PRESIDENT SENDS ANOTHER MESSAGE

Tells Congress About the Fiscal, Military, Insular and Judicial Affairs of the Nation, Including Panama Canal and Tolls Established.

Washington, Dec. 6.—Congress today received from President Taft the second of his messages to the short session, deals with fiscal, military, insular and judicial affairs and in part is as follows:

The condition of the country with references to business could hardly be better. While the four years of the administration now drawing to a close have not developed great speculative expansion or a wide field of new investment, the recovery and progress made from the depressing conditions following the panic of 1907, have been steady and the improvement has been clear and easily traced in the statistics. The business of the country is now on a solid basis. Credits are not unduly extended and every phase of the situation seems in a state of preparedness for a period of undiminished prosperity. Manufacturing concerns are running at their full capacity and the demand for labor was never so constant and growing. The foreign trade of the country for this year will exceed $4,000,000,000, while the balance in our favor—that of the excess of exports over imports—will exceed $500,000,000. More than half our exports are manufactures or partly manufactured material, while our exports of farm products do not show the same increase of domestic consumption. It is a year of bumper crops; the total money value of farm products will exceed $9,000,000,000. It is a year when the bushel or unit price of agricultural products has gradually fallen, and yet the total value of the entire crop is greater by over $1,000,000,000 than we have known in our history.

Condition of the Treasury.

The condition of the treasury is very satisfactory. The total interest-bearing debt is $963,777,700, which $134,631,950 constitute the Panama canal loan. The non-interest-bearing debt is $379,301,284.99, including $346,671,016 of greenbacks. We have in the treasury $150,000,000 in gold coin as a reserve against the outstanding greenbacks; and in addition we have a cash balance in the treasury as a general fund of $167,152,473.99, or an increase of $26,973,652 over the general fund last year.

Receipts and Expenditures.

For three years the expenditures of the government have decreased under the influence of an effort to economize. This year presents an apparent exception. The estimate by the secretary of the treasury of the ordinary receipts, exclusive of postal revenues, for the year ending June 30, 1914, indicates that they will amount to $700,000,000. The sum of the estimates of the expenditures for that same year, exclusive of Panama canal disbursements and postal disbursements payable from postal revenues is $732,000,000, indicating a deficit of $32,000,000. For the year ending June 30, 1913, similarly estimated receipts were $667,000,000, while the total corresponding estimate of expenditures for that year, submitted through the secretary of the treasury to congress, amounted to $656,000,000. This shows an increase of $76,000,000 in the estimates for 1914 over the total estimates of 1913. This is due to an increase of $25,000,000 in the estimate for rivers and harbors for the next year on projects and surveys authorized by congress; to an increase under the new pension bill of $32,500,000; and to an increase in the estimates for expenses of the navy department of $24,000,000. The estimate for the navy department for the year 1913 included two battleships. Congress made provision for only one battleship, and therefore the navy department has deemed it necessary and proper to make an estimate which includes the first year's expenditure for three battleships in addition to the amount required for work on the uncompleted ships now under construction. In addition to the natural increase in the expenditures for the uncompleted ships, and the additional battleship estimated for, the other increases are due to the pay required for 4,000 or more additional enlisted men in the navy, and to this must be added the additional cost of commissioning the fleet, a change in the eight-hour law which makes it applicable to ships built in private shipyards.

The president then explained at some length the national reserve association system recommended by the monetary commission and urged congress to examine the plan impartially from all standpoints and then to adopt some plan which will secure the benefits desired.

Concerning the tariff he had little to say in view of the fact that a new congress has been elected on a platform of tariff for revenue only.

Army Reorganization.

Our small army now consists of 83,969 men, excluding the 5,000 Philippine scouts. Leaving out of consideration the coast artillery force, whose position is fixed in our various seacoast defenses, and the present garrisons of our various insular possessions, we have today within the continental United States a mobile army of only about 35,000 men. This little force must be still further drawn upon to supply the new garrisons for the great naval base which is being established at Pearl Harbor, in the Hawaiian Islands, and to protect the locks now rapidly approaching completion at Panama. The forces remaining in the United States are now scattered in nearly fifty posts, situated for a variety of historical reasons in twenty-four states. These posts contain only fractions of a regiment, averaging less than 700 men each. In time of peace it has been our historical policy to administer these units separately by a geographical organization. In other words, our army in time of peace has never been a united organization but merely scattered groups of companies, battalions and regiments, and the first task in time of war has been to create out of these scattered units an army fit for effective teamwork and co-operation.

