PRESIDENT OUTLINES ISSUES OF THE DAY

Important Recommendations as to Legislation Made in Annual Message to Congress—Large Part of Document Devoted to Corporations and Railroad Rate Legislation—Relations of Labor and Capital Dealt With Fully.

The message of President Roosevelt, read at the first session of the Fifty-ninth Congress, congratulates the people on the continued prosperity of the nation. The close relationship and mutual dependence upon each other of capital and labor are pointed out, and the message continues:

Corporations.

Yet, while not merely admitting, but insisting upon this, it is also true that where there is no governmental restraint or supervision some of the exceptional men use their energies in such a way as to be a menace to the community at large. Such power is sure to be abused, and when abused results in great harm to the body politic. The fortunes amassed through corporate organization are now so large, and wield such power in those that wield them, as to make it a matter of necessity to give to the sovereign—that is, to the government, which represents the people as a whole—some effective power of supervision over their corporate use. In order to insure a healthy social and industrial life every big corporation should be held responsible by and be subjected to the sovereign strong enough to control its conduct. I am in no sense hostile to corporations. This is an age of combination, and any effort to prevent all combination will be futile and ill-advised. Modern business has become very largely organized, and the organization has come to stay. Such organization has been a necessary result of modern industrial conditions. It has come because it has in the main done away with waste, and has economized to a high degree the business use of capital and labor; and the man who has by honest means made himself a great business success, whether individually or as the head of a corporation, has rendered a service of the first importance to the community. There is no more serious mistake than to feel that because some men make unwise or improper use of their power for harm, therefore all men who have power are to be feared and regarded as criminals. The vast majority of business men of means are engaged in lawful and useful business operations, which benefit themselves and benefit the community at large. Moreover, the mere fact that a man has been successful in business is in itself proof that he has certain high qualities of efficiency which are necessary to the welfare of any community. Normally the big business man has become big because he has performed in unusual degree some function useful to his fellows. Normally he has striven for the goods which all men desire—namely, wealth and the power which comes from wealth. Normally he has realized these goods only after a hard struggle, in which he has had to show not merely his power to take, but his power to give in return. Normally and generally the conditions of success have been such that the big man has had to work hard, and has had to show in order to win success, the same high qualities of energy, resolution, and far-sighted prudence which make the citizen useful to the community. Nevertheless, it is undoubtedly true that certain men of great power have occasionally used it in a way which is hurtful to the community at large. Successful methods of business are sometimes pushed to the point where they become unfair methods. Great power sometimes leads to arrogance and recklessness, and these in turn sometimes lead to actual wrongdoing. Moreover, the vast wealth acquired by the few makes it difficult for the ordinary man of small means to get his share of the benefits of our industrial development, unless the wealthy man pays heed to the rights of the small man. Great fortunes are not obtained in any business save as the result of the development of the wage-working force; and it is of the utmost importance that this force should be protected so that it may receive its full share of the benefits of the wealth produced by its labor. Insistence upon this point is not in the least degree to excuse mob violence directed against any individual, whether rich or poor. Violence is criminal whether committed by the mighty or by the lowly, and should be sternly put down. But it is entirely possible to put down violence and at the same time to remember that the first duty of the people as a whole is to see that the conditions are such that violence will not be the weapon invoked by any man or any set of men. Finally, it is profoundly true that no permanent success can come from the use of violence. In the long run it is certain that wrong practices can be eradicated only by the genuine exercise of the orderly powers of government.

Railroads.

