Postmasters will add much to the efficiency of their offices and an economical administration. A large number of the fourth-class postmasters are now in the classified service. I think it would be wise to put in the classified service the first, second, and third class postmasters. It is more logical to do this than to classify the fourth-class postmasters, for the reason that the fourth-class post-offices are invariably small, and the postmasters are necessarily men who must combine some other business with the postmastership, whereas the first, second, and third class postmasters are paid a sufficient amount to justify the requirement that they shall have no other business and that they shall devote their attention to their post-office duties. To classify first, second, and third class postmasters would require the passage of an act changing the

method of their appointment so as to take away the necessity for the advice and consent of the Senate. I am aware that this inviting from the Senate a concession in respect to its quasi executive power that is considerable, but I believe it to be in the interest of good administration and efficiency of service. To make this change would take the postmasters out of politics; would relieve Congressmen who now are burdened with the necessity of making recommendations for these places of a responsibility that must be irksome and can create nothing but trouble; and it would result in securing from postmasters greater attention to business, greater fidelity, and consequently greater economy and efficiency in the post-offices which they conduct.

THE FRANKING PRIVILEGE.

The unrestricted manner in which the franking privilege is now being used by the several branches of the Federal service and by Congress has laid it open to serious abuses, a fact clearly established through investigations recently instituted by the Department. While it has been impossible without a better control of franking to determine the exact expense to the Government of this practice, there can be no doubt that it annually reaches into the millions. It is believed that many abuses of the franking system could be prevented, and consequently a marked economy effected, by supplying through the agencies of the postal service special official envelopes and stamps for the free mail of the Government, all such envelopes and stamps to be issued on requisition to the various branches of the federal service requiring them, and such records to be kept of all official stamp supplies as will enable the Post-Office Department to maintain a proper postage account covering the entire volume of free Government mail. As the first step in the direction of this reform, special stamps and stamped envelopes have been provided for use instead of franks in the free transmission of the official mail resulting from the business of the new postal savings system. By properly recording the issuance of such stamps and envelopes accurate records can be kept of the cost to the Government of handling the postal savings mail, which is certain to become an important item of expense and one that should be separately determined. In keeping with this plan it is hoped that Congress will authorize the substitution of special official stamps and stamped envelopes for the various forms of franks now used to carry free of postage the vast volume of Departmental and Congressional mail matter. During the past year methods of accounting similar to those employed in the most progressive of our business establishments have been introduced in the postal service and nothing has so impeded the Depart-

ment's plans in this regard as the impossibility of determining with any exactness how far the various expenses of the postal service are increased by the present unrestricted use of the franking privilege. It is believed that the adoption of a more exact method of dealing with this problem as proposed will prove to be of tremendous advantage in the work of placing the postal service on a strictly businesslike basis.

SECOND-CLASS MAIL MATTER.

In my last Annual Message I invited the attention of Congress to the inadequacy of the postal rate imposed upon second-class mail matter in so far as that includes magazines, and showed by figures prepared by experts of the Post-Office Department that the Government was rendering a service to the magazines, costing many millions in excess of the compensation paid. An answer was attempted to this by the representatives of the magazines, and a reply was filed to this answer by the Post-Office Department. The utter inadequacy of the answer, considered in the light of the reply of the Post-Office Department, I think must appeal to any fair-minded person. Whether the answer was all that could be said in behalf of the magazines is another question. I agree that the question is one of fact; but I insist that if the fact is as the experts of the Post-Office Department show, that we are furnishing to the owners of magazines a service worth millions more than they pay for it, then justice requires that the rate should be increased. The increase in the receipts of the Department resulting from this change may be devoted to increasing the usefulness of the Department in establishing a parcels post and in reducing the cost of first-class postage to one cent. It has been said by the Postmaster-General that a fair adjustment might be made under which the advertising part of the magazine should be charged for at a different and higher rate from that of the reading matter. This would relieve many useful magazines that are not circulated at a profit, and would not shut them out from the use of the mails by a prohibitory rate.

PARCELS POST.

With respect to the parcels post, I respectfully recommend its adoption on all rural-delivery routes, and that 11 pounds—the international limit—be made the limit of carriage in such post, and this, with a view to its general extension when the income of the Post-Office will permit it and the Postal Savings Banks shall have been fully established. The same argument is made against the parcels post that was made against the postal savings bank—that it is introducing the Government into a business which ought to be conducted by private persons, and is paternalism. The Post-Office Department

has a great plant and a great organization, reaching into the most remote hamlet of the United States, and with this machinery it is able to do a great many things economically that if a new organization were necessary it would be impossible to do without extravagant expenditure. That is the reason why the postal savings bank can be carried on at a small additional cost, and why it is possible to incorporate at a very inconsiderable expense a parcels post in the rural-delivery system. A general parcels post will involve a much greater outlay.

NAVY DEPARTMENT.

REORGANIZATION.

In the last annual report of the Secretary of the Navy and in my Annual Message, attention was called to the new detail of officers in the Navy Department by which officers of flag rank were assigned to duty as Aides to the Secretary in respect to naval operations, personnel, inspection, and material. This change was a substantial compliance with the recommendation of the Commission on Naval Reorganization, headed by Mr. Justice Moody, and submitted to President Roosevelt on February 26, 1909. Through the advice of this committee of line officers, the Secretary is able to bring about a proper coordination of all the branches of the naval department with greater military efficiency. The Secretary of the Navy recommends that this new organization be recognized by legislation and thus made permanent. I concur in the recommendation.

LEGISLATIVE RECOMMENDATIONS.

The Secretary, in view of the conclusions of a recent Court of Inquiry on certain phases of Marine Corps administration, recommends that the Major-General Commandant of the Marine Corps be appointed for a four years' term, and that officers of the Adjutant and Inspector's department be detailed from the line. He also asks for legislation to improve the conditions now existing in the personnel of officers of the Navy, particularly with regard to the age and experience of flag officers and captains, and points out that it is essential to the highest efficiency of the Navy that the age of our officers be reduced and that flag officers, particularly, should gain proper experience as flag officers, in order to enable them to properly command fleets. I concur in the Secretary's recommendations.

COVERING OF NAVAL SUPPLY FUND INTO TREASURY.

I commend to your attention the report of the Secretary on the change in the system of cost accounting in navy-yards, and also to the history of the naval supply fund and the present conditions

existing in regard to that matter. Under previous practice and what now seems to have been an erroneous construction of the law, the supply fund of the navy was increased from \$2,700,000 to something over \$14,000,000, and a system of accounting was introduced which prevented the striking of a proper balance and a knowledge of the exact cost of maintaining the naval establishment. The system has now been abandoned and a Naval Supply Account established by law July 1, 1910. The Naval Supply fund of \$2,700,000 is now on deposit in the Treasury to the credit of the Department. The Secretary recommends that the Naval Supply Account be made permanent by law and that the \$2,700,000 of the naval supply fund be covered into the Treasury as unnecessary, and I ask for legislative authority to do this. This sum when covered into the Treasury will be really a reduction in the recorded Naval cost for this year.

ESTIMATES AND BUILDING PROGRAM.

The estimates of the Navy Department are \$5,000,000 less than the appropriations for the same purpose last year, and included in this is the building program of the same amount as that submitted for your consideration last year. It is merely carrying out the plan of building two battleships a year, with a few needed auxiliary vessels. I earnestly hope that this program will be adopted.

ABOLITION OF NAVY-YARDS.

The Secretary of the Navy has given personal examination to every navy-yard and has studied the uses of the navy-yards with reference to the necessities of our fleet. With a fleet considerably less than half the size of that of the British navy, we have shipyards more than double the number, and there are several of these shipyards, expensively equipped with modern machinery, which after investigation the Secretary of the Navy believes to be entirely useless for naval purposes. He asks authority to abandon certain of them and to move their machinery to other places where it can be made of use.

In making these recommendations the Secretary is following directly along progressive lines which have been adopted in our great commercial and manufacturing consolidations in this country; that is, of dismantling unnecessary and inadequate plants and discontinuing their existence where it has been demonstrated that it is unprofitable to continue their maintenance at an expense not commensurate to their product.

GUANTANAMO PROPER NAVAL BASE.

The Secretary points out that the most important naval base in the West Indies is Guantanamo, in the southeastern part of Cuba. Its geographical situation is admirably adapted to protect the commercial paths to the Panama Canal, and he shows that by the expenditure of less than half a million dollars, with the machinery which he shall take from other navy-yards, he can create a naval station at Guantanamo of sufficient size and equipment to serve the purpose of an emergency naval base. I earnestly join in the recommendation that he be given the authority which he asks. I am quite aware that such action is likely to arouse local opposition; but I conceive it to be axiomatic that in legislating in the interest of the Navy, and for the general protection of the country by the Navy, mere local pride or pecuniary interest in the establishment of a navy-yard or station ought to play no part. The recommendation of the Secretary is based upon the judgment of impartial naval officers, entirely uninfluenced by any geographical or sectional considerations.

