

PRESIDENT'S MESSAGE.

Washington, Dec. 7.—The president's message has been transmitted to congress. Its principal features are as follows:

The country is to be congratulated on the amount of substantial achievement which has marked the past year both as regards our foreign and as regards our domestic policy.

With a nation as with a man the most important things are those of the household, and therefore the country is especially to be congratulated on what has been accomplished in the direction of providing for the exercise of supervision over the great corporations and combinations of corporations engaged in interstate commerce. The congress has created the department of commerce and labor, including the bureau of corporations, with for the first time authority to secure proper publicity of such proceedings of these great corporations as the public has the right to know. It has provided for the expediting of suits for the enforcement of the federal antitrust law, and by another law it has secured equal treatment to all producers in the transportation of their goods, thus taking a long stride forward in making effective the work of the interstate commerce commission.

The preliminary work of the bureau of corporations in the department of labor has shown the wisdom of its creation. Publicity in corporate affairs will tend to do away with ignorance and will afford facts upon which intelligent action may be taken. Systematic, intelligent investigation is already developing facts the knowledge of which is essential to a right understanding of the needs and duties of the business world. The corporation which is honestly and fairly organized, whose managers in the conduct of its business recognize their obligation to deal squarely with their stockholders, their competitors and the public, has nothing to fear from such supervision. The purpose of this bureau is not to embarrass or assail legitimate business, but to aid in bringing about a better industrial condition—a condition under which there shall be obedience to law and recognition of public obligation by all corporations, great or small. The department of commerce and labor will be not only the clearing house for information regarding the business transactions of the nation, but the executive arm of the government to aid in strengthening our domestic and foreign markets, in perfecting our transportation facilities, in building up our merchant marine, in preventing the entrance of undesirable immigrants, in improving commercial and industrial conditions and in bringing together on common ground those necessary partners in industrial progress—capital and labor.

Capital and Labor.

The consistent policy of the national government, so far as it has the power, is to hold in check the unscrupulous man, whether employer or employee, but to refuse to weaken individual initiative or to hamper or cramp the industrial development of the country. We recognize that this is an era of federation and combination, in which great capitalistic corporations and labor unions have become factors of tremendous importance in all industrial centers. Hearty recognition is given the far-reaching, beneficent work which has been accomplished through both corporations and unions, and the line as between different corporations, as between different unions, is drawn as it is between different individuals—that is, it is drawn on conduct, the effort being to treat both organized capital and organized labor alike, asking nothing save that the interest of each shall be brought into harmony with the interest of the general public and that the conduct of each shall conform to the fundamental rules of obedience to law, of individual freedom and of justice and fair dealing toward all. Whenever either corporation, labor union or individual disregards the law or acts in a spirit of arbitrary and tyrannical interference with the rights of others, whether corporations or individuals, then where the federal government has jurisdiction it will see to it that the misconduct is stopped, paying not the slightest heed to the position or power of the corporation, the union or the individual, but only to one vital fact—that is, the question whether or not the conduct of the individual or aggregate of individuals is in accordance with the law of the land. Every man must be guaranteed his liberty and his right to do as he likes with his property or his labor so long as he does not infringe the rights of others.

Government Receipts and Expenditures.

From all sources, exclusive of the postal service, the receipts of the government for the last fiscal year aggregated \$590,398,674. The expenditures for the same period were \$506,099,007, the surplus for the fiscal year being \$84,297,667. The indications are that the surplus for the present fiscal year will be very small, if indeed there be any surplus. From July to November the receipts from customs were, approximately, \$9,000,000 less than the receipts from the same source for a corresponding portion last year. Should this decrease continue at the same ratio throughout the fiscal year the surplus would be reduced by, approximately, \$30,000,000. Should the revenue from customs suffer much further decrease during the fiscal year the surplus would vanish. A large surplus is certainly undesirable. Two years ago the war taxes were taken off with the express intention of equalizing the governmental receipts and expenditures, and, though the first year thereafter still showed a

surplus, it now seems likely that a substantial equality of revenue and expenditure will be attained. Such being the case, it is of great moment both to exercise care and economy in appropriations and to scan sharply any change in our fiscal revenue system which may reduce our income. The need of strict economy in our expenditures is emphasized by the fact that we cannot afford to be parsimonious in providing for what is essential to our national well being.

