

# State of the Union Addresses of Calvin Coolidge

Calvin Coolidge

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by Calvin Coolidge  
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State of the Union Address  
Calvin Coolidge  
December 6, 1923

Since the close of the last Congress the Nation has lost President Harding. The world knew his kindness and his humanity, his greatness and his character. He has left his mark upon history. He has made justice more certain and peace more secure. The surpassing tribute paid to his memory as he was borne across the continent to rest at last at home revealed the place he held in the hearts of the American people. But this is not the occasion for extended reference to the man or his work. In this presence, among these who knew and loved him, that is unnecessary. But we who were associated with him could not resume together the functions of our office without pausing for a moment, and in his memory reconsecrating ourselves to the service of our country. He is gone. We remain. It is our duty, under the inspiration of his example, to take up the burdens which he was permitted to lay down, and to develop and support the wise principles of government which he represented.

## FOREIGN AFFAIRS

For us peace reigns everywhere. We desire to perpetuate it always by granting full justice to others and requiring of others full justice to ourselves.

Our country has one cardinal principle to maintain in its foreign policy. It is an American principle. It must be an American policy. We attend to our own affairs, conserve our own strength, and protect the interests of our own citizens; but we recognize thoroughly our obligation to help others, reserving to the decision of our own Judgment the time, the place, and the method. We realize the common bond of humanity. We know the inescapable law of service.

Our country has definitely refused to adopt and ratify the covenant of the League of Nations. We have not felt warranted in assuming the responsibilities which its members have assumed. I am not proposing any change in this policy; neither is the Senate. The incident, so far as we are concerned, is closed. The League exists as a foreign agency. We hope it will be helpful. But the United States sees no reason to limit its own freedom and independence of action by joining it. We shall do well to recognize this basic fact in all national affairs and govern ourselves accordingly.

## WORLD COURT

Our foreign policy has always been guided by two principles. The one is the avoidance of permanent political alliances which would sacrifice our proper

independence. The other is the peaceful settlement of controversies between nations. By example and by treaty we have advocated arbitration. For nearly 25 years we have been a member of The Hague Tribunal, and have long sought the creation of a permanent World Court of Justice. I am in full accord with both of these policies. I favor the establishment of such a court intended to include the whole world. That is, and has long been, an American policy.

Pending before the Senate is a proposal that this Government give its support to the Permanent Court of International Justice, which is a new and somewhat different plan. This is not a partisan question. It should not assume an artificial importance. The court is merely a convenient instrument of adjustment to which we could go, but to which we could not be brought. It should be discussed with entire candor, not by a political but by a judicial method, without pressure and without prejudice. Partisanship has no place in our foreign relations. As I wish to see a court established, and as the proposal presents the only practical plan on which many nations have ever agreed, though it may not meet every desire, I therefore commend it to the favorable consideration of the Senate, with the proposed reservations clearly indicating our refusal to adhere to the League of Nations.

## RUSSIA

Our diplomatic relations, lately so largely interrupted, are now being resumed, but Russia presents notable difficulties. We have every desire to see that great people, who are our traditional friends, restored to their position among the nations of the earth. We have relieved their pitiable destitution with an enormous charity. Our Government offers no objection to the carrying on of commerce by our citizens with the people of Russia. Our Government does not propose, however, to enter into relations with another regime which refuses to recognize the sanctity of international obligations. I do not propose to barter away for the privilege of trade any of the cherished rights of humanity. I do not propose to make merchandise of any American principles. These rights and principles must go wherever the sanctions of our Government go.

But while the favor of America is not for sale, I am willing to make very large concessions for the purpose of rescuing the people of Russia. Already encouraging evidences of returning to the ancient ways of society can be detected. But more are needed. Whenever there appears any disposition to compensate our citizens who were despoiled, and to recognize that debt contracted with our Government, not by the Czar, but by the newly formed Republic of Russia; whenever the active spirit of enmity to our institutions is abated; whenever there appear works mete for repentance; our country ought to be the first to go to the economic and moral rescue of Russia. We have every desire to help and no desire to injure. We hope the time is near at hand when we can act.

## DEBTS

The current debt and interest due from foreign Governments, exclusive of the British debt of \$4,600,000,000, is about \$7,200,000,000. I do not favor the cancellation of this debt, but I see no objection to adjusting it in accordance with the principle adopted for the British debt. Our country would not wish to assume the role of an oppressive creditor, but would maintain the principle that financial obligations between nations are likewise moral obligations which international faith and honor require should be discharged.

Our Government has a liquidated claim against Germany for the expense of the army of occupation of over \$255,000,000. Besides this, the Mixed Claims Commission have before them about 12,500 claims of American citizens, aggregating about \$1,225,000,000. These claims have already been reduced by a recent decision, but there are valid claims reaching well toward \$500,000,000. Our thousands of citizens with credits due them of hundreds of millions of dollars have no redress save in the action of our Government. These are very substantial interests, which it is the duty of our Government to protect as best it can. That course I propose to pursue.

It is for these reasons that we have a direct interest in the economic recovery of Europe. They are enlarged by our desire for the stability of civilization and the welfare of humanity. That we are making sacrifices to that end none can deny. Our deferred interest alone amounts to a million dollars every day. But recently we offered to aid with our advice and counsel. We have reiterated our desire to see France paid and Germany revived. We have proposed disarmament. We have earnestly sought to compose differences and restore peace. We shall persevere in well-doing, not by force, but by reason.

#### FOREIGN PAPERS

Under the law the papers pertaining to foreign relations to be printed are transmitted as a part of this message. Other volumes of these papers will follow.

#### FOREIGN SERVICE

The foreign service of our Government needs to be reorganized and improved.

#### FISCAL CONDITION

Our main problems are domestic problems. Financial stability is the first requisite of sound government. We can not escape the effect of world conditions. We can not avoid the inevitable results of the economic disorders which have reached all nations. But we shall diminish their harm to us in proportion as we continue to restore our Government finances to a secure and endurable position. This we can and must do. Upon that firm foundation rests the only hope of progress and prosperity. From that source must come relief for the people.

This is being accomplished by a drastic but orderly retrenchment, which is bringing our expenses within our means. The origin of this has been the determination of the American people, the main support has been the courage of those in authority, and the effective method has been the Budget System. The result has involved real sacrifice by department heads, but it has been made without flinching. This system is a law of the Congress. It represents your will. It must be maintained, and ought to be strengthened by the example of your observance. Without a Budget System there can be no fixed responsibility and no constructive scientific economy.

This great concentration of effort by the administration and Congress has brought the expenditures, exclusive of the self-supporting Post. Office Department, down to three billion dollars. It is possible, in consequence, to make a large reduction in the taxes of the people, which is the sole object of all curtailment. This is treated at greater length in the Budget message, and a proposed plan has been presented in detail in a statement by

the Secretary of the Treasury which has my unqualified approval. I especially commend a decrease on earned incomes, and further abolition of admission, message, and nuisance taxes. The amusement and educational value of moving pictures ought not to be taxed. Diminishing charges against moderate incomes from investment will afford immense relief, while a revision of the surtaxes will not only provide additional money for capital investment, thus stimulating industry and employing more but will not greatly reduce the revenue from that source, and may in the future actually increase it.

Being opposed to war taxes in time of peace, I am not in favor of excess-profits taxes. A very great service could be rendered through immediate enactment of legislation relieving the people of some of the burden of taxation. To reduce war taxes is to give every home a better chance.

For seven years the people have borne with uncomplaining courage the tremendous burden of national and local taxation. These must both be reduced. The taxes of the Nation must be reduced now as much as prudence will permit, and expenditures must be reduced accordingly. High taxes reach everywhere and burden everybody. They gear most heavily upon the poor. They diminish industry and commerce. They make agriculture unprofitable. They increase the rates on transportation. They are a charge on every necessary of life. Of all services which the Congress can render to the country, I have no hesitation in declaring to neglect it, to postpone it, to obstruct it by unsound proposals, is to become unworthy of public confidence and untrue to public trust. The country wants this measure to have the right of way over all others.

Another reform which is urgent in our fiscal system is the abolition of the right to issue tax-exempt securities. The existing system not only permits a large amount of the wealth of the Nation to escape its just burden but acts as a continual stimulant to municipal extravagance. This should be prohibited by constitutional amendment. All the wealth of the Nation ought to contribute its fair share to the expenses of the Nation.

## TARIFF LAW

The present tariff law has accomplished its two main objects. It has secured an abundant revenue and been productive of an abounding prosperity. Under it the country has had a very large export and import trade. A constant revision of the tariff by the Congress is disturbing and harmful. The present law contains an elastic provision authorizing the President to increase or decrease present schedules not in excess of 50 per centum to meet the difference in cost of production at home and abroad. This does not, to my mind, warrant a rewriting of the whole law, but does mean, and will be so administered, that whenever the required investigation shows that inequalities of sufficient importance exist in any schedule, the power to change them should and will be applied.

## SHIPPING

The entire well being of our country is dependent upon transportation by sea and land. Our Government during the war acquired a large merchant fleet which should be transferred, as soon as possible, to private ownership and operation under conditions which would secure two results: First, and of prime importance, adequate means for national defense; second, adequate service to American commerce. Until shipping conditions are such that our fleet can be disposed of advantageously under these conditions, it will be

operated as economically as possible under such plans as may be devised from time to time by the Shipping Board. We must have a merchant marine which meets these requirements, and we shall have to pay the cost of its service.

## PUBLIC IMPROVEMENTS

The time has come to resume in a moderate way the opening of our intracoastal waterways; the control of flood waters of the Mississippi and of the Colorado Rivers; the improvement of the waterways from the Great Lakes toward the Gulf of Mexico; and the development of the great power and navigation project of the St. Lawrence River, for which efforts are now being made to secure the necessary treaty with Canada. These projects can not all be undertaken at once, but all should have the immediate consideration of the Congress and be adopted as fast as plans can be matured and the necessary funds become available. This is not incompatible with economy, for their nature does not require so much a public expenditure as a capital investment which will be reproductive, as evidenced by the marked increase in revenue from the Panama Canal. Upon these projects depend much future industrial and agricultural progress. They represent the protection of large areas from flood and the addition of a great amount of cheap power and cheap freight by use of navigation, chief of which is the bringing of ocean-going ships to the Great Lakes.

Another problem of allied character is the superpower development of the Northeastern States, consideration of which is growing under the direction of the Department of Commerce by joint conference with the local authorities.

## RAILROADS

Criticism of the railroad law has been directed, first, to the section laying down the rule by which rates are fixed, and providing for payment to the Government and use of excess earnings; second, to the method for the adjustment of wage scales; and third, to the authority permitting consolidations.

It has been erroneously assumed that the act undertakes to guarantee railroad earnings. The law requires that rates should be just and reasonable. That has always been the rule under which rates have been fixed. To make a rate that does not yield a fair return results in confiscation, and confiscatory rates are of course unconstitutional. Unless the Government adheres to the rule of making a rate that will yield a fair return, it must abandon rate making altogether. The new and important feature of that part of the law is the recapture and redistribution of excess rates. The constitutionality of this method is now before the Supreme Court for adjudication. Their decision should be awaited before attempting further legislation on this subject. Furthermore, the importance of this feature will not be great if consolidation goes into effect.

The settlement of railroad labor disputes is a matter of grave public concern. The Labor Board was established to protect the public in the enjoyment of continuous service by attempting to insure justice between the companies and their employees. It has been a great help, but is not altogether satisfactory to the public, the employees, or the companies. If a substantial agreement can be reached among the groups interested, there should be no hesitation in enacting such agreement into law. If it is not reached, the Labor Board may very well be left for the present to protect the public welfare.

The law for consolidations is not sufficiently effective to be expeditious. Additional legislation is needed giving authority for voluntary consolidations, both regional and route, and providing Government machinery to aid and stimulate such action, always subject to the approval of the Interstate Commerce Commission. This should authorize the commission to appoint committees for each proposed group, representing the public and the component roads, with power to negotiate with individual security holders for an exchange of their securities for those of the, consolidation on such terms and conditions as the commission may prescribe for avoiding any confiscation and preserving fair values. Should this permissive consolidation prove ineffective after a limited period, the authority of the Government will have to be directly invoked.

Consolidation appears to be the only feasible method for the maintenance of an adequate system of transportation with an opportunity so to adjust freight rates as to meet such temporary conditions as now prevail in some agricultural sections. Competent authorities agree that an entire reorganization of the rate structure for freight is necessary. This should be ordered at once by the Congress.

#### DEPARTMENT OF JUSTICE

As no revision of the laws of the United States has been made since 1878, a commission or committee should be created to undertake this work. The Judicial Council reports that two more district judges are needed in the southern district of New York, one in the northern district of Georgia, and two more circuit judges in the Circuit Court of Appeals of the Eighth Circuit. Legislation should be considered for this purpose.

It is desirable to expedite the hearing and disposal of cases. A commission of Federal judges and lawyers should be created to recommend legislation by which the procedure in the Federal trial courts may be simplified and regulated by rules of court, rather than by statute; such rules to be submitted to the Congress and to be in force until annulled or modified by the Congress. The Supreme Court needs legislation revising and simplifying the laws governing review by that court, and enlarging the classes of cases of too little public importance to be subject to review. Such reforms would expedite the transaction of the business of the courts. The administration of justice is likely to fail if it be long delayed.

The National Government has never given adequate attention to its prison problems. It ought to provide employment in such forms of production as can be used by the Government, though not sold to the public in competition with private business, for all prisoners who can be placed at work, and for which they should receive a reasonable compensation, available for their dependents.

Two independent reformatories are needed; one for the segregation of women, and another for the segregation of young men serving their first sentence.

The administration of justice would be facilitated greatly by including in the Bureau of Investigation of the Department of Justice a Division of Criminal Identification, where there would be collected this information which is now indispensable in the suppression of crime.

#### PROHIBITION

The prohibition amendment to the Constitution requires the Congress. and



the President to provide adequate laws to prevent its violation. It is my duty to enforce such laws. For that purpose a treaty is being negotiated with Great Britain with respect to the right of search of hovering vessels. To prevent smuggling, the Coast Guard should be greatly strengthened, and a supply of swift power boats should be provided. The major sources of production should be rigidly regulated, and every effort should be made to suppress interstate traffic. With this action on the part of the National Government, and the cooperation which is usually rendered by municipal and State authorities, prohibition should be made effective. Free government has no greater menace than disrespect for authority and continual violation of law. It is the duty of a citizen not only to observe the law but to let it be known that he is opposed to its violation.

## THE NEGRO

Numbered among our population are some 12,000,000 colored people. Under our Constitution their rights are just as sacred as those of any other citizen. It is both a public and a private duty to protect those rights. The Congress ought to exercise all its powers of prevention and punishment against the hideous crime of lynching, of which the negroes are by no means the sole sufferers, but for which they furnish a majority of the victims.

Already a considerable sum is appropriated to give the negroes vocational training in agriculture. About half a million dollars is recommended for medical courses at Howard University to help contribute to the education of 500 colored doctors needed each year. On account of the integration of large numbers into industrial centers, it has been proposed that a commission be created, composed of members from both races, to formulate a better policy for mutual understanding and confidence. Such an effort is to be commended. Everyone would rejoice in the accomplishment of the results which it seeks. But it is well to recognize that these difficulties are to a large extent local problems which must be worked out by the mutual forbearance and human kindness of each community. Such a method gives much more promise of a real remedy than outside interference.

## CIVIL SERVICE

The maintenance and extension of the classified civil service is exceedingly important. There are nearly 550,000 persons in the executive civil service drawing about \$700,000,000 of yearly compensation. Four-fifths of these are in the classified service. This method of selection of the employees of the United States is especially desirable for the Post Office Department. The Civil Service Commission has recommended that postmasters at first, second, and third class offices be classified. Such action, accompanied by a repeal of the four-year term of office, would undoubtedly be an improvement. I also recommend that the field force for prohibition enforcement be brought within the classified civil service without covering in the present membership. The best method for selecting public servants is the merit system.

## PUBLIC BUILDINGS

Many of the departments in Washington need better housing facilities. Some are so crowded that their work is impeded, others are so scattered that they lose their identity. While I do not favor at this time a general public building law, I believe it is now necessary, in accordance with plans already sanctioned for a unified and orderly system for the development of this city, to begin the carrying out of those plans by authorizing the erection of three or four buildings most urgently needed by

an annual appropriation of \$5,000,000.

## REGULATORY LEGISLATION

Cooperation with other maritime powers is necessary for complete protection of our coast waters from pollution. Plans for this are under way, but await certain experiments for refuse disposal. Meantime laws prohibiting spreading oil and oil refuse from vessels in our own territorial waters would be most helpful against this menace and should be speedily enacted.

Laws should be passed regulating aviation.

Revision is needed of the laws regulating radio interference.

Legislation and regulations establishing load liner, to provide safe loading of vessels leaving our ports are necessary and recodification of our navigation laws is vital.

Revision of procedure of the Federal Trade Commission will give more constructive purpose to this department.

If our Alaskan fisheries are to be saved from destruction, there must be further legislation declaring a general policy and delegating the authority to make rules and regulations to an administrative body.

## ARMY AND NAVY

For several years we have been decreasing the personnel of the Army and Navy, and reducing their power to the danger point. Further reductions should not be made. The Army is a guarantee of the security of our citizens at home; the Navy is a guarantee of the security of our citizens abroad. Both of these services should be strengthened rather than weakened. Additional planes are needed for the Army, and additional submarines for the Navy. The defenses of Panama must be perfected. We want no more competitive armaments. We want no more war. But we want no weakness that invites imposition. A people who neglect their national defense are putting in jeopardy their national honor.

## INSULAR POSSESSIONS

Conditions in the insular possessions on the whole have been good. Their business has been reviving. They are being administered according to law. That effort has the full support of the administration. Such recommendations as may come from their people or their governments should have the most considerate attention.

## EDUCATION AND WELFARE

Our National Government is not doing as much as it legitimately can do to promote the welfare of the people. Our enormous material wealth, our institutions, our whole form of society, can not be considered fully successful until their benefits reach the merit of every individual. This is not a suggestion that the Government should, or could, assume for the people the inevitable burdens of existence. There is no method by which we can either be relieved of the results of our own folly or be guaranteed a successful life. There is an inescapable personal responsibility for the development of character, of industry, of thrift, and of self-control. These do not come from the Government, but from the people themselves. But the Government can and should always be expressive of steadfast

determination, always vigilant, to maintain conditions under which these virtues are most likely to develop and secure recognition and reward. This is the American policy.

It is in accordance with this principle that we have enacted laws for the protection of the public health and have adopted prohibition in narcotic drugs and intoxicating liquors. For purposes of national uniformity we ought to provide, by constitutional amendment and appropriate legislation, for a limitation of child labor, and in all cases under the exclusive jurisdiction of the Federal Government a minimum wage law for women, which would undoubtedly find sufficient power of enforcement in the influence of public opinion.

Having in mind that education is peculiarly a local problem, and that it should always be pursued with the largest freedom of choice by students and parents, nevertheless, the Federal Government might well give the benefit of its counsel and encouragement more freely in this direction. If anyone doubts the need of concerted action by the States of the Nation for this purpose, it is only necessary to consider the appalling figures of illiteracy representing a condition which does not vary much in all parts of the Union. I do not favor the making of appropriations from the National Treasury to be expended directly on local education, but I do consider it a fundamental requirement of national activity which, accompanied by allied subjects of welfare, is worthy of a separate department and a place in the Cabinet. The humanitarian side of government should not be repressed, but should be cultivated.

Mere intelligence, however, is not enough. Enlightenment must be accompanied by that moral power which is the product of the home and of rebellion. Real education and true welfare for the people rest inevitably on this foundation, which the Government can approve and commend, but which the people themselves must create.

## IMMIGRATION

American institutions rest solely on good citizenship. They were created by people who had a background of self-government. New arrivals should be limited to our capacity to absorb them into the ranks of good citizenship. America must be kept American. For this purpose, it is necessary to continue a policy of restricted immigration. It would be well to make such immigration of a selective nature with some inspection at the source, and based either on a prior census or upon the record of naturalization. Either method would insure the admission of those with the largest capacity and best intention of becoming citizens. I am convinced that our present economic and social conditions warrant a limitation of those to be admitted. We should find additional safety in a law requiring the immediate registration of all aliens. Those who do not want to be partakers of the American spirit ought not to settle in America.

## VETERANS

No more important duty falls on the Government of the United States than the adequate care of its veterans. Those suffering disabilities incurred in the service must have sufficient hospital relief and compensation. Their dependents must be supported. Rehabilitation and vocational training must be completed. All of this service must be clean, must be prompt and effective, and it must be administered in a spirit of the broadest and deepest human sympathy. If investigation reveals any present defects of administration or need of legislation, orders will be given for the

immediate correction of administration, and recommendations for legislation should be given the highest preference.

At present there are 9,500 vacant beds in Government hospitals, I recommend that all hospitals be authorized at once to receive and care for, without hospital pay, the veterans of all wars needing such care, whenever there are vacant beds, and that immediate steps be taken to enlarge and build new hospitals to serve all such cases.

The American Legion will present to the Congress a legislative program too extensive for detailed discussion here. It is a carefully matured plan. While some of it I do not favor, with much of it I am in hearty accord, and I recommend that a most painstaking effort be made to provide remedies for any defects in the administration of the present laws which their experience has revealed. The attitude of the Government toward these proposals should be one of generosity. But I do not favor the granting of a bonus.

## COAL

The cost of coal has become unbearably high. It places a great burden on our industrial and domestic life. The public welfare requires a reduction in the price of fuel. With the enormous deposits in existence, failure of supply ought not to be tolerated. Those responsible for the conditions in this industry should undertake its reform and free it from any charge of profiteering.

The report of the Coal Commission will be before the Congress. It comprises all the facts. It represents the mature deliberations and conclusions of the best talent and experience that ever made a national survey of the production and distribution of fuel. I do not favor Government ownership or operation of coal mines. The need is for action under private ownership that will secure greater continuity of production and greater public protection. The Federal Government probably has no peacetime authority to regulate wages, prices, or profits in coal at the mines or among dealers, but by ascertaining and publishing facts it can exercise great influence.

The source of the difficulty in the bituminous coal fields is the intermittence of operation which causes great waste of both capital and labor. That part of the report dealing with this problem has much significance, and is suggestive of necessary remedies. By amending the car rules, by encouraging greater unity of ownership, and possibly by permitting common selling agents for limited districts on condition that they accept adequate regulations and guarantee that competition between districts be unlimited, distribution, storage, and continuity ought to be improved.

The supply of coal must be constant. In case of its prospective interruption, the President should have authority to appoint a commission empowered to deal with whatever emergency situation might arise, to aid conciliation and voluntary arbitration, to adjust any existing or threatened controversy between the employer and the employee when collective bargaining fails, and by controlling distribution to prevent profiteering in this vital necessity. This legislation is exceedingly urgent, and essential to the exercise of national authority for the protection of the people. Those who undertake the responsibility of management or employment in this industry do so with the full knowledge that the public interest is paramount, and that to fail through any motive of selfishness in its service is such a betrayal of duty as warrants

uncompromising action by the Government.

## REORGANIZATION

A special joint committee has been appointed to work out a plan for a reorganization of the different departments and bureaus of the Government more scientific and economical than the present system. With the exception of the consolidation of the War and Navy Departments and some minor details, the plan has the general sanction of the President and the Cabinet. It is important that reorganization be enacted into law at the present session.

## AGRICULTURE

Aided by the sound principles adopted by the Government, the business of the country has had an extraordinary revival. Looked at as a whole, the Nation is in the enjoyment of remarkable prosperity. Industry and commerce are thriving. For the most part agriculture is successful, eleven staples having risen in value from about \$5,300,000,000 two years ago to about \$7,000,000,000 for the current year. But range cattle are still low in price, and some sections of the wheat area, notably Minnesota, North Dakota, and on west, have many cases of actual distress. With his products not selling on a parity with the products of industry, every sound remedy that can be devised should be applied for the relief of the farmer. He represents a character, a type of citizenship, and a public necessity that must be preserved and afforded every facility for regaining prosperity.

The distress is most acute among those wholly dependent upon one crop.. Wheat acreage was greatly expanded and has not yet been sufficiently reduced. A large amount is raised for export, which has to meet the competition in the world market of large amounts raised on land much cheaper and much more productive.

No complicated scheme of relief, no plan for Government fixing of prices, no resort to the public Treasury will be of any permanent value in establishing agriculture. Simple and direct methods put into operation by the farmer himself are the only real sources for restoration.

Indirectly the farmer must be relieved by a reduction of national and local taxation. He must be assisted by the reorganization of the freight-rate structure which could reduce charges on his production. To make this fully effective there ought to be railroad consolidations. Cheaper fertilizers must be provided.

He must have organization. His customer with whom he exchanges products on the farm for those of industry is organized, labor is organized, business is organized, and there is no way for agriculture to meet this unless it, too, is organized. The acreage of wheat is too large. Unless we can meet the world market at a profit, we must stop raising for export. Organization would help to reduce acreage. Systems of cooperative marketing created by the farmers themselves, supervised by competent management, without doubt would be of assistance, but, they can not wholly solve the problem. Our agricultural schools ought to have thorough courses in the theory of organization and cooperative marketing.

Diversification is necessary. Those farmers who raise their living on their land are not greatly in distress. Such loans as are wisely needed to assist buying stock and other materials to start in this direction should be financed through a Government agency as a temporary and emergency

expedient.

The remaining difficulty is the disposition of exportable wheat. I do not favor the permanent interference of the Government in this problem. That probably would increase the trouble by increasing production. But it seems feasible to provide Government assistance to exports, and authority should be given the War Finance Corporation to grant, in its discretion, the most liberal terms of payment for fats and grains exported for the direct benefit of the farm.

## MUSCLE SHOALS

The Government is undertaking to develop a great water-power project known as Muscle Shoals, on which it has expended many million dollars. The work is still going on. Subject to the right to retake in time of war, I recommend that this property with a location for auxiliary steam plant and rights of way be sold. This would end the present burden of expense and should return to the Treasury the largest price possible to secure.

While the price is an important element, there is another consideration even more compelling. The agriculture of the Nation needs a greater supply and lower cost of fertilizer. This is now imported in large quantities. The best information I can secure indicates that present methods of power production would not be able profitably to meet the price at which these imports can be sold. To obtain a supply from this water power would require long and costly experimentation to perfect a process for cheap production. Otherwise our purpose would fail completely. It seems desirable, therefore, in order to protect and promote the public welfare, to have adequate covenants that such experimentation be made and carried on to success. The great advantage of low-priced nitrates must be secured for the direct benefit of the farmers and the indirect benefit of the public in time of peace, and of the Government in time of war. If this main object be accomplished, the amount of money received for the property is not a primary or major consideration.

Such a solution will involve complicated negotiations, and there is no authority for that purpose. I therefore recommend that the Congress appoint a small joint committee to consider offers, conduct negotiations, and report definite recommendations.

## RECLAMATION

By reason of many contributing causes, occupants of our reclamation projects are in financial difficulties, which in some cases are acute. Relief should be granted by definite authority of law empowering the Secretary of the Interior in his discretion to suspend, readjust, and reassess all charges against water users. This whole question is being considered by experts. You will have the advantage of the facts and conclusions which they may develop. This situation, involving a Government investment of more than \$135,000,000, and affecting more than 30,000 water users, is serious. While relief which is necessary should be granted, yet contracts with the Government which can be met should be met. The established general policy of these projects should not be abandoned for any private control.

## HIGHWAYS AND FORESTS

Highways and reforestation should continue to have the interest and support of the Government. Everyone is anxious for good highways. I have made a

liberal proposal in the Budget for the continuing payment to the States by the Federal Government of its share for this necessary public improvement. No expenditure of public money contributes so much to the national wealth as for building good roads.