JOHN PAUL JONES.

I unite with the Secretary in the recommendation that an appropriation be made to construct a suitable crypt at Annapolis for the custody of the remains of John Paul Jones.

PEARY.

The complete success of our country in Arctic exploration should not remain unnoticed. For centuries there has been friendly rivalry in this field of effort between the foremost nations and between the bravest and most accomplished men. Expeditions to the unknown North have been encouraged by enlightened governments and deserved honors have been granted to the daring men who have conducted them. The unparalleled accomplishment of an American in reaching the North Pole, April 6, 1909, approved by critical examination of the most expert scientists, has added to the distinction of our navy, to which he belongs, and reflects credit upon his country. His unique success has received generous acknowledgment from scientific bodies and institutions of learning in Europe and America. I recommend fitting recognition by Congress of the great achievement of Robert Edwin Peary.

DEPARTMENT OF THE INTERIOR.

APPEALS TO COURT IN LAND CASES.

The Secretary of the Interior recommends a change of the law in respect to the procedure in adjudicating claims for lands, by which appeals can be taken from the decisions of the Department to the Court of Appeals of the District of Columbia for a judicial consideration of the rights of the claimant. This change finds complete analogy in the present provision for appeals from the decisions of the Commissioner of Patents. The judgments of the court in such cases would be of decisive value to land claimants generally and to the Department of the Interior in the administration of the law, would enable claimants to bring into Court the final consideration of issues as to the title to Government land and would, I think, obviate a good deal of the subsequent litigation that now arises in our Western courts. The bill is pending, I believe, in the House, having been favorably reported from the Committee on Public Lands, and I recommend its enactment.

ARREARS WIPED OUT.

One of the difficulties in the Interior Department and in the Land Office has been the delays attendant upon the consideration by the Land Office and the Secretary of the Interior of claims for patents of public lands to individuals. I am glad to say that under the recent appropriations of the Congress and the earnest efforts of the Secretary and his subordinates, these arrears have been disposed of, and the work of the Department has been brought more nearly up to date in respect to the pending business than ever before in its history. Economies have been effected where possible without legislative assistance, and these are shown in the reduced estimates for the expenses of the Department during the current fiscal year and during the year to come.

CONSERVATION.

The subject of the conservation of the public domain has commanded the attention of the people within the last two or three years.

AGRICULTURAL LANDS.

There is no need for radical reform in the methods of disposing of what are really agricultural lands. The present laws have worked well. The enlarged homestead law has encouraged the successful farming of lands in the semiarid regions.

RECLAMATION.

The total sum already accumulated in the fund provided by the act for the reclamation of arid lands is about \$69,449,058.76, and of this, all but \$6,241,058.76 has been allotted to the various projects, of which there are thirty. Congress at its last session provided for the issuing of certificates of indebtedness not exceeding twenty millions of dollars, to be redeemed from the reclamation fund when the proceeds of lands sold and from the water-rents should be sufficient. Meantime, in accordance with the provisions of the law, I appointed a board of army engineers to examine the projects and to ascertain which are feasible and worthy of completion. That board has made a report upon the subject, which I shall transmit in a separate message within a few days.

CONSERVATION ADDRESS.

In September last a conservation Congress was held at St. Paul, at which I delivered an address on the subject of conservation so far as it was within the jurisdiction and possible action of the Federal Government. In that address I assembled from the official records the statistics and facts as to what had been done in this behalf in the administration of my predecessor and in my own, and indicated the legislative measures which I believed to be wise in order to secure the best use, in the public interest, of what remains of our National domain. There was in this address a very full discussion of the reasons which led me to the conclusions stated. For the purpose of saving in an official record a comprehensive résumé of the statistics and facts gathered with some difficulty in that address, and to avoid their repetition in the body of this message, I venture to make the address an accompanying appendix.¹ The statistics are corrected to November 15th last.

SPECIFIC RECOMMENDATIONS.

For the reasons stated in the conservation address, I recommend:

First, that the limitation now imposed upon the Executive which forbids his reserving more forest lands in Oregon, Washington, Idaho, Montana, Colorado, and Wyoming, be repealed.

Second, that the coal deposits of the Government be leased after advertisement inviting competitive bids, for terms not exceeding fifty years, with a minimum rental and royalties upon the coal mined, to be readjusted every ten or twelve years, and with conditions as to maintenance which will secure proper mining, and as to assignment which will prevent combinations to monopolize control

¹Not printed.

of the coal in any one district or market. I do not think that coal measures under 2,500 acres of surface would be too large an amount to lease to any one lessee.

The Secretary of the Interior thinks there are difficulties in the way of leasing public coal lands, which objections he has set forth in his report, the force of which I freely concede. I entirely approved his stating at length in his report the objections in order that the whole subject may be presented to Congress, but after a full consideration I favor a leasing system and recommend it.

Third, that the law should provide the same separation in respect to government phosphate lands of surface and mineral rights that now obtains in coal lands and that power to lease such lands upon terms and limitations similar to those above recommended for coal leases, with an added condition enabling the Government to regulate, and if need be to prohibit, the export to foreign countries of the product.

Fourth, that the law should allow a prospector for oil or gas to have the right to prospect for two years over a certain tract of government land, the right to be evidenced by a license for which he shall pay a small sum; and that upon discovery, a lease may be granted upon terms securing a minimum rental and proper royalties to the Government, and also the conduct of the oil or gas well in accord with the best method for husbanding the supply of oil in the district. The period of the leases should not be as long as those of coal, but they should contain similar provisions as to assignment to prevent monopolistic combinations.

Fifth, that water-power sites be directly leased by the Federal Government, after advertisement and bidding, for not exceeding fifty years upon a proper rental and with a condition fixing rates charged to the public for units of electric power, both rental and rates to be readjusted equitably every ten years by arbitration or otherwise, with suitable provisions against assignment to prevent monopolistic combinations. Or, that the law shall provide that upon application made by the authorities of the State where the water-power site is situated, it may be patented to the State on condition that the State shall dispose of it under terms like those just described, and shall enforce those terms, or upon failure to comply with the condition the water-power site and all the plant and improvement on the site shall be forfeited and revert to the United States, the President being given the power to declare the forfeiture and to direct legal proceedings for its enforcement. Either of these methods would, I think, accomplish the proper public purpose in respect to water-power sites, but one or the other should be promptly adopted.

NECESSITY FOR PROMPT ACTION.

I earnestly urge upon Congress that at this session general conservation legislation of the character indicated be adopted. At its last session this Congress took most useful and proper steps in the cause of conservation by allowing the Executive, through withdrawals, to suspend the action of the existing laws in respect to much of the public domain. I have not thought that the danger of disposing of coal lands in the United States under the present laws in large quantities was so great as to call for their withdrawal, because under the present provisions it is reasonably certain that the Government will receive the real value of the land. But, in respect to oil lands, or phosphate lands, and of gas lands in the United States, and in respect to coal lands in Alaska, I have exercised the full power of withdrawal with the hope that the action of Congress would follow promptly and prevent that tying up of the resources of the country in the western and less settled portion and in Alaska, which means stagnation and retrogression.

The question of conservation is not a partisan one, and I sincerely hope that even in the short time of the present session consideration may be given to those questions which have now been much discussed, and that action may be taken upon them.

ALASKA.

With reference to the government of Alaska, I have nothing to add to the recommendations I made in my last message on the subject. I am convinced that the migratory character of the population, its unequal distribution, and its smallness of number, which the new census shows to be about 50,000, in relation to the enormous expanse of the territory, make it altogether impracticable to give to those people who are in Alaska to-day and may not be there a year hence, the power to elect a legislature to govern an immense territory to which they have a relation so little permanent. It is far better for the development of the territory that it be committed to a commission to be appointed by the Executive, with limited legislative powers sufficiently broad to meet the local needs, than to continue the present insufficient government with few remedial powers, or to make a popular government where there is not proper foundation upon which to rest it.

The suggestion that the appointment of a commission will lead to the control of the government by corporate or selfish and exploiting interests has not the slightest foundation in fact. Such a government worked well in the Philippines, and would work well in Alaska, and those who are really interested in the proper development of that territory for the benefit of the people who live in it

and the benefit of the people of the United States, who own it, should support the institution of such a government.

ALASKAN RAILWAYS.

I have been asked to recommend that the credit of the Government be extended to aid the construction of railroads in Alaska. I am not ready now to do so. A great many millions of dollars have already been expended in the construction of at least two railroads, and if laws be passed providing for the proper development of the resources of Alaska, especially for the opening up of the coal lands, I believe that the capital already invested will induce the investment of more capital, sufficient to complete the railroads building, and to furnish cheap coal not only to Alaska but to the whole Pacific coast. The passage of a law permitting the leasing of government coal lands in Alaska after public competition, and the appointment of a commission for the government of the territory, with enabling powers to meet the local needs, will lead to an improvement in Alaska and the development of her resources that is likely to surprise the country.

