

## PRESIDENT'S MESSAGE

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seven secretaries of embassy or legation who have received their initial appointments after passing successfully the required examination were chosen for ascertained fitness, without regard to political affiliation. A dearth of candidates from southern and western states has alone made it impossible thus far completely to equalize all the states' representation in the foreign service. In the effort to equalize the representation of the various states in the consular service I have made sixteen of the twenty-nine new appointments as consul which have occurred during my administration from the southern states. This is 55 per cent. Every other consular appointment made, including the promotion of eleven young men from the consular assistant and student interpreter corps, has been by promotion or transfer, based solely upon efficiency shown in the service.

## The China Situation.

In China the policy of encouraging financial investment to enable that country to help itself has had the result of giving new life and practical application to the open-door policy. The consistent purpose of the present administration has been to encourage the use of American capital in the development of China by the promotion of those essential reforms to which China is pledged by treaties with the United States and other powers. The hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Huaiyang railways, of the national revenues upon which these reforms depended, led the department of state early in the administration to demand for American citizens participation in such enterprises, in order that the United States might have equal rights and an equal voice in all questions pertaining to the disposition of the public revenues concerned. The same policy of promoting international accord among the powers having similar treaty rights as ourselves in the matters of reform, which could not be put into practical effect without the common consent of all, was likewise adopted in the case of the loan desired by China for the reform of its currency. The principle of international co-operation in matters of common interest upon which our policy had already been based in all of the above instances has admittedly been a great factor in that consent of the powers which has been so happily conspicuous during the perilous period of transition through which the great Chinese nation has been passing.

## Central America.

In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are the immediate beneficiaries. The national benefit to the United States is twofold. First, it is obvious that the Monroe doctrine is more vital in the neighborhood of the Panama canal and the zone of the Caribbean than anywhere else. There, too, the maintenance of that doctrine falls most heavily upon the United States. It is therefore essential that the countries within that sphere shall be removed from the jeopardy involved by heavy foreign debt and chaotic national finances and from the ever-present danger of international complications due to

disorder at home. Hence the United States has been glad to encourage and support American bankers who were willing to lend a helpful hand to the financial rehabilitation of such countries because this financial rehabilitation and the protection of their custom houses from being the prey of would-be dictators would remove at one stroke the menace of foreign creditors and the menace of revolutionary disorder.

The second advantage of the United States is one affecting chiefly all the southern and Gulf ports and the business and industry of the south. The republics of Central America and the Caribbean possess great natural wealth. They need only a measure of stability and the means of financial regeneration to enter upon an era of peace and prosperity, bringing profit and happiness to themselves and at the same time creating conditions sure to lead to a flourishing interchange of trade with this country.

I wish to call your especial attention to the recent occurrences in Nicaragua, for I believe the terrible events recorded there during the revolution of the past summer—the useless loss of life, the devastation of property, the bombardment of defenseless cities, the killing and the wounding of women and children, the torturing of noncombatants to exact contributions, and the suffering of thousands of human beings—might have been averted had the department of state, through approval of the loan convention by the senate, been permitted to carry out its now well-developed policy of encouraging the extending of financial aid to weak Central American states with the primary objects of avoiding just such revolutions by assisting those republics to rehabilitate their finances, to establish their currency on a stable basis, to remove the custom houses from the danger of revolution by arranging for their secure administration, and to establish reliable banks.

During this last revolution in Nicaragua, the government of that republic having admitted its inability to protect American life and property against acts of sheer lawlessness on the part of the malcontents, and having requested this government to assume that office, it became necessary to land over 2,000 marines and blue-jackets in Nicaragua. Owing to their presence the constituted government of Nicaragua was free to devote its attention wholly to its internal troubles, and was thus enabled to stamp out the rebellion in a short space of time. When the Red Cross supplies sent to Granada had been exhausted, 8,000 persons having been given food in one day upon the arrival of the American forces, our men supplied other unfortunate, needy Nicaraguans from their own haversacks. I wish to congratulate the officers and men of the United States army and marine corps who took part in re-establishing order in Nicaragua upon their splendid conduct, and to record with sorrow the death of seven American marines and blue-jackets. Since the re-establishment of peace and order, elections have been held amid conditions of quiet and tranquility. Nearly all the American marines have now been withdrawn. The country should soon be on the road to recovery. The only apparent danger now threatening Nicaragua arises from the shortage of funds. Although American

bankers have already rendered assistance, they may naturally be loath to advance a loan adequate to set the country upon its feet without the support of some such convention as that of June, 1911, upon which the senate has not yet acted.