Reforestation has an importance far above the attention it usually secures. A special committee of the Senate is investigating this need, and I shall welcome a constructive policy based on their report.

It is 100 years since our country announced the Monroe doctrine. This principle has been ever since, and is now, one of the main foundations of our foreign relations. It must be maintained. But in maintaining it we must not be forgetful that a great change has taken place. We are no longer a weak Nation, thinking mainly of defense, dreading foreign imposition. We are great and powerful. New powers bring new responsibilities. Our ditty then was to protect ourselves. Added to that, our duty now is to help give stability to the world. We want idealism. We want that vision which lifts men and nations above themselves. These are virtues by reason of their own merit. But they must not be cloistered; they must not be impractical; they must not be ineffective.

The world has had enough of the curse of hatred and selfishness, of destruction and war. It has had enough of the wrongful use of material power. For the healing of the nations there must be good will and charity, confidence and peace. The time has come for a more practical use of moral power, and more reliance upon the principle that right makes its own might. Our authority among the nations must be represented by justice and mercy. It is necessary not only to have faith, but to make sacrifices for our faith. The spiritual forces of the world make all its final determinations. It is with these voices that America should speak. Whenever they declare a righteous purpose there need be no doubt that they will be heard. America has taken her place in the world as a Republic--free, independent, powerful. The best service that can be rendered to humanity is the assurance that this place will be maintained.

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State of the Union Address  
Calvin Coolidge  
December 3, 1924

To the Congress of the United States:

The present state of the Union, upon which it is customary for the President to report to the Congress under the provisions of the Constitution, is such that it may be regarded with encouragement and satisfaction by every American. Our country is almost unique in its ability to discharge fully and promptly all its obligations at home and abroad, and provide for all its inhabitants an increase in material resources, in intellectual vigor and in moral power. The Nation holds a position unsurpassed in all former human experience. This does not mean that we do not have any problems. It is elementary that the increasing breadth of our experience necessarily increases the problems of our national life. But it does mean that if all will but apply ourselves industriously and honestly, we have ample powers with which to meet our problems and provide for their speedy solution. I do not profess that we can secure an era of perfection in human existence, but we can provide an era of peace and prosperity, attended with freedom and justice and made more and more satisfying by the ministrations of the charities and humanities of life.

Our domestic problems are for the most part economic. We have our enormous debt to pay, and we are paying it. We have the high cost of government to diminish, and we are diminishing it. We have a heavy burden of taxation to reduce, and we are reducing it. But while remarkable progress has been made in these directions, the work is yet far from accomplished. We still owe over \$21,000,000,000, the cost of the National Government is still about \$3,500,000,000, and the national taxes still amount to about \$27 for each one of our inhabitants. There yet exists this enormous field for the application of economy.

In my opinion the Government can do more to remedy the economic ills of the people by a system of rigid economy in public expenditure than can be accomplished through any other action. The costs of our national and local governments combined now stand at a sum close to \$100 for each inhabitant of the land. A little less than one-third of this is represented by national expenditure, and a little more than two-thirds by local expenditure. It is an ominous fact that only the National Government is reducing its debt. Others are increasing theirs at about \$1,000,000,000 each year. The depression that overtook business, the disaster experienced in agriculture, the lack of employment and the terrific shrinkage in all values which our country experienced in a most acute form in 1920, resulted in no small measure from the prohibitive taxes which were then levied on all productive effort. The establishment of a system of drastic economy in public expenditure, which has enabled us to pay off about one-fifth of the national debt since 1919, and almost cut in two the national tax burden since 1921, has been one of the main causes in reestablishing a prosperity which has come to include within its benefits almost every one of our inhabitants. Economy reaches everywhere. It carries a blessing to everybody.

The fallacy of the claim that the costs of government are borne by the rich and those who make a direct contribution to the National Treasury can not be too often exposed. No system has been devised, I do not think any system could be devised, under which any person living in this country could escape being affected by the cost of our government. It has a direct effect both upon the rate and the purchasing power of wages. It is felt in the price of those prime necessities of existence, food, clothing, fuel and shelter. It would appear to be elementary that the more the Government expends the more it must require every producer to contribute out of his production to the Public Treasury, and the less he will have for his own benefit. The continuing costs of public administration can be met in only one way--by the work of the people. The higher they become, the more the people must work for the Government. The less they are, the more the people can work for themselves.

The present estimated margin between public receipts and expenditures for this fiscal year is very small. Perhaps the most important work that this session of the Congress can do is to continue a policy of economy and further reduce the cost of government, in order that we may have a reduction of taxes for the next fiscal year. Nothing is more likely to produce that public confidence which is the forerunner and the mainstay of prosperity, encourage and enlarge business opportunity with ample opportunity for employment at good wages, provide a larger market for agricultural products, and put our country in a stronger position to be able to meet the world competition in trade, than a continuing policy of economy. Of course necessary costs must be met, proper functions of the Government performed, and constant investments for capital account and reproductive effort must be carried on by our various departments. But the



people must know that their Government is placing upon them no unnecessary burden.

## TAXES

Everyone desires a reduction of taxes, and there is a great preponderance of sentiment in favor of taxation reform. When I approved the present tax law, I stated publicly that I did so in spite of certain provisions which I believed unwise and harmful. One of the most glaring of these was the making public of the amounts assessed against different income-tax payers. Although that damage has now been done, I believe its continuation to be detrimental to the public welfare and bound to decrease public revenues, so that it ought to be repealed.

Anybody can reduce taxes, but it is not so easy to stand in the gap and resist the passage of increasing appropriation bills which would make tax reduction impossible. It will be very easy to measure the strength of the attachment to reduced taxation by the power with which increased appropriations are resisted. If at the close of the present session the Congress has kept within the budget which I propose to present, it will then be possible to have a moderate amount of tax reduction and all the tax reform that the Congress may wish for during the next fiscal year. The country is now feeling the direct stimulus which came from the passage of the last revenue bill, and under the assurance of a reasonable system of taxation there is every prospect of an era of prosperity of unprecedented proportions. But it would be idle to expect any such results unless business can continue free from excess profits taxation and be accorded a system of surtaxes at rates which have for their object not the punishment of success or the discouragement of business, but the production of the greatest amount of revenue from large incomes. I am convinced that the larger incomes of the country would actually yield more revenue to the Government if the basis of taxation were scientifically revised downward. Moreover the effect of the present method of this taxation is to increase the cost of interest on productive enterprise and to increase the burden of rent. It is altogether likely that such reduction would so encourage and stimulate investment that it would firmly establish our country in the economic leadership of the world.

## WATERWAYS

Meantime our internal development should go on. Provision should be made for flood control of such rivers as the Mississippi and the Colorado, and for the opening up of our inland waterways to commerce. Consideration is due to the project of better navigation from the Great Lakes to the Gulf. Every effort is being made to promote an agreement with Canada to build the St. Lawrence waterway. There are pending before the Congress bills for further development of the Mississippi Basin, for the taking over of the Cape Cod Canal in accordance with a moral obligation which seems to have been incurred during the war, and for the improvement of harbors on both the Pacific and the Atlantic coasts. While this last should be divested of some of its projects and we must proceed slowly, these bills in general have my approval. Such works are productive of wealth and in the long run tend to a reduction of the tax burden.

## RECLAMATION

Our country has a well defined policy of reclamation established under statutory authority. This policy should be continued and made a self-sustaining activity administered in a manner that will meet local

requirements and bring our lands into a profitable state of cultivation as fast as there is a market for their products. Legislation is pending based on the report of the Fact Finding Commission for the proper relief of those needing extension of time in which to meet their payments on irrigated land, and for additional amendments and reforms of our reclamation laws, which are all exceedingly important and should be enacted at once.

No more important development has taken place in the last year than the beginning of a restoration of agriculture to a prosperous condition. We must permit no division of classes in this country, with one occupation striving to secure advantage over another. Each must proceed under open opportunities and with a fair prospect of economic equality. The Government can not successfully insure prosperity or fix prices by legislative fiat. Every business has its risk and its times of depression. It is well known that in the long run there will be a more even prosperity and a more satisfactory range of prices under the natural working out of economic laws than when the Government undertakes the artificial support of markets and industries. Still we can so order our affairs, so protect our own people from foreign competition, so arrange our national finances, so administer our monetary system, so provide for the extension of credits, so improve methods of distribution, as to provide a better working machinery for the transaction of the business of the Nation with the least possible friction and loss. The Government has been constantly increasing its efforts in these directions for the relief and permanent establishment of agriculture on a sound and equal basis with other business.

It is estimated that the value of the crops for this harvest year may reach \$13,000,000,000, which is an increase of over \$3,000,000,000 in three years. It compares with \$7,100,000,000 in 1913, and if we make deduction from the figures of 1924 for the comparatively decreased value of the dollar, the yield this year still exceeds 1913 in purchasing power by over \$1,000,000,000, and in this interval there has been no increase in the number of farmers. Mostly by his own effort the farmer has decreased the cost of production. A marked increase in the price of his products and some decrease in the price of his supplies has brought him about to a parity with the rest of the Nation. The crop area of this season is estimated at 370,000,000 acres, which is a decline of 3,000,000 acres from last year, and 6,000,000 acres from 1919. This has been a normal and natural application of economic laws, which has placed agriculture on a foundation which is undeniably sound and beginning to be satisfactory.

A decrease in the world supply of wheat has resulted in a very large increase in the price of that commodity. The position of all agricultural products indicates a better balanced supply, but we can not yet conclude that agriculture is recovered from the effects of the war period or that it is permanently on a prosperous basis. The cattle industry has not yet recovered and in some sections has been suffering from dry weather. Every effort must be made both by Government activity and by private agencies to restore and maintain agriculture to a complete normal relationship with other industries.

It was on account of past depression, and in spite of present more encouraging conditions, that I have assembled an Agricultural Conference made up of those who are representative of this great industry in both its operating and economic sides. Everyone knows that the great need of the farmers is markets. The country is not suffering on the side of production. Almost the entire difficulty is on the side of distribution. This reaches back, of course, to unit costs and diversification, and many allied

subjects. It is exceedingly intricate, for our domestic and foreign trade, transportation and banking, and in fact our entire economic system, are closely related to it. In time for action at this session, I hope to report to the Congress such legislative remedies as the conference may recommend. An appropriation should be made to defray their necessary expenses.

## MUSCLE SHOALS

The production of nitrogen for plant food in peace and explosives in war is more and more important. It is one of the chief sustaining elements of life. It is estimated that soil exhaustion each year is represented by about 9,000,000 tons and replenishment by 5,450,000 tons. The deficit of 3,550,000 tons is reported to represent the impairment of 118,000,000 acres of farm lands each year.

To meet these necessities the Government has been developing a water power project at Muscle Shoals to be equipped to produce nitrogen for explosives and fertilizer. It is my opinion that the support of agriculture is the chief problem to consider in connection with this property. It could by no means supply the present needs for nitrogen, but it would help and its development would encourage bringing other water powers into like use.

Several offers have been made for the purchase of this property. Probably none of them represent final terms. Much costly experimentation is necessary to produce commercial nitrogen. For that reason it is a field better suited to private enterprise than to Government operation. I should favor a sale of this property, or long-time lease, tender rigid guaranties of commercial nitrogen production at reasonable prices for agricultural use. There would be a surplus of power for many years over any possibility of its application to a developing manufacture of nitrogen. It may be found advantageous to dispose of the right to surplus power separately with such reservations as will allow its gradual withdrawal and application to nitrogen manufacture. A subcommittee of the Committees on Agriculture should investigate this field and negotiate with prospective purchasers. If no advantageous offer be made, the development should continue and the plant should be dedicated primarily to the production of materials for the fertilization of the soil.

## RAILWAYS

The railways during the past year have made still further progress in recuperation from the war, with large gains in efficiency and ability expeditiously to handle the traffic of the country. We have now passed through several periods of peak traffic without the car shortages which so frequently in the past have brought havoc to our agriculture and industries. The condition of many of our great freight terminals is still one of difficulty and results in imposing, large costs on the public for inward-bound freight, and on the railways for outward-bound freight. Owing to the growth of our large cities and the great increase in the volume of traffic, particularly in perishables, the problem is not only difficult of solution, but in some cases not wholly solvable by railway action alone.

In my message last year I emphasized the necessity for further legislation with a view to expediting the consolidation of our rail ways into larger systems. The principle of Government control of rates and profits, now thoroughly imbedded in our governmental attitude toward natural monopolies such as the railways, at once eliminates the need of competition by small units as a method of rate adjustment. Competition must be preserved as a stimulus to service, but this will exist and can be increased under

enlarged systems. Consequently the consolidation of the railways into larger units for the purpose of securing the substantial values to the public which will come from larger operation has been the logical conclusion of Congress in its previous enactments, and is also supported by the best opinion in the country. Such consolidation will assure not only a greater element of competition as to service, but it will afford economy in operation, greater stability in railway earnings, and more economical financing. It opens large possibilities of better equalization of rates between different classes of traffic so as to relieve undue burdens upon agricultural products and raw materials generally, which are now not possible without ruin to small units owing to the lack of diversity of traffic. It would also tend to equalize earnings in such fashion as to reduce the importance of section 15A, at which criticism, often misapplied, has been directed. A smaller number of units would offer less difficulties in labor adjustments and would contribute much to the solution of terminal difficulties.

The consolidations need to be carried out with due regard to public interest and to the rights and established life of various communities in our country. It does not seem to me necessary that we endeavor to anticipate any final plan or adhere to an artificial and unchangeable project which shall stipulate a fixed number of systems, but rather we ought to approach the problem with such a latitude of action that it can be worked out step by step in accordance with a comprehensive consideration of public interest. Whether the number of ultimate systems shall be more or less seems to me can only be determined by time and actual experience in the development of such consolidations.

Those portions of the present law contemplating consolidations are not, sufficiently effective in producing expeditious action and need amplification of the authority of the Interstate Commerce Commission, particularly in affording a period for voluntary proposals to the commission and in supplying Government pressure to secure action after the expiration of such a period.

There are other proposals before Congress for amending the transportation acts. One of these contemplates a revision of the method of valuation for rate-making purposes to be followed by a renewed valuation of the railways. The valuations instituted by the Interstate Commerce Commission 10 years ago have not yet been completed. They have cost the Government an enormous sum, and they have imposed great expenditure upon the railways, most of which has in effect come out of the public in increased rates. This work should not be abandoned or supplanted until its results are known and can be considered.

Another matter before the Congress is legislation affecting the labor sections of the transportation act. Much criticism has been directed at the workings of this section and experience has shown that some useful amendment could be made to these provisions.

It would be helpful if a plan could be adopted which, while retaining the practice of systematic collective bargaining with conciliation voluntary arbitration of labor differences, could also provide simplicity in relations and more direct local responsibility of employees and managers. But such legislation will not meet the requirements of the situation unless it recognizes the principle that the public has a right to the uninterrupted service of transportation, and therefore a right to be heard when there is danger that the Nation may suffer great injury through the interruption of operations because of labor disputes. If these elements are

not comprehended in proposed legislation, it would be better to gain further experience with the present organization for dealing with these questions before undertaking a change.

## SHIPPING BOARD

The form of the organization of the Shipping Board was based originally on its functions as a semi judicial body in regulation of rates. During the war it was loaded with enormous administrative duties. It has been demonstrated time and again that this form of organization results in indecision, division of opinion and administrative functions, which make a wholly inadequate foundation for the conduct of a great business enterprise. The first principle in securing the objective set out by Congress in building up the American merchant marine upon the great trade routes and subsequently disposing of it into private operation can not proceed with effectiveness until the entire functions of the board are reorganized. The immediate requirement is to transfer into the Emergency Fleet, Corporation the whole responsibility of operation of the fleet and other property, leaving to the Shipping Board solely the duty of determining certain major policies which require deliberative action.

The procedure under section 28 of the merchant marine act has created great difficulty and threatened friction during the past 12 months. Its attempted application developed not only great opposition from exporters, particularly as to burdens that may be imposed upon agricultural products, but also great anxiety in the different seaports as to the effect upon their relative rate structures. This trouble will certainly recur if action is attempted under this section. It is uncertain in some of its terms and of great difficulty in interpretation.

It is my belief that action under this section should be suspended until the Congress can reconsider the entire question in the light of the experience that has been developed since its enactment.

## NATIONAL ELECTIONS

Nothing is so fundamental to the integrity of a republican form of government as honesty in all that relates to the conduct of elections. I am of the opinion that the national laws governing the choice of members of the Congress should be extended to include appropriate representation of the respective parties at the ballot box and equality of representation on the various registration boards, wherever they exist.

## THE JUDICIARY

The docket of the Supreme Court is becoming congested. At the opening term last year it had 592 cases, while this year it had 687 cases. Justice long delayed is justice refused. Unless the court be given power by preliminary and summary consideration to determine the importance of cases, and by disposing of those which are not of public moment reserve its time for the more extended consideration of the remainder, the congestion of the docket is likely to increase. It is also desirable that Supreme Court should have power to improve and reform procedure in suits at law in the Federal courts through the adoption of appropriate rules. The Judiciary Committee of the Senate has reported favorably upon two bills providing for these reforms which should have the immediate favorable consideration of the Congress.

I further recommend that provision be made for the appointment of a commission, to consist of two or three members of the Federal judiciary and

as many members of the bar, to examine the present criminal code of procedure and recommend to the Congress measures which may reform and expedite court procedure in the administration and enforcement of our criminal laws.

#### PRISON REFORM

Pending before the Congress is a bill which has already passed one House providing for a reformatory to which could be committed first offenders and young men for the purpose of segregating them from contact with banned criminals and providing them with special training in order to reestablish in them the power to pursue a law-abiding existence in the social and economic life of the Nation. This is a matter of so much importance as to warrant the early attention of the present session. Further provision should also be made, for a like reason, for a separate reformatory for women.

#### NATIONAL POLICE BUREAU

Representatives of the International Police Conference will bring to the attention of the Congress a proposal for the establishment of a national police bureau. Such action would provide a central point for gathering, compiling, and later distributing to local police authorities much information which would be helpful in the prevention and detection of crime. I believe this bureau is needed, and I recommend favorable consideration of this proposal.

#### DISTRICT OF COLUMBIA WELFARE

The welfare work of the District of Columbia is administered by several different boards dealing with charities and various correctional efforts. It would be an improvement if this work were consolidated and placed under the direction of a single commission.

#### FRENCH SPOILIATION CLAIMS

During the last session of the Congress legislation was introduced looking to the payment of the remaining claims generally referred to as the French spoliation claims. The Congress has provided for the payment of many similar claims. Those that remain unpaid have been long pending. The beneficiaries thereunder have every reason to expect payment. These claims have been examined by the Court of Claims and their validity and amount determined. The United States ought to pay its debts. I recommend action by the Congress which will permit of the payment of these remaining claims.

#### THE WAGE EARNER

Two very important policies have been adopted by this country which, while extending their benefits also in other directions, have been of the utmost importance to the wage earners. One of these is the protective tariff, which enables our people to live according to a better standard and receive a better rate of compensation than any people, any time, anywhere on earth, ever enjoyed. This saves the American market for the products of the American workmen. The other is a policy of more recent origin and seeks to shield our wage earners from the disastrous competition of a great influx of foreign peoples. This has been done by the restrictive immigration law. This saves the American job for the American workmen. I should like to see the administrative features of this law rendered a little more humane for the purpose of permitting those already here a greater latitude in securing

admission of members of their own families. But I believe this law in principle is necessary and sound, and destined to increase greatly the public welfare. We must maintain our own economic position, we must defend our own national integrity.

It is gratifying to report that the progress of industry, the enormous increase in individual productivity through labor-saving devices, and the high rate of wages have all combined to furnish our people in general with such an abundance not only of the necessities but of the conveniences of life that we are by a natural evolution solving our problems of economic and social justice.

## THE NEGRO

These developments have brought about a very remarkable improvement in the condition of the negro race. Gradually, but surely, with the almost universal sympathy of those among whom they live, the colored people are working out their own destiny. I firmly believe that it is better for all concerned that they should be cheerfully accorded their full constitutional rights, that they should be protected from all of those impositions to which, from their position, they naturally fall a prey, especially from the crime of lynching and that they should receive every encouragement to become full partakers in all the blessings of our common American citizenship.

## CIVIL SERVICE

The merit system has long been recognized as the correct basis for employment in our civil service. I believe that first second, and third class postmasters, and without covering in the present membership the field force of prohibition enforcement, should be brought within the classified service by statute law. Otherwise the Executive order of one administration is changed by the Executive order of another administration, and little real progress is made. Whatever its defects, the merit system is certainly to be preferred to the spoils system.

## DEPARTMENTAL REORGANIZATION

One way to save public money would be to pass the pending bill for the reorganization of the various departments. This project has been pending for some time, and has had the most careful consideration of experts and the thorough study of a special congressional committee. This legislation is vital as a companion piece to the Budget law. Legal authority for a thorough reorganization of the Federal structure with some latitude of action to the Executive in the rearrangement of secondary functions would make for continuing economy in the shift of government activities which must follow every change in a developing country. Beyond this many of the independent agencies of the Government must be placed under responsible Cabinet officials, if we are to have safeguards of efficiency, economy, and probity.

## ARMY AND NAVY

Little has developed in relation to our national defense which needs special attention. Progress is constantly being made in air navigation and requires encouragement and development. Army aviators have made a successful trip around the world, for which I recommend suitable recognition through provisions for promotion, compensation, and retirement. Under the direction of the Navy a new Zeppelin has been successfully

brought from Europe across the Atlantic to our own country.

Due to the efficient supervision of the Secretary of War the Army of the United States has been organized with a small body of Regulars and a moderate National Guard and Reserve. The defense test of September 12 demonstrated the efficiency of the operating plans. These methods and operations are well worthy of congressional support.

Under the limitation of armaments treaty a large saving in outlay and a considerable decrease in maintenance of the Navy has been accomplished. We should maintain the policy of constantly working toward the full treaty strength of the Navy. Careful investigation is being made in this department of the relative importance of aircraft, surface and submarine vessels, in order that we may not fail to take advantage of all modern improvements for our national defense. A special commission also is investigating the problem of petroleum oil for the Navy, considering the best policy to insure the future supply of fuel oil and prevent the threatened drainage of naval oil reserves. Legislative action is required to carry on experiments in oil shale reduction, as large deposits of this type have been set aside for the use of the Navy.

We have been constantly besought to engage in competitive armaments. Frequent reports will reach us of the magnitude of the military equipment of other nations. We shall do well to be little impressed by such reports or such actions. Any nation undertaking to maintain a military establishment with aggressive and imperialistic designs will find itself severely handicapped in the economic development of the world. I believe thoroughly in the Army and Navy, in adequate defense and preparation. But I am opposed to any policy of competition in building and maintaining land or sea armaments.

Our country has definitely relinquished the old standard of dealing with other countries by terror and force, and is definitely committed to the new standard of dealing with them through friendship and understanding. This new policy should be constantly kept in mind by the guiding forces of the Army and Navy, by the Congress and by the country at large. I believe it holds a promise of great benefit to humanity. I shall resist any attempt to resort to the old methods and the old standards. I am especially solicitous that foreign nations should comprehend the candor and sincerity with which we have adopted this position. While we propose to maintain defensive and supplementary police forces by land and sea, and to train them through inspections and maneuvers upon appropriate occasions in order to maintain their efficiency, I wish every other nation to understand that this does not express any unfriendliness or convey any hostile intent. I want the armed forces of America to be considered by all peoples not as enemies but as friends as the contribution which is made by this country for the maintenance of the peace and security of the world.

## VETERANS

With the authorization for general hospitalization of the veterans of all wars provided during the present year, the care and treatment of those who have served their country in time of peril and the attitude of the Government toward them is not now so much one of needed legislation as one of careful, generous and humane administration. It will ever be recognized that their welfare is of the first concern and always entitled to the most solicitous consideration on the part of their fellow citizens. They are organized in various associations, of which the chief and most representative is the American Legion. Through its officers the Legion will



present to the Congress numerous suggestions for legislation. They cover such a wide variety of subjects that it is impossible to discuss them within the scope of this message. With many of the proposals I join in hearty approval and commend them all to the sympathetic investigation and consideration of the Congress.

## FOREIGN RELATIONS

At no period in the past 12 years have our foreign relations been in such a satisfactory condition as they are at the present time. Our actions in the recent months have greatly strengthened the American policy of permanent peace with independence. The attitude which our Government took and maintained toward an adjustment of European reparations, by pointing out that it wits not a political but a business problem, has demonstrated its wisdom by its actual results. We desire to see Europe restored that it may resume its productivity in the increase of industry and its support in the advance of civilization. We look with great gratification at the hopeful prospect of recuperation in Europe through the Dawes plan. Such assistance as can be given through the action of the public authorities and of our private citizens, through friendly counsel and cooperation, and through economic and financial support, not for any warlike effort but for reproductive enterprise, not to provide means for unsound government financing but to establish sound business administration should be unhesitatingly provided.

Ultimately nations, like individuals, can not depend upon each other but must depend upon themselves. Each one must work out its own salvation. We have every desire to help. But with all our resources we are powerless to save unless our efforts meet with a constructive response. The situation in our own country and all over the world is one Chat can be improved only by bard work and self-denial. It is necessary to reduce expenditures, increase savings and liquidate debts. It is in this direction that there lies the greatest hope of domestic tranquility and international peace. Our own country ought to finish the leading example in this effort. Our past adherence to this policy, our constant refusal to maintain a military establishment that could be thought to menace the security of others, our honorable dealings with other nations whether great or small, has left us in the almost constant enjoyment of peace.

It is not necessary to stress the general desire of all the people of this country for the promotion of peace. It is the leading principle of all our foreign relations. We have on every occasion tried to cooperate to this end in all ways that were consistent with our proper independence and our traditional policies. It will be my constant effort to maintain these principles, and to reinforce them by all appropriate agreements and treaties. While we desire always to cooperate and to help, we are equally determined to be independent and free. Right and truth and justice and humanitarian efforts will have the moral support of this country all over the world. But we do not wish to become involved in the political controversies of others. Nor is the country disposed to become a member of the League of Nations or to assume the obligations imposed by its covenant.

## INTERNATIONAL COURT

America has been one of the foremost nations in advocating tribunals for the settlement of international disputes of a justiciable character. Our representatives took a leading in those conferences which resulted in the establishment of e ague Tribunal, and later in providing for a Permanent

Court of International Justice. I believe it would be for the advantage of this country and helpful to the stability of other nations for us to adhere to the protocol establishing, that court upon the conditions stated in the recommendation which is now before the Senate, and further that our country shall not be bound by advisory opinions which may be, rendered by the court upon questions which we have not voluntarily submitted for its judgment. This court would provide a practical and convenient tribunal before which we could go voluntarily, but to which we could not be summoned, for a determination of justiciable questions when they fail to be resolved by diplomatic negotiations.

## DISARMAMENT CONFERENCE

Many times I have expressed my desire to see the work of the Washington Conference on Limitation of Armaments appropriately supplemented by further agreements for a further reduction for the purpose of diminishing the menace and waste of the competition in preparing instruments of international war. It has been and is my expectation that we might hopefully approach other great powers for further conference on this subject as soon as the carrying out of the present reparation plan as the established and settled policy of Europe has created a favorable opportunity. But on account of proposals which have already been made by other governments for a European conference, it will be necessary to wait to see what the outcome of their actions may be. I should not wish to propose or have representatives attend a conference which would contemplate commitments opposed to the freedom of action we desire to maintain unimpaired with respect to our purely domestic policies.