NATIONAL PARKS.

Our national parks have become so extensive and involve so much detail of action in their control that it seems to me there ought to be legislation creating a bureau for their care and control. The greatest natural wonder of this country and the surrounding territory should be included in another national park. I refer to the Grand Canyon of the Colorado.

PENSIONS.

The uniform policy of the Government in the matter of granting pensions to those gallant and devoted men who fought to save the life of the Nation in the perilous days of the great Civil War, has always been of the most liberal character. Those men are now rapidly passing away. The best obtainable official statistics show that they are dying at the rate of something over three thousand a month, and, in view of their advancing years, this rate must inevitably, in proportion, rapidly increase. To the man who risked everything on the field of battle to save the Nation in the hour of its direst need, we owe a debt which has not been and should not be computed in a begrudging or parsimonious spirit. But while we should be actuated by this spirit to the soldier himself, care should be exercised not to go to absurd lengths, or distribute the bounty of the Government to classes of persons who may, at this late day, from a mere mercenary motive, seek to obtain some legal

relation with an old veteran now tottering on the brink of the grave. The true spirit of the pension laws is to be found in the noble sentiments expressed by Mr. Lincoln in his last inaugural address, wherein, in speaking of the Nation's duty to its soldiers when the struggle should be over, he said we should "care for him who shall have borne the battle, and for his widow and orphans."

DEPARTMENT OF AGRICULTURE.

VALUE OF THIS YEAR'S CROPS.

The report of the Secretary of Agriculture invites attention to the stupendous value of the agricultural products of this country, amounting in all to \$8,926,000,000 for this year. This amount is larger than that of 1909 by \$305,000,000. The existence of such a crop indicates a good prospect for business throughout the country. A notable change for the better is commented upon by the Secretary in the fact that the South, especially in those regions where the boll weevil has interfered with the growth of cotton, has given more attention to the cultivation of corn and other cereals, so that there is a greater diversification of crops in the South than ever before—and all to the great advantage of that section.

DEPARTMENT ACTIVITIES.

The report contains a most interesting account of the activities of the Department in its various bureaus, showing how closely the agricultural progress in this country is following along the lines of improvement recommended by the Department through its publications and the results of its experiment stations in every State, and by the instructions given through the agricultural schools aided by the Federal Government and following the general curriculum urged by the head and bureau chiefs of the Department.

The activities of the Department have been greatly increased by the enactment of recent legislation, by the pure-food act, the meat-inspection act, the cattle-transportation act, and the act concerning the interstate shipment of game. This department is one of those the scope of whose action is constantly widening, and therefore it is impossible under existing legislation to reduce the cost and their estimates below those of preceding years.

FARMERS' INCOME AND COST OF LIVING.

An interesting review of the results of an examination made by the Department into statistics and prices, shows that on the average since 1891, farm products have increased in value 72 per cent while the things which the farmer buys for use have increased but 12 per

cent, an indication that present conditions are favorable to the farming community.

FOREST SERVICE.

I have already referred to the forests of the United States and their extent, and have urged, as I do again, the removal of the limitation upon the power of the Executive to reserve other tracts of land in six Western States in which withdrawal for this purpose is now forbidden. The Secretary of Agriculture gives a very full description of the disastrous fires that occurred during the last summer in the national forests. A drought more intense than any recorded in the history of the West had introduced a condition into the forests which made fires almost inevitable, and locomotive sparks, negligent campers, and in some cases incendiaries furnished the needed immediate cause. At one time the fires were so extended that they covered a range of a hundred miles, and the Secretary estimates that standing timber of the value of 25 millions of dollars was destroyed. Seventy-six persons in the employ of the Forest Service were killed and many more injured, and I regret to say that there is no provision in the law by which the expenses for their hospital treatment or of their interment could be met out of public funds. The Red Cross contributed a thousand dollars, and the remainder of the necessary expenses was made up by private contribution, chiefly from the force of the Forest Service and its officials. I recommend that suitable legislation be adopted to enable the Secretary of Agriculture to meet the moral obligations of the Government in this respect.

APPROPRIATION FOR FIRE FIGHTING.

The specific fund for fighting fires was only about \$135,000, but there existed discretion in the Secretary in case of an emergency to apply other funds in his control to this purpose, and he did so to the extent of nearly a million of dollars, which will involve the presentation of a deficiency estimate for the current fiscal year of over \$900,000. The damage done was not therefore due to the lack of an appropriation by Congress available to meet the emergency, but the difficulty of fighting it lay in the remote points where the fires began and where it was impossible with the roads and trails as they now exist promptly to reach them. Proper protection necessitates, as the Secretary points out, the expenditure of a good deal more money in the development of roads and trails in the forests, the establishment of lookout stations, and telephone connection between them and places where assistance can be secured.

REFORESTATION.

The amount of reforestation shown in the report of the Forest Service—only about 15,000 acres as compared with the 150 millions of acres of national forests—seems small, and I am glad to note that in this regard the Secretary of Agriculture and the chief of the Forest Service are looking forward to far greater activity in the use of available Government land for this purpose. Progress has been made in learning by experiment the best methods of reforesting. Congress is appealed to now by the Secretary of Agriculture to make the appropriations needed for enlarging the usefulness of the Forest Service in this regard. I hope that Congress will approve and adopt the estimate of the Secretary for this purpose.

DEPARTMENT OF COMMERCE AND LABOR.

The Secretary of the Department of Commerce and Labor has had under his immediate supervision the application of the merit system of promotion to a large number of employees, and his discussion of this method of promotions based on actual experience, I commend to the attention of Congress.

THE CENSUS BUREAU.

The taking of the census has proceeded with promptness and efficiency. The Secretary believes, and I concur, that it will be more thorough and accurate than any census which has heretofore been taken, but it is not perfect. The motive that prompts men with a false civic pride to induce the padding of census returns in order to increase the population of a particular city has been strong enough to lead to fraud in respect to a few cities in this country, and I have directed the Attorney-General to proceed with all the vigor possible against those who are responsible for these frauds. They have been discovered and they will not interfere with the accuracy of the census, but it is of the highest importance that official inquiry of this sort should not be embarrassed by fraudulent conspiracies in some private or local interest.

BUREAU OF LIGHT-HOUSES.

The reorganization of the Light-House Board has effected a very considerable saving in the administration, and the estimates for that service for the present year are \$428,000 less than for the preceding year. In addition, three tenders, for which appropriations were made, are not being built because they are not at present needed for the service. The Secretary is now asking for a large sum for the addition of lights and other aids to the commerce of the seas, including a number in Alaska. The trade along that coast is becom-

ing so important that I respectfully urge the necessity for following his recommendation.

BUREAU OF CORPORATIONS.

The Commissioner of Corporations has just completed the first part of a report on the lumber industry in the United States. This part does not find the existence of a trust or combination in the manufacture of lumber. The Commissioner does find, however, a condition in the ownership of the standing timber of the United States, other than the Government timber, that calls for serious attention. The direct investigation made by the Commissioner covered an area which contains 80 per cent of the privately owned timber of the country. His report shows that one-half of the timber in this area is owned by 200 individuals and corporations; that 14 per cent is owned by 3 corporations, and that there is very extensive interownership of stock, as well as other circumstances, all pointing to friendly relations among those who own a majority of this timber, a relationship which might lead to a combination for the maintenance of a price that would be very detrimental to the public interest, and would create the necessity of removing all tariff obstacles to the free importations of lumber from other countries.

BUREAU OF FISHERIES.

I am glad to note in the Secretary's report the satisfactory progress which is being made in respect to the preservation of the seals of the Pribiloff Islands. Very active steps are being taken by the Department of State to secure an arrangement which shall protect the Pribiloff herd from the losses due to pelagic sealing. Meantime the Government has secured seal pelts of the bachelor seals (the killing of which does not interfere with the maintenance of the herd), from the sale of which next month it is expected to realize about \$450,000, a sum largely in excess of the rental paid by the lessee of the Government under the previous contract.

COAST AND GEODETIC SURVEY.

The Coast and Geodetic Survey has been engaged in surveying the coasts of the Philippine archipelago. This is a heavy work, because of the extended character of the coast line in those Islands, but I am glad to note that about half of the needed survey has been completed. So large a part of the coast line of the archipelago has been unsurveyed as to make navigation in the neighborhood of a number of the islands, and especially on the east side, particularly dangerous.

BUREAU OF LABOR.

The Commissioner of Labor has been actively engaged in composing the differences between employers and employees engaged in interstate transportation, under the Erdman Act, jointly with the Chairman of the Interstate Commerce Commission. I can not speak in too high terms of the success of these two officers in conciliation and settlement of controversies which, but for their interposition, would have resulted disastrously to all interests.