## Visit of Secretary Knox.

Impressed with the particular importance of the relations between the United States and the republics of Central America and the Caribbean region, which of necessity must become still more intimate by reason of the mutual advantages which will be presented by the opening of the Panama canal, I directed the secretary of state last February to visit these republics for the purpose of giving evidence of the sincere friendship and good will which the government and people of the United States bear toward them. Ten republics were visited. Everywhere he was received with a cordiality of welcome and a generosity of hospitality such as to impress me deeply and to merit our warmest thanks. The appreciation of the governments and peoples of the countries visited, which has been appropriately shown in various ways, leaves me no doubt that his visit will conduce to that closer union and better understanding between the United States and those republics which I have had it much at heart to promote.

## Our Mexican Policy.

For two years revolution and counter-revolution have distraught the neighboring republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly recurred questions of extreme delicacy. On several occasions very difficult situations have arisen on our frontier. Throughout this trying period, the policy of the United States has been one of patient non-intervention, steadfast recognition of constituted authority in the neighboring nation, and the exertion of every effort to care for American interests. I profoundly hope that the Mexican nation may soon resume the path of order, prosperity and progress. To that nation in its sore troubles, the sympathetic friendship of the United States has been demonstrated to a high degree. There were in Mexico at the beginning of the revolution some thirty or forty thousand American citizens engaged in enterprises contributing greatly to the prosperity of that republic and also benefiting the important trade between the two countries. The investment of American capital in Mexico has been estimated at \$1,000,000,000. The responsibility of endeavoring to safeguard those interests and the dangers inseparable from propinquity to so turbulent a situation have been great, but I am happy to have been able to adhere to the policy above outlined—a policy which I hope may be soon justified by the complete success of the Mexican people in regaining the blessings of peace and good order.

## Agricultural Credits.

A most important work, accomplished in the past year by the American diplomatic officers in Europe, is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more sufficiently maintaining the agricultural pop-

ulation the project to establish credit facilities for the farmers is a concern of vital importance to this nation. No evidence of prosperity among well-established farmers should blind us to the fact that lack of capital is preventing a development of the nation's agricultural resources and an adequate increase of the land under cultivation; that agricultural production is fast falling behind the increase in population; and that, in fact, although these well-established farmers are maintaining an increasing prosperity because of the natural increase in population, we are not developing the industry of agriculture. We are not breeding in proportionate numbers a race of independent and independence loving landowners, for a lack of which no growth of cities can compensate. Our farmers have been our mainstay in times of crisis, and in future it must still largely be upon their stability and common sense that this democracy must rely to conserve its principles of self-government.

The need of capital which American farmers feel today had been experienced by the farmers of Europe, with their centuries-old farms, many years ago. The problem had been successfully solved in the old world and it was evident that the farmers of this country might profit by a study of their systems. I therefore ordered, through the department of state, an investigation to be made by the diplomatic officers in Europe, and I have laid the results of this investigation before the governors of the various states with the hope that they will be used to advantage in their forthcoming meetings.

## Increase of Foreign Trade.

In my last annual message I said that the fiscal year ended June 30, 1911, was noteworthy as marking the highest record of exports of America. The fiscal year 1912 shows that this rate of advance has been maintained, the total domestic exports having a valuation approximately of \$2,200,000,000, as compared with a fraction over \$2,000,000,000 the previous year. It is also significant that manufactured and partly manufactured articles continue to be the chief commodities forming the volume of our augmented exports, the demands of our own people for consumption requiring that an increasing proportion of our abundant agricultural products be kept at home. In the fiscal year 1911 the exports of articles in the various stages of manufacture, not including foodstuffs partly or wholly manufactured, amounted approximately to \$907,500,000. In the fiscal year 1912 the total was nearly \$1,022,000,000, a gain of \$114,000,000.

## Maximum and Minimum Tariff.

The importance which our manufactures have assumed in the commerce of the world in competition with the manufactures of other countries again draws attention to the duty of this government to use its utmost endeavors to secure interests in all markets. Healthy commercial rivalry in international trade is the best assured by the possession of proper means for protecting and promoting our foreign trade. It is natural that competitive countries should view with some concern this steady expansion of our commerce. If in some instances the measure taken by them to meet it are not entirely equitable, a remedy should be found. In former messages I have described the negotiations of the department of state with foreign governments for the adjustment of the maximum and minimum tariff as provided in section 2 of the tariff law of 1909. The advantages secured by the adjustment of our trade relations under this law have continued during the last year, and some additional cases of discriminatory treatment of which we had reason to complain have been removed. The department of state has for the first time in the history of this country obtained substantial most favored nation treatment from all the countries of the world. There are, however other instances which, while apparently not constituting undue discrimination in the sense of section 2, are nevertheless exceptions to the complete equity of tariff treatment for American products that the department of state consistently has sought to obtain for American commerce abroad.