## INTERNATIONAL LAW

Our country should also support efforts which are being made toward the codification of international law. We can look more hopefully, in the first instance, for research and studies that are likely to be productive of results, to a cooperation among representatives of the bar and members of international law institutes and societies, than to a conference of those who are technically representative of their respective governments, although, when projects have been developed, they must go to the governments for their approval. These expert professional studies are going on in certain quarters and should have our constant encouragement and approval.

## OUTLAW OF WAR

Much interest has of late been manifested in this country in the discussion of various proposals to outlaw aggressive war. I look with great sympathy upon the examination of this subject. It is in harmony with the traditional policy of our country, which is against aggressive war and for the maintenance of permanent and honorable peace. While, as I have said, we must safeguard our liberty to deal according to our own judgment with our domestic policies, we can not fail to view with sympathetic interest all progress to this desired end or carefully to study the measures that may be proposed to attain it.

## LATIN AMERICA

While we are desirous of promoting peace in every quarter of the globe, we have a special interest in the peace of this hemisphere. It is our constant desire that all causes of dispute in this area may be tranquilly and satisfactorily adjusted. Along with our desire for peace is the earnest

hope for the increased prosperity of our sister republics of Latin America, and our constant purpose to promote cooperation with them which may be mutually beneficial and always inspired by the most cordial friendships.

## FOREIGN DEBTS

About \$12,000,000,000 is due to our Government from abroad, mostly from European Governments. Great Britain, Finland, Hungary, Lithuania and Poland have negotiated settlements amounting close to \$5,000,000,000. This represents the funding of over 42 per cent of the debt since the creation of the special Foreign Debt Commission. As the life of this commission is about to expire, its term should be extended. I am opposed to the cancellation of these debts and believe it for the best welfare of the world that they should be liquidated and paid as fast as possible. I do not favor oppressive measures, but unless money that is borrowed is repaid credit can not be secured in time of necessity, and there exists besides a moral obligation which our country can not ignore and no other country can evade. Terms and conditions may have to conform to differences in the financial abilities of the countries concerned, but the principle that each country should meet its obligation admits of no differences and is of universal application.

It is axiomatic that our country can not stand still. It would seem to be perfectly plain from recent events that it is determined to go forward. But it wants no pretenses, it wants no vagaries. It is determined to advance in an orderly, sound and common-sense way. It does not propose to abandon the theory of the Declaration that the people have inalienable rights which no majority and no power of government can destroy. It does not propose to abandon the practice of the Constitution that provides for the protection of these rights. It believes that within these limitations, which are imposed not by the fiat of man but by the law of the Creator, self-government is just and wise. It is convinced that it will be impossible for the people to provide their own government unless they continue to own their own property.

These are the very foundations of America. On them has been erected a Government of freedom and equality, of justice and mercy, of education and charity. Living under it and supporting it the people have come into great possessions on the material and spiritual sides of life. I want to continue in this direction. I know that the Congress shares with me that desire. I want our institutions to be more and more expressive of these principles. I want the people of all the earth to see in the American flag the symbol of a Government which intends no oppression at home and no aggression abroad, which in the spirit of a common brotherhood provides assistance in time of distress.

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State of the Union Address  
Calvin Coolidge  
December 8, 1925

Members of the Congress:

In meeting the constitutional requirement of informing the Congress upon the state of the Union, it is exceedingly gratifying to report that the general condition is one of progress and prosperity. Here and there are comparatively small and apparently temporary difficulties needing adjustment and improved administrative methods, such as are always to be

expected, but in the fundamentals of government and business the results demonstrate that we are going in the right direction. The country does not appear to require radical departures from the policies already adopted so much as it needs a further extension of these policies and the improvement of details. The age of perfection is still in the somewhat distant future, but it is more in danger of being retarded by mistaken Government activity than it is from lack of legislation. We are by far the most likely to accomplish permanent good if we proceed with moderation.

In our country the people are sovereign and independent, and must accept the resulting responsibilities. It is their duty to support themselves and support the Government. That is the business of the Nation, whatever the charity of the Nation may require. The functions which the Congress are to discharge are not those of local government but of National Government. The greatest solicitude should be exercised to prevent any encroachment upon the rights of the States or their various political subdivisions. Local self-government is one of our most precious possessions. It is the greatest contributing factor to the stability strength liberty, and progress of the Nation. It ought not to be in ringed by assault or undermined by purchase. It ought not to abdicate its power through weakness or resign its authority through favor. It does not at all follow that because abuses exist it is the concern of the Federal Government to attempt the r reform.

Society is in much more danger from encumbering the National Government beyond its wisdom to comprehend, or its ability to administer, than from leaving the local communities to bear their own burdens and remedy their own evils. Our local habit and custom is so strong, our variety of race and creed is so great the Federal authority is so tenuous, that the area within which it can function successfully is very limited. The wiser policy is to leave the localities, so far as we can, possessed of their own sources of revenue and charged with their own obligations.

## GOVERNMENT ECONOMY

It is a fundamental principle of our country that the people are sovereign. While they recognize the undeniable authority of the state, they have established as its instrument a Government of limited powers. They hold inviolate in their own hands the jurisdiction over their own freedom and the ownership of their own property. Neither of these can be impaired except by due process of law. The wealth of our country is not public wealth, but private wealth. It does not belong to the Government, it belongs to the people. The Government has no justification in taking private Property except for a public purpose. It is always necessary to keep these principles in mind in the laying of taxes and in the making of appropriations. No right exists to levy on a dollar, or to order the expenditure of a dollar, of the money of the people, except for a necessary public purpose duly authorized by the Constitution. The power over the purse is the power over liberty.

That is the legal limitation within which the Congress can act, How it will, proceed within this limitation is always a question of policy. When the country is prosperous and free from debt, when the rate of taxation is low, opportunity exists for assuming new burdens and undertaking new enterprises. Such a condition now prevails only to a limited extent. All proposals for assuming new obligations ought to be postponed, unless they are reproductive capital investments or are such as are absolutely necessary at this time. We still have an enormous debt of over \$20,000,000,000, on which the interest and sinking-fund requirements are \$1,320,000,000. Our appropriations for the Pension Office and the Veterans'

Bureau are \$600,000,000. The War and Navy Departments call for \$642,000,000. Other requirements, exclusive of the Post Office which is virtually self-sustaining, brought the appropriations for the current year up to almost \$3,100,060,000. This shows an expenditure of close to \$30 for every inhabitant of our country. For the average family of five it means a tax, directly or indirectly paid, of about \$150 for national purposes alone. The local tax adds much more. These enormous expenditures ought not to be increased, but through every possible effort they ought to be reduced.

Only one of these great items can be ultimately extinguished. That is the item of our war debt. Already this has been reduced to about \$6,000,000,000, which means an annual saving in interest of close to \$250,000,000. The present interest charge is about \$820,000,000 yearly. It would seem to be obvious that the sooner this debt can be retired the more the taxpayers will save in interest and the easier it will be to secure funds with which to prosecute needed running expenses, constructions, and improvements. This item of \$820,000,000 for interest is a heavy charge on all the people of the country, and it seems to me that we might well consider whether it is not greatly worth while to dispense with it as early as possible by retiring the principal debt which it is required to serve.

It has always been our policy to retire our debts. That of the Revolutionary War period, notwithstanding the additions made in 1812, was paid by 1835. and the Civil War debt within 23 years. Of the amount already paid, over \$1,000,000,000 is a reduction in cash balances. That source is exhausted. Over one and two-thirds billions of dollars was derived from excess receipts. Tax reduction eliminates that. The sale of surplus war materials has been another element of our income. That is practically finished. With these eliminated, the reduction of the debt has been only about \$500,000,000 each year, not an excessive sum on so large a debt.

Proposals have been made to extend the payment over a period of 62 years. If \$1,000,000,000 is paid at the end of 20 years, the cost to the taxpayers is the principal and, if the interest is 4% per cent, a total of \$1,850,000,000. If the same sum is paid at the end of 62 years, the cost is \$3,635,000,000, or almost double. Here is another consideration: Compared with its purchasing power in 1913, the dollar we borrowed represented but 52 cents. As the value of our dollar increases, due to the falling prices of commodities, the burden of our debt increases. It has now risen to 63 1/2 cents. The taxpayer will be required to produce nearly twice the amount of commodities to pay his debt if the dollar returns to the 1913 value. The more we pay while prices are high, the easier it will be.

Deflation of government after a war period is slower than deflation of business, where curtailment is either prompt and effective or disaster follows. There is room for further economy in the cost of the Federal Government, but a comparison of current expenditures with pre-war expenditures is not able to the efficiency with which Government business is now being done. The expenditures of 1916 the last pre-war year, were \$742,000,000, and in 1925 over \$3,500,000,000, or nearly five times as great. If we subtract expenditures for debt retirements and interest, veterans' relief, increase of pensions, and other special outlays, consisting of refunds, trust investments, and like charges, we find that the general expenditures of the Government in 1925 were slightly more than twice as large as in 1916.

As prices in 1925 were approximately 40 per cent higher than in 1916, the cost of the same Government must also have increased. But the Government is

not the same. It is more expensive to collect the much greater revenue necessary and to administer our great debt. We have given enlarged and improved services to agriculture and commerce. Above all, America has grown in population and wealth. Government expenditures must always share in this growth. Taking into account the factors I have mentioned, I believe that present Federal expenses are not far out of line with pre-war expenses. We have nearly accomplished the deflation.

This does not mean that further economies will not come. As we reduce our debt our interest charges decline. There are many details yet to correct. The real improvement, however, must come not from additional curtailment of expenses, but by a more intelligent, more ordered spending. Our economy must be constructive. While we should avoid as far as possible increases in permanent current expenditures, oftentimes a capital outlay like internal improvements will result in actual constructive saving. That is economy in its best sense. It is an avoidance of waste that there may be the means for an outlay to-day which will bring larger returns to-morrow. We should constantly engage in scientific studies of our future requirements and adopt an orderly program for their service. Economy is the method by which we prepare to-day to afford the improvements of to-morrow.

A mere policy of economy without any instrumentalities for putting it into operation would be very ineffective. The Congress has wisely set up the Bureau of the Budget to investigate and inform the President what recommendations he ought to make for current appropriations. This gives a centralized authority where a general and comprehensive understanding can be reached of the sources of income and the most equitable distribution of expenditures. How well it has worked is indicated by the fact that the departmental estimates for 1922, before the budget law, were \$4,068,000,000 while the Budget estimates for 1927 are \$3,156,000,000. This latter figure shows the reductions in departmental estimates for the coming year made possible by the operation of the Budget system that the Congress has provided.

But it is evidently not enough to have care in making appropriations without any restraint upon expenditure. The Congress has provided that check by establishing the office of Comptroller General.

The purpose of maintaining the Budget Director and the Comptroller General is to secure economy and efficiency in Government expenditure. No better method has been devised for the accomplishment of that end. These offices can not be administered in all the various details without making some errors both of fact and of judgment. But the important consideration remains that these are the instrumentalities of the Congress and that no other plan has ever been adopted which was so successful in promoting economy and efficiency. The Congress has absolute authority over the appropriations and is free to exercise its judgment, as the evidence may warrant, in increasing or decreasing budget recommendations. But it ought to resist every effort to weaken or break down this most beneficial system of supervising appropriations and expenditures. Without it all the claim of economy would be a mere pretense.

## TAXATION

The purpose of reducing expenditures is to secure a reduction in taxes. That purpose is about to be realized. With commendable promptness the Ways and Means Committee of the House has undertaken in advance of the meeting of the Congress to frame a revenue act. As the bill has proceeded through the committee it has taken on a nonpartisan character, and both Republicans

and Democrats have joined in a measure which embodies many sound principles of tax reform. The bill will correct substantially the economic defects injected into the revenue act of 1924, as well as many which have remained as war-time legacies. In its present form it should provide sufficient revenue for the Government.

The excessive surtaxes have been reduced, estate tax rates are restored to more reasonable figures, with every prospect of withdrawing from the field when the States have had the opportunity to correct the abuses in their own inheritance tax laws, the gift tax and publicity section are to be repealed many miscellaneous taxes are lowered or abandoned, and the Board of Tax Appeals and the administrative features of the law are improved and strengthened. I approve of the bill in principle. In so far as income-tax exemptions are concerned, it seems, to me the committee has gone as far as it is Safe to go and somewhat further than I should have gone. Any further extension along these lines would, in my opinion, impair the integrity of our income-tax system.

I am advised that the bill will be through the House by Christmas. For this prompt action the country call thank the good sense of the Ways and Means Committee in framing an economic measure upon economic considerations. If this attitude continues to be reflected through the Congress, the taxpayer will have his relief by the time his March 15th installment of income taxes is due. Nonpartisan effort means certain, quick action. Determination of a revenue law definitely, promptly and solely as a revenue law, is one of the greatest gifts a legislature can bestow upon its constituents. I commend the example of file Ways and Means Committee. If followed, it will place sound legislation upon the books in time to give the taxpayers the full benefit of tax reduction next year. This means that the bill should reach me prior to March 15.

All these economic results are being sought not to benefit the rich, but to benefit the people. They are for the purpose of encouraging industry in order that employment may be plentiful. They seek to make business good in order that wages may be good. They encourage prosperity in order that poverty may be banished from the home. They, seek to lay the foundation which, through increased production, may, give the people a more bountiful supply of the necessities of life, afford more leisure for the improvement of the mind, the appreciation of the arts of music and literature, sculpture and painting, and the beneficial enjoyment of outdoor sports and recreation, enlarge the resources which minister to charity and by all these means attempting to strengthen the spiritual life of the Nation.

## FOREIGN RELATIONS

The policy of our foreign relations, casting aside any suggestion of force, rests solely on the foundation of peace, good will, and good works. We have sought, in our intercourse with other nations, better understandings through conference and exchange of views its befits beings endowed with reason. The results have been the gradual elimination of disputes, the settlement of controversies, and the establishment of a firmer friendship between America and the rest of the world that has ever existed tit any previous time.

The example of this attitude has not been without its influence upon other countries. Acting upon it, an adjustment was made of the difficult problem of reparations. This was the second step toward peace in Europe. It paved the way for the agreements which were drawn up at the Locarno Conference. When ratified, these will represent the third step toward peace. While they

do not of themselves provide an economic rehabilitation, which is necessary for the progress of Europe, by strengthening the guarantees of peace they diminish the need for great armaments. If the energy which now goes into military effort is transferred to productive endeavor it will greatly assist economic progress.

The Locarno agreements were made by the European countries directly interested without any formal intervention of America, although on July 3 I publicly advocated such agreements in an address made in Massachusetts. We have consistently refrained from intervening except when our help has been sought and we have felt it could be effectively given, as in the settlement of reparations and the London Conference. These recent Locarno agreements represent the success of this policy which we have been insisting ought to be adopted, of having European countries settle their own political problems without involving this country. This beginning seems to demonstrate that this policy is sound. It is exceedingly gratifying to observe this progress, both in its method and in its result promises so much that is beneficial to the world.

When these agreements are finally adopted, they will provide guarantees of peace that make the present prime reliance upon force in some parts of Europe very much less necessary. The natural corollary to these treaties should be further international contracts for the limitation of armaments. This work was successfully begun at the Washington Conference. Nothing was done at that time concerning land forces because of European objection. Our standing army has been reduced to around 118,000, about the necessary police force for 115,000,000 people. We are not proposing to increase it, nor is it supposable that any foreign country looks with the slightest misapprehension upon our land forces. They do not menace anybody. They are rather a protection to everybody.

The question of disarming upon land is so peculiarly European in its practical aspects that our country would look with particular gratitude upon any action which those countries might take to reduce their own military forces. This is in accordance with our policy of not intervening unless the European powers are unable to agree and make request for our assistance. Whenever they are able to agree of their own accord it is especially gratifying to us, and such agreements may be sure of our sympathetic support.

It seems clear that it is the reduction of armies rather than of navies that is of the first importance to the world at the present time. We shall look with great satisfaction upon that effort and give it our approbation and encouragement. If that can be settled, we may more easily consider further reduction and limitation of naval armaments. For that purpose our country has constantly through its Executive, and through repeated acts of Congress, indicated its willingness to call such a conference. Under congressional sanction it would seem to be wise to participate in any conference of the great powers for naval limitation of armament proposed upon such conditions that it would hold a fair promise of being effective. The general policy of our country is for disarmament, and it ought not to hesitate to adopt any practical plan that might reasonably be expected to succeed. But it would not care to attend a conference which from its location or constituency would in all probability prove futile.

In the further pursuit, of strengthening the bonds of peace and good will we have joined with other nations in an international conference held at Geneva and signed an agreement which will be laid before the Senate for ratification providing suitable measures for control and for publicity in



international trade in arms, ammunition, and implements of war, and also executed a protocol providing for a prohibition of the use of poison gas in war, in accordance with the principles of Article 5 of the treaty relating thereto signed at the Washington Conference. We are supporting the Pan American efforts that are being made toward the codification of international law, and looking with sympathy on the investigations conducted under philanthropic auspices of the proposal to agreements outlawing war. In accordance with promises made at the Washington Conference, we have urged the calling of and are now represented at the Chinese Customs Conference and on the Commission on Extraterritoriality, where it will be our policy so far as possible to meet the aspirations of China in all ways consistent with the interests of the countries involved.

## COURT OF INTERNATIONAL JUSTICE

Pending before the Senate for nearly three years is the proposal to adhere to the protocol establishing the Permanent Court of International Justice. A well-established line of precedents mark America's effort to effect the establishment of it court of this nature.. We took a leading part in laying the foundation on which it rests in the establishment of The Hague Court of Arbitration. It is that tribunal which nominates the judges who are elected by the Council and Assembly of the League of Nations.

The proposal submitted to the Senate was made dependent upon four conditions, the first of which is that by supporting the court we do not assume any obligations under the league; second, that we may participate upon an equality with other States in the election of judges; third, that the Congress shall determine what part of the expenses we shall bear; fourth, that the statute creating the court shall not be amended without our consent; and to these I have proposed an additional condition to the effect that we are not to be bound by advisory opinions rendered without our consent.

The court appears to be independent of the league. It is true the judges are elected by the Assembly and Council, but they are nominated by the Court of Arbitration, which we assisted to create and of which we are a part. The court was created by its statute, so-called, which is really a treaty made among some forty-eight different countries, that might properly be called a constitution of the court. This statute provides a method by which the judges are chosen so that when the Court of Arbitration nominates them and the Assembly and Council of the League elect them, they are not acting as instruments of the Court of Arbitration or instruments of the league, but as instruments of the statute.

This will be even more apparent if our representatives sit with the members of the council and assembly in electing the judges. It is true they are paid through the league though not by the league, but by the countries which are members of the league and by our country if we accept the protocol. The judges are paid by the league only in the same sense that it could be said United States judges are paid by the Congress. The court derives all its authority from the statute and is so completely independent of the league that it could go on functioning if the league were disbanded, at least until the terms of the judges expired.

The most careful provisions are made in the statute as to the qualifications of judges. Those who make the nominations are recommended to consult with their highest court of justice, their law schools and academies. The judges must be persons of high moral character, qualified to hold the highest judicial offices in that country, or be jurisconsults of

recognized competence in international law. It must be assumed that these requirements will continue to be carefully met, and with America joining the countries already concerned it is difficult to comprehend how human ingenuity could better provide for the establishment of a court which would maintain its independence. It has to be recognized that independence is to a considerable extent a matter of ability, character, and personality. Some effort was made in the early beginnings to interfere with the independence of our Supreme Court. It did not succeed because of the quality of the men who made up that tribunal.

It does not seem that the authority to give advisory opinions interferes with the independence of the court. Advisory opinions in and of themselves are not harmful, but may be used in such a way as to be very beneficial because they undertake to prevent injury rather than merely afford a remedy after the injury has been done. As a principle that only implies that the court shall function when proper application is made to it. Deciding the question involved upon issues submitted for an advisory opinion does not differ materially from deciding the question involved upon issues submitted by contending parties. Up to the present time the court has given an advisory opinion when it judged it had jurisdiction, and refused to give one when it judged it did not have jurisdiction. Nothing in the work of the court has yet been an indication that this is an impairment of its independence or that its practice differs materially from the giving of like opinions under the authority of the constitutions of several of our States.

No provision of the statute seems to me to give this court any authority to be a political rather than a judicial court. We have brought cases in this country before our courts which, when they have been adjudged to be political, have been thereby dismissed. It is not improbable that political questions will be submitted to this court, but again up to the present time the court has refused to pass on political questions and our support would undoubtedly have a tendency to strengthen it in that refusal.

We are not proposing to subject ourselves to any compulsory jurisdiction. If we support the court, we can never be obliged to submit any case which involves our interests for its decision. Our appearance before it would always be voluntary, for the purpose of presenting a case which we had agreed might be presented. There is no more danger that others might bring cases before the court involving our interests which we did not wish to have brought, after we have adhered, and probably not so much, than there would be of bringing such cases if we do not adhere. I think that we would have the same legal or moral right to disregard such a finding in the one case that we would in the other.

If we are going to support any court, it will not be one that we have set up alone or which reflects only our ideals. Other nations have their customs and their institutions, their thoughts and their methods of life. If a court is going to be international, its composition will have to yield to what is good in all these various elements. Neither will it be possible to support a court which is exactly perfect, or under which we assume absolutely no obligations. If we are seeking that opportunity, we might as well declare that we are opposed to supporting any court. If any agreement is made, it will be because it undertakes to set up a tribunal which can do some of the things that other nations wish to have done. We shall not find ourselves bearing a disproportionate share of the world's burdens by our adherence, and we may as well remember that there is absolutely no escape for our country from bearing its share of the world's burdens in any case. We shall do far better service to ourselves and to others if we admit this

and discharge our duties voluntarily, than if we deny it and are forced to meet the same obligations unwillingly.

It is difficult to imagine anything that would be more helpful to the world than stability, tranquility and international justice. We may say that we are contributing to these factors independently, but others less fortunately located do not and can not make a like contribution except through mutual cooperation. The old balance of power, mutual alliances, and great military forces were not brought about by any mutual dislike for independence, but resulted from the domination of circumstances. Ultimately they were forced on us. Like all others engaged in the war whatever we said as a matter of fact we joined an alliance, we became a military power, we impaired our independence. We have more at stake than any one else in avoiding a repetition of that calamity. Wars do not, spring into existence. They arise from small incidents and trifling irritations which can be adjusted by an international court. We can contribute greatly to the advancement of our ideals by joining with other nations in maintaining such a tribunal.

## FOREIGN DEBTS

Gradually, settlements have been made which provide for the liquidation of debts due to our Government from foreign governments. Those made with Great Britain, Finland, Hungary Lithuania, and Poland have already been approved by the Congress. Since the adjournment, further agreements have been entered into with Belgium, Czechoslovakia, Latvia, Estonia, Italy, and Rumania. These 11 nations, which have already made settlements, represent \$6,419,528,641 of the original principal of the loans. The principal sums without interest, still pending, are the debt of France, of \$3,340,000,000; Greece, \$15,000,000; Yugoslavia, \$51,000,000; Liberia, \$26,000; Russia, \$192,000,000, which those at present in control have undertaken, openly to repudiate; Nicaragua, \$84,000, which is being paid currently; and Austria, \$24,000,000, on which by act of Congress a moratorium of 20 years has been granted. The only remaining sum is \$12,000,000, due from Armenia, which has now ceased to exist as an independent nation.

In accordance with the settlements made, the amount of principal and interest which is to be paid to the United States under these agreements aggregate \$15,200,688,253.93. It is obvious that the remaining settlements, which will undoubtedly be made, will bring this sum up to an amount which will more than equal the principal due on our present national debt. While these settlements are very large in the aggregate, it has been felt that the terms granted were in all cases very generous. They impose no undue burden and are mutually beneficial in the observance of international faith and the improvement of international credit.

Every reasonable effort will be made to secure agreements for liquidation with the remaining countries, whenever they are in such condition that they can be made. Those which have already been negotiated under the bipartisan commission established by the Congress have been made only after the most thoroughgoing and painstaking investigation, continued for a long time before meeting with the representatives of the countries concerned. It is believed that they represent in each instance the best that can be done and the wisest settlement that can be secured. One very important result is the stabilization of foreign currency, making exchange assist rather than embarrass our trade. Wherever sacrifices have been made of money, it will be more than amply returned in better understanding and friendship, while in so far as these adjustments will contribute to the financial stability of the debtor countries, to their good order, prosperity, and progress,

they represent hope of improved trade relations and mutual contributions to the civilization of the world.

## ALIEN PROBLEM

Negotiations are progressing among the interested parties in relation to the final distribution of the assets in the hands of the Alien Property Custodian. Our Government and people are interested as creditors; the German Government and people are interested as debtors and owners of the seized property. Pending the outcome of these negotiations, I do not recommend any affirmative legislation. For the present we should continue in possession of this property which we hold as security for the settlement of claims due to our people and our Government.

## IMMIGRATION

While not enough time has elapsed to afford a conclusive demonstration, such results as have been secured indicate that our immigration law is on the whole beneficial. It is undoubtedly a protection to the wage earners of this country. The situation should however, be carefully surveyed, in order to ascertain whether it is working a needless hardship upon our own inhabitants. If it deprives them of the comfort and society of those bound to them by close family ties, such modifications should be adopted as will afford relief, always in accordance with the principle that our Government owes its first duty to our own people and that no alien, inhabitant of another country, has any legal rights whatever under our Constitution and laws. It is only through treaty, or through residence here that such rights accrue. But we should not, however, be forgetful of the obligations of a common humanity.

While our country numbers among its best citizens many of those of foreign birth, yet those who now enter in violation of our laws by that very act thereby place themselves in a class of undesirables. Investigation reveals that any considerable number are coming here in defiance of our immigration restrictions, it will undoubtedly create the necessity for the registration of all aliens. We ought to have no prejudice against an alien because he is an alien. The standard which we apply to our inhabitants is that of manhood, not place of birth. Restrictive immigration is to a large degree for economic purposes. It is applied in order that we may not have a larger annual increment of good people within our borders than we can weave into our economic fabric in such a way as to supply their needs without undue injury to ourselves.

## NATIONAL DEFENSE

Never before in time of peace has our country maintained so large and effective a military force as it now has. The Army, Navy, Marine Corps, National Guard, and Organized Reserves represent a strength of about 558,400 men. These forces are well trained, well equipped, and high in morale.

A sound selective service act giving broad authority for the mobilization in time of peril of all the resources of the country, both persons and materials, is needed to perfect our defense policy in accordance with our ideals of equality. The provision for more suitable housing to be paid for out of funds derived from the sale of excess lands, pending before the last Congress, ought to be brought forward and passed. Reasonable replacements ought to be made to maintain a sufficient ammunition reserve.

The Navy has the full treaty tonnage of capital ships. Work is going forward in modernizing the older ones, building aircraft carriers, additional fleet submarines, and fast scout cruisers, but we are carefully avoiding anything that might be construed as a competition in armaments with other nations. The joint Army and Navy maneuvers at Hawaii, followed by the cruise of a full Battle Fleet to Australia and New Zealand, were successfully carried out. These demonstrations revealed a most satisfactory condition of the ships and the men engaged.

Last year at my suggestion the General Board of the Navy made an investigation and report on the relation of aircraft to warships. As a result authorizations and appropriations were made for more scout cruisers and fleet submarines and for completing aircraft carriers and equipping them with necessary planes. Additional training in aviation was begun at the Military and Naval Academies. A method of coordination and cooperation of the Army and Navy and the principal aircraft builders is being perfected. At the suggestion of the Secretaries of War and Navy I appointed a special board to make a further study of the problem of aircraft.