Needs of Financial Situation.

The integrity of our currency is beyond question, and under present conditions it would be unwise and unnecessary to attempt a reconstruction of our entire monetary system. The same liberty should be granted the secretary of the treasury to deposit customs receipts as is granted him in the deposit of receipts from other sources. In my message of Dec. 2, 1902, I called attention to certain needs of the financial situation, and I again ask for consideration of the congress for these questions.

[The president commends the work of the international monetary conference and advises its continuance.]

A majority of our people desire that steps be taken in the interests of American shipping, so that we may once more resume our former position in the ocean carrying trade. But hitherto the differences of opinion as to the proper method of reaching this end have been so wide that it has proved impossible to secure the adoption of any particular scheme. Having in view these facts, I recommend that the congress direct the secretary of the navy, the postmaster general and the secretary of commerce and labor, associated with such a representation from the senate and house of representatives as the congress in its wisdom may designate, to serve as a commission for the purpose of investigating and reporting to the congress at its next session what legislation is desirable or necessary for the development of the American merchant marine and American commerce and incidentally of a national ocean mail service of adequate auxiliary naval cruisers and naval reserves. While such a measure is desirable in any event, it is especially desirable at this time, in view of the fact that our present governmental contract for ocean mail with the American line will expire in 1905. The establishment of new lines of cargo ships to South America, to Asia and elsewhere would be much in the interest of our commercial expansion.

Immigration.

We cannot have too much immigration of the right kind, and we should have none at all of the wrong kind. The need is to devise some system by which undesirable immigrants shall be kept out entirely, while desirable immigrants are properly distributed throughout the country. At present some districts which need immigrants have none, and in others, where the population is already congested, immigrants come in such numbers as to depress the conditions of life for those already there. During the last two years the immigration service at New York has been greatly improved and the corruption and inefficiency which formerly obtained there have been eradicated. This service has just been investigated by a committee of New York citizens of high standing, Messrs. Arthur v. Briesen, Lee K. Frankel, Eugene v. Philbin, Thomas W. Hynes and Ralph Trautman. Their report deals with the whole situation at length and concludes with certain recommendations for administrative and legislative action. It is now receiving the attention of the secretary of commerce and labor.

Naturalization Frauds.

The special investigation of the subject of naturalization under the direction of the attorney general and the consequent prosecutions reveal a condition of affairs calling for the immediate attention of the congress. Forgeries and perjuries of shameless and flagrant character have been perpetrated not only in the dense centers of population, but throughout the country, and it is established beyond doubt that very many so called citizens of the United States have no title whatever to that right and are asserting and enjoying the benefits of the same through the grossest frauds. It is never to be forgotten that citizenship is, to quote the words recently used by the supreme court of the United States, an "inestimable heritage," whether it proceeds from birth within the country or is obtained by naturalization, and we poison the sources of our national character and strength at the fountain if the privilege is claimed and exercised without right and by means of fraud and corruption.

The federal grand jury lately in session in New York city dealt with this subject and made a presentment which states the situation briefly and forcibly and contains important suggestions for the consideration of the congress. This presentment is included as an appendix to the report of the attorney general.

Public Land and Postal Frauds.

In my last annual message, in connection with the subject of the due regulation of combinations of capital which are or may become injurious to the public, I recommended a special appropriation for the better enforcement of the antitrust law as it now stands, to be expended under the direction of the attorney general. Accordingly (by the legislative, executive and judicial appropriation act of Feb. 25, 1903, 32 Stat., 854, 904), the congress appropriated for the purpose of enforcing the various federal trust and interstate commerce laws the sum of \$500,000, to be expended under the direction of the attorney general in the employment of special counsel and agents in the department of justice to conduct proceedings and prosecutions under said laws in the courts of the United States. I now recommend, as a matter of the ut-

most importance and urgency, the extension of the purposes of this appropriation, so that it may be available, under the direction of the attorney general and until used, for the due enforcement of the laws of the United States in general and especially of the civil and criminal laws relating to public lands and the laws relating to postal crimes and offenses and the subject of naturalization. Recent investigations have shown a deplorable state of affairs in these three matters of vital concern. By various frauds and by forgeries and perjuries thousands of acres of the public domain, embracing lands of different character and extending through various sections of the country, have been dishonestly acquired. It is hardly necessary to urge the importance of recovering these dishonest acquisitions, stolen from the people, and of promptly and duly punishing the offenders.

