

# TAFT SENDS IN FINAL MESSAGE

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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 revolutions by arranging for their secure administration, and to establish reliable banks.

I wish to congratulate the officers and men of the United States navy 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 bluejackets. Since the re-establishment of peace and order elections have been held amid conditions of quiet and tranquillity. Nearly all the American marines have now been withdrawn.

**Our Mexican Policy.**

For two years revolution and counter revolution have distracted the neighboring republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly occurred 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 noninterference, 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 30,000 or 40,000 American citizens engaged in enterprises contributing greatly to the prosperity of that republic and also benefitting the important trade between the two countries. The investments 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 proximity 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 soon be 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 efficiently maintaining the agricultural population, 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 maintained in increasing prosperity because of the natural increase in population, we are not developing the industry of agriculture.

**Advantage of Maximum and Minimum Tariff Provision.**

The importance which our manufacturers 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 impartial treatment for American products in all markets. Healthy commercial rivalry in international intercourse is 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 measures 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.

**Necessity For Supplementary Legislation.**

These developments confirm the opinion conveyed to you in my annual message of 1911, that while the maximum and minimum provision of the tariff law of 1909 has been fully justified by the success achieved in removing previously existing undue discriminations against American products, yet experience has shown that this feature of the law should be amended in such way as to provide a fully effective means of meeting the varying degrees of discriminatory treatment of American commerce in foreign countries still encountered, as well as to protect against injurious treatment on the part of foreign governments through either legislative or administrative measures the financial interests abroad of American citizens whose enterprises enlarge the market for American commodities.

I cannot 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 Dec. 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 custom rates. It is very necessary that the American government should be equipped with weapons of negotiation adopted 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 enterprises and vested interests abroad.

**Business Secured to Our Country by Direct Official Effort.**

As illustrating the commercial benefits to the nation derived from the new diplomacy and its effectiveness upon the material as well as the more ideal side, it may be remarked that through direct official efforts alone there have been obtained in the course of this administration contracts from foreign governments involving an expenditure of \$50,000,000 in the factories of the United States.

It is germane to these observations to remark that in the two years that have elapsed since the successful negotiation of our new treaty with Japan, which at the time seemed to present so many practical difficulties, our export trade to that country has increased at the rate of over \$1,000,000 a month. Our exports to Japan for the year ended June 30, 1910, were \$21,959,310, while for the year ended June 30, 1912, the exports were \$53,478,048, a net increase in the sale of American products of nearly 150 per cent.

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 interest, which raises the issue 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 close 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.

**Final Settlement of North Atlantic Fisheries Disputes.**

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 Sept. 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 I of the treaty of Oct. 20, 1818, between the United States and Great Britain. This agreement received the approval of the senate on Aug. 1 and was formally ratified by the two governments on Nov. 15 last.

**Opium Conference—Unfortunate Failure of Our Government.**

In my message on foreign relations communicated to the two houses of congress Dec. 7, 1911, I called special 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 certainly all 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.

The congress at its present session should enact into law those bills now before it which have been so carefully drawn up in collaboration between the department of state and the other executive departments and which have behind them not only the moral sentiment of the country, but the practical support of all the legitimate trade interests likely to be affected. Since the international convention was signed adherence to it has been made by several European states not represented at the conference of The Hague and also by seventeen Latin-American republics.

**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 Cyrenaica and Tripolitania in favor of Italy. During the past year the near east has unfortunately been the theater 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 Servia on the other.

In the exercise of my duty in the 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.

**Liberia.**

As a result of the efforts of this government to place the government of Liberia in position to pay its outstanding indebtedness and to maintain a stable and efficient government, negotiations for a loan of \$1,700,000 have been successfully concluded, and it is anticipated that the payment of the old loan and the issuance of the bonds of the 1912 loan for the rehabilitation of the finances of Liberia will follow at an early date, when the new receivership will go into active operation. The new receivership will consist of a general receiver of customs designated by the government of the United States and three receivers of customs designated by the governments of Germany, France and Great Britain, which countries have commercial interests in the republic of Liberia.

**The Far East.**

The political disturbances in China in the autumn and winter of 1911-12 resulted in the abdication of the Manchu rulers on Feb. 12, followed by the formation of a provisional republican government empowered to conduct the affairs of the nation until a permanent government might be regularly established. The natural sympathy of the American people with the assumption of republican principles by the Chinese people was appropriately expressed in a concurrent resolution of congress on April 17, 1912.

A constituent assembly, composed of representatives duly chosen by the people of China in the elections that are now being held, has been called to meet in January next to adopt a permanent constitution and organize the government of the nascent republic. During the formative constitutional stage and pending definite action by the assembly, an expressive of the popular will, and the hoped for establishment of a stable republican form of government capable of fulfilling its

international obligations, the United States is, according to precedent, maintaining full and friendly de facto relations with the provisional government.

The new condition of affairs thus created has presented many serious and complicated problems, both of internal rehabilitation and of international relations, whose solution it was realized would necessarily require much time and patience. From the beginning of the upheaval last autumn it was felt by the United States, in common with the other powers having large interests in China, that independent action by the foreign governments in their own individual interests would add further confusion to a situation already complicated. A policy of international co-operation was accordingly adopted in an understanding, reached early in the disturbances, to act together for the protection of the lives and property of foreigners if menaced, to maintain an attitude of strict impartiality as between the contending factions and to abstain from any endeavor to influence the Chinese in their organization of a new form of government.

It was further mutually agreed, in the hope of hastening an end to hostilities, that none of the interested powers would approve the making of loans by its nationals to either side. As soon, however, as a united provisional government of China was assured, the United States joined in a favorable consideration of that government's request for advances needed for immediate administrative necessities and later for a loan to effect a permanent national reorganization. The interested governments had already, by common consent, adopted, in respect to the purpose, expenditure and security of any loans to China made by their nationals, certain conditions which were held to be essential, not only to secure reasonable protection for the foreign investors, but also to safeguard and strengthen China's credit by discouraging indiscriminate borrowing and by insuring the application of the funds toward the establishment of the stable and effective government necessary to China's welfare.

In June last representative banking groups of the United States, France, Germany, Great Britain, Japan and Russia formulated, with the general sanction of their respective governments, the guarantees that would be expected in relation to the expenditure and security of the large reorganization loan secured by China, which, however, have thus far proved unacceptable to the provisional government.

**The Cuban Situation.**

The republic of Cuba last May was in the throes of a lawless uprising that for a time threatened the destruction of a great deal of valuable property—much of it owned by Americans and other foreigners—as well as the existence of the government itself. The armed force of Cuba being inadequate to guard property from attack and at the same time properly to operate against the rebels, a force of American marines was dispatched from our naval station at Guantanamo into the province of Oriente for the protection of American and other foreign life and property. The Cuban government was thus able to use all its forces in putting down the outbreak, which it succeeded in doing in a period of six weeks. The presence of two American warships in the harbor of Havana during the most critical period of this disturbance contributed in great measure to allay the fears of the inhabitants, including a large foreign colony.

**Necessity For Retention and Expansion of Our 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.

**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 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.

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.

WILLIAM H. TAFT.  
The White House, Dec. 3, 1912.

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