TAX ON PHOSPHOROUS MATCHES.

I invite attention to the very serious injury caused to all those who are engaged in the manufacture of phosphorous matches. The diseases incident to this are frightful, and as matches can be made from other materials entirely innocuous, I believe that the injurious manufacture could be discouraged and ought to be discouraged by the imposition of a heavy federal tax. I recommend the adoption of this method of stamping out a very serious abuse.

EIGHT-HOUR LAW.

Since 1868 it has been the declared purpose of this Government to favor the movement for an eight-hour day by a provision of law that none of the employees employed by or *on behalf* of the Government should work longer than eight hours in every twenty-four. The first declaration of this view was not accompanied with any penal clause or with any provision for its enforcement, and, though President Grant by a proclamation twice attempted to give it his sanction and to require the officers of the Government to carry it out, the purpose of the framers of the law was ultimately defeated by a decision of the Supreme Court holding that the statute as drawn was merely a direction of the Government to its agents and did not invalidate a contract made in behalf of the Government which provided in the contract for labor for a day of longer hours than eight. Thereafter, in 1892, the present eight-hour law was passed, which provides that the services and employment of all laborers and mechanics who are now or may hereafter be employed by the Government of the United States, by the District of Columbia, or by any contractor or subcontractor on any of the public works of the United States and of the said District of Columbia is hereby restricted to eight hours in any one calendar day. This law has been construed to limit the application of the requirement to those who are directly employed by the Government or to those who are employed upon public works situate upon land owned by the United States. This construction prevented its application to government battle ships and other vessels built in private shipyards and to heavy guns and armor plate contracted for and made at private establishments.

PENDING BILL.

The proposed act provides that no laborer or mechanic doing any part of the work contemplated by a contract with the United States in the employ of the contractor or any subcontractor shall be required or permitted to work more than eight hours a day in any one calendar day.

It seems to me from the past history that the Government has been committed to a policy of encouraging the limitation of the day's work to eight hours in all works of construction initiated by itself, and it seems to me illogical to maintain a difference between government work done on government soil and government work done in a private establishment, when the work is of such large dimensions and involves the expenditure of much labor for a considerable period, so that the private manufacturer may adjust himself and his establishment to the special terms of employment that he must make with his workmen for this particular job. To require, however, that every small contract of manufacture entered into by the Government should be carried out by the contractor with men working at eight hours would be to impose an intolerable burden upon the Government by limiting its sources of supply and excluding altogether the great majority of those who would otherwise compete for its business.

The proposed act recognizes this in the exceptions which it makes to contracts

for transportation by land or water, for the transmission of intelligence, and for such materials or articles as may usually be bought in the open market whether made to conform to particular specifications or not, or for the purchase of supplies by the Government, whether manufactured to conform to particular specifications or not.

SUBSTITUTE FOR PENDING BILL.

I recommend that instead of enacting the proposed bill, the meaning of which is not clear and definite and might be given a construction embarrassing to the public interest, the present act be enlarged by providing that public works shall be construed to include not only buildings and work upon public ground, but also ships, armor, and large guns when manufactured in private yards or factories.

PROVISION FOR SUSPENSION IN EMERGENCIES BY PRESIDENT.

One of the great difficulties in enforcing this eight-hour law is that its application under certain emergencies becomes exceedingly oppressive and there is a great temptation to subordinate officials to evade it. I think that it would be wiser to allow the President, by Executive order, to declare an emergency in special instances in which the limitation might not apply and, in such cases, to permit the payment by the Government of extra compensation for the time

worked each day in excess of eight hours. I may add that my suggestions in respect to this legislation have the full concurrence of the Commissioner of Labor.

WORKMEN'S COMPENSATION.

In view of the keen, widespread interest now felt in the United States in a system of compensation for industrial accidents to supplant our present thoroughly unsatisfactory system of employers' liability (a subject the importance of which Congress has already recognized by the appointment of a commission), I recommend that the International Congress on Industrial Insurance be invited to hold its meeting in 1913 in Washington, and that an appropriation of \$10,000 be made to cover the necessary expenses of organizing and carrying on the meeting.

BUREAU OF IMMIGRATION.

DISTRIBUTING IMMIGRANTS.

The immigration into this country is increasing each year. A large part of it comes through the immigrant station at Ellis Island in the City of New York. An examination of the station and the methods pursued satisfies me that a difficult task is there performed by the commissioner and his force with common sense, the strictest fairness, and with the most earnest desire to enforce the law equitably and mercifully. It has been proposed to enlarge the accommodations so as to allow more of the immigrants to come by that port. I do not think it wise policy to do this. I have no objection to—on the contrary, I recommend—the construction of additional buildings for the purpose of facilitating a closer and more careful examination of each immigrant as he comes in, but I deprecate the enlargement of the buildings and of the force for the purpose of permitting the examination of more immigrants per day than are now examined. If it is understood that no more immigrants can be taken in at New York than are now taken in, and the steamship companies thus are given a reason and a motive for transferring immigrants to other ports, we can be confident that they will be better distributed through the country and that there will not be that congestion in the City of New York which does not make for the better condition of the immigrant or increase his usefulness as a new member of this community. Everything which tends to send the immigrants west and south into rural life helps the country.

AMENDMENTS RECOMMENDED.

I concur with the Secretary in his recommendations as to the amendments to the immigration law in increasing the fine against the companies for violation of the regulations, and in giving greater power to the commissioner to enforce more care on the part

of the steamship companies in accepting immigrants. The recommendation of the Secretary, in which he urges that the law may be amended so as to discourage the separation of families, is, I think, a good one.

MISCELLANEOUS SUBJECTS NOT INCLUDED IN DEPARTMENTS.

BUREAU OF HEALTH.

In my message of last year I recommended the creation of a Bureau of Health, in which should be embraced all those Government agencies outside of the War and Navy Departments which are now directed toward the preservation of public health or exercise functions germane to that subject. I renew this recommendation. I greatly regret that the agitation in favor of this bureau has aroused a counteragitation against its creation, on the ground that the establishment of such a bureau is to be in the interest of a particular school of medicine. It seems to me that this assumption is wholly unwarranted, and that those responsible for the Government can be trusted to secure in the personnel of the bureau the appointment of representatives of all recognized schools of medicine, and in the management of the bureau entire freedom from narrow prejudice in this regard.

THE IMPERIAL VALLEY PROJECT.

By an act passed* by Congress the President was authorized to expend a million dollars to construct the needed work to prevent injury to the lands of the Imperial Valley from the overflow of the Colorado River. I appointed a competent engineer to examine the locality and to report a plan for construction. He has done so. In order to complete the work it is necessary to secure the consent of Mexico, for part of the work must be constructed in Mexican territory. Negotiations looking to the securing of such authority are quite near success. The Southern Pacific Railroad Company proposes to assist us in the work by lending equipment and by the transportation of material at cost price, and it is hoped that the work may be completed before any danger shall arise from the spring floods in the river. The work is being done under the supervision of the Secretary of the Interior and his consulting engineer, General Marshall, late Chief of Engineers, now retired.

This leads me to invite the attention of Congress to the claim made by the Southern Pacific Railroad Company for an amount expended in a similar work of relief called for by a flood and great emergency. This work, as I am informed, was undertaken at the request of my predecessor and under promise to reimburse the railroad company. It seems to me the equity of this claim is manifest, and the only

question involved is the reasonable value of the work done. I recommend the payment of the claim in a sum found to be just.

DISTRICT OF COLUMBIA.

CHARACTER OF GOVERNMENT.

The government of the District of Columbia is a good government. The police force, while perhaps it might be given, or acquire, more military discipline in bearing and appearance, is nevertheless an efficient body of men, free from graft, and discharges its important duties in this capital of the nation effectively. The parks and the streets of the city and the District are generally kept clean and in excellent condition. The Commissioners of the District have its affairs well in hand, and, while not extravagant, are constantly looking to those municipal improvements that are expensive but that must be made in a modern growing city like Washington. While all this is true, nevertheless the fact that Washington is governed by Congress, and that the citizens are not responsible and have no direct control through popular election in District matters, properly subjects the government to inquiry and criticism by its citizens, manifested through the public press and otherwise; such criticism should command the careful attention of Congress. Washington is the capital of the nation and its maintenance as a great and beautiful city under national control, every lover of his country has much at heart; and it should present in every way a model in respect of economy of expenditure, of sanitation, of tenement reform, of thorough public instruction, of the proper regulation of public utilities, of sensible and extended charities, of the proper care of criminals and of youth needing reform, of healthful playgrounds and opportunity for popular recreation, and of a beautiful system of parks. I am glad to think that progress is being made in all these directions, but I venture to point out certain specific improvements toward these ends which Congress in its wisdom might adopt. Speaking, generally, I think there ought to be more concentration of authority in respect to the accomplishment of some of these purposes with more economy of expenditure.