I can not too strongly recommend to the congress the passage of some such enabling measure as the bill which was recommended by the secretary of state in his letter of December 13, 1911. The object of the proposed legislation is, in brief, to enable the executive to apply, as the case may require, to any or all commodities, whether or not on the free list from a country which discriminates against the United States, a graduated scale of duties up to the maximum of 25 per cent ad valorem provided in the present law. Flat tariffs are out of date. Nations no longer accord equal tariff treatment to all other nations irrespective of the treatment from them received. Such a flexible power at the command of the executive would serve to moderate any unfavorable tendencies on the part of those countries from which the importations into the United States are substantially confined to articles on the free list as well as of the countries which find a lucrative market in the United States for their products under existing customs rates. It is very necessary that the American government should be equipped with weapons of negotiation adapted to modern economic conditions, in order that we may at all times be in a position to gain not only technically just, but actually equitable treatment for our trade, and also for American enterprise and vested interests abroad.

## For Seal Treaty

The act adopted at the last session of congress to give effect to the fur seal convention of July 7, 1911,

between Great Britain, Japan, Russia, and the United States provided for the suspension of all land killing of seals on the Pribilof Islands, for a period of five years and an objection has now been presented to this provision by the other parties in intervention which raises the issues as to whether or not this prohibition of land killing is inconsistent with the spirit, if not the letter, of the treaty stipulations. The justification for establishing this closed season depends, under the terms of the convention, upon how far, if at all, it is necessary for protecting and preserving the American fur seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation. A careful examination of the subject is now being made, and this government will soon be in possession of a considerable amount of new information about the American seal herd, which has been secured during the past season and will be of great value in determining this question; and it is should appear that there is any uncertainty as to the real necessity for imposing a closed season at this time I shall take an early opportunity to address a special message to congress on this subject. In the belief that this government should yield on this point rather than give the slightest ground for the charge that we have been in any way remiss in observing our treaty obligations.

On the 20th of July last an agreement was concluded between the United States and Great Britain adopting, with certain modifications, the rules and method of procedure recommended in the award rendered by the North Atlantic coast fisheries arbitration tribunal on September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under article 1 of the treaty of October 28, 1818, between the United States and Great Britain. This agreement received the approval of the senate on August 1 and was formally ratified by the two governments on November 15 last.

— a method of procedure embodied in the award provided for determining by an impartial tribunal the reasonableness of any new fishery regulations on the treaty coasts of Newfoundland and Canada before such regulations could be enforced against American fishermen exercising their treaty liberties on those coasts, and also for determining the delimitation of bays on such coasts more than 10 miles wide, in accordance with the definition adopted by the tribunal of the meaning of the word "bays" as used in the treaty.

## Imperial Valley and Mexico.

In order to make possible the more effective performance of the work necessary for the confinement in their present channel of the waters of the lower Colorado river, and thus to protect the people of the Imperial valley, as well as in order to reach with the government of Mexico an understanding regarding the distribution of the waters of the Colorado river in which both governments are much interested, negotiations are going forward with a view to the establishment of a preliminary Colorado river commission, which shall have the powers necessary to enable it to do the needed work and with authority to study the question of the equitable distribution of the waters. There is every reason to believe that an understanding upon this point will be reached and that an agreement will be signed in the near future.

## Opium Conference.

In my message on foreign relations communicated to the two houses of congress December 7, 1911, I called especial attention to the assembling of the opium conference at The Hague, to the fact that that conference was to review all pertinent municipal laws relating to the opium and allied evils, and certain international rules regarding these evils, and to the fact that it seemed to me most essential that the congress should take immediate action on the anti-narcotic legislation before the congress, to which I had previously called attention by a special message.