To the task of meeting these patent defects, the war department has been addressing itself during the past year. A comprehensive plan of reorganization was prepared by the war college division of the general staff. This plan was thoroughly discussed last summer at a series of open conferences held by the secretary of war and attended by representatives from all branches of the army and members of congress. In printed form it has been distributed to members of congress and throughout the army and the national guard, and widely discussed in institutions of learning, and elsewhere in the United States. In it, for the first time, we have a tentative chart for future progress.

The National Guard.

Under existing law the national guard constitutes, after the regular army, the first line of national defense. Its organization, discipline, training, and equipment, under recent legislation, have been assimilated, as far as possible, to those of the regular army, and its practical efficiency, under the effect of this training, has very greatly increased. Our citizen soldiers under present conditions have reached a stage of development beyond which they cannot reasonably be asked to go without further direct assistance in the form of pay from the federal government. On the other hand, such pay from the national treasury would not be justified unless it produced a proper equivalent in additional efficiency on the part of the national guard. The organized militia today cannot be ordered outside of the limits of the United States, and it cannot lawfully be used for general military purposes. The officers and men are patriotic and eager to make themselves thus available and reputable an efficient national reserve of citizen soldiery. They are the only force of trained men other than the regular army, upon which we can rely. The so-called military-pay bill, in the form agreed on between the authorities of the war department and the representatives of the national guard, in my opinion adequately meets these conditions and offers a proper return for the pay which it is proposed to give to the national guard. I believe that its enactment into law would be a very long step toward providing this nation with a first line of citizen soldiery, upon which its main reliance must depend in case of any national emergency. Plans for the organization of the national guard into tactical divisions, on the same lines as those adopted for the regular army, are being formulated by the war college division of the general staff.

Porto Rico. Mr. Taft says, continues to show notable progress and he urges the senate to pass the bill granting the Porto Ricans American citizenship.

Philippines.

A bill is pending in congress, continues the message, which revolutionizes the carefully worked out scheme of government under which the Philippine islands are now governed and which proposes to render them virtually autonomous at once and absolutely independent in eight years. Such a proposal can only be founded on the assumption that we have now discharged our trusteeship to the Filipino people and our responsibility for them to the world, and that they are now prepared for self-government as well as national sovereignty. A thorough and unbiased knowledge of the facts clearly shows that these assumptions are absolutely with justification. As to this, I believe that there is no substantial difference of opinion among any of those who have had the responsibility of facing Philippine problems in the administration of the islands, and I believe that no one to whom the future of this people is a responsible concern can countenance a policy fraught with the direst consequences to those on whose behalf it is ostensibly urged.

Our true course is to pursue steadily the path we have thus far followed; to guide the Filipinos into self-sustaining pursuits; to continue the cultivation of sound political habits through education and political practice; to encourage the diversification of industries, and to realize the advantages of their industrial education by conservatively approved co-operative methods, at once checking the dangers of concentrated wealth and building up a sturdy, independent citizenship.

Regulation of Water Power.

There are pending before congress a large number of bills proposing to grant privileges of erecting dams for the purpose of creating water power in our navigable rivers. The pendency of these bills has brought out an important defect in the existing general dam act. That act does not, in my opinion, grant sufficient power to the federal government in dealing with the construction of such dams to exact protective conditions in the interest of navigation. It does not permit the federal government, as a condition of its permit, to require that a part of the value thus created shall be applied to the further general improvement and protection of the stream, which is one of the most important matters of internal improvement now confronting the government. Most of the navigable rivers of this country are comparatively long and shallow. In order that they may be made fully useful for navigation there has come into vogue a method of improvement known as canalization, or the slack-water method, which consists in building a series of dams and locks, each of which will create a long pool of deep navigable water. At each of these dams there is usually created a long pool of deep navigable water. At each of these dams there is usually created also water power of commercial value. If the water power thus created can be made available for the further improvement of navigation in the stream, it is manifest that the improvement will be much more quickly effected on the one hand, and on the other, that the burden on the general taxpayers of the country will be very much reduced. Private interests seeking permits to build hydro-electric dams in navigable streams usually urge that they thus improve navigation, and that if they do not insist navigation they should be allowed to take for themselves the entire profits of the water-power development. Whatever they may do by way of improving the navigation of the stream of improving navigation should be given due consideration, but it must be apparent that there may be a profit beyond a reasonably liberal return upon the private investment which is a potential asset of the government in carrying out a policy of improvement known as canalization, or the slack-water method, which consists in building a series of dams and locks, each of which will create