PUBLIC PARKS.

Attention is invited to the peculiar situation existing in regard to the parks of Washington. The park system proper, comprising some 343 different areas, is under the Office of Public Buildings and Grounds, which, however, has nothing to do with the control of Rock Creek Park, the Zoological Park, the grounds of the Department of Agriculture, the Botanic Garden, the grounds of the Capitol, and other public grounds which are regularly open to the public and ought to be part of the park system. Exclusive of the grounds

of the Soldiers' Home and of Washington Barracks, the public grounds used as parks in the District of Columbia comprise over 3,100 acres, under ten different controlling officials or bodies. This division of jurisdiction is most unfortunate.

Large sums of money are spent yearly in beautifying and keeping in good condition these parks and the grounds connected with Government buildings and institutions. The work done on all of them is of the same general character—work for which the Office of Public Buildings and Grounds has been provided by Congress with a special organization and equipment, which are lacking for the grounds not under that office. There can be no doubt that if all work of care and improvement upon the grounds belonging to the United States in the District of Columbia were put, as far as possible, under one responsible head, the result would be not only greater efficiency and economy in the work itself, but greater harmony in the development of the public parks and gardens of the city.

Congress at its last session provided for two more parks, called the Meridian Hill and Montrose parks, and the District Commissioners have also included in their estimates a sum to be used for the acquisition of much needed park land adjoining the Zoological Park, known as the Klinge Ford tract. The expense of these three parks, included in the estimates of the Commissioners, aggregates \$900,000. I think it would lead to economy if the improvement and care of all these parks and other public grounds above described should be transferred to the Office of Public Buildings and Grounds, which has an equipment well and economically adapted to carrying out the public purpose in respect to improvements of this kind.

To prevent encroachments upon the park area it is recommended that the erection of any permanent structure on any lands in the District of Columbia belonging to the United States be prohibited except by specific authority of Congress.

THE DISTRICT OF COLUMBIA IN VIRGINIA.

I have already in previous communications to Congress referred to the importance of acquiring for the District of Columbia at least a part of the territory on the other side of the Potomac in Virginia which was originally granted for the District by the State of Virginia, and then was retroceded by act of Congress in 1846. It is very evident from conferences that I have had with the Senators and Representatives from Virginia that there is no hope of a regranting by the State of the land thus given back; and I am frank to say that in so far as the tract includes the town of Alexandria and land remote from the Potomac River there would be no particular advantage in bringing that within national control. But the land which

lies along the Potomac River above the railroad bridge and across the Potomac, including Arlington Cemetery, Fort Myer, the Government experiment farm, the village of Rosslyn, and the Palisades of the Potomac, reaching to where the old District line intersects the river, is very sparsely settled and could be admirably utilized for increasing the system of the parks of Washington. It has been suggested to me by the same Virginia Senators and Representatives that if the Government were to acquire for a government park the land above described, which is not of very great value, the present law of Virginia would itself work the creation of federal jurisdiction over it, and if that were not complete enough, the legislature of Virginia would in all probability so enlarge the jurisdiction as to enable Congress to include it within the control of the government of the District of Columbia and actually make it a part of Washington. I earnestly recommend that steps be taken to carry out this plan.

PUBLIC UTILITIES.

There are a sufficient number of corporations enjoying the use of public utilities in the District of Columbia to justify and require the enactment of a law providing for their supervision and regulation in the public interest consistent with the vested rights secured to them by their charters. A part of these corporations, to wit, the street railways, have been put under the control of the Interstate Commerce Commission, but that Commission recommends that the power be taken from it, and intimates broadly that its other and more important duties make it impossible for it to give the requisite supervision. It seems to me wise to place this general power of supervision and regulation in the District Commissioners. It is said that their present duties are now absorbing and would prevent the proper discharge by them of these new functions, but their present jurisdiction brings them so closely and frequently in contact with these corporations and makes them to know in such detail how the corporations are discharging their duties under the law and how they are serving the public interest that the Commissioners are peculiarly fitted to do this work, and I hope that Congress will impose it upon them by intrusting them with powers in respect to such corporations similar to those of the public utilities commission of New York City or similar boards in Massachusetts.

SCHOOL SYSTEM.

I do not think the present control of the school system of Washington commends itself as the most efficient and economical and thorough instrument for the carrying on of public instruction. The expenses of the schools of Washington as compared with those of other cities similarly situated are shown by the following table.

Comparative cost of public schools in Washington and elsewhere.

(Prepared by W. V. Judson, engineer.)

A. City.	B. Population estimate of Census Bureau as of June 1, 1908. ^a	C Total cost of schools.		D. Number of days actually in session. ^b	E. Aggregate number of days' attendance of all pupils in two public day schools.	F. Number of teachers and super- vising officers.	G. Number of pupils instructed one day per teacher.	H. Cost for salaries— officers and teachers.	I. Cost per capita per annum.	J. Total cost per pupil day of instruction.	K. Number of pupils instructed one day for each \$1 spent in salaries for officers and teachers.	L. Average annual salary— officers, teachers, etc. (including clerks and librarians).
		Year ending—	Amount. ^c									
Washington.....	\$325,000	Senate appropriation bill in conference. ^d	\$2,998,960	176½	\$7,880,746	\$1,775	4,423.0	\$81,786,150	\$9,270	\$0,382	4,395	\$1,006.38
Baltimore.....	568,071	December 31, 1908.....	1,908,984	106	10,878,196	1,788	6,084.0	1,321,073	3,4940	.1810	8,234	738.83
Pittsburg.....	547,522	Jan. 31, 1909: June 1, 1909.....	2,339,079	200	11,822,400	1,821	6,492.0	1,683,914	6,0940	.282	7,105	913.74
Cleveland.....	491,401	Aug. 31, 1908.....	2,915,760	184	10,366,204	2,091	4,057.0	1,713,191	5,0740	.283	6,051	819.66
Buffalo.....	391,628	June 30, 1909.....	1,868,748	192	9,072,000	1,478	6,138.0	1,147,356	4,7710	.290	7,006	776.38
San Francisco.....	\$360,280	do.....	A 2,710,028	199	6,618,654	1,070	6,185.0	1,342,596	A 7,5220	A .4090	4,979	1,284.76
Detroit.....	376,174	do.....	2,370,671	194	8,320,050	1,439	6,781.0	1,308,060	6,3020	.2850	6,356	909.00
Cincinnati.....	\$345,220	Aug. 31, 1908.....	2,272,705	200	7,178,400	1,116	6,396.0	1,079,290	6,6810	.3180	6,860	831.26
Milwaukee.....	327,872	do.....	1,631,007	197	7,269,736	1,069	6,884.0	1,008,248	4,9740	.2710	7,300	943.16
New Orleans.....	202,324	June 30, 1909.....	2,561,418	172	8,643,312	1,023	4,519.0	962,797	3,8140	.2650	7,060	647.00
Newark.....	207,527	Dec. 31, 1908.....	1,970,505	183	8,188,160	1,276	6,402.0	1,460,516	8,4720	.3130	5,006	1,141.84
Minneapolis.....	248,458	Nov. 30, 1908.....	1,245,094	188	6,999,319	1,777	6,086.0	1,082,073	6,4900	.2760	6,652	960.00
Jersey City.....	233,069	June 30, 1909.....	844,012	192	6,592,410	726	7,081.0	745,978	5,0110	.2290	7,376	801.12
Louisville.....					4,416,384		6,083.0	581,619	3,6210	.1910		

^a Information furnished by Bureau of Census April 29, 1910.^b Annual Report Commissioner of Education for fiscal year 1909, vol. 2, pp. 647-667.^c Unofficial estimate for June 1, 1910.^d At date of compilation of this table, May 5, 1910, Senate appropriation bill in conference.^e Annual Report Commissioner of Education for fiscal year 1909, p. 648, gives this for 1907-8 as 7,808,576. This figure has been increased by 3.21 per cent to correspond

with year 1910-11. Annual Report Board of Education, District of Columbia, for 1909, p. 21, gives 1.07 per cent as increase of average enrollment for one year.

^f From the number of teachers, 2,206, stated by Commissioner of Education, 106 night-school teachers and 11 teachers of the deaf have been deducted. (Annual Report Cleveland Board of Education, August 31, 1904.) ^g Census Bureau, 1907.^h As result of San Francisco earthquake over \$1,000,000 spent in new construction and included in total cost for year, making it unduly large.