Through frauds, forgeries and perjuries and by shameless bribes the laws relating to the proper conduct of the public service in general and to the due administration of the postoffice department have been notoriously violated, and many indictments have been found, and the consequent prosecutions are in course of hearing or on the eve thereof. For the reasons thus indicated and so that the government may be prepared to enforce promptly and with the greatest effect the due penalties for such violations of law, and to this end may be furnished with sufficient instrumentalities and competent legal assistance for the investigations and trials which will be necessary at many different points of the country, I urge upon the congress the necessity of making the said appropriation available for immediate use for all such purposes, to be expended under the direction of the attorney general.

Need For Treaties Making Bribery Extraditable.

Steps have been taken by the state department looking to the making of bribery an extraditable offense with foreign powers. The need of more effective treaties covering this crime is manifest. The exposures and prosecutions of official corruption in St. Louis, Mo., and other cities and states have resulted in a number of givers and takers of bribes becoming fugitives in foreign lands. Bribery has not been included in extradition treaties heretofore, as the necessity for it has not arisen. While there may have been as much official corruption in former years, there has been more developed and brought to light in the immediate past than in the preceding century of our country's history. It should be the policy of the United States to leave no place on earth where a corrupt man fleeing from this country can rest in peace.

Alaskan Boundary.

After unavailing attempts to reach an understanding on the Alaskan boundary question through a joint high commission, followed by prolonged negotiations, conducted in an amicable spirit, a convention between the United States and Great Britain was signed Jan. 24, 1903, providing for an examination of the subject by a mixed tribunal of six members, three on a side, with a view to its final disposition. Ratifications were exchanged on March 3 last, whereupon the two governments appointed their respective members. Those on behalf of the United States were Elihu Root, secretary of war; Henry Cabot Lodge, a senator of the United States, and George Turner, an ex-senator of the United States, while Great Britain named the Right Hon. Lord Alverstone, lord chief justice of England; Sir Louis Amable Jette, K. C. M. G., retired judge of the supreme court of Quebec, and A. B. Aylesworth, K. C., of Toronto. This tribunal met in London on Sept. 3 under the presidency of Lord Alverstone. On the 20th of October a majority of the tribunal reached and signed an agreement on all the questions submitted by the terms of the convention. By this award the right of the United States to the control of a continuous strip of border of the mainland shore, skirting all the tide-water inlets and sinuosities of the coast, is confirmed; the entrance to Portland canal, concerning which legitimate doubt appeared, is defined as passing by Tongass inlet and to the northward of Wales and Pearce islands; a line is drawn from the head of Portland canal to the fifty-sixth degree of north latitude, and the interior border line of the strip is fixed by lines connecting certain mountain summits lying between Portland canal and Mount St. Elias and running along the crest of the divide separating the coast slope from the inland watershed at the only part of the frontier where the drainage ridge approaches the coast within the distance of ten marine leagues, stipulated by the treaty as the extreme width of the strip around the heads of Lynn canal and its branches.

While the line so traced follows the provisional demarcation of 1873 at the crossing of the Stikine river and that of 1899 at the summits of the White and Chilkoot passes, it runs much farther inland from the Klehini than the temporary line of the later *modus vivendi* and leaves the entire mining district of the Porcupine river and Glacier creek within the jurisdiction of the United States.

[The president here recapitulates the details of the imbroglio between European powers and Venezuela and the reference of certain points of the controversy to The Hague tribunal through the influence of the United States. This he calls a victory for American diplomacy and a triumph for international arbitration. He advocates an extension of international law to exempt all private property at sea from capture or destruction by forces of belligerent powers.]

International Arbitration.

Last year the Interparliamentary union for international arbitration met at Vienna, 600 members of the differ-

ent legislatures of civilized countries attending. It was provided that the next meeting should be in 1904 at St. Louis, subject to our congress extending an invitation. Like The Hague tribunal, this interparliamentary union is one of the forces tending toward peace among the nations of the earth, and it is entitled to our support. I trust the invitation can be extended.