The railroads are the most important of the agencies of commerce, and the railroad problem is at bottom the most important problem connected with commerce. Experience has shown conclusively that it is useless to try to prevent certain kinds of combination which are normal and inevitable in the conduct of business operations. The natural laws governing these matters are as unalterable as the law of gravitation. Combination has nothing criminal in its essence, and the effort to prevent it entirely is not merely useless, but in the highest degree mischievous. Modern industrial conditions have made many forms of combination necessary factors in the development of civilization, and the effort to forbid these combinations entirely has been responsible for much of the feeling of dissatisfaction with the present social conditions. Moreover, the advantages of combination in business are such that when once effected they are as a rule permanent. Only in exceptional cases will they be broken up, and then only to be renewed in some form or other. Publicity can do much to help us in solving the problem of the proper control of business combinations. Much can be done by requiring complete and accurate publicity of certain facts which now can be ascertained only by the investigation of experts. Such publicity would tend greatly to minimize the evils of overcapitalization, and would furnish the best remedy for the watering of stock. Finally, it would show conclusively whether or not any given railroad was charging unreasonable rates for the service rendered the public. Such publicity would not only furnish the data for the adjustment of railroad rates, but would furnish the best possible guarantee that the rates were reasonable ones. Where a railroad has a complete monopolistic control of the only line of transportation between two points, it is clear that the rate charged for the service rendered should be subject to the control of the government. Where competition between railroads is active, it will in the vast majority of cases be found sufficient to secure reasonable rates, and it is probably better to trust to it entirely in such cases than to establish any governmental machinery to deal with the matter. But where it is entirely clear that competition is not active, and that the railroad is exacting unreasonable rates for the service rendered, then the government should have the power to see that these rates are reduced to a reasonable amount. The government should not have the power to make such rates unreasonably low, for the same reason that we do not desire them unreasonably high. The power to make them unreasonably low would mean danger to the railroads, and danger to the public as well, because it would mean danger to the railroads' security and power to do their duty. The government should have the power to put a stop to unreasonable rates when they are complained of, and to substitute reasonable rates in their place, subject to the railroads' right to have the justice of the rates passed upon by the courts. The power to make rates should be exercised by the executive department of the government, and not by the individual members of the Interstate Commerce Commission, save in so far as the latter may be called upon to act as assistants of the executive department. The rates made should take effect immediately, but should be subject to review by the courts. The decisions of the courts should be rendered with all possible speed, and the whole matter should be settled promptly and finally. Provision should be made for the segregation of the property honestly devoted to railroad purposes from any other property. Rates should be made which will enable the railroad to pay good wages, to charge reasonable prices to its patrons, and to make a fair profit for the benefit of its owners. Such profit should be large enough to enable the railroad to secure the capital necessary for its development and for the performance of its duties to the public. Rates should be made with a view to the needs of commerce as a whole, and not with a view to the needs of any individual interest. Of course, the railroad has no more right to charge excessive rates for short than for long hauls, when the circumstances are substantially similar. Personally, I do not believe that it is necessary to the railroads' welfare to permit them to charge more for short than for long hauls, but this is a matter which the railroads can fairly be trusted to settle for themselves. Finally, the railroads should be given power to classify their freight, and to make such reasonable rules and regulations as may be necessary to secure the proper loading of cars and the prompt movement of freight. Provision should be made for the prompt settlement of claims for damages, and for the payment of claims for loss of property in transit. Above all, the railroads should be required to keep their accounts in such manner as to render it an easy matter to ascertain the exact condition of their business. Publicity is the only sure remedy which we can now invoke. What we need is knowledge, not guesswork. We need to make sure that the conditions shall be such that the business public will have all the facts before it in order to base its actions upon them in the intelligent way that is possible only when the facts are known. Such publicity can be secured by requiring the railroads to furnish the information directly to the Interstate Commerce Commission, or by giving power to some other governmental body to obtain it. Our railroad system is the growth of a period during which the country has literally leaped forward; and the laws affecting railroads have in many cases been illy considered and have worked at cross purposes. Many of the railroads have been subjected to needless annoyance and their officials to needless litigation because of the multiplicity of the laws and the consequent difficulty of complying with them. Moreover, the railroads have grown to such a size and have become so important a factor in the life of the community that the public has a right to exact from them certain conditions of service. Many of the laws now on the statute books were passed because of the conviction that the railroads were not performing their duty to the public in good faith. Whether this conviction was well grounded or not, it existed, and has led to much of the legislation which is most complained of. Many of the railroads complain that they are not allowed to do what they consider necessary to secure their own interests, because they are forbidden to enter into agreements or combinations which are entirely proper and necessary if they are to be allowed to compete with each other