The cost of education in the District of Columbia is thus seen to be excessive as compared with the cost in other cities of similar size, and it is not apparent that the results are in general more satisfactory. The average cost per pupil per day in Washington is about 38 cents, while the average cost in 13 other American cities fairly comparable with Washington in population and standard of education is about 25.5 cents. For each dollar spent in salaries of school teachers and officers in the District about 4.4 days of instruction per pupil are given, while in the 13 cities above referred to each dollar expended for salaries affords on the average 6.8 days of instruction. For the current fiscal year the estimates of the Board of Education amounted to about three-quarters of the entire revenue locally collected for District purposes.

If I may say so, there seems to be a lack of definite plan in the expansion of the school system and the erection of new buildings and of proper economy in the use of these buildings that indicates the necessity for the concentration of control. All plans for improvement and expansion in the school system are with the School Board, while the limitation of expenses is with the District Commissioners. I think it would be much better to put complete control and responsibility in the District Commissioners, and then provide a board of school visitors, to be appointed by the Supreme Court of the District or by the President, from the different school districts of Washington, who, representing local needs, shall meet and make recommendations to the Commissioners and to the Superintendent of Education—an educator of ability and experience who should be an appointee of and responsible to the District Commissioners.

PERMANENT IMPROVEMENTS.

Among other items for permanent improvements appearing in the District estimates for 1912 is one designed to substitute for Willow Tree Alley, notorious in the records of the Police and Health Departments, a playground with a building containing baths, a gymnasium, and other helpful features, and I hope Congress will approve this estimate. Fair as Washington seems with her beautiful streets and shade trees, and free, as the expanse of territory which she occupies would seem to make her, from slums and insanitary congestion of population, there are centers in the interior of squares where the very poor, and the criminal classes as well, huddle together in filth and noisome surroundings, and it is of primary importance that these nuclei of disease and suffering and vice should be removed, and that there should be substituted for them small parks as breathing spaces, and model tenements having sufficient air space and meeting other hygienic requirements. The estimate for the reform of Willow Tree

Alley, the worst of these places in the city, is the beginning of a movement that ought to attract the earnest attention and support of Congress, for Congress can not escape its responsibility for the existence of these human pest holes.

The estimates for the District of Columbia for the fiscal year 1912 provide for the repayment to the United States of \$616,000, one-fourth of the floating debt that will remain on June 30, 1911. The bonded debt will be reduced in 1912 by about the same amount.

The District of Columbia is now in an excellent financial condition. Its own share of indebtedness will, it is estimated, be less than \$6,000,000 on June 30, 1912, as compared with about \$9,000,000 on June 30, 1909.

The bonded debt, owed half and half by the United States and the District, will be extinguished by 1924, and the floating debt of the District probably long before that time.

The revenues have doubled in the last ten years, while the population during the same period has increased but 18.78 per cent. It is believed that, if due economy be practiced, the District can soon emerge from debt, even while financing its permanent improvements with reasonable rapidity from current revenues.

To this end, I recommend the enactment into law of a bill now before Congress—and known as the Judson Bill—which will insure the gradual extinguishment of the District's debt, while at the same time requiring that the many permanent improvements needed to complete a fitting capital city shall be carried on from year to year and at a proper rate of progress with funds derived from the rapidly increasing revenues.

FREEDMEN'S BANK.

I renew my recommendation that the claims of the depositors in the Freedmen's Bank be recognized and paid by the passage of the pending bill on that subject.

NEGRO EXPOSITION.

I also renew my recommendation that steps be taken looking to the holding of a Negro exposition in celebration of the fiftieth anniversary of the issuing by Mr. Lincoln of the Emancipation Proclamation.

CIVIL SERVICE COMMISSION.

The Civil Service Commission has continued its useful duties during the year. The necessity for the maintenance of the provisions of the civil service law was never greater than to-day. Officers responsible for the policy of the Administration, and

their immediate personal assistants or deputies, should not be included within the classified service; but in my judgment, public opinion has advanced to the point where it would support a bill providing for a secure tenure during efficiency for all purely administrative officials. I entertain the profound conviction that it would greatly aid the cause of efficient and economical government, and of better politics if Congress could enact a bill providing that the Executive shall have the power to include in the classified service all local offices under the Treasury Department, the Department of Justice, the Post-Office Department, the Interior Department, and the Department of Commerce and Labor, appointments to which now require the confirmation of the Senate, and that upon such classification the advice and consent of the Senate shall cease to be required in such appointments. By their certainty of tenure, dependent on good service, and by their freedom from the necessity for political activity, these local officers would be induced to become more efficient public servants.

The civil service law is an attempt to solve the problem of the proper selection of those who enter the service. A better system under that law for promotions ought to be devised, but, given the selected employee, there remains still the question of promoting his efficiency and his usefulness to the Government, and that can be brought about only by a careful comparison of unit work done by the individual and a pointing out of the necessity for improvement in this regard where improvement is possible.

INQUIRY INTO ECONOMY AND EFFICIENCY.

The increase in the activities and in the annual expenditures of the Federal Government has been so rapid and so great that the time has come to check the expansion of government activities in new directions until we have tested the economy and efficiency with which the Government of to-day is being carried on. The responsibility rests upon the head of the Administration. He is held accountable by the public, and properly so. Despite the unselfish and patriotic efforts of the heads of departments and others charged with responsibility of government, there has grown up in this country a conviction that the expenses of government are too great. The fundamental reason for the existence undetected of waste, duplication, and bad management is the lack of prompt, accurate information. The president of a private corporation doing so vast a business as the Government transacts would, through competent specialists, maintain the closest scrutiny on the comparative efficiency and the comparative costs in each division or department of the business. He would know precisely what the duties

and the activities of each bureau or division are in order to prevent overlapping. No adequate machinery at present exists for supplying the President of the United States with such information respecting the business for which he is responsible. For the first time in the history of the Government, Congress in the last session supplied this need and made an appropriation to enable the President to inquire into the economy and efficiency of the executive departments, and I am now assembling an organization for that purpose.

At the outset I find comparison between departments and bureaus impossible for the reason that in no two departments are the estimates and expenditures displayed and classified alike. The first step is to reduce all to a common standard for classification and judgment, and this work is now being done. When it is completed, the foundation will be laid for a businesslike national budget, and for such a just comparison of the economy and efficiency with which the several bureaus and divisions are conducted as will enable the President and the heads of Departments to detect waste, eliminate duplication, encourage the intelligent and effective civil servants whose efforts too often go unnoticed, and secure the public service at the lowest possible cost.

The Committees on Appropriations of Congress have diligently worked to reduce the expenses of government and have found their efforts often blocked by lack of accurate information containing a proper analysis of requirements and of actual and reasonable costs. The result of this inquiry should enable the Executive in his communications to Congress to give information to which Congress is entitled and which will enable it to promote economy.

My experience leads me to believe that while Government methods are much criticised, the bad results—if we do have bad results—are not due to a lack of zeal or willingness on the part of the civil servants. On the contrary, I believe that a fine spirit of willingness to work exists in the personnel, which, if properly encouraged, will produce results equal to those secured in the best managed private enterprises. In handling Government expenditure the aim is not profit—the aim is the maximum of public service at the minimum of cost. We wish to reduce the expenditures of the Government, and we wish to save money to enable the Government to go into some of the beneficial projects which we are debarred from taking up now because we ought not to increase our expenditures.

I have requested the head of each Department to appoint committees on economy and efficiency in order to secure full cooperation in the movement by the employees of the Government themselves.

At a later date I shall send to Congress a special message on this general subject.

I urge the continuance of the appropriation of \$100,000 requested for the fiscal year 1912.

CIVIL SERVICE RETIREMENT.

It is impossible to proceed far in such an investigation without perceiving the need of a suitable means of eliminating from the service the superannuated. This can be done in one of two ways, either by straight civil pension or by some form of contributory plan.

Careful study of experiments made by foreign governments shows that three serious objections to the civil pension payable out of the public treasury may be brought against it by the taxpayer, the administrative officer, and the civil employee, respectively. A civil pension is bound to become an enormous, continuous, and increasing tax on the public exchequer; it is demoralizing to the service since it makes difficult the dismissal of incompetent employees after they have partly earned their pension; and it is disadvantageous to the main body of employees themselves since it is always taken into account in fixing salaries and only the few who survive and remain in the service until pensionable age receive the value of their deferred pay. For this reason, after a half century of experience under a most liberal pension system, the civil servants of England succeeded, about a year ago, in having the system so modified as to make it virtually a contributory plan with provision for refund of their theoretical contributions.

The experience of England and other countries shows that neither can a contributory plan be successful, human nature being what it is, which does not make provision for the return of contributions, with interest, in case of death or resignation before pensionable age. Followed to its logical conclusion this means that the simplest and most independent solution of the problem for both employee and the Government is a compulsory savings arrangement, the employee to set aside from his salary a sum sufficient, with the help of a liberal rate of interest from the Government, to purchase an adequate annuity for him on retirement, this accumulation to be inalienably his and claimable if he leaves the service before reaching the retirement age or by his heirs in case of his death. This is the principle upon which the Gillett bill now pending is drawn.