## Europe and the Near East.

The war between Italy and Turkey came to a close in October last by the signature of a treaty of peace, subsequently to which the Ottoman empire renounced sovereignty over Cyrenaea and Tripolitania in favor of Italy. During the past year the Near East has unfortunately been the theatre of constant hostilities. Almost simultaneously with the conclusion of peace between Italy and Turkey and their arrival at an adjustment of the complex questions at issue between them, war broke out between Turkey on the one hand and Bulgaria, Greece, Montenegro and Serbia on the other. The United States has happily been involved neither directly nor indirectly with the causes or questions incident to any of these hostilities and has maintained in regard to them an attitude of absolute neutrality and of complete political disinterestedness. In the second war in which the Ottoman empire has been engaged the loss of life the consequent distress on both sides have been appalling, and the United States has found occasion, in the interest of humanity, to carry out the charitable desires of the American people, to extend a measure of relief to the sufferers on either side through the impartial medium of the Red Cross. Beyond this the chief concern of the government of the United States has been to make due provision for the protection of its nationals resident in belligerent territory. In the exercise of my duty in this matter I have dispatched to Turkish waters a special-service squadron, consisting of two armored cruisers,

in order that this government may if need be bear its part in such measures as it may be necessary for the interested nations to adopt for the safeguarding of foreign lives and property in the Ottoman empire in the event that a dangerous situation should develop. In the meanwhile the several interested European powers have promised to extend to American citizens the benefit of such precautionary or protective measures as they might adopt, in the same manner in which it has been the practice of this government to extend its protection to all foreigners resident in the western hemisphere in which it has from time to time been the task of the United States to act in the interests of peace and good order. The early appearance of a large fleet of European warships in the Bosphorus apparently assured the protection of foreigners in that quarter, where the presence of the American stationnaire U. S. S. Scorpion sufficed, under the circumstances, to represent the United States. Our cruisers were thus left free to act if need be along the Mediterranean coasts should any unexpected contingency arise affecting the numerous American interests in the neighborhood of Smyrna and Beirut.

## Special Mission of Condoleance.

In August last I accredited the secretary of state as special ambassador to Japan, charged with the mission of bearing to the imperial family, the government and the people of that empire the sympathetic message of the American commonwealth or the sad occasion of the death of his majesty the emperor Mitsuhito, whose long and benevolent reign was the greater part of Japan's modern history. The kindly reception everywhere accorded to Secretary Knox showed that his mission was deeply appreciated by the Japanese nation and emphasized strongly the friendly relations that have for so many years existed between the two peoples.

## Expansion of Foreign Trade.

It is not possible to make to the congress a communication upon the present foreign relations of the United States so detailed as to convey an adequate impression of the enormous increase in the importance and activities of those relations. If this government is really to preserve to the American people that free opportunity in foreign markets which will soon be indispensable to our prosperity, even greater efforts must be made. Otherwise the American merchant, manufacturer, and exporter will find many a field in which American trade should logically predominate pre-empted through the more energetic efforts of other governments and other commercial nations.

There are many ways in which through hearty co-operation the legislative and executive branches of the government can do much. The absolute essential is the spirit of united effort and singleness of purpose. I will allude only to a very few specific examples of action which ought then to result. America can not take its proper place in the most important fields for its commercial activity and enterprise unless we have a merchant marine. American commerce and enterprise can not be effectively fostered in those fields unless we have good American banks in the countries referred to. We need American newspapers in those countries and proper means for public information about them. We need to assure the permanency of a trained foreign service. We need legislation enabling the members of the foreign service to be systematically brought in direct contact with the industrial manufacturing and exporting interests of this country in order that American business men may enter the foreign field with a clear perception of the exact conditions to be dealt with and the officers themselves clear idea of what American industrial and manufacturing interests require.

## In Conclusion.

Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self-centered in the struggle to develop our domestic resources and deal with our domestic questions. The nation is now too mature to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern. In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this government. The recent task of our diplomacy has been to adjust those principles to the conditions of today, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations. Thus are being evolved bases upon which can rest the superstructure of policies which must grow with the destined progress of this nation. The successful conduct of our foreign relations demands a broad and a modern view. We can not meet new questions nor building for the future if we confine ourselves to outworn dogmas of the past and to the perspective appropriate at our emergence from colonial times and conditions. The opening of the Panama canal will mark a new era in our international life and create new and world-wide conditions which, with their vast correlations and consequences, will obtain for hundreds of years to come. We must not wait for events to overtake us unawares. With continuity of purpose we must deal with the problems of our external relations by a diplomacy modern, resourceful, magnanimous, and fittingly expressive of the high ideals of a great nation.

## GRAND VIEW ADDITION

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