Early in July, having received intelligence, which happily turned out to be erroneous, of the assassination of our vice consul at Beirut, I dispatched a small squadron to that port for such service as might be found necessary on arrival. Although the attempt on the life of our vice consul had not been successful, yet the outrage was symptomatic of a state of excitement and disorder which demanded immediate attention. The arrival of the vessels had the happiest result. A feeling of security at once took the place of the former alarm and disquiet. Our officers were cordially welcomed by the consular body and the leading merchants, and ordinary business resumed its activity. The government of the sultan gave a considerate hearing to the representations of our minister; the official who was regarded as responsible for the disturbed condition of affairs was removed. Our relations with the Turkish government remain friendly. Our claims founded on inequitable treatment of some of our schools and missions appear to be in process of amicable adjustment.

Relations With China.

The signing of a new commercial treaty with China, which took place at Shanghai on the 5th of October, is a cause for satisfaction. This act, the result of long discussion and negotiation, places our commercial relations with the great oriental empire on a more satisfactory footing than they have ever heretofore enjoyed. It provides not only for the ordinary rights and privileges of diplomatic and consular officers, but also for an important extension of our commerce by increased facility of access to Chinese ports and for the relief of trade by the removal of some of the obstacles which have embarrassed it in the past.

I trust that the congress will continue to favor in all proper ways the Louisiana Purchase exposition. This exposition commemorates the Louisiana purchase, which was the first great step in the expansion which made us a continental nation. The expedition of Lewis and Clark across the continent followed thereon and marked the beginning of the process of exploration and colonization which thrust our national boundaries to the Pacific.

The acquisition of the Oregon country, including the present states of Oregon and Washington, was a fact of immense importance in our history, first giving us our place on the Pacific seaboard and making ready the way for our ascendancy in the commerce of the greatest of the oceans. The centennial of our establishment upon the western coast by the expedition of Lewis and Clark is to be celebrated at Portland, Ore., by an exposition in the summer of 1905, and this event should receive recognition and support from the national government.

Development of Alaska.

I call your special attention to the territory of Alaska. The country is developing rapidly, and it has an assured future. The mineral wealth is great and has as yet hardly been tapped. The fisheries, if wisely handled and kept under national control, will be a business as permanent as any other and of the utmost importance to the people. The forests, if properly guarded, will form another great source of wealth. Portions of Alaska are fitted for farming and stock raising, although the methods must be adapted to the peculiar conditions of the country. Proper land laws should be enacted and the survey of the public lands immediately begun. Coal land laws should be provided whereby the coal land entryman may make his location and secure patent under methods kindred to those now prescribed for homestead and mineral entrymen. Salmon hatcheries, exclusively under government control, should be established. The cable should be extended from Sitka westward. Wagon roads and trails should be built and the building of railroads promoted in all legitimate ways. Lighthouses should be built along the coast. Attention should be paid to the needs of the Alaska Indians. Provision should be made for an officer, with deputies, to study their needs, relieve their immediate wants and help them adapt themselves to the new conditions.

I recommend that an appropriation be made for building lighthouses in Hawaii and taking possession of those already built. The territory should be reimbursed for whatever amounts it has already expended for lighthouses. The governor should be empowered to suspend or remove any official appointed by him, without submitting the matter to the legislature.

The Philippines and Porto Rico.

Of our insular possessions, the Philippines and Porto Rico, it is gratifying to say that their steady progress has been such as to make it unnecessary to spend much time in discussing them. Yet the congress should ever keep in mind that a peculiar obligation rests upon us to further in every way the welfare of these communities. The Philippines should be knit closer to us by tariff arrangements. It would, of course, be impossible suddenly to raise the people of the islands to the high pitch of industrial prosperity and of governmental efficiency to which they will in the end by degrees attain, and the caution and moderation shown in developing them have been among the main reasons why this development has hitherto gone on so smoothly. Scrupulous care has been taken in the choice of governmental agents and the entire elimination of partisan politics from the public service. The condition

of the islanders is in material things far better than ever before, while their governmental, intellectual and moral advance has kept pace with their material advance. No one people ever benefited another people more than we have benefited the Filipinos by taking possession of the islands.