The Gillett bill, however, goes further and provides that the Government shall contribute to the pension fund of those employees who are now so advanced in age that their personal contributions will not be sufficient to create their annuities before reaching the retirement age. In my judgment this provision should be amended so that the annuities of those employees shall be paid out of the

salaries appropriated for the positions vacated by retirement, and that the difference between the annuities thus granted and the salaries may be used for the employment of efficient clerks at the lower grades. If the bill can be thus amended I recommend its passage, as it will initiate a valuable system and ultimately result in a great saving in the public expenditures.

INTERSTATE COMMERCE COMMISSION.

There has not been time to test the benefit and utility of the amendments to the interstate commerce law contained in the act approved June 18, 1910. The law as enacted did not contain all the features which I recommended. It did not specifically denounce as unlawful the purchase by one of two parallel and competing roads of the stock of the other. Nor did it subject to the restraining influence of the Interstate Commerce Commission the power of corporations engaged in operating interstate railroads to issue new stock and bonds; nor did it authorize the making of temporary agreements between railroads, limited to thirty days, fixing the same rates for traffic between the same places.

I do not press the consideration of any of these objects upon Congress at this session. The object of the first provision is probably generally covered by the antitrust law. The second provision was in the act referred to the consideration of a commission to be appointed by the Executive and to report upon the matter to Congress. That commission has been appointed, and is engaged in the investigation and consideration of the question submitted under the law. It consists of President Arthur T. Hadley, of Yale University, as chairman; Frederick Strauss, Frederick N. Judson, Walter L. Fisher, and Prof. B. H. Meyer, with William E. S. Griswold as secretary.

The third proposal led to so much misconstruction of its object, as being that of weakening the effectiveness of the antitrust law, that I am not disposed to press it for further consideration. It was intended to permit railroad companies to avoid useless rate cutting by a mere temporary acquiescence in the same rates for the same service over competing railroads, with no obligation whatever to maintain those rates for any time.

SAFETY APPLIANCES AND PROVISIONS.

The protection of railroad employees from personal injury is a subject of the highest importance and demands continuing attention. There have been two measures pending in Congress, one for the supervision of boilers and the other for the enlargement of dangerous clearances. Certainly some measures ought to be adopted looking

to a prevention of accidents from these causes. It seems to me that with respect to boilers a bill might well be drawn requiring and enforcing by penalty a proper system of inspection by the railway companies themselves which would accomplish our purpose. The entire removal of outside clearances would be attended by such enormous expense that some other remedy must be adopted. By act of May 6, 1910, the Interstate Commerce Commission is authorized and directed to investigate accidents, to report their causes and its recommendations. I suggest that the Commission be requested to make a special report as to injuries from outside clearances and the best method of reducing them.

VALUATION OF RAILROADS.

The Interstate Commerce Commission has recommended appropriations for the purpose of enabling it to enter upon a valuation of all railroads. This has always been within the jurisdiction of the Commission, but the requisite funds have been wanting. Statistics of the value of each railroad would be valuable for many purposes, especially if we ultimately enact any limitations upon the power of the interstate railroads to issue stocks and bonds, as I hope we may. I think, therefore, that in order to permit a correct understanding of the facts, it would be wise to make a reasonable appropriation to enable the Interstate Commerce Commission to proceed with due dispatch to the valuation of all railroads. I have no doubt that railroad companies themselves can and will greatly facilitate this valuation and make it much less costly in time and money than has been supposed.

FRAUDULENT BILLS OF LADING.

Forged and fraudulent bills of lading purporting to be issued against cotton, some months since, resulted in losses of several millions of dollars to American and foreign banking and cotton interests. Foreign bankers then notified American bankers that, after October 31, 1910, they would not accept bills of exchange drawn against bills of lading for cotton issued by American railroad companies, unless American bankers would guarantee the integrity of the bills of lading. The American bankers rightly maintained that they were not justified in giving such guaranties, and that, if they did so, the United States would be the only country in the world whose bills were so discredited, and whose foreign trade was carried on under such guaranties.

The foreign bankers extended the time at which these guaranties were demanded until December 31, 1910, relying upon us for protection in the meantime, as the money which they furnish to move our cotton crop is of great value to this country.

For the protection of our own people and the preservation of our credit in foreign trade, I urge upon Congress the immediate enactment of a law under which one who, in good faith, advances money or credit upon a bill of lading issued by a common carrier upon an interstate or foreign shipment can hold the carrier liable for the value of the goods described in the bill at the valuation specified in the bill, at least to the extent of the advances made in reliance upon it. Such liability exists under the laws of many of the States. I see no objection to permitting two classes of bills of lading to be issued: (1) Those under which a carrier shall be absolutely liable, as above suggested, and (2) those with respect to which the carrier shall assume no liability except for the goods actually delivered to the agent issuing the bill. The carrier might be permitted to make a small separate specific charge in addition to the rate of transportation for such guaranteed bill, as an insurance premium against loss from the added risk, thus removing the principal objection which I understand is made by the railroad companies to the imposition of the liability suggested, viz, that the ordinary transportation rate would not compensate them for the liability assumed by the absolute guaranty of the accuracy of the bills of lading.

I further recommend that a punishment of fine and imprisonment be imposed upon railroad agents and shippers for fraud or misrepresentation in connection with the issue of bills of lading issued upon interstate and foreign shipments.

GENERAL CONCLUSION AS TO INTERSTATE COMMERCE AND ANTITRUST LAW.

Except as above, I do not recommend any amendment to the interstate-commerce law as it stands. I do not now recommend any amendment to the anti-trust law. In other words, it seems to me that the existing legislation with reference to the regulation of corporations and the restraint of their business has reached a point where we can stop for a while and witness the effect of the vigorous execution of the laws on the statute books in restraining the abuses which certainly did exist and which roused the public to demand reform. If this test develops a need for further legislation, well and good, but until then let us execute what we have. Due to the reform movements of the present decade, there has undoubtedly been a great improvement in business methods and standards. The great body of business men of this country, those who are responsible for its commercial development, now have an earnest desire to obey the law and to square their conduct of business to its requirements and limitations. These will doubtless be made clearer by the decisions of the Supreme Court in cases pending before it. It is in the interest

of all the people of the country that for the time being the activities of government, in addition to enforcing earnestly and impartially the existing laws, should be directed to economy of administration, to the enlargement of opportunities for foreign trade, to the conservation and improvement of our agricultural lands and our other natural resources, to the building up of home industries, and to the strengthening of confidence of capital in domestic investment.

WM. H. TAFT.

THE WHITE HOUSE,
December 6, 1910.

CUBA.

JURISDICTION OVER AMERICAN CITIZENS IN THE ISLE OF PINES.

Minister Jackson to the Secretary of State.

No. 40.]

AMERICAN LEGATION,
Habana, April 13, 1910.

SIR: Without any intention to raise a mooted question I have the honor to request instructions for my guidance in regard to the American citizens residing in the Isle of Pines. I should like to know if the department considers that the position of Americans settled in that island differs from that of other Americans settled elsewhere in the Republic of Cuba, and if they are to be held as entitled to any special rights and privileges.

I have, etc.,

JOHN B. JACKSON.

The Acting Secretary of State to Minister Jackson.

No. 33.]

DEPARTMENT OF STATE,
Washington, May 3, 1910.

SIR: I acknowledge the receipt of your dispatch, No. 40, of the 13th ultimo, requesting instruction as to the status of Americans residing in the Isle of Pines, in which you inquire whether their position differs from that of other Americans in Cuba.

The treaty recognizing Cuban jurisdiction over the Isle of Pines is still pending before the Senate of the United States.

In the meantime American citizens have the same right of peaceful residence in the Isle of Pines as they have in Cuba, and are just as much bound to render obedience to the laws of Cuba while residing in the Isle of Pines as they would be if residing in Cuba itself.

In this connection it may be said that the Supreme Court of the United States has said that:

It may be conceded that the action of both the political departments has not been sufficiently definite to furnish a conclusive interpretation of the treaty of peace as an original question, and as yet no agreement has been reached under the Platt amendment. The Isle of Pines continues at least de facto under the jurisdiction of the Government of the Republic of Cuba, and that settles the question before us, because as the United States have never taken possession of the Isle of Pines as having been ceded by the treaty of peace, and as it has been and is being governed by the Republic of Cuba, it has remained "foreign country" within the meaning of the Dingley Act, according to the ruling in *De Lima v. Bidwell*, 182 U. S., 1, and cases cited; *United States v. Rice*, 4 Wheat., 246. There has been no change of nationality for revenue purposes, but, on the contrary, the Cuban Government has been recognized as rightfully exercising sovereignty over the Isle of Pines as a de facto government until otherwise provided. It must be treated as foreign, for this Government has never taken, nor aimed to take, that possession in fact and in law which is essential to render it domestic. (*Pearcy v. Stranahan*, 205 U. S., 257, 272.)