The report of the Air Board ought to be reassuring to the country, gratifying to the service and satisfactory to the Congress. It is thoroughly complete and represents the mature thought of the best talent in the country. No radical change in organization of the service seems necessary. The Departments of War, Navy, and Commerce should each be provided with an additional assistant secretary, not necessarily with statutory duties but who would be available under the direction of the Secretary to give especial attention to air navigation. We must have an air strength worthy of America. Provision should be made for two additional brigadier generals for the Army Air Service. Temporary rank corresponding to their duties should be awarded to active flying officers in both Army and Navy.

Aviation is of great importance both for national defense and commercial development. We ought to proceed in its improvement by the necessary experiment and investigation. Our country is not behind in this art. It has made records for speed and for the excellence of its planes. It ought to go on maintaining its manufacturing plants capable of rapid production, giving national assistance to the la in out of airways, equipping itself with a moderate number of planes and keeping an air force trained to the highest efficiency.

While I am a thorough believer in national defense and entirely committed to the policy of adequate preparation, I am just as thoroughly opposed to instigating or participating in a policy of competitive armaments. Nor does preparation mean a policy of militarizing. Our people and industries are solicitous for the cause of 0111, country, and have great respect for the Army and Navy and foil the uniform worn by the men who stand ready at all times for our protection to encounter the dangers and perils necessary to military service, but all of these activities are to be taken not in behalf of aggression but in behalf of peace. They are the instruments by which we undertake to do our part to promote good will and support stability among all peoples.

## VETERANS

If any one desires to estimate the esteem in which the veterans of America are held by their fellow citizens, it is but necessary to remember that the current budget calls for an expenditure of about \$650,000.000 in their behalf. This is nearly the amount of the total cost of the National

Government, exclusive of the post office, before we entered the last war.

At the two previous sessions of Congress legislation affecting veterans' relief was enacted and the law liberalized. This legislation brought into being a number of new provisions tending more nearly to meet the needs of our veterans, as well as afford the necessary authority to perfect the administration of these laws.

Experience with the new legislation so far has clearly demonstrated its constructive nature. It has increased the benefits received by many and has made eligible for benefits many others. Direct disbursements to the veteran or his dependents exceeding \$21,000,000 have resulted, which otherwise would not have been made. The degree of utilization of our hospitals has increased through making facilities available to the incapacitated veteran regardless of service origin of the disability. This new legislation also has brought about a marked improvement of service to the veteran.

The organizations of ex-service men have proposed additional legislative changes which you will consider, but until the new law and the modifications made at the last session of Congress are given a more thorough test further changes in the basic law should be few and made only after careful though sympathetic consideration.

The principal work now before the Veterans' Bureau is the perfection of its organization and further improvements in service. Some minor legislative changes are deemed necessary to enable the bureau to retain that high grade of professional talent essential in handling the problems of the bureau. Such changes as tend toward the improvement of service and the carrying forward to completion of the hospital construction program are recommended for the consideration of the proper committees of Congress.

With the enormous outlay that is now being made in behalf of the veterans and their dependents, with a tremendous war debt still requiring great annual expenditure, with the still high rate of taxation, while every provision should be made for the relief of the disabled and the necessary care of dependents, the Congress may well consider whether the financial condition of the Government is not such that further bounty through the enlargement of general pensions and other emoluments ought not to be postponed.

## AGRICULTURE

No doubt the position of agriculture as a whole has very much improved since the depression of three and four years ago. But there are many localities and many groups of individuals, apparently through no fault of their own, sometimes due to climatic conditions and sometimes to the prevailing price of a certain crop, still in a distressing condition. This is probably temporary, but it is none the less acute. National Government agencies, the Departments of Agriculture and Commerce, the Farm Loan Board, the intermediate credit banks, and the Federal Reserve Board are all cooperating to be of assistance and relief. On the other hand, there are localities and individuals who have had one of their most prosperous years. The general price level is fair, but here again there are exceptions both ways, some items being poor while others are excellent. In spite of a lessened production the farm income for this year will be about the same as last year and much above the three preceding years.

Agriculture is a very complex industry. It does not consist of one problem, but of several. They can not be solved at one stroke. They have to be met

in different ways, and small gains are not to be despised.

It has appeared from all the investigations that I have been able to make that the farmers as a whole are determined to maintain the independence of their business. They do not wish to have meddling on the part of the Government or to be placed under the inevitable restrictions involved in any system of direct or indirect price-fixing, which would result from permitting the Government to operate in the agricultural markets. They are showing a very commendable skill in organizing themselves to transact their own business through cooperative marketing, which will this year turn over about \$2,500,000,000, or nearly one-fifth of the total agricultural business. In this they are receiving help from the Government. The Department of Agriculture should be strengthened in this facility, in order to be able to respond when these marketing associations want help. While it ought not to undertake undue regulation, it should be equipped to give prompt information on crop prospects, supply, demand, current receipts, imports, exports, and prices.

A bill embodying these principles, which has been drafted under the advice and with the approval of substantially all the leaders and managers in the cooperative movement, will be presented to the Congress for its enactment. Legislation should also be considered to provide for leasing the unappropriated public domain for grazing purposes and adopting a uniform policy relative to grazing on the public lands and in the national forests.

A more intimate relation should be established between agriculture and the other business activities of the Nation. They are mutually dependent and can each advance their own prosperity most by advancing the prosperity of the other. Meantime the Government will continue those activities which have resulted in an unprecedented amount of legislation and the pouring out of great sums of money during the last five years. The work for good roads, better land and water transportation, increased support for agricultural education, extension of credit facilities through the Farm Loan Boards and the intermediate credit banks, the encouragement of orderly marketing and a repression of wasteful speculation, will all be continued.

Following every other depression, after a short period the price of farm produce has taken and maintained the lead in the advance. This advance had reached a climax before the war. Everyone will recall the discussion that went on for four or five years prior to 1914 concerning the high cost of living. This history is apparently beginning to repeat itself. While wholesale prices of other commodities have been declining, farm prices have been increasing. There is every reason to suppose that a new era in agricultural prosperity lies just before us, which will probably be unprecedented.

## MUSCLE SHOALS

The problem of Muscle Shoals seems to me to have assumed a place all out of proportion with its real importance. It probably does not represent in market value much more than a first-class battleship, yet it has been discussed in the Congress over a period of years and for months at a time. It ought to be developed for the production of nitrates primarily, and incidentally for power purposes. This would serve defensive, agricultural, and industrial purposes. I am in favor of disposing of this property to meet these purposes. The findings of the special commission will be transmitted to the Congress for their information. I am convinced that the best possible disposition can be made by direct authorization of the

Congress. As a means of negotiation I recommend the immediate appointment

of a small joint special committee chosen from the appropriate general standing committees of the House and Senate to receive bids, which when made should be reported with recommendations as to acceptance, upon which a law should be enacted, effecting a sale to the highest bidder who will agree to carry out these purposes.

If anything were needed to demonstrate the almost utter incapacity of the National Government to deal directly with an industrial and commercial problem, it has been provided by our experience with this property. We have expended vast fortunes, we have taxed everybody, but we are unable to secure results, which benefit anybody. This property ought, to be transferred to private management under conditions which will dedicate it to the public purpose for which it was conceived.

## RECLAMATION

The National Government is committed to a policy of reclamation and irrigation which it desires to establish on a sound basis and continue in the interest of the localities concerned. Exhaustive studies have recently been made of Federal reclamation, which have resulted in improving the projects and adjusting many difficulties. About one third of the projects is in good financial condition, another third can probably be made profitable, while the other third is under unfavorable conditions. The Congress has already provided for a survey which will soon be embodied in a report. That ought to suggest a method of relief which will make unnecessary further appeals to the Congress. Unless this can be done, Federal reclamation will be considerably retarded. With the greatly increased cost of construction and operation, it has become necessary to plan in advance, by community organization and selective agriculture, methods sufficient to repay these increasing outlays.

The human and economic interests of the farmer citizens suggest that the States should be required to exert some effort and assume some responsibility, especially in the intimate, detailed, and difficult work of securing settlers and developing farms which directly profit them, but only indirectly and remotely can reimburse the Nation. It is believed that the Federal Government should continue to be the agency for planning and constructing the great undertakings needed to regulate and bring into use the rivers the West, many of which are interstate in character, but the detailed work of creating agricultural communities and a rural civilization on the land made ready for reclamation ought to be either transferred to the State in its entirety or made a cooperative effort of the State and Federal Government.

## SHIPPING

The maintenance of a merchant marine is of the utmost importance for national defense and the service of our commerce. We have a large number of ships engaged in that service. We also have a surplus supply, costly to care for, which ought to be sold. All the investigations that have been made under my direction, and those which have been prosecuted independently, have reached the conclusion that the fleet should be under the direct control of a single executive head, while the Shipping Board should exercise its judicial and regulatory functions in Accordance with its original conception. The report of Henry G. Dalton, a business man of broad experience, with a knowledge of shipping, made to me after careful investigation, will be transmitted for the information of the Congress, the



studies pursued under the direction of the United States Chamber of Commerce will also be accessible, and added to these will be the report of the special committee of the House.

I do not advocate the elimination of regional considerations, but it has become apparent that without centralized executive action the management of this great business, like the management of any other great business, will flounder in incapacity and languish under a division of council. A plain and unmistakable reassertion of this principle of unified control, which I have always been advised was the intention of the Congress to apply, is necessary to increase the efficiency of our merchant fleet.

## COAL

The perennial conflict in the coal industry is still going on to the great detriment of the wage earners, the owners, and especially to the public. With deposits of coal in this country capable of supplying its needs for hundreds of years, inability to manage and control this great resource for the benefit of all concerned is very close to a national economic failure. It has been the subject of repeated investigation and reiterated recommendation. Yet the industry seems never to have accepted modern methods of adjusting differences between employers and employees. The industry could serve the public much better and become subject to a much more effective method of control if regional consolidations and more freedom in the formation of marketing associations, under the supervision of the Department of Commerce, were permitted.

At the present time the National Government has little or no authority to deal with this vital necessity of the life of the country. It has permitted itself to remain so powerless that its only attitude must be humble supplication. Authority should be lodged with the President and the Departments of Commerce and Labor, giving them power to deal with an emergency. They should be able to appoint temporary boards with authority to call for witnesses and documents, conciliate differences, encourage arbitration, and in case of threatened scarcity exercise control over distribution. Making the facts public under these circumstances through a statement from an authoritative source would be of great public benefit. The report of the last coal commission should be brought forward, reconsidered, and acted upon.

## PROHIBITION

Under the orderly processes of our fundamental institutions the Constitution was lately amended providing for national prohibition. The Congress passed an act for its enforcement, and similar acts have been provided by most of the States. It is the law of the land. It is the duty of all who come under its jurisdiction to observe the spirit of that law, and it is the duty of the Department of Justice and the Treasury Department to enforce it. Action to prevent smuggling, illegal transportation in interstate commerce, abuse in the use of permits, and existence of sources of supply for illegal traffic is almost entirely imposed upon the Federal Government.

Through treaties with foreign governments and increased activities of the Coast Guard, revenue agents, district attorneys and enforcement agents effort is being made to prevent these violations. But the Constitution also puts a concurrent duty on the States. We need their active and energetic cooperation, the vigilant action of their police, and the jurisdiction of their courts to assist in enforcement. I request of the people observance,

of the public officers continuing efforts for enforcement, and of the Congress favorable action on the budget recommendation for the prosecution of this work.

## WATERWAY DEVELOPMENT

For many years our country has been employed in plans and M for the development of our intracoastal and inland waterways. This work along our coast is an important adjunct to our commerce. It will be carried on, together with the further opening up of our harbors, as our resources permit. The Government made an agreement during the war to take over the Cape Cod Canal, under which the owners made valuable concessions. This pledged faith of the Government ought to be redeemed.

Two other main fields are under consideration. One is the Great Lakes and St. Lawrence, including the Erie Canal. This includes stabilizing the lake level, and is both a waterway and power project. A joint commission of the United States and Canada is working on plans and surveys which will not be completed until next April. No final determination can be made, apparently, except under treaty as to the participation of both countries. The other is the Mississippi River stem. This is almost entirely devoted to navigation. Work on the Ohio River will be completed in about three years. A modern channel connecting Chicago, New Orleans, Kansas City, and Pittsburgh should be laid out and work on the tributaries prosecuted. Some work is being done of a preparatory nature along the Missouri, and large expenditures are being made yearly in the lower reaches of the Mississippi and its tributaries which contribute both to flood control and navigation. Preliminary measures are being taken on the Colorado River project, which is exceedingly important for flood control, irrigation, power development, and water supply to the area concerned. It would seem to be very doubtful, however, whether it is practical to secure affirmative action of the Congress, except under a Joint agreement of the several States.

The Government has already expended large sums upon scientific research and engineering investigation in promotion of this Colorado River project. The actual progress has been retarded for many years by differences among the seven States in the basin over their relative water rights and among different groups as to methods. In an attempt to settle the primary difficulty of the water rights, Congress authorized the Colorado River Commission which agreed on November 24, 1922, upon an interstate compact to settle these rights, subject to the ratification of the State legislatures and Congress. All seven States except Arizona at one time ratified, the Arizona Legislature making certain reservations which failed to meet the approval of the governor. Subsequently an attempt was made to establish the compact upon a six-State basis, but in this case California imposed reservations. There appears to be no division of opinion upon the major principles of the compact, but difficulty in separating contentions to methods of development from the discussion of it. It is imperative that flood control be undertaken for California and Arizona. preparation made for irrigation, for power, and for domestic water.

Some or all of these questions are combined in every proposed development. The Federal Government is interested in some of these phases, State governments and municipalities and irrigation districts in others, and private corporations in still others. Because of all this difference of view it is most desirable that Congress should consider the creation of some agency that will be able to determine methods of improvement solely upon economic and engineering facts, that would be authorized to negotiate and settle, subject to the approval of Congress, the participation, rights,

and obligations of each group in any particular works. Only by some such method can early construction be secured.

## WATER POWER

Along with the development of navigation should go every possible encouragement for the development of our water power. While steam still plays a dominant part, this is more and more becoming an era of electricity. Once installed, the cost is moderate, has not tended greatly to increase, and is entirely free from the unavoidable dirt and disagreeable features attendant upon the burning of coal. Every facility should be extended for the connection of the various units into a superpower plant, capable at all times of a current increasing uniformity over the entire system.

## RAILROADS

The railroads throughout the country are in a fair state of prosperity. Their service is good and their supply of cars is abundant. Their condition would be improved and the public better served by a system of consolidations. I recommend that the Congress authorize such consolidations under the supervision of the Interstate Commerce Commission, with power to approve or disapprove when proposed parts are excluded or new parts added. I am informed that the railroad managers and their employees have reached a substantial agreement as to what legislation is necessary to regulate and improve their relationship. Whenever they bring forward such proposals, which seem sufficient also to protect the interests of the public, they should be enacted into law.

It is gratifying to report that both the railroad managers and railroad employees are providing boards for the mutual adjustment of differences in harmony with the principles of conference, conciliation, and arbitration. The solution of their problems ought to be an example to all other industries. Those who ask the protections of civilization should be ready to use the methods of civilization.

A strike in modern industry has many of the aspects of war in the modern world. It injures labor and it injures capital. If the industry involved is a basic one, it reduces the necessary economic surplus and, increasing the cost of living, it injures the economic welfare and general comfort of the whole people. It also involves a deeper cost. It tends to embitter and divide the community into warring classes and thus weakens the unity and power of our national life.

Labor can make no permanent gains at the cost of the general welfare. All the victories won by organized labor in the past generation have been won through the support of public opinion. The manifest inclination of the managers and employees of the railroads to adopt a policy of action in harmony with these principles marks a new epoch in our industrial life.

## OUTLYING POSSESSIONS

The time has come for careful investigation of the expenditures and success of the laws by which we have undertaken to administer our outlying possessions. A very large amount of money is being expended for administration in Alaska. It appears so far out of proportion to the number of inhabitants and the amount of production as to indicate cause for thorough investigation. Likewise consideration should be given to the experience under the law which governs the Philippines. From such reports

as reach me there are indications that more authority should be given to the Governor General, so that he will not be so dependent upon the local legislative body to render effective our efforts to set an example of the, sound administration and good government, which is so necessary for the preparation of the Philippine people for self-government under ultimate independence. If they are to be trained in these arts, it is our duty to provide for them the best that there is.

#### RETIREMENT OF JUDGES

The act of March 3, 1911, ought to be amended so that the term of years of service of judges of any court of the United States requisite for retirement with pay shall be computed to include not only continuous but aggregate service.

#### MOTHERS' AID

The Government ought always to be alert on the side of the humanities. It ought to encourage provisions for economic justice for the defenseless. It ought to extend its relief through its national and local agencies, as may be appropriate in each case, to the suffering and the needy. It ought to be charitable.

Although more than 40 of our States have enacted measures in aid of motherhood, the District of Columbia is still without such a law. A carefully considered bill will be presented, which ought to have most thoughtful consideration in order that the Congress may adopt a measure which will be hereafter a model for all parts of the Union.

#### CIVIL SERVICE

In 1883 the Congress passed the civil service act, which from a modest beginning of 14,000 employees has grown until there are now 425,000 in the classified service. This has removed the clerical force of the Nation from the wasteful effects of the spoils system and made it more stable and efficient. The time has come to consider classifying all postmasters, collectors of customs, collectors of internal revenue, and prohibition agents, by an act covering in those at present in office, except when otherwise provided by Executive order.

The necessary statistics are now being gathered to form the basis of a valuation of the civil service retirement fund based on current conditions of the service. It is confidently expected that this valuation will be completed in time to be made available to the Congress during the present session. It will afford definite knowledge of existing, and future liabilities under the present law and determination OF liabilities under any proposed change in the present law. We should have this information before creating further obligations for retirement annuities which will become liabilities to be met in the future from the money of the taxpayer.

The classification act of 1923, with the subsequent legislative action providing for adjustment of the compensation of field service positions, has operated materially to improve employment conditions in the Federal service. The administration of the act is in the hands of an impartial board, functioning without the necessity of a direct appropriation. It would be inadvisable at this time to place in other hands the administration of this act.

#### FEDERAL TRADE COMMISSION

The proper function of the Federal Trade Commission is to supervise and correct those practices in commerce which are detrimental to fair competition. In this it performs a useful function and should be continued and supported. It was designed also to be a help to honest business. In my message to the Sixty-eighth Congress I recommended that changes in the procedure then existing be made. Since then the commission by its own action has reformed its rules, giving greater speed and economy in the disposal of its cases and full opportunity for those accused to be heard. These changes are improvements and, if necessary, provision should be made for their permanency.

## REORGANIZATION

No final action has yet been taken on the measure providing for the reorganization of the various departments. I therefore suggest that this measure, which will be of great benefit to the efficient and economical administration of the business of the Government, be brought forward and passed.

## THE NEGRO

Nearly one-tenth of our population consists of the Negro race. The progress which they have made in all the arts of civilization in the last 60 years is almost beyond belief. Our country has no more loyal citizens. But they do still need sympathy, kindness, and helpfulness. They need reassurance that the requirements of the Government and society to deal out to them even-handed justice will be met. They should be protected from all violence and supported in the peaceable enjoyment of the fruits of their labor. Those who do violence to them should be punished for their crimes. No other course of action is worthy of the American people.

Our country has many elements in its population, many different modes of thinking and living, all of which are striving in their own way to be loyal to the high ideals worthy of the crown of American citizenship. It is fundamental of our institutions that they seek to guarantee to all our inhabitants the right to live their own lives under the protection of the public law. This does not include any license to injure others materially, physically, morally, to incite revolution, or to violate the established customs which have long had the sanction of enlightened society.

But it does mean the full right to liberty and equality before the law without distinction of race or creed. This condition can not be granted to others, or enjoyed by ourselves, except by the application of the principle of broadest tolerance. Bigotry is only another name for slavery. It reduces to serfdom not only those against whom it is directed, but also those who seek to apply it. An enlarged freedom can only be secured by the application of the golden rule. No other utterance ever presented such a practical rule of life.

## CONCLUSION

It is apparent that we are reaching into an era of great general prosperity. It will continue only so long as we shall use it properly. After all, there is but a fixed quantity of wealth in this country at any fixed time. The only way that we can all secure more of it is to create more. The element of time enters into production, If the people have sufficient moderation and contentment to be willing to improve their condition by the process of enlarging production, eliminating waste, and

distributing equitably, a prosperity almost without limit lies before its. If the people are to be dominated by selfishness, seeking immediate riches by nonproductive speculation and by wasteful quarreling over the returns from industry, they will be confronted by the inevitable results of depression and privation. If they will continue industrious and thrifty, contented with fair wages and moderate profits, and the returns which accrue from the development of our natural resources, our prosperity will extend itself indefinitely.

In all your deliberations you should remember that the purpose of legislation is to translate principles into action. It is an effort to have our country be better by doing better. Because the thoughts and ways of people are firmly fixed and not easily changed, the field within which immediate improvement can be secured is very narrow. Legislation can provide opportunity. Whether it is taken advantage of or not depends upon the people themselves. The Government of the United States has been created by the people. It is solely responsible to them. It will be most successful if it is conducted solely for their benefit. All its efforts would be of little avail unless they brought more justice, more enlightenment, more happiness and prosperity into the home. This means an opportunity to observe religion, secure education, and earn a living under a reign of law and order. It is the growth and improvement of the material and spiritual life of the Nation. We shall not be able to gain these ends merely by our own action. If they come at all, it will be because we have been willing to work in harmony with the abiding purpose of a Divine Providence.

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State of the Union Address  
Calvin Coolidge  
December 7, 1926

Members of the Congress:

In reporting to the Congress the state of the Union, I find it impossible to characterize it other than one of general peace and prosperity. In some quarters our diplomacy is vexed with difficult and as yet unsolved problems, but nowhere are we met with armed conflict. If some occupations and areas are not flourishing, in none does there remain any acute chronic depression. What the country requires is not so much new policies as a steady continuation of those which are already being crowned with such abundant success. It can not be too often repeated that in common with all the world we are engaged in liquidating the war.

In the present short session no great amount of new legislation is possible, but in order to comprehend what is most desirable some survey of our general situation is necessary. A large amount of time is consumed in the passage of appropriation bills. If each Congress in its opening session would make appropriations to continue for two years, very much time would be saved which could either be devoted to a consideration of the general needs of the country or would result in decreasing the work of legislation.

ECONOMY

Our present state of prosperity has been greatly promoted by three important causes, one of which is economy, resulting in reduction and reform in national taxation. Another is the elimination of many kinds of waste. The third is a general raising of the standards of efficiency. This combination has brought the perfectly astonishing result of a reduction in the index price of commodities and an increase in the index rate of wages.

We have secured a lowering of the cost to produce and a raising of the ability to consume. Prosperity resulting from these causes rests on the securest of all foundations. It gathers strength from its own progress.

In promoting this progress the chief part which the National Government plays lies in the field of economy. Whatever doubts may have been entertained as to the necessity of this policy and the beneficial results which would accrue from it to all the people of the Nation, its wisdom must now be considered thoroughly demonstrated. It may not have appeared to be a novel or perhaps brilliant conception, but it has turned out to be preeminently sound. It has not failed to work. It has surely brought results. It does not have to be excused as a temporary expedient adopted as the lesser evil to remedy some abuse, it is not a palliative seeking to treat symptoms, but a major operation for the eradication at the source of a large number of social diseases.

Nothing is easier than the expenditure of public money. It does not appear to belong to anybody. The temptation is overwhelming to bestow it on somebody. But the results of extravagance are ruinous. The property of the country, like the freedom of the country, belongs to the people of the country. They have not empowered their Government to take a dollar of it except for a necessary public purpose. But if the Constitution conferred such right, sound economics would forbid it. Nothing is more, destructive of the progress of the Nation than government extravagance. It means an increase in the burden of taxation, dissipation of the returns from enterprise, a decrease in the real value of wages, with ultimate stagnation and decay. The whole theory of our institutions is based on the liberty and independence of the individual. He is dependent on himself for support and therefore entitled to the rewards of his own industry. He is not to be deprived of what he earns that others may be benefited by what they do not earn. What he saves through his private effort is not to be wasted by Government extravagance.

Our national activities have become so vast that it is necessary to scrutinize each item of public expenditure if we are to apply the principle of economy. At the last session we made an immediate increase in the annual budget of more than \$100,000,000 in benefits conferred on the veterans of three wars, public buildings, and river and harbor improvement. Many projects are being broached requiring further large outlays. I am convinced that it would be greatly for the welfare of the country if we avoid at the present session all commitments except those of the most pressing nature. From a reduction of the debt and taxes will accrue a wider benefit to all the people of this country than from embarking on any new enterprise. When our war debt is decreased we shall have resources for expansion. Until that is accomplished we should confine ourselves to expenditures of the most urgent necessity.

The Department of Commerce has performed a most important function in making plans and securing support of all kinds of national enterprise for the elimination of waste. Efficiency has been greatly promoted through good management and the constantly increasing cooperation of the wage earners throughout the whole realm of private business. It is my opinion that this whole development has been predicated on the foundation of a protective tariff.

## TAX REDUCTION

As a result of economy of administration by the Executive and of appropriation by the Congress, the end of this fiscal year will leave a

surplus in the Treasury estimated at \$383,000,000. Unless otherwise ordered, such surplus is used for the retirement of the war debt. A bond which can be retired today for 100 cents will cost the people 104 1/4 cents to retire a year from now. While I favor a speedy reduction of the debt as already required by law and in accordance with the promises made to the holders of our Liberty bonds when they were issued, there is no reason why a balanced portion of surplus revenue should not be applied to a reduction of taxation. It can not be repeated too often that the enormous revenues of this Nation could not be collected without becoming a charge on all the people whether or not they directly pay taxes. Everyone who is paying for the bare necessities of food and shelter and clothing, without considering the better things of life, is indirectly paying a national tax. The nearly 20,000,000 owners of securities, the additional scores of millions of holders of insurance policies and depositors in savings banks, are all paying a national tax. Millions of individuals and corporations are making a direct contribution to the National Treasury which runs from 11/2 to 25 per cent of their income, besides a number of special requirements, like automobile and admission taxes. Whenever the state of the Treasury will permit, I believe in a reduction of taxation. I think the taxpayers are entitled to it. But I am not advocating tax reduction merely for the benefit of the taxpayer; I am advocating it for the benefit of the country.

If it appeared feasible, I should welcome permanent tax reduction at this time. The estimated surplus, however, for June 30, 1928, is not much larger than is required in a going business of nearly \$4,000,000,000. We have had but a few months' experience under the present revenue act and shall need to know what is developed by the returns of income produced under it, which are not required to be made until about the time this session terminates, and what the economic probabilities of the country are in the latter part of 1927, before we can reach any justifiable conclusion as to permanent tax reduction. Moreover the present surplus results from many nonrecurrent items. Meantime, it is possible to grant some real relief by a simple measure making reductions in the payments which accrue on the 15th of March and June, 1927. I am very strongly of the conviction that this is so much a purely business matter that it ought not to be dealt with in a partisan spirit. The Congress has already set the notable example of treating tax problems without much reference to party, which might well be continued. What I desire to advocate most earnestly is relief for the country from unnecessary tax burdens. We can not secure that if we stop to engage in a partisan controversy. As I do not think any change in the special taxes, or tiny permanent reduction is practical, I therefore urge both parties of the House Ways and Means Committee to agree on a bill granting the temporary relief which I have indicated. Such a reduction would directly affect millions of taxpayers, release large sums for investment in new enterprise, stimulating industrial production and agricultural consumption, and indirectly benefiting every family in the whole country. These are my convictions stated with full knowledge that it is for the Congress to decide whether they judge it best to make such a reduction or leave the surplus for the present year to be applied to retirement of the war debt. That also is eventually tax reduction.