Preservation of Forests.

The work of reclamation of the arid lands of the west is progressing steadily and satisfactorily under the terms of the law setting aside the proceeds from the disposal of public lands.

The study of the opportunities of reclamation of the vast extent of arid land shows that whether this reclamation is done by individuals, corporations or the state, the sources of water supply must be effectively protected and the reservoirs guarded by the preservation of the forests at the headwaters of the streams. The necessity for perpetuating our forest resources, whether in public or private hands, is recognized now as never before. It is recommended that all matters pertaining to forest reserves, except those involving or pertaining to land titles, be consolidated in the bureau of forestry of the department of agriculture.

The cotton growing states have recently been invaded by a weevil that has done much damage and threatens the entire cotton industry. I suggest to the congress the prompt enactment of such remedial legislation as its judgment may approve.

No other class of our citizens deserves so well of the nation as those to whom the nation owes its very being, the veterans of the civil war. Special attention is asked to the excellent work of the pension bureau in expediting and disposing of pension claims. During the fiscal year ending July 1, 1903, the bureau settled 251,982 claims, an average of 825 claims for each working day of the year. The number of settlements since July 1, 1903, has been in excess of last year's average, approaching 1,000 claims for each working day, and it is believed that the work of the bureau will be current at the close of the present fiscal year.

Extension of Civil Service Rules.

During the year ended June 30 last 25,563 persons were appointed through competitive examinations under the civil service rules. This was 12,672 more than during the preceding year and 40 per cent of those who passed the examinations. This abnormal growth was largely occasioned by the extension of classification to the rural free delivery service and the appointment last year of over 9,000 rural carriers. A revision of the civil service rules took effect on April 15 last, which has greatly improved their operation. The completion of the reform of the civil service is recognized by good citizens everywhere as a matter of the highest public importance, and the success of the merit system largely depends upon the effectiveness of the rules and the machinery provided for their enforcement. A very gratifying spirit of friendly co-operation exists in all the departments of the government in the enforcement and uniform observance of both the letter and spirit of the civil service act.

The Army and Navy.

The effect of the laws providing a general staff for the army and for the more effective use of the national guard has been excellent. Great improvement has been made in the efficiency of our army in recent years. Such schools as those erected at Fort Leavenworth and Fort Riley and the institution of fall maneuver work accomplish satisfactory results. The good effect of these maneuvers upon the national guard is marked, and ample appropriation should be made to enable the guardsmen of the several states to share in the benefit. The government should as soon as possible secure suitable permanent camp sites for military maneuvers in the various sections of the country.

I heartily congratulate the congress upon the steady progress in building up the American navy. We cannot afford a let-up in this great work. To stand still means to go back. There should be no cessation in adding to the effective units of the fighting strength of the fleet. Meanwhile the navy department and the officers of the navy are doing well their part by providing constant service at sea under conditions akin to those of actual warfare. Our officers and enlisted men are learning to handle the battleships, cruisers and torpedo boats with high efficiency in fleet and squadron formations, and the standard of marksmanship is being steadily raised. The best work ashore is indispensable, but the highest duty of a naval officer is to exercise command at sea. It is eminently desirable that a naval general staff should be established.

Isthmian Canal.

By the act of June 28, 1902, the congress authorized the president to enter into treaty with Colombia for the building of the canal across the isthmus of Panama, it being provided that in the event of failure to secure such treaty after the lapse of a reasonable time recourse should be had to building a canal through Nicaragua. It has not been necessary to consider this alternative, as I am enabled to lay before the senate a treaty providing for the building of the canal across the isthmus of Panama. This was the route which commended itself to the deliberate judgment of the congress, and we can now acquire by treaty the right to construct the canal over this route. The question now, therefore, is not by which route the isthmian canal shall be built, for that question has been definitely and irrevocably decided. The question is simply whether or not we shall have an isthmian canal.

When the congress directed that we should take the Panama route under treaty with Colombia the essence of the condition, of course, referred not to the government which controlled that route, but to the route itself; to the

territory across which the route lay, not to the name which for the moment the territory bore on the map. The purpose of the law was to authorize the president to make a treaty with the power in actual control of the isthmus of Panama. This purpose has been fulfilled.