I am, sir, etc.,

HUNTINGTON WILSON.

**ATTITUDE OF THE UNITED STATES CONCERNING POLITICAL
DISTURBANCES IN CUBA.**

File No. 16169/24.

The Secretary of State to Minister Jackson.

No. 68.]

DEPARTMENT OF STATE,
Washington, June 21, 1910.

SIR: Reports having reached the department that there are circulating in Habana certain vague rumors regarding possible contemplated political disturbances, with the suggestion that such disturbances might not be viewed with disfavor by this Government, you will informally bring to the attention of the appropriate Cuban authorities the following statement:

It need scarcely be said that the Government of the United States has no disposition unnecessarily to take part in, or to express itself concerning, questions relating to the internal politics of Cuba, and that it would view with profound regret and disfavor any political agitation or activity involving violence and bloodshed by whomsoever undertaken, looking to the creation of any situation in Cuba which would again render necessary the occupation of that island by this Government in order to maintain a government adequate for the protection of life, property, and individual liberty and for discharging the obligations with respect to Cuba imposed by the treaty of Paris on the United States and now assumed and undertaken also by the Government of Cuba. You should upon all appropriate occasions let it be known that this is the real wish and feeling of the Government of the United States, which can not but consider that any person or party undertaking to bring about such an untoward condition of affairs is inimical not only to the Government of Cuba but likewise to the Government of the United States; and that the disposition of the United States would be to assist, in so far as treaty stipulations and the rules of international law require or permit, the constitutional Government of Cuba in those proper and constitutional measures which it might find necessary to undertake to maintain peace, law, and order in that Republic.

As having a possible general bearing upon this question as well as upon the question of the attitude of the American Government upon all matters relating to Cuba, the department repeats to you its instruction of April 5, 1910,¹ in which, commenting upon the allegation of certain Americans that their negotiations were hampered by the action of other private American citizens who professed to Cuban officials some sort of unofficial authority to speak the real views of this department, you were informed that this department could not believe there was any actual foundation for such apprehensions since it would be immediately perceived by the Cuban authorities that the Government of the United States could and would speak through its duly accredited representatives only, who alone are and could be authorized to represent and speak for it in any capacity whatsoever; and that the placing of dependence upon information received through other sources would surely lead to misunderstanding and difficulties. In order, however, that the matter may be entirely clear, the depart-

¹ Not printed.

ment again repeats that whatever the Government of the United States has to say upon any and all matters, it will say through its duly accredited representatives and that if any American should at any time, without the permission or authority of this Government, directly or indirectly commence or carry on any verbal or written correspondence or inquiries with the Government of Cuba or with any officer or agent thereof with an intent to influence measures or conduct of the Government of Cuba or of any officer or agent thereof in relation to any disputes or controversies with the United States upon and regarding any subject whatsoever, you will immediately call such citizen's attention to section 5335 of the Revised Statutes, and will state that the Government of the United States will, if such a person should persist in his course, invoke the provisions of such statute for the protection of this Government.

I am, etc.,

P. C. KNOX.

RAISING OF THE WRECK OF THE U. S. S. MAINE.

File No. 811.304M28/21.

The Secretary of State to Minister Jackson.

No. 50.]

DEPARTMENT OF STATE,
Washington, May 23, 1910.

SIR: I inclose herewith a copy of a letter from the Secretary of War, stating that the President has approved the act of Congress which provides for the raising of the wreck of the U. S. S. *Maine*, a copy of which I also inclose, and asking that the consent of the Cuban Government be obtained.

You are requested to familiarize yourself with the correspondence on the subject in the files of the legation, and to avail yourself of an early opportunity to address to the Cuban Government a note asking its consent to the raising of the wreck.

I am,

P. C. KNOX.

[Inclosure.]

The Secretary of War to the Secretary of State.

WAR DEPARTMENT,
Washington, May 10, 1910.

SIR: I am advised that the President has approved H. R. 23012, Sixty-first Congress, second session, a bill which provides for the raising of the U. S. battleship *Maine*, in Habana Harbor, and the interment of the bodies therein, subject to certain conditions, one of which provides "that the consent in proper form of the Republic of Cuba shall be first obtained."

In pursuance of the foregoing, I have the honor to request that proper presentation be made to the Republic of Cuba, with a view to obtaining the required consent.

The Secretary of War and the Chief of Engineers, United States Army, are charged with the duty of carrying out the provisions of the act.

A copy of the bill as reported to the Senate is inclosed herewith.

Very respectfully,

J. M. DICKINSON.

[Subinclosure.]

Raising of battleship Maine.

[Public, 169—61st Cong.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of War and the Chief of Engineers are hereby authorized and directed to provide with all convenient speed for the raising or the removal of the wreck of the United States battleship *Maine* from the harbor of Habana, Cuba, and for the proper interment of the bodies therein in Arlington Cemetery; and the Secretary of War is authorized and directed to remove the mast of the wreck of said battleship *Maine* and place the same upon a proper foundation in Arlington National Cemetery at or near the spot where the bodies of those who died through such wreck are interred: *Provided, however*, That the consent in proper form of the Republic of Cuba shall be first obtained. The sum of one hundred thousand dollars is hereby appropriated, out of any money in the Treasury not otherwise appropriated, on account of the work herein authorized.

Approved, May 9, 1910.

File No. 811.304M28/23.

Minister Jackson to the Secretary of State.

No. 127.]

AMERICAN LEGATION,
Habana, June 1, 1910.

SIR: I have the honor to report that on the receipt, on the 28th instant, of your instruction No. 50, of May 23, I addressed a note to the Cuban department of state, setting forth the action of Congress in regard to the wreck of the U. S. S. *Maine*, and requesting the consent of the Cuban Government to its raising.

To-day I am in receipt of a reply from the foreign office, dated May 31, in which Secretary Sanguily states that he is charged by the President of the Republic to inform me that the Cuban Government has no difficulty in complying with the request contained in my note; but, on the contrary, it will have the greatest pleasure in granting all possible facilities toward the execution of the purpose of the American Congress.

I have, etc.,

JOHN B. JACKSON.

File No. 811.304M28/30.

Minister Jackson to the Secretary of State.

[Extract.]

No. 330.]

AMERICAN LEGATION,
Habana, September 9, 1910.

SIR: Referring to previous correspondence in regard to raising the *Maine*, I have the honor to report that Col. William M. Black, Corps of Engineers, United States Army, arrived in Habana on the 7th instant and called at the legation the same morning, and that in the afternoon Col. Black and I called on Mr. Sanguily, the Cuban secretary of state, and at the Department of Public Works. This morning I presented the colonel to President Gomez at an audience granted for the purpose. Everywhere Col. Black was most cordially received,

and the assurance was repeated to him which had been given me last June (dispatch No. 127), that the Cuban Government was prepared to do everything possible to facilitate the work in contemplation. Col. Black will return to Washington in a few days and will report in person to the appropriate authorities in regard to details. Capt. H. B. Ferguson, Corps of Engineers, who arrived in Habana this morning and who was also presented to the President, and Assistant Engineer A. C. Harper expect to remain here for the present.

There is a general feeling of satisfaction that the work is actually about to begin.

I have, etc.,

JOHN B. JACKSON.

File No. 811.304M23/45.

The President of Cuba to President Taft.

[Translation.]

REPUBLIC OF CUBA, EXECUTIVE MANSION,
Habana, December 6, 1910.

MY DEAR MR. PRESIDENT: On the eve of the raising of the remains of the *Maine*, whose sad fate is so closely connected with the history of the independence of Cuba, I desire, voicing the general sentiment of the Cuban people, to ask the American people to let us have some part of the ship with which to erect a plain and shining monument that will forever recall the union of love between the great Republic of the United States and the Republic of Cuba.

Renewing to you, etc.,

JOSE M. GOMEZ.

File No. 811.304M23/45.

President Taft to the President of Cuba.

THE WHITE HOUSE,
Washington, December 23, 1910.

YOUR EXCELLENCY: I have the honor to acknowledge the receipt of your kind letter of December 6, in which you suggest that it would meet the general sentiment of the Cuban people if some part of the United States war vessel *Maine*, which sunk in the harbor of Habana, be given to the Cuban Government for the purpose of enabling that Government to make it a part of a monument commemorative of the historic friendship and bond of affection between the two peoples.

I can say to you in this unofficial and personal way that if I have the authority to make the order, as I think I have, I shall be glad to do so as soon as occasion calls for action. I have notified the Secretary of War to bring the matter to the attention of the Army engineers in charge, and shall ask the Secretary of State, when the matter is ready for formal direction, to bring it to your attention through diplomatic channels.

With assurances, etc.,

W. H. TAFT.