## PROTECTIVE TARIFF

It is estimated that customs receipts for the present fiscal year will exceed \$615,000,000, the largest which were ever secured from that source. The value of our imports for the last fiscal year was \$4,466,000,000, an increase of more than 71 per cent since the present tariff law went into effect. Of these imports about 65 per cent, or, roughly, \$2,900,000,000,



came in free of duty, which means that the United States affords a duty-free market to other countries almost equal in value to the total imports of Germany and greatly exceeding the total imports of France. We have admitted a greater volume of free imports than any other country except England.

We are, therefore, levying duties on about \$1,550,000,000 of imports. Nearly half of this, or \$700,000,000, is subject to duties for the protection of agriculture and have their origin in countries other than Europe. They substantially increased the prices received by our farmers for their produce. About \$300,000,000 more is represented by luxuries such as costly rugs, furs, precious stones, etc. This leaves only about \$550,000,000 of our imports under a schedule of duties which is in general under consideration when there is discussion of lowering the tariff. While the duties on this small portion, representing only about 12 per cent of our imports, undoubtedly represent the difference between a fair degree of prosperity or marked depression to many of our industries and the difference between good pay and steady work or wide unemployment to many of our wage earners, it is impossible to conceive how other countries or our own importers could be greatly benefited if these duties are reduced. Those who are starting an agitation for a reduction of tariff duties, partly at least for the benefit of those to whom money has been lent abroad, ought to know that there does not seem to be a very large field within the area of our imports in which probable reductions would be advantageous to foreign goods. Those who wish to benefit foreign producers are much more likely to secure that result by continuing the present enormous purchasing power which comes from our prosperity that increased our imports over 71 per cent in four years than from any advantages that are likely to accrue from a general tariff reduction.

## AGRICULTURE

The important place which agriculture holds in the economic and social life of the Nation can not be overestimated. The National Government is justified in putting forth every effort to make the open country a desirable place to live. No condition meets this requirement which fails to supply a fair return on labor expended and capital invested. While some localities and some particular crops furnish exceptions, in general agriculture is continuing to make progress in recovering from the depression of 1921 and 1922. Animal products and food products are in a more encouraging position, while cotton, due to the high prices of past years supplemented by ideal weather conditions, has been stimulated to a point of temporary over production. Acting on the request of the cotton growing interests, appointed a committee to assist in carrying out their plans. As it result of this cooperation sufficient funds have been pledged to finance the storage and carrying of 4,000,000 bales of cotton. Whether those who own the cotton are willing to put a part of their stock into this plan depends on themselves. The Federal Government has cooperated in providing ample facilities. No method of meeting the situation would be adequate which does not contemplate a reduction of about one-third in the acreage for the coming year. The responsibility for making the plan effective lies with those who own and finance cotton and cotton lands.

The Department of Agriculture estimates the net income of agriculture for the year 1920-21 at only \$375,000,000; for 1924-25, \$2,656,000,000; for 1925-26, \$2,757,000,000. This increase has been brought about in part by the method already referred to, of Federal tax reduction, the elimination of waste, and increased efficiency in industry. The wide gap that existed a few years ago between the index price of agricultural products and the

index price of other products has been gradually closing up, though the recent depression in cotton has somewhat enlarged it. Agriculture had on the whole been going higher while industry had been growing lower. Industrial and commercial activities, being carried on for the most part by corporations, are taxed at a much higher rate than farming, which is carried on by individuals. This will inevitably make industrial commodity costs high while war taxation lasts. It is because of this circumstance that national tax reduction has a very large indirect benefit upon the farmer, though it can not relieve him from the very great burden of the local taxes which he pays directly. We have practically relieved the farmer of any Federal income tax.

There is agreement on all sides that some portions of our agricultural industry have lagged behind other industries in recovery from the war and that further improvement in methods of marketing of agricultural products is most desirable. There is belief also that the Federal Government can further contribute to these ends beyond the many helpful measures taken during the last five years through the different acts of Congress for advancing the interests of the farmers.

The packers and stockyards act,

Establishing of the intermediate credit banks for agricultural purposes,

The Purnell Act for agricultural research,

The Capper-Volstead Cooperative Marketing Act,

The cooperative marketing act of 1926,

Amendments to the warehousing act,

The enlargement of the activities of the Department of Agriculture,

Enlargement of the scope of loans by the Farm Loan Board,

The tariff on agricultural products,

The large Federal expenditure in improvement of waterways and highways,

The reduction of Federal taxes, in all comprise a great series of governmental actions in the advancement of the special interest of agriculture.

In determination of what further measures may be undertaken it seems to me there are certain pitfalls which must be avoided and our test in avoiding them should be to avoid disaster to the farmer himself.

Acting upon my recommendation, the Congress has ordered the interstate Commerce Commission to investigate the freight-rate structure, directing that such changes shall be made in freight rates as will promote freedom of movement of agricultural products. Railroad consolidation which I am advocating would also result in a situation where rates could be made more advantageous for farm produce, as has recently been done in the revision of rates on fertilizers in the South. Additional benefit will accrue from the development of our inland waterways. The Mississippi River system carries a commerce of over 50,000,000 tons at a saving of nearly \$18,000,000 annually. The Inland Waterways Corporation operates boats on 2,500 miles of navigable streams and through its relation with 165 railroads carries

freight into and out of 45 States of the Union. During the past six months it has handled over 1,000,000 bushels of grain monthly and by its lower freight rates has raised the price of such grain to the farmer probably 21/2 cents to 3 cents a bushel. The highway system on which the Federal Government expends about \$85,000,000 a year is of vital importance to the rural regions.

The advantages to be derived from a more comprehensive and less expensive system of transportation for agriculture ought to be supplemented by provision for an adequate supply of fertilizer at a lower cost than it is at present obtainable. This advantage we are attempting to secure by the proposed development at Muscle Shoals, and there are promising experiments being made in synthetic chemistry for the production of nitrates.

A survey should be made of the relation of Government grazing lands to the livestock industry. Additional legislation is desirable more definitely to establish the place of grazing in the administration of the national forests, properly subordinated to their functions of producing timber and conserving the water supply. Over 180,000,000 acres of grazing lands are still pastured as commons in the public domain with little or no regulation. This has made their use so uncertain that it has contributed greatly to the instability of the livestock industry. Very little of this land is suited to settlement or private ownership. Some plan ought to be adopted for its use in grazing, corresponding broadly to that already successfully applied to the national forests.

The development of sound and strong cooperative associations is of fundamental importance to our agriculture. It is encouraging to note, therefore, that a vigorous and healthy growth in the cooperative movement is continuing. Cooperative associations reporting to the Department of Agriculture at the end of 1925 had on their membership rolls a total of 2,700,000 producers. Their total business in 1925 amounted to approximately \$2,400,000,000, compared with \$635,800,000 in 1915. Legislative action to assist cooperative associations and supplement their efforts was passed at the last session of Congress. Important credit measures were also provided by Congress in 1923 which have been of inestimable value to the cooperative associations. Although the Federal credit agencies have served agriculture well, I think it may be possible to broaden and strengthen the service of these institutions.

Attention is again directed to the surplus problem of agriculture by the present cotton situation. Surpluses often affect prices of various farm commodities in a disastrous manner, and the problem urgently demands a solution. Discussions both in and out of Congress during the past few years have given us a better understanding of the subject, and it is my hope that out of the various proposals made the basis will be found for a sound and effective solution upon which agreement can be reached. In my opinion cooperative marketing associations will be important aids to the ultimate solution of the problem. It may well be, however, that additional measures will be needed to supplement their efforts. I believe all will agree that such measures should not conflict with the best interests of the cooperatives, but rather assist and strengthen them. In working out this problem to any sound conclusion it is necessary to avoid putting the Government into the business of production or marketing or attempting to enact legislation for the purpose of price fixing. The farmer does not favor any attempted remedies that partake of these elements. He has a sincere and candid desire for assistance. If matched by an equally sincere and candid consideration of the different remedies proposed a sound measure of relief ought to result. It is unfortunate that no general

agreement has been reached by the various agricultural interests upon any of the proposed remedies. Out of the discussion of various proposals which can be had before the Committees of Agriculture some measure ought to be perfected which would be generally satisfactory.

Due to the emergency arising from a heavy tropical storm in southern Florida, I authorized the Secretary of Agriculture to use certain funds in anticipation of legislation to enable the farmers in that region to plant their crops. The department will present a bill ratifying the loans which were made for this purpose.

Federal legislation has been adopted authorizing the cooperation of the Government with States and private owners in the protection of forest lands from fire. This preventive measure is of such great importance that I have recommended for it an increased appropriation.

Another preventive measure of great economic and sanitary importance is the eradication of tuberculosis in cattle. Active work is now in progress in one-fourth of the counties of the United States to secure this result. Over 12,000,000 cattle have been under treatment, and the average degree of infection has fallen from 4.9 per cent to 2.8 per cent. The Federal Government is making substantial expenditures for this purpose.

Serious damage is threatened to the corn crop by the European corn borer. Since 1917 it has spread from eastern New England westward into Indiana and now covers about 100,000 square miles. It is one of the most formidable pests because it spreads rapidly and is exceedingly difficult of control. It has assumed a menace that is of national magnitude and warrants the Federal Government in extending its cooperation to the State and local agencies which are attempting to prevent its further spread and secure its eradication.

The whole question of agriculture needs most careful consideration. In the past few years the Government has given this subject more attention than any other and has held more consultations in relation to it than on any other subject. While the Government is not to be blamed for failure to perform the impossible, the agricultural regions are entitled to know that they have its constant solicitude and sympathy. Many of the farmers are burdened with debts and taxes which they are unable to carry. We are expending in this country many millions of dollars each year to increase farm production. We ought now to put more emphasis on the question of farm marketing. If a sound solution of a permanent nature can be found for this problem, the Congress ought not to hesitate to adopt it.

## DEVELOPMENT OF WATER RESOURCES

In previous messages I have referred to the national importance of the proper development of our water resources. The great projects of extension of the Mississippi system, the protection and development of the lower Colorado River, are before Congress, and I have previously commented upon them. I favor the necessary legislation to expedite these projects. Engineering studies are being made for connecting the Great Lakes with the North Atlantic either through an all-American canal or by way of the St. Lawrence River. These reports will undoubtedly be before the Congress during its present session. It is unnecessary to dwell upon the great importance of such a waterway not only to our mid-continental basin but to the commerce and development of practically the whole Nation. Our river and harbor improvement should be continued in accordance with the present policy. Expenditure of this character is compatible with economy; it is in

the nature of capital investment. Work should proceed on the basic trunk lines if this work is to be a success. If the country will be content to be moderate and patient and permit improvements to be made where they will do the greatest general good, rather than insisting on expenditures at this time on secondary projects, our internal Waterways can be made a success. If proposed legislation results in a gross manifestation of local jealousies and selfishness, this program can not be carried out. Ultimately we can take care of extensions, but our first effort should be confined to the main arteries.

Our inland commerce has been put to great inconvenience and expense by reason of the lowering of the water level of the Great Lakes. This is an international problem on which competent engineers are making reports. Out of their study it is expected that a feasible method will be developed for raising the level to provide relief for our commerce and supply water for drainage. Whenever a practical plan is presented it ought to be speedily adopted.

## RECLAMATION

It is increasingly evident that the Federal Government must in the future take a leading part in the impounding of water for conservation with incidental power for the development of the irrigable lands of the region. The unused waters of the West are found mainly in large rivers. Works to store and distribute these have such magnitude and cost that they are not attractive to private enterprise. Water is the irreplaceable natural resource. Its precipitation can not be increased. Its storage on the higher reaches of streams, to meet growing needs, to be used repeatedly as it flows toward the seas, is a practical and prudent business policy.

The United States promises to follow the course of older irrigation countries, where recent important irrigation developments have been carried out as national undertakings. It is gratifying, therefore, that conditions on Federal reclamation projects have become satisfactory. The gross value of crop, grown with water from project works increased from \$110,000,000 in 1924 to \$131,000,000 in 1925. The adjustments made last year by Congress relieved irrigators from paying construction costs on unprofitable land, and by so doing inspired new hope and confidence in ability to meet the payments required. Construction payments by water users last year were the largest in the history of the bureau.

The anticipated reclamation fund will be fully absorbed for a number of years in the completion of old projects and the construction of projects inaugurated in the past three years. We should, however, continue to investigate and study the possibilities of a carefully planned development of promising projects, logically of governmental concern because of their physical magnitude, immense cost, and the interstate and international problems involved. Only in this way may we be fully prepared to meet intelligently the needs of our fast-growing population in the years to come.

## TRANSPORTATION

It would be difficult to conceive of any modern activity which contributes more to the necessities and conveniences of life than transportation. Without it our present agricultural production and practically all of our commerce would be completely prostrated. One of the large contributing causes to the present highly satisfactory state of our economic condition is the prompt and dependable service, surpassing all our previous records,

rendered by the railroads. This power has been fostered by the spirit of cooperation between Federal and State regulatory commissions. To render this service more efficient and effective and to promote a more scientific regulation, the process of valuing railroad properties should be simplified and the primary valuations should be completed as rapidly as possible. The problem of rate reduction would be much simplified by a process of railroad consolidations. This principle has already been adopted as Federal law. Experience has shown that a more effective method must be provided. Studies have already been made and legislation introduced seeking to promote this end. It would be of great advantage if it could be taken up at once and speedily enacted. The railroad systems of the country and the convenience of all the people are waiting on this important decision.

## MERCHANT MARINE

It is axiomatic that no agricultural and industrial country can get the full benefit of its own advantages without a merchant marine. We have been proceeding under the act of Congress that contemplates the establishment of trade routes to be ultimately transferred to private ownership and operation. Due to temporary conditions abroad and at home we have a large demand just now for certain types of freight vessels. Some suggestion has been made for new construction. I do not feel that we are yet warranted in entering that field. Such ships as we might build could not be sold after they are launched for anywhere near what they would cost. We have expended over \$250,000,000 out of the public Treasury in recent years to make up the losses of operation, not counting the depreciation or any cost whatever of our capital investment. The great need of our merchant marine is not for more ships but for more freight.

Our merchants are altogether too indifferent about using American ships for the transportation of goods which they send abroad or bring home. Some of our vessels necessarily need repairs, which should be made. I do not believe that the operation of our fleet is as economical and efficient as it could be made if placed under a single responsible head, leaving the Shipping Board free to deal with general matters of policy and regulation.

## RADIO LEGISLATION

The Department of Commerce has for some years urgently presented the necessity for further legislation in order to protect radio listeners from interference between broadcasting stations and to carry out other regulatory functions. Both branches of Congress at the last session passed enactments intended to effect such regulation, but the two bills yet remain to be brought into agreement and final passage.

Due to decisions of the courts, the authority of the department under the law of 1912 has broken down; many more stations have been operating than can be accommodated within the limited number of wave lengths available; further stations are in course of construction; many stations have departed from the scheme of allocation set down by the department, and the whole service of this most important public function has drifted into such chaos as seems likely, if not remedied, to destroy its great value. I most urgently recommend that this legislation should be speedily enacted.

I do not believe it is desirable to set up further independent agencies in the Government. Rather I believe it advisable to entrust the important functions of deciding who shall exercise the privilege of radio transmission and under what conditions, the assigning of wave lengths and determination of power, to a board to be assembled whenever action on such

questions becomes necessary. There should be right of appeal to the courts from the decisions of such board. The administration of the decisions of the board and the other features of regulation and promotion of radio in the public interest, together with scientific research, should remain in the Department of Commerce. Such an arrangement makes for more expert, more efficient, and more economical administration than an independent agency or board, whose duties, after initial stages, require but little attention, in which administrative functions are confused with semijudicial functions and from which of necessity there must be greatly increased personnel and expenditure.

## THE WAGE EARNER

The great body of our people are made up of wage earners. Several hundred thousands of them are on the pay rolls of the United States Government. Their condition very largely is fixed by legislation. We have recently provided increases in compensation under a method of reclassification and given them the advantage of a liberal retirement system as a support for their declining years. Most of them are under the merit system, which is a guaranty of their intelligence, and the efficiency of their service is a demonstration of their loyalty. The Federal Government should continue to set a good example for all other employers.

In the industries the condition of the wage earner has steadily improved. The 12-hour day is almost entirely unknown. Skilled labor is well compensated. But there are unfortunately a multitude of workers who have not yet come to share in the general prosperity of the Nation. Both the public authorities and private enterprise should be solicitous to advance the welfare of this class. The Federal Government has been seeking to secure this end through a protective tariff, through restrictive immigration, through requiring safety devices for the prevention of accidents, through the granting of workman's compensation, through civilian vocational rehabilitation and education, through employment information bureaus, and through such humanitarian relief as was provided in the maternity and infancy legislation. It is a satisfaction to report that a more general condition of contentment exists among wage earners and the country is more free from labor disputes than it has been for years. While restrictive immigration has been adopted in part for the benefit of the wage earner, and in its entirety for the benefit of the country, it ought not to cause a needless separation of families and dependents from their natural source of support contrary to the dictates of humanity.

## BITUMINOUS COAL

No progress appears to have been made within large areas of the bituminous coal industry toward creation of voluntary machinery by which greater assurance can be given to the public of peaceful adjustment of wage difficulties such as has been accomplished in the anthracite industry. This bituminous industry is one of primary necessity and bears a great responsibility to the Nation for continuity of supplies. As the wage agreements in the unionized section of the industry expire on April 1 next, and as conflicts may result which may imperil public interest, and have for many years often called for action of the Executive in protection of the public, I again recommend the passage of such legislation as will assist the Executive in dealing with such emergencies through a special temporary board of conciliation and mediation and through administrative agencies for the purpose of distribution of coal and protection of the consumers of coal from profiteering. At present the Executive is not only without authority to act but is actually prohibited by law from making any expenditure to

meet the emergency of a coal famine.

## JUDICIARY

The Federal courts hold a high position in the administration of justice in the world. While individual judicial officers have sometimes been subjected to just criticism, the courts as a whole have maintained an exceedingly high standard. The Congress may well consider the question of supplying fair salaries and conferring upon the Supreme Court the same rule-making power on the law side of the district courts that they have always possessed on the equity side. A bill is also pending providing for retirement after a certain number of years of service, although they have not been consecutive, which should have your favorable consideration. These faithful servants of the Government are about the last that remain to be provided for in the postwar readjustments.

## BANKING

There has been pending in Congress for nearly three years banking legislation to clarify the national bank act and reasonably to increase the powers of the national banks. I believe that within the limitation of sound banking principles Congress should now and for the future place the national banks upon a fair equality with their competitors, the State banks, and I trust that means may be found so that the differences on branch-banking legislation between the Senate and the House of Representatives may be settled along sound lines and the legislation promptly enacted.

It would be difficult to overestimate the service which the Federal reserve system has already rendered to the country. It is necessary only to recall the chaotic condition of our banking organization at the time the Federal reserve system was put into operation. The old system consisted of a vast number of independent banking units, with scattered bank reserves which never could be mobilized in times of greatest need. In spite of vast banking resources, there was no coordination of reserves or any credit elasticity. As a consequence, a strain was felt even during crop-moving periods and when it was necessary to meet other seasonal and regularly recurring needs.

The Federal reserve system is not a panacea for all economic or financial ills. It can not prevent depression in certain industries which are experiencing overexpansion of production or contraction of their markets. Its business is to furnish adequate credit and currency facilities. This it has succeeded in doing, both during the war and in the more difficult period of deflation and readjustment which followed. It enables us to look to the future with confidence and to make plans far ahead, based on the belief that the Federal reserve system will exercise a steadying influence on credit conditions and thereby prevent tiny sudden or severe reactions from the period of prosperity which we are now enjoying. In order that these plans may go forward, action should be taken at the present session on the question of renewing the banks' charters and thereby insuring a continuation of the policies and present usefulness of the Federal reserve system.

## FEDERAL REGULATION

I am in favor of reducing, rather than expanding, Government bureaus which seek to regulate and control the business activities of the people. Everyone is aware that abuses exist and will exist so long as we are



limited by human imperfections. Unfortunately, human nature can not be changed by an act of the legislature. When practically the sole remedy for many evils lies in the necessity of the people looking out for themselves and reforming their own abuses, they will find that they are relying on a false security if the Government assumes to hold out the promise that it is looking out for them and providing reforms for them. This principle is preeminently applicable to the National Government. It is too much assumed that because an abuse exists it is the business of the National Government to provide a remedy. The presumption should be that it is the business of local and State governments. Such national action results in encroaching upon the salutary independence of the States and by undertaking to supersede their natural authority fills the land with bureaus and departments which are undertaking to do what it is impossible for them to accomplish and brings our whole system of government into disrespect and disfavor. We ought to maintain high standards. We ought to punish wrongdoing. Society has not only the privilege but the absolute duty of protecting itself and its individuals. But we can not accomplish this end by adopting a wrong method. Permanent success lies in local, rather than national action. Unless the locality rises to its own requirements, there is an almost irresistible impulse for the National Government to intervene. The States and the Nation should both realize that such action is to be adopted only as a last resort.

## THE NEGRO

The social well-being of our country requires our constant effort for the amelioration of race prejudice and the extension to all elements of equal opportunity and equal protection under the laws which are guaranteed by the Constitution. The Federal Government especially is charged with this obligation in behalf of the colored people of the Nation. Not only their remarkable progress, their devotion and their loyalty, but, our duty to ourselves under our claim that we are an enlightened people requires us to use all our power to protect them from the crime of lynching. Although violence of this kind has very much decreased, while any of it remains we can not justify neglecting to make every effort to eradicate it by law.

The education of the colored race under Government encouragement is proceeding successfully and ought to have continuing support. An increasing need exists for properly educated and trained medical skill to be devoted to the service of this race.

## INSULAR POSSESSIONS

This Government holds in sacred trusteeship islands which it has acquired in the East and West Indies. In all of them the people are more prosperous than at any previous time. A system of good roads, education, and general development is in progress. The people are better governed than ever before and generally content.

In the Philippine Islands Maj. Gen. Leonard Wood has been Governor General for five years and has administered his office with tact and ability greatly to the success of the Filipino people. These are a proud and sensitive race, who are making such progress with our cooperation that we can view the results of this experiment with great satisfaction. As we are attempting to assist this race toward self-government, we should look upon their wishes with great respect, granting their requests immediately when they are right, yet maintaining a frank firmness in refusing when they are wrong. We shall measure their progress in no small part by their acceptance of the terms of the organic law under which the islands are governed and

their faithful observance of its provisions. Need exists for clarifying the duties of the auditor and declaring them to be what everyone had supposed they were. We have placed our own expenditures under the supervision of the Comptroller General. It is not likely that the expenditures in the Philippine Islands need less supervision than our own. The Governor General is hampered in his selection of subordinates by the necessity of securing a confirmation, which has oftentimes driven him to the expediency of using Army officers in work for which civilian experts would be much better fitted. Means should be provided for this and such other purposes as he may require out of the revenue which this Government now turns back to the Philippine treasury.

In order that these possessions might stiffer no seeming neglect, I have recently sent Col. Carmi A. Thompson to the islands to make a survey in cooperation with the Governor General to suggest what might be done to improve conditions. Later, I may make a more extended report including recommendations. The economic development of the islands is very important. They ought not to be turned back to the people until they are both politically fitted for self-government and economically independent. Large areas are adaptable to the production of rubber. No one contemplates any time in the future either under the present or a more independent form of government when we should not assume some responsibility for their defense. For their economic advantage, for the employment of their people, and as a contribution to our power of defense which could not be carried on without rubber, I believe this industry should be encouraged. It is especially adapted to the Filipino people themselves, who might cultivate it individually on a small acreage. It could be carried on extensively by American capital in a way to furnish employment at good wages. I am opposed to the promotion of any policy that does not provide for absolute freedom on the part of the wage earners and do not think we should undertake to give power for large holdings of land in the islands against the opposition of the people of the locality. Any development of the islands must be solely with the first object of benefiting the people of the islands. At an early day, these possessions should be taken out from under all military control and administered entirely on the civil side of government.

## NATIONAL DEFENSE

Our policy of national defense is not one of making war, but of insuring peace. The land and sea force of America, both in its domestic and foreign implications, is distinctly a peace force. It is an arm of the police power to guarantee order and the execution of the law at home and security to our citizens abroad. No self-respecting nation would neglect to provide an army and navy proportionate to its population, the extent of its territory, and the dignity of the place which it occupies in the world. When it is considered that no navy in the world, with one exception, approaches ours and none surpasses it, that our Regular Army of about 115,000 men is the equal of any other like number of troops, that our entire permanent and reserve land and sea force trained and training consists of a personnel of about 610,000, and that our annual appropriations are about \$680,000,000 a year, expended under the direction of an exceedingly competent staff, it can not be said that our country is neglecting its national defense. It is true that a cult of disparagement exists, but that candid examination made by the Congress through its various committees has always reassured the country and demonstrated that it is maintaining the most adequate defensive forces in these present years that it has ever supported in time of peace.

This general policy should be kept in effect. Here and there temporary changes may be made in personnel to meet requirements in other directions.

Attention should be given to submarines, cruisers, and air forces. Particular points may need strengthening, but as a whole our military power is sufficient.

The one weak place in the whole line is our still stupendous war debt. In any modern campaign the dollars are the shock troops. With a depleted treasury in the rear, no army can maintain itself in the field. A country loaded with debt is a country devoid of the first line of defense. Economy is the handmaid of preparedness. If we wish to be able to defend ourselves to the full extent of our power in the future, we shall discharge as soon as possible the financial burden of the last war. Otherwise we would face a crisis with a part of our capital resources already expended.

The amount and kind of our military equipment is preeminently a question for the decision of the Congress, after giving due consideration to the advice of military experts and the available public revenue. Nothing is more laudable than the cooperation of the agricultural and industrial resources of the country for the purpose of supplying the needs of national defense. In time of peril the people employed in these interests volunteered in a most self-sacrificing way, often at the nominal charge of a dollar a year. But the Army and Navy are not supported for the benefit of supply concerns; supply concerns are supported for the benefit of the Army and Navy. The distribution of orders on what is needed from different concerns for the purpose of keeping up equipment and organization is perfectly justified, but any attempt to prevail upon the Government to purchase beyond its needs ought not to be tolerated. It is eminently fair that those who deal with the Government should do so at a reasonable profit. However, public money is expended not that some one may profit by it, but in order to serve a public purpose.

While our policy of national defense will proceed in order that we may be independent and self-sufficient, I am opposed to engaging in any attempt at competitive armaments. No matter how much or how little some other country may feel constrained to provide, we can well afford to set the example, not of being dictated to by others, but of adopting our own standards. We are strong enough to pursue that method, which will be a most wholesome model for the rest of the world. We are eminently peaceful, but we are by no means weak. While we submit our differences with others, not to the adjudication of force, but of reason, it is not because we are unable to defend our rights. While we are doing our best to eliminate all resort to war for the purpose of settling disputes, we can not but remember that the peace we now enjoy had to be won by the sword and that if the rights of our country are to be defended we can not rely for that purpose upon anyone but ourselves. We can not shirk the responsibility, which is the first requisite of all government, of preserving its own integrity and maintaining the rights of its own citizens. It is only in accordance with these principles that we can establish any lasting foundations for an honorable and permanent peace.

It is for these reasons that our country, like any other country, proposes to provide itself with an army and navy supported by a merchant marine. Yet these are not for competition with any other power. For years we have besought nations to disarm. We have recently expressed our willingness at Geneva to enter into treaties for the limitation of all types of warships according to the ratio adopted at the Washington Conference. This offer is still pending. While we are and shall continue to be armed it is not as a menace, but rather a common assurance of tranquility to all the peaceloving people of the world. For us to do any less would be to disregard our obligations, evade our responsibilities, and jeopardize our national honor.