For 400 years, ever since shortly after the discovery of this hemisphere, the canal across the isthmus has been planned. For two score years it has been worked at. When made it is to last for the ages. It is to alter the geography of a continent and the trade routes of the world. We have shown by every treaty we have negotiated or attempted to negotiate with the peoples in control of the isthmus and with foreign nations in reference thereto our consistent good faith in observing our obligations, on the one hand to the peoples of the isthmus and on the other hand to the civilized world, whose commercial rights we are safeguarding and guaranteeing by our action. We have done our duty to others in letter and in spirit, and we have shown the utmost forbearance in exacting our own rights.

Republic of Treaty by Colombia.

Last spring a treaty concluded between the representatives of the republic of Colombia and of our government was ratified by the senate. This treaty was entered into at the urgent solicitation of the people of Colombia and after a body of experts appointed by our government especially to go into the matter of the routes across the isthmus had pronounced unanimously in favor of the Panama route. In drawing up this treaty every concession was made to the people and to the government of Colombia. We were more than just in dealing with them. Our generosity was such as to make it a serious question whether we had not gone too far in their interest at the expense of our own, for in our scrupulous desire to pay all possible heed not merely to the real but even to the fancied rights of our weaker neighbor, who already owed so much to our protection and forbearance, we yielded in all possible ways to her desires in drawing up the treaty. Nevertheless the government of Colombia not merely repudiated the treaty, but repudiated it in such manner as to make it evident by the time the Colombian congress adjourned that not the slightest hope remained of ever getting a satisfactory treaty from them.

Revolution in Panama.

The people of Panama had long been discontented with the republic of Colombia, and they had been kept quiet only by the prospect of the conclusion of the canal treaty, which was to them a matter of vital concern. When it became evident that the treaty was hopelessly lost the people of Panama rose literally as one man. Not a shot was fired by a single man on the isthmus in the interest of the Colombian government. Not a life was lost in the accomplishment of the revolution. The Colombian troops stationed on the isthmus, who had long been unpaid, made common cause with the people of Panama, and with astonishing unanimity the new republic was started. The duty of the United States in the premises was clear. In strict accordance with the principles laid down by Secretaries Cass and Seward, the United States gave notice that it would permit the landing of no expeditionary force, the arrival of which would mean chaos and destruction along the line of the railroad and of the proposed canal and an interruption of transit as an inevitable consequence. The de facto government of Panama was recognized.

Under such circumstances the government of the United States would have been guilty of folly and weakness, amounting in their sum to a crime against the nation, had it acted otherwise than it did when the revolution of Nov. 3 last took place in Panama. This great enterprise of building the inter-oceanic canal cannot be held up to gratify the whims or out of respect to the governmental impotence or to the even more sinister and evil political peculiarities of people who, though they dwell afar off, yet, against the wish of the actual dwellers on the isthmus, assert an unreal supremacy over the territory. The possession of a territory fraught with such peculiar capacities as the isthmus in question carries with it obligations to mankind. The course of events has shown that this canal cannot be built by private enterprise or by any other nation than our own; therefore it must be built by the United States.

New Treaty With Panama.

Every effort has been made by the government of the United States to persuade Colombia to follow a course which was essentially not only to our interests and to the interests of the world, but to the interests of Colombia itself. These efforts have failed, and Colombia, by her persistence in repudiating the advances that have been made, has forced us for the sake of our own honor and of the interest and well being, not merely of our own people, but of the people of the isthmus of Panama and the people of the civilized countries of the world, to take decisive steps to bring to an end a condition of affairs which had become intolerable. The new republic of Panama immediately offered to negotiate a treaty with us. This treaty I herewith submit. By it our interests are better safeguarded than in the treaty with Colombia which was ratified by the senate at its last session. It is better in its terms than the treaties offered to us by the republics of Nicaragua and Costa Rica. At last the right to begin this great undertaking is made available. Panama has done her part. All that remains is for the American congress to do its part, and forthwith this republic will enter upon the execution of a project colossal in its size and of well nigh incalculable possibilities for the good of this country and the nations of mankind.