## VETERANS

This country, not only because it is bound by honor but because of the satisfaction derived from it, has always lavished its bounty upon its veterans. For years a service pension has been bestowed upon the Grand Army on reaching a certain age. Like provision has been made for the survivors of the Spanish War. A liberal future compensation has been granted to all the veterans of the World War. But it is in the case of the, disabled and the dependents that the Government exhibits its greatest solicitude. This work is being well administered by the Veterans' Bureau. The main unfinished feature is that of hospitalization. This requirement is being rapidly met. Various veteran bodies will present to you recommendations which should have your careful consideration. At the last session we increased our annual expenditure for pensions and relief on account of the veterans of three wars. While I approve of proper relief for all suffering, I do not favor any further extension of our pension system at this time.

## ALIEN PROPERTY

We still have in the possession of the Government the alien property. It has always been the policy of America to hold that private enemy property should not be confiscated in time of war. This principle we have scrupulously observed. As this property is security for the claims of our citizens and our Government, we can not relinquish it without adequate provision for their reimbursement. Legislation for the return of this property, accompanied by suitable provisions for the liquidation of the claims of our citizens and our Treasury, should be adopted. If our Government releases to foreigners the security which it holds for Americans, it must at the same time provide satisfactory safeguards for meeting American claims.

## PROHIBITION

The duly authorized public authorities of this country have made prohibition the law of the land. Acting under the Constitution the Congress and the legislatures of practically all the, States have adopted legislation for its enforcement. Some abuses have arisen which require reform. Under the law the National Government has entrusted to the Treasury Department the especial duty of regulation and enforcement. Such supplementary legislation as it requires to meet existing conditions should be carefully and speedily enacted. Failure to support the Constitution and observe the law ought not to be tolerated by public opinion. Especially those in public places, who have taken their oath to support the Constitution, ought to be most scrupulous in its observance. Officers of the Department of Justice throughout the country should be vigilant in enforcing the law, but local authorities, which had always been mainly responsible for the enforcement of law in relation to intoxicating liquor, ought not to seek evasion by attempting to shift the burden wholly upon the Federal agencies. Under the Constitution the States are jointly charged with the Nation in providing for the enforcement of the prohibition amendment. Some people do not like the amendment, some do not like other parts of the Constitution, some do not like any of it. Those who entertain such sentiments have a perfect right to seek through legal methods for a change. But for any of our inhabitants to observe such parts of the Constitution as they like, while disregarding others, is a doctrine that would break down all protection of life and property and destroy the American system of ordered liberty.

## FOREIGN RELATIONS

The foreign policy of this Government is well known. It is one of peace based on that mutual respect that arises from mutual regard for international rights and the discharge of international obligations. It is our purpose to promote understanding and good will between ourselves and all other people. The American people are altogether lacking in an appreciation of the tremendous good fortune that surrounds their international position. We have no traditional enemies. We are not embarrassed over any disputed territory. We have no possessions that are coveted by others; they have none that are coveted by us. Our borders are unfortified. We fear no one; no one fears us. All the world knows that the whole extent of our influence is against war and in favor of peace, against the use of force and in favor of negotiation, arbitration, and adjudication as a method of adjusting international differences. We look with disfavor upon all aggressive warfare. We are strong enough so that no one can charge us with weakness if we are slow to anger. Our place is sufficiently established so that we need not be sensitive over trifles. Our resources, are large enough so that we can afford to be generous. At the same time we are a nation among nations and recognize a responsibility not only to ourselves, but in the interests of a stable and enlightened civilization, to protect and defend the international rights of our Government and our citizens.

It is because of our historical detachment and the generations of comparative indifference toward it by other nations that our public is inclined to consider altogether too seriously the reports that we are criticized abroad. We never had a larger foreign trade than at the present time. Our good offices were never more sought and the necessity for our assistance and cooperation was never more universally declared in any time of peace. We know that the sentiments which we entertain toward all other nations are those of the most sincere friendship and good will and of all unbounded desire to help, which we are perfectly willing to have judged by their fruits. In our efforts to adjust our international obligations we have met with a response which, when everything is considered, I believe history will record as a most remarkable and gratifying demonstration of the sanctity with which civilized nations undertake to discharge their mutual obligations. Debt settlements have been negotiated with practically all of those who owed us and all finally adjusted but two, which are, in process of ratification. When we consider the real sacrifice that will be necessary on the part of other nations, considering all their circumstances, to meet their agreed payments, we ought to hold them in increased admiration and respect. It is true that we have extended to them very generous treatment, but it is also true that they have agreed to repay its all that we loaned to them and some interest.

A special conference on the Chinese customs tariff provided for by the treaty between the nine powers relating to the Chinese customs tariff signed at Washington on February 6, 1922, was called by the Chinese Government to meet at Peking, on October 26, 1925. We participated in this conference through fully empowered delegates and, with good will, endeavored to cooperate with the other participating powers with a view to putting into effect promises made to China at the Washington conference, and considering any reasonable proposal that might be made by the Chinese Government for the revision of the treaties on the subject of China's tariff. With these aims in view the American delegation at the outset of the conference proposed to put into effect the surtaxes provided for by the Washington treaty and to proceed immediately to the negotiation of a treaty, which, among other things, was to make provision for the abolition

of taxes collected on goods in transit, remove the tariff restrictions in existing treaties, and put into effect the national tariff law of China.

Early in April of the present year the central Chinese Government was ousted from power by opposing warring factions. It became impossible under the circumstances to continue the negotiations. Finally, on July 3, the delegates of the foreign powers, including those of the United States, issued a statement expressing their unanimous and earnest desire to proceed with the work of the conference at the earliest possible moment when the delegates of the Chinese Government are in a position to resume discussions with the foreign delegates of the problems before the conference. We are prepared to resume the negotiations thus interrupted whenever a Government representing the Chinese people and acting on their behalf presents itself. The fact that constant warfare between contending Chinese factions has rendered it impossible to bring these negotiations to a successful conclusion is a matter of deep regret. Throughout these conflicts we have maintained a position of the most careful neutrality. Our naval vessels in Asiatic waters, pursuant to treaty rights, have been used only for the protection of American citizens.

Silas H. Strawn, Esq., was sent to China as American commissioner to cooperate with commissioners of the other powers in the establishment of a commission to inquire into the present practice of extraterritorial jurisdiction in China, with a view to reporting to the Governments of the several powers their findings of fact in regard to these matters. The commission commenced its work in January, 1926, and agreed upon a joint report which was signed on September 16, 1926. The commission's report has been received and is being studied with a view to determining our future policy in regard to the question of extraterritorial privileges under treaties between the United States and China.

The Preparatory Commission for the Disarmament Conference met at Geneva on May 18 and its work has been proceeding almost continuously since that date. It would be premature to attempt to form a judgment as to the progress that has been made. The commission has had before it a comprehensive list of questions touching upon all aspects of the question of the limitation of armament. In the commission's discussions many differences of opinion have developed. However, I am hopeful that at least some measure of agreement will be reached as the discussions continue. The American representation on the commission has consistently tried to be helpful, and has kept before it the practical objective to which the commission is working, namely, actual agreements for the limitation of armaments. Our representatives will continue their work in that direction.

One of the most encouraging features of the commission's work thus far has been the agreement in principle among the naval experts of a majority of the powers parties to the Washington treaty limiting naval armament upon methods and standards for the comparison and further limitation of naval armament. It is needless to say that at the proper time I shall be prepared to proceed along practical lines to the conclusion of agreements carrying further the work begun at the Washington Conference in 1921.

## DEPARTMENT REPORTS

Many important subjects which it is impossible even to mention in the short space of an annual message you will find fully discussed in the departmental reports. A failure to include them here is not to be taken as indicating any lack of interest, but only a disinclination to state inadequately what has been much better done in other documents.

## THE CAPITAL CITY

We are embarking on an ambitious building program for the city of Washington. The Memorial Bridge is under way with all that it holds for use and beauty. New buildings are soon contemplated. This program should represent the best that exists in the art and science of architecture. Into these structures which must be considered as of a permanent nature ought to go the aspirations of the Nation, its ideals expressed in forms of beauty. If our country wishes to compete with others, let it not be in the support of armaments but in the making of a beautiful capital city. Let it express the soul of America. Whenever an American is at the seat of his Government, however traveled and cultured he may be, he ought to find a city of stately proportion, symmetrically laid out and adorned with the best that there is in architecture, which would arouse his imagination and stir his patriotic pride. In the coming years Washington should be not only the art center of our own country but the art center of the world. Around it should center all that is best in science, in learning, in letters, and in art. These are the results that justify the creation of those national resources with which we have been favored.

## AMERICAN IDEALS

America is not and must not be a country without ideals. They are useless if they are only visionary; they are only valuable if they are practical. A nation can not dwell constantly on the mountain tops. It has to be replenished and sustained through the ceaseless toil of the less inspiring valleys. But its face ought always to be turned upward, its vision ought always to be fixed on high.

We need ideals that can be followed in daily life, that can be translated into terms of the home. We can not expect to be relieved from toil, but we do expect to divest it of degrading conditions. Work is honorable; it is entitled to an honorable recompense. We must strive mightily, but having striven there is a defect in our political and social system if we are not in general rewarded with success. To relieve the land of the burdens that came from the war, to release to the individual more of the fruits of his own industry, to increase his earning capacity and decrease his hours of labor, to enlarge the circle of his vision through good roads and better transportation, to lace before him the opportunity for education both in science and in art, to leave him free to receive the inspiration of religion, all these are ideals which deliver him from the servitude of the body and exalt him to the service of the soul. Through this emancipation from the things that are material, we broaden our dominion over the things that are spiritual.

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State of the Union Address  
Calvin Coolidge  
December 6, 1927

Members of the Congress:

It is gratifying to report that for the fourth consecutive year the state of the Union in general is good. We are at peace. The country as a whole has had a prosperity never exceeded. Wages are at their highest range, employment is plentiful. Some parts of agriculture and industry have lagged; some localities have suffered from storm and flood. But such losses

have been absorbed without serious detriment to our great economic structure. Stocks of goods are moderate and a wholesome caution is prevalent. Rates of interest for industry, agriculture, and government have been reduced. Savers and investors are providing capital for new construction in industry and public works. The purchasing power of agriculture has increased. If the people maintain that confidence which they are entitled to have in themselves, in each other, and in America, a comfortable prosperity will continue.

## CONSTRUCTIVE ECONOMY

Without constructive economy in Government expenditures we should not now be enjoying these results or these prospects. Because we are not now physically at war, some people are disposed to forget that our war debt still remains. The Nation must make financial sacrifices, accompanied by a stern self-denial in public expenditures, until we have conquered the disabilities of our public finance. While our obligation to veterans and dependents is large and continuing, the heavier burden of the national debt is being steadily eliminated. At the end of this fiscal year it will be reduced from about \$26,600,000,000 to about \$17,975,000,000. Annual interest, including war savings, will have been reduced from \$1,055,000,000 to \$670,000,000. The sacrifices of the people, the economy of the Government, are showing remarkable results. They should be continued for the purpose of relieving the Nation of the burden of interest and debt and releasing revenue for internal improvements and national development.

Not only the amount, but the rate, of Government interest has been reduced. Callable bonds have been refunded and paid, so that during this year the average rate of interest on the present public debt for the first time fell below 4 per cent. Keeping the credit of the Nation high is a tremendously profitable operation.

## TAX REDUCTION

The immediate fruit of economy and the retirement of the public debt is tax reduction. The annual saving in interest between 1925 and 1929 is \$212,000,000. Without this no bill to relieve the taxpayers would be worth proposing. The three measures already enacted leave our Government revenues where they are not oppressive. Exemptions, have been increased until 115,000,000 people make but 2,500,000 individual taxable returns, so that further reduction should be mainly for the purpose of removing inequalities. The Secretary of the Treasury has recommended a measure which would give us a much better balanced system of taxation and without oppression produce sufficient revenue. It has my complete support.

Unforeseen contingencies requiring money are always arising. Our probable surplus for June 30, 1929, is small. A slight depression in business would greatly reduce our revenue because of our present method of taxation. The people ought to take no selfish attitude of pressing for removing moderate and fair taxes which might produce a deficit. We must keep our budget balanced for each year. That is the corner stone of our national credit, the trifling price we pay to command the lowest rate of interest of any great power in the world. Any surplus can be applied to debt reduction, and debt reduction is tax reduction. Under the present circumstances it would be far better to leave the rates as they are than to enact a bill carrying the peril of a deficit. This is not a problem to be approached in a narrow or partisan spirit. All of those who participate in finding a reasonable solution will be entitled to participate in any credit that accrues from it without regard to party. The Congress has already demonstrated that tax



legislation can be removed from purely political consideration into the realm of patriotic business principles.

Any bill for tax reduction should be written by those who are responsible for raising, managing, and expending the finances of the Government. If special interests, too often selfish, always uninformed of the national needs as a whole, with hired agents using their proposed beneficiaries as engines of propaganda, are permitted to influence the withdrawal of their property from taxation, we shall have a law that is unbalanced and unjust, bad for business, bad for the country, probably resulting in a deficit, with disastrous financial consequences. The Constitution has given the Members of the Congress sole authority to decide what tax measures shall be presented for approval. While welcoming information from any quarter, the Congress should continue to exercise its own judgment in a matter so vital and important to all the interests of the country as taxation.

## NATIONAL DEFENSE

Being a nation relying not on force, but on fair dealing and good will, to maintain peace with others, we have provided a moderate military force in a form adapted solely to defense. It should be continued with a very generous supply of officers and with the present base of personnel, subject to fluctuations which may be temporarily desirable.

The five-year program for our air forces is in keeping with this same policy and commensurate with the notable contributions of America to the science of aeronautics. The provisions of the law lately enacted are being executed as fast as the practical difficulties of an orderly and stable development permit.

While our Army is small, prudence requires that it should be kept in a high state of efficiency and provided with such supplies as would permit of its immediate expansion. The garrison ration has lately been increased. Recommendations for an appropriation of \$6,166,000 for new housing made to the previous Congress failed to pass. While most of the Army is well housed, some of it which is quartered in wartime training camps is becoming poorly housed. In the past three years \$12,533,000 have been appropriated for reconstruction and repairs, and an authorization has been approved of \$22,301,000 for new housing, under which \$8,070,000 has already been appropriated. A law has also been passed, complying with the request of the War Department, allocating funds received from the sale of buildings and land for housing purposes. The work, however, is not completed, so that other appropriations are being recommended.

Our Navy is likewise a weapon of defense. We have a foreign commerce and ocean lines of trade unsurpassed by any other country. We have outlying territory in the two great oceans and long stretches of seacoast studded with the richest cities in the world. We are responsible for the protection of a large population and the greatest treasure ever bestowed upon any people. We are charged with an international duty of defending the Panama Canal. To meet these responsibilities we need a very substantial sea armament. It needs aircraft development, which is being provided under the five-year program. It needs submarines as soon as the department decides upon the best type of construction. It needs airplane carriers and a material addition to its force of cruisers. We can plan for the future and begin a moderate building program.

This country has put away the Old World policy of competitive armaments. It can never be relieved of the responsibility of adequate national defense.

We have one treaty secured by an unprecedented attitude of generosity on our part for a limitation in naval armament. After most careful preparation, extending over months, we recently made every effort to secure a three-power treaty to the same end. We were granted much cooperation by Japan, but we were unable to come to an agreement with Great Britain. While the results of the conference were of considerable value, they were mostly of a negative character. We know now that no agreement can be reached which will be inconsistent with a considerable building program on our part. We are ready and willing to continue the preparatory investigations on the general subject of limitation of armaments which have been started under the auspices of the League of Nations.

We have a considerable cruiser tonnage, but a part of it is obsolete. Everyone knew that had a three-power agreement been reached it would have left us with the necessity of continuing our building program. The failure to agree should not cause us to build either more or less than we otherwise should. Any future treaty of limitation will call on us for more ships. We should enter on no competition. We should refrain from no needful program. It should be made clear to all the world that lacking a definite agreement, the attitude of any other country is not to be permitted to alter our own policy. It should especially be demonstrated that propaganda will not cause us to change our course. Where there is no treaty limitation, the size of the Navy which America is to have will be solely for America to determine. No outside influence should enlarge it or diminish it. But it should be known to all that our military power holds no threat of aggrandizement. It is a guaranty of peace and security at home, and when it goes abroad it is an instrument for the protection of the legal rights of our citizens under international law, a refuge in time of disorder, and always the servant of world peace. Wherever our flag goes the rights of humanity increase.

#### MERCHANT MARINE

The United States Government fleet is transporting a large amount of freight and reducing its drain on the Treasury. The Shipping Board is constantly under pressure, to which it too often yields, to protect private interests, rather than serve the public welfare. More attention should be given to merchant ships as an auxiliary of the Navy. The possibility of including their masters and crews in the Naval Reserve, with some reasonable compensation, should be thoroughly explored as a method of encouraging private operation of shipping. Public operation is not a success. No investigation, of which I have caused several to be made, has failed to report that it could not succeed or to recommend speedy transfer to private ownership. Our exporters and importers are both indifferent about using American ships. It should be our policy to keep our present vessels in repair and dispose of them as rapidly as possible, rather than undertake any new construction. Their operation is a burden on the National Treasury, for which we are not receiving sufficient benefits.

#### COMMERCIAL AVIATION

A rapid growth is taking place in aeronautics. The Department of Commerce has charge of the inspection and licensing system and the construction of national airways. Almost 8,000 miles are already completed and about 4,000 miles more contemplated. Nearly 4,400 miles are now equipped and over 3,000 miles more will have lighting and emergency landing fields by next July. Air mail contracts are expected to cover 24 of these lines. Daily airway flying is nearly 15,000 miles and is expected to reach 25,000 miles early next year.

Flights for other purposes exceed 22,000 miles each day. Over 900 airports, completed and uncompleted, have been laid out. The demand for aircraft has greatly increased. The policy already adopted by the Congress is producing the sound development of this coming industry.

#### WESTERN HEMISPHERE AIR MAIL

Private enterprise is showing much interest in opening up aviation service to Mexico and Central and South America. We are particularly solicitous to have the United States take a leading part in this development. It is understood that the governments of our sister countries would be willing to cooperate. Their physical features, the undeveloped state of their transportation, make an air service especially adaptable to their usage. The Post Office Department should be granted power to make liberal long-term contracts for carrying our mail, and authority should be given to the Army and the Navy to detail aviators and planes to cooperate with private enterprise in establishing such mail service with the consent of the countries concerned. A committee of the Cabinet will later present a report on this subject.

#### GOOD ROADS

The importance and benefit of good roads is more and more coming to be appreciated. The National Government has been making liberal contributions to encourage their construction. The results and benefits have been very gratifying. National participation, however, should be confined to trunk-line systems. The national tax on automobiles is now nearly sufficient to meet this outlay. This tax is very small, and on low-priced cars is not more than \$2 or \$3 each year.

While the advantage of having good roads is very large, the desire for improved highways is not limited to our own country. It should and does include all the Western Hemisphere. The principal points in Canada are already accessible. We ought to lend our encouragement in any way we can for more good roads to all the principal points in this hemisphere south of the Rio Grande. It has been our practice to supply these countries with military and naval advisers, when they have requested it, to assist them in national defense. The arts of peace are even more important to them and to us. Authority should be given by law to provide them at their request with engineering advisers for the construction of roads and bridges. In some of these countries already wonderful progress is being made in road building, but the engineering features are often very exacting and the financing difficult. Private interests should look with favor on all reasonable loans sought by these countries to open such main lines of travel.

This general subject has been promoted by the Pan American Congress of Highways, which will convene again at Rio de Janeiro in July, 1928. It is desirable that the Congress should provide for the appointment of delegates to represent the Government of the United States.

#### CUBAN PARCEL POST

We have a temporary parcel-post convention with Cuba. The advantage of it is all on our side. During 1926 we shipped twelve times as many parcels, weighing twenty-four times as much, as we received. This convention was made on the understanding that we would repeal an old law prohibiting the importation of cigars and cigarettes in quantities less than 3,000 enacted in 1866 to discourage smuggling, for which it has long been unnecessary. This law unjustly discriminates against an important industry of Cuba. Its

repeal has been recommended by the Treasury and Post Office Departments. Unless this is done our merchants and railroads will find themselves deprived of this large parcel-post business after the 1st of next March, the date of the expiration of the convention, which has been extended upon the specific understanding that it would expire at that time unless this legislation was enacted. We purchase large quantities of tobacco made in Cuba. It is not probable that our purchases would be any larger if this law was repealed, while it would be an advantage to many other industries in the United States.

## INSULAR POSSESSIONS

Conditions in the Philippine Islands have been steadily improved. Contentment and good order prevail. Roads, irrigation works, harbor improvements, and public buildings are being constructed. Public education and sanitation have been advanced. The Government is in a sound financial condition. These immediate results were especially due to the administration of Gov. Gen. Leonard Wood. The six years of his governorship marked a distinct improvement in the islands and rank as one of the outstanding accomplishments of this distinguished man. His death is a loss to the Nation and the islands.

Greater progress could be made, more efficiency could be put into administration, if the Congress would undertake to expend, through its appropriating power, all or a part of the customs revenues which are now turned over to the Philippine treasury. The powers of the auditor of the islands also need revision and clarification. The government of the islands is about 98 per cent in the hands of the Filipinos. An extension of the policy of self-government will be hastened by the demonstration on their part of their desire and their ability to carry out cordially and efficiently the provisions of the organic law enacted by the Congress for the government of the islands. It would be well for a committee of the Congress to visit the islands every two years.

A fair degree of progress is being made in Porto Rico. Its agricultural products are increasing; its treasury position, which has given much concern, shows improvement. I am advised by the governor that educational facilities are still lacking. Roads are being constructed, which he represents are the first requisite for building schoolhouses. The loyalty of the island to the United States is exceedingly gratifying. A memorial will be presented to you requesting authority to have the governor elected by the people of Porto Rico. This was never done in the case of our own Territories. It is admitted that education outside of the towns is as yet very deficient. Until it has progressed further the efficiency of the government and the happiness of the people may need the guiding hand of an appointed governor. As it is not contemplated that any change should be made immediately, the general subject may well have the thoughtful study of the Congress.

## PANAMA CANAL

The number of commercial ships passing through the Panama Canal has increased from 3,967 in 1923 to 5,475 in 1927. The total amount of tolls turned into the Treasury is over \$166,000,000, while all the operations of the canal have yielded a surplus of about \$80,000,000. In order to provide additional storage of water and give some control over the floods of the Chagres River, it is proposed to erect a dam to cost about \$12,000,000 at Alhajuela. It will take some five years to complete this work.

## AGRICULTURE

The past year has seen a marked improvement in the general condition of agriculture. Production is better balanced and without acute shortage or heavy surplus. Costs have been reduced and the average output of the worker increased. The level of farm prices has risen while others have fallen, so that the purchasing power of the farmer is approaching a normal figure. The individual farmer is entitled to great credit for the progress made since 1921. He has adjusted his production and through cooperative organizations and other methods improved his marketing. He is using authenticated facts and employing sound methods which other industries are obliged to use to secure stability and prosperity. The old-fashioned haphazard system is being abandoned, economics are being applied to ascertain the best adapted unit of land, diversification is being promoted, and scientific methods are being used in production, and business principles in marketing.

Agriculture has not fully recovered from postwar depression. The fact is that economic progress never marches forward in a straight line. It goes in waves. One part goes ahead, while another halts and another recedes. Everybody wishes agriculture to prosper. Any sound and workable proposal to help the farmer will have the earnest support of the Government. Their interests are not all identical. Legislation should assist as many producers in as many regions as possible. It should be the aim to assist the farmer to work out his own salvation socially and economically. No plan will be of any permanent value to him which does not leave him standing on his own foundation.

In the past the Government has spent vast sums to bring land under cultivation. It is apparent that this has reached temporarily the saturation point. We have had a surplus of production and a poor market for land, which has only lately shown signs of improvement. The main problem which is presented for solution is one of dealing with a surplus of production. It is useless to propose a temporary expedient. What is needed is permanency and stability. Government price fixing is known to be unsound and bound to result in disaster. A Government subsidy would work out in the same way. It can not be sound for all of the people to hire some of the people to produce a crop which neither the producers nor the rest of the people want.

Price fixing and subsidy will both increase the surplus, instead of diminishing it. Putting the Government directly into business is merely a combination of subsidy and price fixing aggravated by political pressure. These expedients would lead logically to telling the farmer by law what and how much he should plant and where he should plant it, and what and how much he should sell and where he should sell it. The most effective means of dealing with surplus crops is to reduce the surplus acreage. While this can not be done by the individual farmer, it can be done through the organizations already in existence, through the information published by the Department of Agriculture, and especially through banks and others who supply credit refusing to finance an acreage manifestly too large.

It is impossible to provide by law for an assured success and prosperity for all those who engage in farming. If acreage becomes overextended, the Government can not assume responsibility for it. The Government can, however, assist cooperative associations and other organizations in orderly marketing and handling a surplus clearly due to weather and seasonal conditions, in order to save the producer from preventable loss. While it is probably impossible to secure this result at a single step, and much will have to be worked out by trial and rejection, a beginning could be

made by setting up a Federal board or commission of able and experienced men in marketing, granting equal advantages under this board to the various agricultural commodities and sections of the country, giving encouragement to the cooperative movement in agriculture, and providing a revolving loan fund at a moderate rate of interest for the necessary financing. Such legislation would lay the foundation for a permanent solution of the surplus problem.

This is not a proposal to lend more money to the farmer, who is already fairly well financed, but to lend money temporarily to experimental marketing associations which will no doubt ultimately be financed by the regularly established banks, as were the temporary operations of the War Finance Corporation. Cooperative marketing especially would be provided with means of buying or building physical properties.

The National Government has almost entirely relieved the farmer from income taxes by successive tax reductions, but State and local taxes have increased, putting on him a grievous burden. A policy of rigid economy should be applied to State and local expenditures. This is clearly within the legislative domain of the States. The Federal Government has also improved our banking structure and system of agricultural credits. The farmer will be greatly benefited by similar action in many States. The Department of Agriculture is undergoing changes in organization in order more completely to separate the research and regulatory divisions, that each may be better administered. More emphasis is being placed on the research program, not only by enlarging the appropriations for State experiment stations but by providing funds for expanding the research work of the department. It is in this direction that much future progress can be expected.

## THE PROTECTIVE TARIFF

The present tariff rates supply the National Treasury with well over \$600,000,000 of annual revenue. Yet, about 65 per cent of our imports come in duty free. Of the remaining 35 per cent of imports on which duties are laid about 23 per cent consists of luxuries and agricultural products, and the balance of about 12 per cent, amounting, to around \$560,000,000 is made up of manufactures and merchandise. As no one is advocating any material reduction in the rates on agriculture or luxuries, it is only the comparatively small amount of about \$560,000,000 of other imports that are really considered in any discussion of reducing tariff rates. While this amount, duty free, would be large enough seriously to depress many lines of business in our own country, it is of small importance when spread over the rest of the world.

It is often stated that a reduction of tariff rates on industry would benefit agriculture. It would be interesting to know to what commodities it is thought this could be applied. Everything the farmer uses in farming is already on the free list. Nearly everything he sells is protected. It would seem to be obvious that it is better for the country to have the farmer raise food to supply the domestic manufacturer than the foreign manufacturer. In one case our country would have only the farmer; in the other it would have the farmer and the manufacturer. Assuming that Europe would have more money if it sold us larger amounts of merchandise, it is not certain it would consume more food, or, if it did, that its purchases would be made in this country. Undoubtedly it would resort to the cheapest market, which is by no means ours. The largest and best and most profitable market for the farmer in the world is our own domestic market. Any great increase in manufactured imports means the closing of our own plants.

Nothing would be worse for agriculture.

Probably no one expects a material reduction in the rates on manufactures while maintaining the rates on agriculture. A material reduction in either would be disastrous to the farmer. It would mean a general shrinkage of values, a deflation of prices, a reduction of wages, a general depression carrying our people down to the low standard of living in our competing countries. It is obvious that this would not improve but destroy our market for imports, which is best served by maintaining our present high purchasing power under which in the past five years imports have increased 63 per cent.

#### FARM LOAN SYSTEM

It is exceedingly important that the Federal land and joint-stock land banks should furnish the best possible service for agriculture. Certain joint-stock banks have fallen into improper and unsound practices, resulting in the indictment of the officials of three of them. More money has been provided for examinations, and at the instance of the Treasury rules and regulations of the Federal Farm Board have been revised. Early last May three of its members resigned. Their places were filled with men connected with the War Finance Corporation. Eugene Meyer being designated as Farm Loan Commissioner. The new members have demonstrated their ability in the field of agricultural finance in the extensive operations of the War Finance Corporation. Three joint-stock banks have gone into receivership. It is necessary to preserve the public confidence in this system in order to find a market for their bonds. A recent flotation was made at a record low rate of 4 per cent. Careful supervision is absolutely necessary to protect the investor and enable these banks to exercise their chief function in serving agriculture.

#### MUSCLE SHOALS

The last year has seen considerable changes in the problem of Muscle Shoals. Development of other methods show that nitrates can probably be produced at less cost than by the use of hydroelectric power. Extensive investigation made by the Department of War indicates that the nitrate plants on this project are of little value for national defense and can probably be disposed of within two years. The oxidation part of the plants, however, should be retained indefinitely. This leaves this project mostly concerned with power. It should, nevertheless, continue to be dedicated to agriculture. It is probable that this desire can be best served by disposing of the plant and applying the revenues received from it to research for methods of more economical production of concentrated fertilizer and to demonstrations and other methods of stimulating its use on the farm. But in disposing of the property preference should be given to proposals to use all or part of it for nitrate production and fertilizer manufacturing.

#### FLOOD CONTROL

For many years the Federal Government has been building a system of dikes along the Mississippi River for protection against high water. During the past season the lower States were overcome by a most disastrous flood. Many thousands of square miles were inundated a great many lives were lost, much livestock was drowned, and a very heavy destruction of property was inflicted upon the inhabitants. The American Red Cross at once went to the relief of the stricken communities. Appeals for contributions have brought in over \$17,000,000. The Federal Government has provided services,

equipment, and supplies probably amounting to about \$7,000,000 more. Between \$5,000,000 and \$10,000,000 in addition have been provided by local railroads, the States, and their political units. Credits have been arranged by the Farm Loan Board, and three emergency finance corporations with a total capital of \$3,000,000 have insured additional resources to the extent of \$12,000,000. Through these means the 700,000 people in the flooded areas have been adequately supported. Provision has been made to care for those in need until after the 1st of January.

The Engineering Corps of the Army has contracted to close all breaks in the dike system before the next season of high water. A most thorough and elaborate survey of the whole situation has been made and embodied in a report with recommendations for future flood control, which will be presented to the Congress. The carrying out of their plans will necessarily extend over a series of years. They will call for a raising and strengthening of the dike system with provision for emergency spillway's and improvements for the benefit of navigation.

Under the present law the land adjacent to the dikes has paid one-third of the cost of their construction. This has been a most extraordinary concession from the plan adopted in relation to irrigation, where the general rule has been that the land benefited should bear the entire expense. It is true, of course, that the troublesome waters do not originate on the land to be reclaimed, but it is also true that such waters have a right of way through that section of the country and the land there is charged with that easement. It is the land of this region that is to be benefited. To say that it is unable to bear any expense of reclamation is the same thing as saying that it is not worth reclaiming. Because of expenses incurred and charges already held against this land, it seems probable that some revision will have to be made concerning the proportion of cost which it should bear. But it is extremely important that it should pay enough so that those requesting improvements will be charged with some responsibility for their cost, and the neighborhood where works are constructed have a pecuniary interest in preventing waste and extravagance and securing a wise and economical expenditure of public funds.

It is necessary to look upon this emergency as a national disaster. It has been so treated from its inception. Our whole people have provided with great generosity for its relief. Most of the departments of the Federal Government have been engaged in the same effort. The governments of the afflicted areas, both State and municipal, can not be given too high praise for the courageous and helpful way in which they have come to the rescue of the people. If the sources directly chargeable can not meet the demand, the National Government should not fail to provide generous relief. This, however, does not mean restoration. The Government is not an insurer of its citizens against the hazard of the elements. We shall always have flood and drought, heat and cold, earthquake and wind, lightning and tidal wave, which are all too constant in their afflictions. The Government does not undertake to reimburse its citizens for loss and damage incurred under such circumstances. It is chargeable, however, with the rebuilding of public works and the humanitarian duty of relieving its citizens from distress.

The people in the flooded area and their representatives have approached this problem in the most generous and broad-minded way. They should be met with a like spirit on the part of the National government. This is all one country. The public needs of each part must be provided for by the public at large. No required relief should be refused. An adequate plan should be adopted to prevent a recurrence of this disaster in order that the people may restore to productivity and comfort their fields and their towns.



Legislation by this Congress should be confined to our principal and most pressing problem, the lower Mississippi, considering tributaries only so far as they materially affect the main flood problem. A definite Federal program relating to our waterways was proposed when the last Congress authorized a comprehensive survey of all the important streams of the country in order to provide for their improvement, including flood control, navigation, power, and irrigation. Other legislation should wait pending a report on this survey. The recognized needs of the Mississippi should not be made a vehicle for carrying other projects. All proposals for development should stand on their own merits. Any other method would result in ill-advised conclusions, great waste of money, and instead of promoting would delay the orderly and certain utilization of our water resources.

Very recently several of the New England States have suffered somewhat similarly from heavy rainfall and high water. No reliable estimate of damage has yet been computed, but it is very large to private and public property. The Red Cross is generously undertaking what is needed for immediate relief, repair and reconstruction of houses, restocking of domestic animals, and food, clothing, and shelter. A considerable sum of money will be available through the regular channels in the Department of Agriculture for reconstruction of highways. It may be necessary to grant special aid for this purpose. Complete reports of what is required will undoubtedly be available early in the session.

## INLAND NAVIGATION

The Congress in its last session authorized the general improvements necessary to provide the Mississippi waterway system with better transportation. Stabilization of the levels of the Great Lakes and their opening to the sea by an effective shipway remain to be considered. Since the last session the Board of Engineers of the War Department has made a report on the proposal for a canal through the State of New York, and the Joint Board of Engineers, representing Canada and the United States, has finished a report on the St. Lawrence River. Both of these boards conclude that the St. Lawrence project is cheaper, affords a more expeditious method of placing western products in European markets, and will cost less to operate. The State Department has requested the Canadian Government to negotiate treaties necessary to provide for this improvement. It will also be necessary to secure an agreement with Canada to put in works necessary to prevent fluctuation in the levels of the Great Lakes.

Legislation is desirable for the construction of a dam at Boulder Canyon on the Colorado River, primarily as a method of flood control and irrigation. A secondary result would be a considerable power development and a source of domestic water supply for southern California. Flood control is clearly a national problem, and water supply is a Government problem, but every other possibility should be exhausted before the Federal Government becomes engaged in the power business. The States which are interested ought to reach mutual agreement. This project is in reality their work. If they wish the Federal Government to undertake it, they should not hesitate to make the necessary concessions to each other. This subject is fully discussed in the annual report of the Secretary of the Interior. The Columbia River Basin project is being studied and will be one to be considered at some future time.

The Inland Waterways Corporation is proving successful and especially beneficial to agriculture. A survey is being made to determine its future needs. It has never been contemplated that if inland rivers were opened to

navigation it would then be necessary for the Federal Government to provide the navigation. Such a request is very nearly the equivalent of a declaration that their navigation is not profitable, that the commodities which they are to carry can be taken at a cheaper rate by some other method, in which case the hundreds of millions of dollars proposed to be expended for opening rivers to navigation would be not only wasted, but would entail further constant expenditures to carry the commodities of private persons for less than cost.

The policy is well established that the Government should open public highways on land and on water, but for use of the public in their private capacity. It has put on some demonstration barge lines, but always with the expectation that if they prove profitable they would pass into private hands and if they do not prove profitable they will be withdrawn. The problems of transportation over inland waterways should be taken up by private enterprise, so that the public will have the advantage of competition in service. It is expected that some of our lines can be sold, some more demonstration work done, and that with the completion of the Ohio project a policy of private operation can be fully developed.

## PROHIBITION

After more than two generations of constant debate, our country adopted a system of national prohibition under all the solemnities involved in an amendment to the Federal Constitution. In obedience to this mandate the Congress and the States, with one or two notable exceptions, have passed required laws for its administration and enforcement. This imposes upon the citizenship of the country, and especially on all public officers, not only the duty to enforce, but the obligation to observe the sanctions of this constitutional provision and its resulting laws. If this condition could be secured, all question concerning prohibition would cease. The Federal Government is making every effort to accomplish these results through careful organization, large appropriations, and administrative effort. Smuggling has been greatly cut down, the larger sources of supply for illegal sale have been checked, and by means of injunction and criminal prosecution the process of enforcement is being applied. The same vigilance on the part of local governments would render these efforts much more successful. The Federal authorities propose to discharge their obligation for enforcement to the full extent of their ability.

## THE NEGRO

History does not anywhere record so much progress made in the same length of time as that which has been accomplished by the Negro race in the United States since the Emancipation Proclamation. They have come up from slavery to be prominent in education, the professions, art, science, agriculture, banking, and commerce. It is estimated that 50,000 of them are on the Government pay rolls, drawing about \$50,000,000 each year. They have been the recipients of presidential appointments and their professional ability has arisen to a sufficiently high plane so that they have been intrusted with the entire management and control of the great veterans hospital at Tuskegee, where their conduct has taken high rank. They have shown that they have been worthy of all the encouragement which they have received. Nevertheless, they are too often subjected to thoughtless and inconsiderate treatment, unworthy alike of the white or colored races. They have especially been made the target of the foul crime of lynching. For several years these acts of unlawful violence had been diminishing. In the last year they have shown an increase. Every principle of order and law and liberty is opposed to this crime. The Congress should enact any legislation

it can under the Constitution to provide for its elimination.

## AMERICAN INDIAN

The condition of the American Indian has much improved in recent years. Full citizenship was bestowed upon them on June 2, 1924, and appropriations for their care and advancement have been increased. Still there remains much to be done.

Notable increases in appropriations for the several major functions performed by the Department of the Interior on behalf of the Indians have marked the last five years. In that time, successive annual increases in appropriations for their education total \$1,804,325; for medical care, \$578,000; and for industrial advancement, \$205,000; or \$2,582,325 more than would have been spent in the same period on the basis of appropriations for 1923 and the preceding years.

The needs along health, educational, industrial and social lines however, are great, and the Budget estimates for 1929 include still further increases for Indian administration.

To advance the time when the Indians may become self-sustaining, it is my belief that the Federal Government should continue to improve the facilities for their care, and as rapidly as possible turn its responsibility over to the States.

## COAL

Legislation authorizing a system of fuel administration and the appointment by the President of a Board of Mediation and Conciliation in case of actual or threatened interruption of production is needed. The miners themselves are now seeking information and action from the Government, which could readily be secured through such a board. It is believed that a thorough investigation and reconsideration of this proposed policy by the Congress will demonstrate that this recommendation is sound and should be adopted.

## PETROLEUM CONSERVATION

The National Government is undertaking to join in the formation of a cooperative committee of lawyers, engineers, and public officers, to consider what legislation by the States or by the Congress can be adopted for the preservation and conservation of our supply of petroleum. This has come to be one of the main dependencies for transportation and power so necessary to our agricultural and industrial life. It is expected the report of this committee will be available for later congressional action. Meantime, the requirement that the Secretary of the Interior should make certain leases of land belonging to the Osage Indians, in accordance with the act of March 3, 1921, should be repealed. The authority to lease should be discretionary, in order that the property of the Indians way not be wasted and the public suffer a future lack of supply.

## ALIEN PROPERTY

Under treaty the property held by the Alien Property Custodian was to be retained until suitable provision had been made for the satisfaction of American claims. While still protecting the American claimants, in order to afford every possible accommodation to the nationals of the countries whose property was held, the Congress has made liberal provision for the return of a larger part of the property. All trusts under \$10,000 were returned in

full, and partial returns were made on the others. The total returned was approximately \$350,000,000.

There is still retained, however, about \$250,000,000. The Mixed Claims Commission has made such progress in the adjudication of claims that legislation can now be enacted providing for the return of the property, which should be done under conditions which will protect our Government and our claimants. Such a measure will be proposed, and I recommend its enactment.

## RAILROAD CONSOLIDATION

In order to increase the efficiency of transportation and decrease its cost to the shipper, railroad consolidation must be secured. Legislation is needed to simplify the necessary procedure to secure such agreements and arrangements for consolidation, always under the control and with the approval of the Interstate Commerce Commission. Pending this, no adequate or permanent reorganization can be made of the freight-rate structure. Meantime, both agriculture and industry are compelled to wait for needed relief. This is purely a business question, which should be stripped of all local and partisan bias and decided on broad principles and its merits in order to promote the public welfare. A large amount of new construction and equipment, which will furnish employment for labor and markets for commodities of both factory and farm, wait on the decision of this important question. Delay is holding back the progress of our country.

Many of the same arguments are applicable to the consolidation of the Washington traction companies.

## VETERANS

The care which this country has lavished on its veterans is known of all men. The yearly outlay for this purpose is about \$750,000,000, or about the cost of running the Federal Government, outside of the Post Office Department, before the World War. The Congress will have before it recommendations of the American Legion, the Veterans of Foreign Wars, and other like organizations, which should receive candid consideration. We should continue to foster our system of compensation and rehabilitation, and provide hospitals and insurance. The magnitude of the undertaking is already so large that all requests calling for further expenditure should have the most searching scrutiny. Our present system of pensions is already sufficiently liberal. It was increased by the last Congress for Civil and Spanish War veterans and widows and for some dependents.

It has been suggested that the various governmental agencies now dealing with veterans' relief be consolidated. This would bring many advantages. It is recommended that the proper committees of the Congress make a thorough survey of this subject, in order to determine if legislation to secure such consolidation is desirable.

## EDUCATION

For many years it has been the policy of the Federal Government to encourage and foster the cause of education. Large sums of money are annually appropriated to carry on vocational training. Many millions go into agricultural schools. The general subject is under the immediate direction of a Commissioner of Education. While this subject is strictly a State and local function, it should continue to have the encouragement of the National Government. I am still of the opinion that much good could be

accomplished through the establishment of a Department of Education and Relief, into which would be gathered all of these functions under one directing member of the Cabinet.

## DEPARTMENT OF LABOR

Industrial relations have never been more peaceful. In recent months they have suffered from only one serious controversy. In all others difficulties have been adjusted, both management and labor wishing to settle controversies by friendly agreement rather than by compulsion. The welfare of women and children is being especially guarded by our Department of Labor. Its Children's Bureau is in cooperation with 26 State boards and 80 juvenile courts.

Through its Bureau of Immigration it has been found that medical examination abroad has saved prospective immigrants from much hardship. Some further legislation to provide for reuniting families when either the husband or the wife is in this country, and granting more freedom for the migration of the North American Indian tribes is desirable.

The United States Employment Service has enabled about 2,000,000 men and women to gain paying positions in the last fiscal year. Particular attention has been given to assisting men past middle life and in providing field labor for harvesting agricultural crops. This has been made possible in part through the service of the Federal Board for Vocational Education, which is cooperating with the States in a program to increase the technical knowledge and skill of the wage earner.

## PUBLIC BUILDINGS

Construction is under way in the country and ground has been broken for carrying out a public-building program for Washington. We have reached a time when not only the conveniences but the architectural beauty of the public buildings of the Capital City should be given much attention. It will be necessary to purchase further land and provide the required continuing appropriations.

## HISTORICAL CELEBRATIONS

Provision is being made to commemorate the two hundredth anniversary of the birth of George Washington. Suggestion has been made for the construction of a memorial road leading from the Capital to Mount Vernon, which may well have the consideration of the Congress, and the commission intrusted with preparations for the celebration will undoubtedly recommend publication of the complete writings of Washington and a series of writings by different authors relating to him.

February 25, 1929, is the one hundred and fiftieth anniversary of the capture of Fort Sackville, at Vincennes, in the State of Indiana. This eventually brought into the Union what was known as the Northwest Territory, embracing the region north of the Ohio River between the Alleghenies and the Mississippi River. This expedition was led by George Rogers Clark. His heroic character and the importance of his victory are too little known and understood. They gave us not only this Northwest Territory but by means of that the prospect of reaching the Pacific. The State of Indiana is proposing to dedicate the site of Fort Sackville as a national shrine. The Federal Government may well make some provision for the erection under its own management of a fitting memorial at that point.

## FOREIGN RELATIONS

It is the policy of the United States to promote peace. We are a peaceful people and committed to the settling of disputes by amicable adjustment rather than by force. We have believed that peace can best be secured by a faithful observance on our part of the principles of international law, accompanied by patience and conciliation, and requiring of others a like treatment for ourselves. We have lately had some difference with Mexico relative to the injuries inflicted upon our nationals and their property within that country. A firm adherence to our rights and a scrupulous respect for the sovereignty of Mexico, both in accordance with the law of nations, coupled with patience and forbearance, it is hoped will resolve all our differences without interfering with the friendly relationship between the two Governments.

We have been compelled to send naval and marine forces to China to protect the lives and property of our citizens. Fortunately their simple presence there has been sufficient to prevent any material loss of life. But there has been considerable loss of property. That unhappy country is torn by factions and revolutions which bid fair to last for an indefinite period. Meanwhile we are protecting our citizens and stand ready to cooperate with any government which may emerge in promoting the welfare of the people of China. They have always had our friendship, and they should especially merit our consideration in these days of their distraction and distress.

We were confronted by similar condition on a small scale in Nicaragua. Our marine and naval forces protected our citizens and their property and prevented a heavy sacrifice of life and the destruction of that country by a reversion to a state of revolution. Henry L. Stimson, former Secretary of War, was sent there to cooperate with our diplomatic and military officers in effecting a settlement between the contending parties. This was done on the assurance that we would cooperate in restoring a state of peace where our rights would be protected by giving our assistance in the conduct of the next presidential election, which occurs in a few months. With this assurance the population returned to their peacetime pursuits, with the exception of some small roving bands of outlaws.

In general, our relations with other countries can be said to have improved within the year. While having a due regard for our own affairs, the protection of our own rights, and the advancement of our own people, we can afford to be liberal toward others. Our example has become of great importance in the world. It is recognized that we are independent, detached, and can and do take a disinterested position in relation to international affairs. Our charity embraces the earth. Our trade is far flung. Our financial favors are widespread. Those who are peaceful and law-abiding realize that not only have they nothing to fear from us, but that they can rely on our moral support. Proposals for promoting the peace of the world will have careful consideration. But we are not a people who are always seeking for a sign. We know that peace comes from honesty and fair dealing, from moderation, and a generous regard for the rights of others. The heart of the Nation is more important than treaties. A spirit of generous consideration is a more certain defense than great armaments. We should continue to promote peace by our example, and fortify it by such international covenants against war as we are permitted under our Constitution to make.

## AMERICAN PROGRESS

Our country has made much progress. But it has taken, and will continue to

take, much effort. Competition will be keen, the temptation to selfishness and arrogance will be severe, the provocations to deal harshly with weaker peoples will be many. All of these are embraced in the opportunity for true greatness. They will be overbalanced by cooperation by generosity, and a spirit of neighborly kindness. The forces of the universe are taking humanity in that direction. In doing good, in walking humbly, in sustaining its own people in ministering to other nations, America will work out its own mighty destiny.

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State of the Union Address  
Calvin Coolidge  
December 4, 1928

To the Congress of the United States:

No Congress of the United States ever assembled, on surveying the state of the Union, has met with a more pleasing prospect than that which appears at the present time. In the domestic field there is tranquility and contentment, harmonious relations between management and wage earner, freedom from industrial strife, and the highest record of years of prosperity. In the foreign field there is peace, the good will which comes from mutual understanding, and the knowledge that the problems which a short time ago appeared so ominous are yielding to the touch of manifest friendship. The great wealth created by our enterprise and industry, and saved by our economy, has had the widest distribution among our own people, and has gone out in a steady stream to serve the charity and the business of the world. The requirements of existence have passed beyond the standard of necessity into the region of luxury. Enlarging production is consumed by an increasing demand at home and an expanding commerce abroad. The country can regard the present with satisfaction and anticipate the future with optimism.

The main source of these unexampled blessings lies in the integrity and character of the American people. They have had great faith, which they have supplemented with mighty works. They have been able to put trust in each other and trust in their Government. Their candor in dealing with foreign governments has commanded respect and confidence. Yet these remarkable powers would have been exerted almost in vain without the constant cooperation and careful administration of the Federal Government.

We have been coming into a period which may be fairly characterized as a conservation of our national resources. Wastefulness in public business and private enterprise has been displaced by constructive economy. This has been accomplished by bringing our domestic and foreign relations more and more under a reign of law. A rule of force has been giving way to a rule of reason. We have substituted for the vicious circle of increasing expenditures, increasing tax rates, and diminishing profits the charmed circle of diminishing expenditures, diminishing tax rates, and increasing profits.

Four times we have made a drastic revision of our internal revenue system, abolishing many taxes and substantially reducing almost all others. Each time the resulting stimulation to business has so increased taxable incomes and profits that a surplus has been reduced. One-third of the national debt has been paid, while much of the other two-thirds has been refunded at lower rates, and these savings of interest and constant economies have enabled us to repeat the satisfying process of more tax reductions. Under

this sound and healthful encouragement the national income has increased nearly 50 per cent, until it is estimated to stand well over \$90,000,000,000. It has been a method which has performed the seeming miracle of leaving a much greater percentage of earnings in the hands of the taxpayers with scarcely any diminution of the Government revenue. That is constructive economy in the highest degree. It is the corner stone of prosperity. It should not fail to be continued.

This action began by the application of economy to public expenditure. If it is to be permanent, it must be made so by the repeated application of economy. There is no surplus on which to base further tax revision at this time. Last June the estimates showed a threatened deficit for the current fiscal year of \$94,000,000. Under my direction the departments began saving all they could out of their present appropriations. The last tax reduction brought an encouraging improvement in business, beginning early in October, which will also increase our revenue. The combination of economy and good times now indicates a surplus of about \$37,000,000. This is a margin of less than 1 percent on out, expenditures and makes it obvious that the Treasury is in no condition to undertake increases in expenditures to be made before June 30. It is necessary therefore during the present session to refrain from new appropriations for immediate outlay, or if such are absolutely required to provide for them by new revenue; otherwise, we shall reach the end of the year with the unthinkable result of an unbalanced budget. For the first time during my term of office we face that contingency. I am certain that the Congress would not pass and I should not feel warranted in approving legislation which would involve us in that financial disgrace.

On the whole the finances of the Government are most satisfactory. Last year the national debt was reduced about \$906,000,000. The refunding and retirement of the second and third Liberty loans have just been brought to a successful conclusion, which will save about \$75,000,000 a year in interest. The unpaid balance has been arranged in maturities convenient for carrying out our permanent debt-paying Program.

The enormous savings made have not been at the expense of any legitimate public need. The Government plant has been kept up and many improvements are under way, while its service is fully manned and the general efficiency of operation has increased. We have been enabled to undertake many new enterprises. Among these are the adjusted compensation of the veterans of the World War, which is costing us \$112,000,000 a year; amortizing our liability to the civil service retirement funds, \$20,000,000; increase of expenditures for rivers and harbors including flood control, \$43,000,000; public buildings, \$47,000,000. In 1928 we spent \$50,000,000 in the adjustment of war claims and alien property. These are examples of a large list of items.

## FOREIGN RELATIONS

When we turn from our domestic affairs to our foreign relations, we likewise perceive peace and progress. The Sixth International Conference of American States was held at Habana last winter. It contributed to a better understanding and cooperation among the nations'. Eleven important conventions were signed and 71 resolutions passed. Pursuant to the plan then adopted, this Government has invited the other 20 nations of this hemisphere to its conference on conciliation and arbitration, which meets in Washington on December 10. All the nations have accepted and the expectation is justified that important progress will be made in methods for resolving international differences by means of arbitration.



During the year we have signed 11 new arbitration treaties, and 22 more are under negotiation.

## NICARAGUA

When a destructive and bloody revolution lately broke out in Nicaragua, at the earnest and repeated entreaties of its Government I dispatched our Marine forces there to protect the lives and interests of our citizens. To compose the contending parties, I sent there Col. Henry L. Stimson, former Secretary of War and now Governor General of the Philippine Islands, who secured an agreement that warfare should cease, a national election should be held and peace should be restored. Both parties conscientiously carried out this agreement, with the exception of a few bandits who later mostly surrendered or left the country. President Diaz appointed Brig. Gen. Frank R. McCoy, United States Army, president of the election board, which included also one member of each political party.

A free and fair election has been held and has worked out so successfully that both parties have joined in requesting like cooperation from this country at the election four years hence, to which I have refrained from making any commitments, although our country must be gratified at such an exhibition of success and appreciation.

Nicaragua is regaining its prosperity and has taken a long step in the direction of peaceful self-government.

## TACNA-ARICA

The long-standing differences between Chile and Peru have been sufficiently composed so that diplomatic relations have been resumed by the exchange of ambassadors. Negotiations are hopefully proceeding as this is written for the final adjustment of the differences over their disputed territory.

## MEXICO

Our relations with Mexico are on a more satisfactory basis than at any time since their revolution. Many misunderstandings have been resolved and the most frank and friendly negotiations promise a final adjustment of all unsettled questions. It is exceedingly gratifying that Ambassador Morrow has been able to bring our two neighboring countries, which have so many interests in common, to a position of confidence in each other and of respect for mutual sovereign rights.

## CHINA

The situation in China which a few months ago was so threatening as to call for the dispatch of a large additional force has, been much composed. The Nationalist Government has established itself over the country and promulgated a new organic law announcing a program intended to promote the political and economic welfare of the people. We have recognized this Government, encouraged its progress, and have negotiated a treaty restoring to China complete tariff autonomy and guaranteeing our citizens against discriminations. Our trade in that quarter is increasing and our forces are being reduced.

## GREEK AND AUSTRIAN DEBTS

Pending before the Congress is a recommendation for the settlement of the

Greek debt and the Austrian debt. Both of these are comparatively small and our country can afford to be generous. The rehabilitation of these countries awaits their settlement. There would also be advantages to our trade. We could scarcely afford to be the only nation that refuses the relief which Austria seeks. The Congress has already granted Austria a long-time moratorium, which it is understood will be waived and immediate payments begun on her debt on the same basis which we have extended to other countries.

## PEACE TREATY

One of the most important treaties ever laid before the Senate of the United States will be that which the 15 nations recently signed at Paris, and to which 44 other nations have declared their intention to adhere, renouncing war as a national policy and agreeing to resort only to peaceful means for the adjustment of international differences. It is the most solemn declaration against war, the most positive adherence to peace, that it is possible for sovereign nations to make. It does not supersede our inalienable sovereign right and duty of national defense or undertake to commit us before the event to any mode of action which the Congress might decide to be wise if ever the treaty should be broken. But it is a new standard in the world around which can rally the informed and enlightened opinion of nations to prevent their governments from being forced into hostile action by the temporary outbreak of international animosities. The observance of this covenant, so simple and so straightforward, promises more for the peace of the world than any other agreement ever negotiated among the nations.

## NATIONAL DEFENSE

The first duty of our Government to its own citizens and foreigners within its borders is the preservation of order. Unless and until that duty is met a government is not even eligible for recognition among the family of nations. The advancement of world civilization likewise is dependent upon that order among the people of different countries which we term peace. To insure our citizens against the infringement of their legal rights at home and abroad, to preserve order, liberty, and peace by making the law supreme, we have an Army and a Navy.

Both of these are organized for defensive purposes. Our Army could not be much reduced, but does not need to be increased. Such new housing and repairs as are necessary are under way and the 6-year program in aviation is being put into effect in both branches of our service.

Our Navy, according to generally accepted standards, is deficient in cruisers. We have 10 comparatively new vessels, 22 that are old, and 8 to be built. It is evident that renewals and replacements must be provided. This matter was thoroughly canvassed at the last session of the Congress and does not need restatement. The bill before the Senate with the elimination of the time clause should be passed. We have no intention of competing with any other country. This building program is for necessary replacements and to meet our needs for defense.

The cost of national defense is stupendous. It has increased \$118,000,000 in the past four years. The estimated expenditure for 1930 is \$668,000,000. While this is made up of many items it is, after all, mostly dependent upon numbers. Our defensive needs do not call for any increase in the number of men in the Army or the Navy. We have reached the limit of what we ought to expend for that purpose.

I wish to repeat again for the benefit of the timid and the suspicious that this country is neither militaristic nor imperialistic. Many people at home and abroad, who constantly make this charge, are the same ones who are even more solicitous to have us extend assistance to foreign countries. When such assistance is granted, the inevitable result is that we have foreign interests. For us to refuse the customary support and protection of such interests would be in derogation of the sovereignty of this Nation. Our largest foreign interests are in the British Empire, France, and Italy. Because we are constantly solicitous for those interests, I doubt if anyone would suppose that those countries feel we harbor toward them any militaristic or imperialistic design. As for smaller countries, we certainly do not want any of them. We are more anxious than they are to have their sovereignty respected. Our entire influence is in behalf of their independence. Cuba stands as a witness to our adherence to this principle.

The position of this Government relative to the limitation of armaments, the results already secured, and the developments up to the present time are so well known to the Congress that they do not require any restatement.

## VETERANS

The magnitude of our present system of veterans' relief is without precedent, and the results have been far-reaching. For years a service pension has been granted to the Grand Army and lately to the survivors of the Spanish-American War. At the time we entered the World War however, Congress departed from the usual pension system followed by our Government. Eleven years have elapsed since our laws were first enacted, initiating a system of compensation, rehabilitation, hospitalization, and insurance for the disabled of the World War and their dependents. The administration of all the laws concerning relief has been a difficult task, but it can safely be stated that these measures have omitted nothing in their desire to deal generously and humanely. We should continue to foster this system and provide all the facilities necessary for adequate care. It is the conception of our Government that the pension roll is an honor roll. It should include all those who are justly entitled to its benefits, but exclude all others.

Annual expenditures for all forms of veterans' relief now approximate \$765,000,000, and are increasing from year to year. It is doubtful if the peak of expenditures will be reached even under present legislation for some time yet to come. Further amendments to the existing law will be suggested by the American Legion, the Veterans of Foreign Wars of the United States, the Disabled American Veterans of the World War, and other like organizations, and it may be necessary for administrative purposes, or in order to remove some existing inequalities in the present law, to make further changes. I am sure that such recommendations if they may be submitted to the Congress will receive your careful consideration. But because of the vast expenditure now being made, each year, with every assurance that it will increase, and because of the great liberality of the existing law, the proposal of any additional legislation dealing with this subject should receive most searching scrutiny from the Congress.

You are familiar with the suggestion that the various public agencies now dealing with matters of veterans' relief be consolidated in one Government department. Some advantages to this plan seem apparent, especially in the simplification of administration and in the opportunity of bringing about a greater uniformity in the application of veterans' relief. I recommend that a survey be made by the proper committees of Congress dealing with

this subject, in order to determine whether legislation to secure this consolidation is desirable.

## AGRICULTURE

The past year has been marked by notable though not uniform improvement in agriculture. The general purchasing power of farm products and the volume of production have advanced. This means not only further progress, in overcoming the price disparity into which agriculture was plunged in 1920-21, but also increased efficiency on the part of farmers and a well-grounded confidence in the future of agriculture.

The livestock industry has attained the best balance for many years and is prospering conspicuously. Dairymen, beef producers, and poultrymen are receiving substantially larger returns than last year. Cotton, although lower in price than at this time last year, was produced in greater volume and the prospect for cotton incomes is favorable. But progress is never uniform in a vast and highly diversified agriculture or industry. Cash grains, hay, tobacco, and potatoes will bring somewhat smaller returns this year than last. Present indications are, however, that the gross farm income will be somewhat larger than in the crop year 1927-28, when the total was \$12,253,000,000. The corresponding figure for 1926-27 was \$12,127,000,000, and in 1925-26, \$12,670,000,000. Still better results would have been secured this year had there not been an undue increase in the production of certain crops. This is particularly true of potatoes, which have sold at an unremunerative price, or at a loss, as a direct result of overexpansion of acreage.

The present status of agriculture, although greatly improved over that of a few years ago, bespeaks the need of further improvement which calls for determined effort of farmers themselves, encouraged and assisted by wise public policy. The Government has been, and must continue to be, alive to the needs of agriculture.

In the past eight years more constructive legislation of direct benefit to agriculture has been adopted than during any other period. The Department of Agriculture has been broadened and reorganized to insure greater efficiency. The department is laying greater stress on the economic and business phases of agriculture. It is lending every possible assistance to cooperative marketing associations. Regulatory and research work have been segregated in order that each field may be served more effectively.

I can not too strongly commend, in the field of fact finding, the research work of the Department of Agriculture and the State experiment stations. The department now receives annually \$4,000,000 more for research than in 1921. In addition, the funds paid to the States for experimentation purposes under the Purnell Act constitute an annual increase in Federal payments to State agricultural experiment stations of \$2,400,000 over the amount appropriated in 1921. The program of support for research may wisely be continued and expanded. Since 1921 we have appropriated nearly an additional \$2,000,000 for extension work, and this sum is to be increased next year under authorization by the Capper-Ketcham Act.

## THE SURPLUS PROBLEM

While these developments in fundamental research, regulation, and dissemination of agricultural information are of distinct help to agriculture, additional effort is needed. The surplus problem demands attention. As emphasized in my last message, the Government should assume

no responsibility in normal times for crop surplus clearly due to overextended acreage. The Government should, however, provide reliable information as a guide to private effort; and in this connection fundamental research on prospective supply and demand, as a guide to production and marketing, should be encouraged. Expenditure of public funds to bring in more new land should have most searching scrutiny, so long as our farmers face unsatisfactory prices for crops and livestock produced on land already under cultivation.

Every proper effort should be made to put land to uses for which it is adapted. The reforestation of land best suited for timber production is progressing and should be encouraged, and to this end the forest taxation inquiry was instituted to afford a practical guide for public policy. Improvement has been made in grazing regulation in the forest reserves, not only to protect the ranges, but to preserve the soil from erosion. Similar action is urgently needed to protect other public lands which are now overgrazed and rapidly eroding.

Temporary expedients, though sometimes capable of appeasing the demands of the moment, can not permanently solve the surplus problem and might seriously aggravate it. Hence putting the Government directly into business, subsidies, and price fixing, and the alluring promises of political action as a substitute for private initiative, should be avoided.

The Government should aid in promoting orderly marketing and in handling surpluses clearly due to weather and seasonal conditions. As a beginning there should be created a Federal farm board consisting of able and experienced men empowered to advise producers' associations in establishing central agencies or stabilization corporations to handle surpluses, to seek more economical means of merchandising, and to aid the producer in securing returns according to the value of his product. A revolving loan fund should be provided for the necessary financing until these agencies shall have developed means of financing their operations through regularly constituted credit institutions. Such a bill should carry authority for raising the money, by loans or otherwise, necessary to meet the expense, as the Treasury has no surplus.

Agriculture has lagged behind industry in achieving that unity of effort which modern economic life demands. The cooperative movement, which is gradually building the needed organization, is in harmony with public interest and therefore merits public encouragement.

## THE RESPONSIBILITY OF THE STATES

Important phases of public policy related to agriculture lie within the sphere of the States. While successive reductions in Federal taxes have relieved most farmers of direct taxes to the National Government, State and local levies have become a serious burden. This problem needs immediate and thorough study with a view to correction at the earliest possible moment. It will have to be made largely by the States themselves.

## COMMERCE

It is desirable that the Government continue its helpful attitude toward American business. The activities of the Department of Commerce have contributed largely to the present satisfactory position in our international trade, which has reached about \$9,000,000,000 annually. There should be no slackening of effort in that direction. It is

also important that the department's assistance to domestic commerce be continued. There is probably no way in which the Government can aid sound economic progress more effectively than by cooperation with our business men to reduce wastes in distribution.

## COMMERCIAL AERONAUTICS

Continued progress in civil aviation is most gratifying. Demands for airplanes and motors have taxed both the industry and the licensing and inspection service of the Department of Commerce to their capacity. While the compulsory licensing provisions of the air commerce act apply only to equipment and personnel engaged in interstate and foreign commerce, a Federal license may be procured by anyone possessing the necessary qualifications. State legislation, local airport regulations, and insurance requirements make such a license practically indispensable. This results in uniformity of regulation and increased safety in operation, which are essential to aeronautical development. Over 17,000 young men and women have now applied for Federal air pilot's licenses or permits. More than 80 per cent of them applied during the past year.

Our national airway system exceeds 14,000 miles in length and has 7,500 miles lighted for night operations. Provision has been made for lighting 4,000 miles more during the current fiscal year and equipping an equal mileage with radio facilities. Three-quarters of our people are now served by these routes. With the rapid growth of air mail, express, and passenger service, this new transportation medium is daily becoming a more important factor in commerce. It is noteworthy that this development has taken place without governmental subsidies. Commercial passenger flights operating on schedule have reached 13,000 miles per day.

During the next fortnight this Nation will entertain the nations of the world in a celebration of the twenty-fifth anniversary of the first successful airplane flight. The credit for this epoch-making achievement belongs to a citizen of our own country, Orville Wright.

## CUBAN PARCEL POST

I desire to repeat my recommendation of an earlier message, that Congress enact the legislation necessary to make permanent the Parcel Post Convention with Cuba, both as a facility to American commerce and as a measure of equity to Cuba in the one class of goods which that country can send here by parcel post without detriment to our own trade.

## "MAINE" BATTLESHIP MEMORIAL

When I attended the Pan American Conference at Habana, the President of Cuba showed me a marble statue made from the original memorial that was overturned by a storm after it was erected on the Cuban shore to the memory of the men who perished in the destruction of the battleship Maine. As a testimony of friendship and appreciation of the Cuban Government and people he most generously offered to present this to the United States, and I assured him of my pleasure in accepting it. There is no location in the White House for placing so large and heavy a structure, and I therefore urge the Congress to provide by law for some locality where it can be set up.

## RAILROADS

In previous annual messages I have suggested the enactment of laws to promote railroad consolidation with the view of increasing the efficiency of transportation and lessening its cost to the public. While, consolidations can and should be made under the present law until it is changed, yet the provisions of the act of 1920 have not been found fully adequate to meet the needs of other methods of consolidation. Amendments designed to remedy these defects have been considered at length by the respective committees of Congress and a bill was reported out late in the last session which I understand has the approval in principle of the Interstate Commerce Commission. It is to be hoped that this legislation may be enacted at an early date.

Experience has shown that the interstate commerce law requires definition and clarification in several other respects, some of which have been pointed out by the Interstate Commerce Commission in its annual reports to the Congress. It will promote the public interest to have the Congress give early consideration to the recommendations there made.

### MERCHANT MARINE

The cost of maintaining the United States Government merchant fleet has been steadily reduced. We have established American flag lines in foreign trade where they had never before existed as a means of promoting commerce and as a naval auxiliary. There have been sold to private American capital for operation within the past few years 14 of these lines, which, under the encouragement of the recent legislation passed by the Congress, give promise of continued successful operation. Additional legislation from time to time may be necessary to promote future advancement under private control.

Through the cooperation of the Post Office Department and the Shipping Board long-term contracts are being made with American steamship lines for carrying mail, which already promise the construction of 15 to 20 new vessels and the gradual reestablishment of the American merchant marine as a private enterprise. No action of the National Government has been so beneficial to our shipping. The cost is being absorbed to a considerable extent by the disposal of unprofitable lines operated by the Shipping Board, for which the new law has made a market. Meanwhile it should be our policy to maintain necessary strategic lines under the Government operation until they can be transferred to private capital.

### INTER-AMERICAN HIGHWAY

In my message last year I expressed the view that we should lend our encouragement for more good roads to all the principal points on this hemisphere South of the Rio Grande. My view has not changed.

The Pan American Union has recently indorsed it. In some of the countries to the south a great deal of progress is being made in road building. In, Others engineering features are often exacting and financing difficult. As those countries enter upon programs for road building we should be ready to contribute from our abundant experience to make their task easier of accomplishment. I prefer not to go into civil life to accomplish this end. We already furnish military and naval advisors, and following this precedent we could draw competent men from these same sources and from the Department of Agriculture.

We should provide our southern neighbors, if they request it, with such engineer advisors for the construction of roads and bridges. Private

interests should look with favor upon all reasonable loans sought by these countries to open main lines of travel. Such assistance should be given especially to any project for a highway designed to connect all the countries on this hemisphere and thus facilitate, intercourse and closer relations among, them.

## AIR MAIL SERVICE

The friendly relations and the extensive, commercial intercourse with the Western Hemisphere to the south of us are being further cemented by the establishment and extension of air-mail routes. We shall soon have one from Key West, Fla., over Cuba, Haiti, and Santo Domingo to San Juan, P. R., where it will connect with another route to Trinidad. There will be another route from Key West to the Canal Zone, where connection will be made with a route across the northern coast of South America to Paramaribo. This will give us a circle around the Caribbean under our own control. Additional connections will be made at Colon with a route running down the west coast of South America as far as Concepcion, Chile, and with the French air mail at Paramaribo running down the eastern coast of South America. The air service already spans our continent, with laterals running to Mexico and Canada, and covering a daily flight of over 28,000 miles, with an average cargo of 15 000 pounds.

## WATERWAYS

Our river and harbor improvements are proceeding with vigor. In the past few years Ave have increased the appropriation for this regular work \$28,000,000, besides what is to be expended on flood control. The total appropriation for this year was over \$91,000,000. The Ohio River is almost ready for opening; work on the Missouri and other rivers is under way. In accordance with the Mississippi flood law Army engineers are making investigations and surveys on other streams throughout the country with a view to flood control, navigation, waterpower, and irrigation. Our barrier lines are being operated under generous appropriations, and negotiations are developing relative to the St. Lawrence waterway. To Secure the largest benefits from all these waterways joint rates must be established with the railroads, preferably by agreement, but otherwise as a result of congressional action.

We have recently passed several river and harbor bills. The work ordered by the Congress not, yet completed, will cost about \$243,

000,000, besides the hundreds of millions to be spent on the Mississippi flood way. Until we can see our way out of this expense no further river and harbor legislation should be passed, as expenditures to put it into effect would be four or five years away.

## IRRIGATION OF ARID LANDS

For many years the Federal Government has been committed to the wise policy of reclamation and irrigation. While it has met with some failures due to unwise selection of projects and lack of thorough soil surveys, so that they could not be placed on a sound business basis, on the whole the service has been of such incalculable benefit in so many States that no one would advocate its abandonment. The program to which we are already committed, providing for the construction of new projects authorized by Congress and the completion of old projects, will tax the resources of the reclamation fund over a period of years. The high cost of improving and equipping farms adds to the difficulty of securing settlers for vacant



farms on federal projects.

Readjustments authorized by the reclamation relief act of May 25, 1926, have given more favorable terms of repayment to settlers. These new financial arrangements and the general prosperity on irrigation projects have resulted in increased collections by the Department of the Interior of charges due the reclamation fund. Nevertheless, the demand for still smaller yearly payments on some projects continues. These conditions should have consideration in connection with any proposed new projects.

## COLORADO RIVER

For several years the Congress has considered the erection of a dam on the Colorado River for flood-control, irrigation, and domestic water purposes, all of which may properly be considered as Government functions. There would be an incidental creation of water power which could be used for generating electricity. As private enterprise can very well fill this field, there is no need for the Government to go into it. It is unfortunate that the States interested in this water have been unable to agree among themselves. Nevertheless, any legislation should give every possible safeguard to the present and prospective rights of each of them.

The Congress will have before it, the detailed report of a special board appointed to consider the engineering and economic feasibility of this project. From the short summary which I have seen of it, I judge they consider the engineering problems can be met at somewhat increased cost over previous estimates. They prefer the Black Canyon site. On the economic features they are not so clear and appear to base their conclusions on many conditions which can not be established with certainty. So far as I can judge, however, from the summary, their conclusions appear sufficiently favorable, so that I feel warranted in recommending a measure which will protect the rights of the States, discharge the necessary Government functions, and leave the electrical field to private enterprise.

## MUSCLE SHOALS

The development of other methods of producing nitrates will probably render this plant less important for that purpose than formerly. But we have it, and I am told it still provides a practical method of making nitrates for national defense and farm fertilizers. By dividing the property into its two component parts of power and nitrate plants it would be possible to dispose of the power, reserving the right to any concern that wished to make nitrates to use any power that might be needed for that purpose. Such a disposition of the power plant can be made that will return in rental about \$2,000,000 per year. If the Congress would grant the Secretary of War authority to lease the nitrate plant on such terms as would insure the largest production of nitrates, the entire property could begin to function. Such a division, I am aware, has never seemed to appeal to the Congress. I should also gladly approve a bill granting authority to lease the entire property for the production of nitrates.

I wish to avoid building another dam at public expense. Future operators should provide for that themselves. But if they were to be required to repay the cost of such dam with the prevailing commercial rates for interest, this difficulty will be considerably lessened. Nor do I think this property should be made a vehicle for putting the United States Government indiscriminately into the private and retail field of power distribution and nitrate sales.

## CONSERVATION

The practical application of economy to the resources of the country calls for conservation. This does not mean that every resource should not be developed to its full degree, but it means that none of them should be wasted. We have a conservation board working on our oil problem. This is of the utmost importance to the future well-being of our people in this age of oil-burning engines and the general application of gasoline to transportation. The Secretary of the Interior should not be compelled to lease oil lands of the Osage Indians when the market is depressed and the future supply is in jeopardy.

While the area of lands remaining in public ownership is small, compared with the vast area in private ownership, the natural resources of those in public ownership are of immense present and future value. This is particularly true as to minerals and water power. The proper bureaus have been classifying these resources to the end that they may be conserved. Appropriate estimates are being submitted, in the Budget, for the further prosecution of this important work.

## IMMIGRATION

The policy of restrictive immigration should be maintained. Authority should be granted the Secretary of Labor to give immediate preference to learned professions and experts essential to new industries. The reuniting of families should be expedited. Our immigration and naturalization laws might well be codified.

## WAGE EARNER

In its economic life our country has rejected the long accepted law of a limitation of the wage fund, which led to pessimism and despair because it was the doctrine of perpetual poverty, and has substituted for it the American conception that the only limit to profits and wages is production, which is the doctrine of optimism and hope because it leads to prosperity. Here and there the councils of labor are still darkened by the theory that only by limiting individual production can there be any assurance of permanent employment for increasing numbers, but in general, management and wage earner alike have become emancipated from this doom and have entered a new era in industrial thought which has unleashed the productive capacity of the individual worker with an increasing scale of wages and profits, the end of which is not yet. The application of this theory accounts for our widening distribution of wealth. No discovery ever did more to increase the happiness and prosperity of the people.

Since 1922 increasing production has increased wages in general 12.9 per cent, while in certain selected trades they have run as high as 34.9 per cent and 38 per cent. Even in the boot and shoe shops the increase is over 5 per cent and in woolen mills 8.4 per cent, although these industries have not prospered like others. As the rise in living costs in this period is negligible, these figures represent real wage increases.

The cause of constructive economy requires that the Government should cooperate with private interests to eliminate the waste arising from industrial accidents. This item, with all that has been done to reduce it, still reaches enormous proportions with great suffering to the workman and great loss to the country.

## WOMEN AND CHILDREN

The Federal Government should continue its solicitous care for the 8,500,000 women wage earners and its efforts in behalf of public health, which is reducing infant mortality and improving the bodily and mental condition of our citizens.

## CIVIL SERVICE

The most marked change made in the civil service of the Government in the past eight years relates to the increase in salaries. The Board of Actuaries on the retirement act shows by its report, that July 1, 1921 the average salary of the 330,047 employees subject to the act was \$1,307, while on June 30, 1927, the average salary of the corresponding 405,263 was \$1,969. This was an increase in six years of nearly 53 per cent. On top of this was the generous increase made at the last session of the Congress generally applicable to Federal employees and another bill increasing the pay in certain branches of the Postal Service beyond the large increase which was made three years ago. This raised the average level from \$1,969 to \$2,092, making an increase in seven years of over 63 per cent. While it is well known that in the upper brackets the pay in the Federal service is much smaller than in private employment, in the lower brackets, ranging well up over \$3,000, it is much higher. It is higher not only in actual money paid, but in privileges granted, a vacation of 30 actual working days, or 5 weeks each year, with additional time running in some departments as high as 30 days for sick leave and the generous provisions of the retirement act. No other body of public servants ever occupied such a fortunate position.

## EDUCATION

Through the Bureau of Education of the Department of the Interior the Federal Government, acting in an informative and advisory capacity, has rendered valuable service. While this province belongs peculiarly to the States, yet the promotion of education and efficiency in educational methods is a general responsibility of the Federal Government. A survey of negro colleges and universities in the United States has just been completed by the Bureau of Education through funds provided by the institutions themselves and through private sources. The present status of negro higher education was determined and recommendations were made for its advancement. This was one of the numerous cooperative undertakings of the bureau. Following the invitation of the Association of Land Grant Colleges and Universities, the Bureau of Education now has under way the survey of agricultural colleges, authorized by Congress. The purpose of the survey is to ascertain the accomplishments, the status, and the future objectives of this type of educational training. It is now proposed to undertake a survey of secondary schools, which educators insist is timely and essential.

## PUBLIC BUILDINGS

We, have laid out a public building program for the District of Columbia and the country at large running into hundreds of millions of dollars. Three important structures and one annex are already, under way and one addition has been completed in the City of Washington. In the country sites have been acquired, many buildings are in course of construction, and some are already completed. Plans for all this work are being prepared in order that it may be carried forward as rapidly as possible. This is the greatest building program ever assumed by this Nation. It contemplates structures of utility and of beauty. When it reaches completion the people will be well served and the Federal city will be supplied with the most beautiful and

stately public buildings which adorn any capital in the world.

## THE AMERICAN INDIAN

The administration of Indian affairs has been receiving intensive study for several years. The Department of the Interior has been able to provide better supervision of health, education, and industrial advancement of this native race through additional funds provided by the Congress. The present cooperative arrangement existing between the Bureau of Indian Affairs and the Public Health Service should be extended. The Government's responsibility to the American Indian has been acknowledged by annual increases in appropriations to fulfill its obligations to them and to hasten the time when Federal supervision of their affairs may be properly and safely terminated. The movement in Congress and in some of the State legislatures for extending responsibility in Indian affairs to States should be encouraged. A complete participation by the Indian in our economic life is the end to be desired.

## THE NEGRO

For 65 years now our negro Population has been under the peculiar care and solicitude of the National Government. The progress which they have made in education and the professions, in wealth and in the arts of civilization, affords one of the most remarkable incidents in this period of world history. They have demonstrated their ability to partake of the advantages of our institutions and to benefit by a free and more and more independent existence. Whatever doubt there may have been of their capacity to assume, the status granted to them by the Constitution of this Union is being rapidly dissipated. Their cooperation in the life of the Nation is constantly enlarging.

Exploiting the Negro problem for political ends is being abandoned and their protection is being increased by those States in which their percentage of population is largest. Every encouragement should be extended for the development of the race. The colored people have been the victims of the crime of lynching, which has in late years somewhat decreased. Some parts of the South already have wholesome laws for its restraint and punishment. Their example might well be followed by other States, and by such immediate remedial legislation as the Federal Government can extend under the Constitution.

## PHILIPPINE ISLANDS

Under the guidance of Governor General Stimson the economic and political conditions of the Philippine Islands have been raised to a standard never before surpassed. The cooperation between his administration and the people of the islands is complete and harmonious. It would be an advantage if relief from double taxation could be granted by the Congress to our citizens doing business in the islands.

## PORTO RICO

Due to the terrific storm that swept Porto Rico last September, the people of that island suffered large losses. The Red Cross and the War Department went to their rescue. The property loss is being retrieved. Sugar, tobacco, citrus fruit, and coffee, all suffered damage. The first three can largely look after themselves. The coffee growers will need some assistance, which should be extended strictly on a business basis, and only after most careful investigation. The people of Porto Rico are not

asking for charity.

## DEPARTMENT OF JUSTICE

It is desirable that all the legal activities of the Government be consolidated under the supervision of the Attorney General. In 1870 it was felt necessary to create the Department of Justice for this purpose. During the intervening period, either through legislation creating law officers or departmental action, additional legal positions not under the supervision of the Attorney General have been provided until there are now over 900. Such a condition is as harmful to the interest of the Government now as it was in 1870, and should be corrected by appropriate legislation.

## SPECIAL GOVERNMENT COUNSEL

In order to prosecute the oil cases, I suggested and the Congress enacted a law providing for the appointment of two special counsel. They have pursued their work with signal ability, recovering all the leased lands besides nearly \$30,000,000 in money, and nearly \$17,000,000 in other property. They find themselves hampered by a statute, which the Attorney General construes as applying to them, prohibiting their appearing for private clients before any department. For this reason, one has been compelled to resign. No good result is secured by the application of this rule to these counsel, and as Mr. Roberts has consented to take reappointment if the rule is abrogated I recommend the passage of an amendment to the law creating their office exempting them from the general rule against taking other cases involving the Government.

## PROHIBITION

The country has duly adopted the eighteenth amendment. Those who object to it have the right to advocate its modification or repeal. Meantime, it is binding upon the National and State Governments and all our inhabitants. The Federal enforcement bureau is making every effort to prevent violations, especially through smuggling, manufacture, and transportation, and to prosecute generally all violations for which it can secure evidence. It is bound to continue this policy. Under the terms of the Constitution, however, the obligation is equally on the States to exercise the power which they have through the executive, legislative, judicial, and police branches of their governments in behalf of enforcement. The Federal Government is doing and will continue to do all it can in this direction and is entitled to the active cooperation of the States.

## CONCLUSION

The country is in the midst of an era of prosperity more extensive and of peace more permanent than it has ever before experienced. But, having reached this position, we should not fail to comprehend that it can easily be lost. It needs more effort for its support than the less exalted places of the world. We shall not be permitted to take our ease, but shall continue to be required to spend our days in unremitting toil. The actions of the Government must command the confidence of the country. Without this, our prosperity would be lost. We must extend to other countries the largest measure of generosity, moderation, and patience. In addition to dealing justly, we can well afford to walk humbly.

The end of government is to keep open the opportunity for a more abundant life. Peace and prosperity are not finalities; they are only

methods. It is too easy under their influence for a nation to become selfish and degenerate. This test has come to the United States. Our country has been provided with the resources with which it can enlarge its intellectual, moral, and spiritual life. The issue is in the hands of the people. Our faith in man and God is the justification for the belief in our continuing success.

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