



Taft Ends Task

Agreement Is Reached
With Panama.

ALL DIFFERENCES ADJUSTED

Roosevelt's Executive Order
Was Issued Yesterday.

PRESIDENT AMADOR ASSENTS

Effectiveness of the Document Is De-
pendent on the Adoption of the
Gold Standard, According to
Previous Promise.

EFFECT OF THE ORDER.

Customs receipts of canal ports to be
turned over to government of Pan-
ama.
Panama tariff to be reduced to 10
per cent.
United States to have complete con-
trol of sanitation and quarantine in
canal zone.
Panama postage to be reduced to 2
cents.

PANAMA, Dec. 4.—The differences be-
tween the United States and Panama
which made necessary the visit of Sec-
retary of War Taft to the isthmus were
settled today by the issuance of an ex-
ecutive order signed by Secretary Taft
for President Roosevelt and assented to
in a letter by President Amador of Pan-
ama. The order provides that no trade
for the canal zone or the Republic of
Panama can enter the ports established
by the United States at either end of the
canal, supplies for the construction of the
canal and articles in transit being ex-
cepted. This turns the customs receipts
of these ports over to the Government of
Panama.

Panama agrees to reduce her tariff from
15 per cent ad valorem to 10 per cent.
This reduction applies to all goods except
wines, liquors, alcohol and opium. Pan-
ama also agrees to reduce her consular
fees and port charges to 50 per cent of
the rates at present charged.

Absolute free trade is to apply between
the canal zone and the Republic of Pan-
ama. Vessels entering the canal ports
are granted free entry to the ports of
Colon and Panama and vessels entering
the latter ports are extended the same
privileges in the canal ports.

Jurisdiction Over Harbors.

Complete jurisdiction is granted the
United States in the harbors of Colon and
Panama as to sanitation and quarantine
regulations.

Panama reduces her rate of postage to
2 cents and is to furnish all stamps in
the Republic and in the canal zone. The
zone authorities are to purchase stamps
from Panama at 40 per cent of their face
value.

The order of Secretary Taft is to be
ineffective unless Panama shall put into
effect the gold standard, according to the
currency agreement of June 20, 1904. It
also makes a stipulation regarding citizen-
ship rights to Panamanians in the canal
zone and provision is also made in the
order for maintenance by the United
States of important highways, partly in
and partly out of the canal zone, and also
for the building of a hospital. The order
is made effective December 12, 1904, and
the full text of it is as follows:

Text of Executive Order.

"Panama, Dec. 2, 1904.—By direction
of the President it is ordered that, sub-
ject to the action of the 38th Congress, as
contemplated by the act of Congress ap-
proved April 28, 1904:

Section 1. No importations of goods,
wares and merchandise shall be entered
at Ancon or Cristobal, or at any port of
the canal, except such goods, wares and
merchandise as are decided in article 13
of the treaty between the Republic of
Panama and the United States, the ratifi-
cations of which were exchanged on the
28th day of February, 1904, and except
goods, wares and merchandise in transit
across the isthmus zone for a destination
without the limits of said isthmus zone,
and except coal and crude mineral oil for
fuel purposes to be sold at Ancon or
Cristobal to seagoing vessels, said coal
and oil to be admitted to these ports free
of duties for said purposes.

It is provided, however, that this order
shall be inoperative, first, unless the Re-
public of Panama shall reduce the ad
valorem duty on goods described in the
act of the National Congress of Pan-
ama, passed July 5, 1904, and which took
effect October 12, 1904, from 15 per cent
to 10 per cent and shall not include arti-
cles described in other schedules of said tariff,
except on all forms of wines, liquors,
alcohol and opium, on which the Republic
may fix higher rates; second, unless ar-
ticle 28 of the constitution of the Repub-
lic of Panama, as modified by article 146
thereof, shall remain in full force and un-
changed so far as the importation and
sale of all kinds of merchandise are con-
cerned; third, unless the consular fees and
charges of the Republic of Panama and
Colon shall be reduced to 50 per cent of
the rates now in force, and, fourth, unless
goods imported into the ports of Panama
and Colon and consigned to or destined
for any part of the canal zone shall not
be subjected in the Republic of Panama to
any other direct or indirect import or tax
whatever.

Use of Ports on the Isthmus.

"Sec. 2. In view of the proximity of the
port of Ancon to the port of Panama, and
the port of Cristobal to the port of Colon,
the proper customs or port officials of the
canal zone shall, when not inconsistent
with the interests of the United States,
be the proper authorities of the Republic
of Panama permit any ves-

sel entered at or cleared from the ports
of Panama and Colon, together with its
cargo and passengers, under suitable regu-
lations for the transit of the imported
merchandise and passengers to or from
the territory of the Republic of Panama,
to use and enjoy the dockage and other
facilities of the ports of Ancon and Crist-
obal, respectively, upon payment of
proper dockage duties to the owners of
said docks, provided, however, that regu-
lations for the transit of the imported
merchandise and passengers to or from
the territory of the Republic of Panama
shall be granted by the authorities of the
Republic of Panama, when not inconsis-
tent with the interests of any vessel, to-
gether with its cargo and passengers,
entered at or cleared from the ports of
Ancon and Cristobal; provided, however,
that nothing herein contained shall affect
the complete administrative, police and
judicial jurisdiction of the two govern-
ments over their respective ports and
harbors except as hereinafter provided in
section 8; provided also that vessels en-
tering or clearing at the port of Panama
shall have the absolute right to freely
anchor and discharge their cargoes by
lighterage from and to Panama at the
usual anchorage in the neighborhood of
the islands of Perico, Fomonte, and
Culebra through and included in the
harbor of Ancon, under the provisional
delimitation as amended under section 5,
hereafter, and to use the said waters of
said harbor for all lawful commercial pur-
poses.

Clearing of Vessels.

"Sec. 2. All manifests and invoices and
other documents in respect to vessels or
cargoes cleared or consigned for or from
the ports of Panama and Colon shall, as
heretofore, be made by the officials of the
Republic of Panama. All manifests, in-
voices and other documents in respect to
the vessels cleared or consigned for or
from the ports of Ancon or Cristobal shall
be made by officials of the United States.

Free Entry to Canal Zone.

"Sec. 4. No import duties on cargoes or
charges of any kind whatever shall be im-
posed by the authorities of the United
States upon goods, wares and merchandise
imported, or upon persons passing from
the territory of the Republic of Pan-
ama into the canal zone; and section 5
of the executive order of June 24, 1904,
providing that duties on importations into
the canal zone are to be levied in conform-
ity with such duties as Congress may im-
pose upon merchandise imported into ports of
the United States is hereby revoked; but
this order shall be inoperative unless the
authorities of the Republic of Panama shall
grant proper order and receipt for the im-
portation of goods, wares and merchandise
and free passage of persons from the ter-
ritory of the canal zone into that of the
Republic of Panama.

Harbor Lines Are Defined.

"Sec. 5. The provisions of this order
shall be inoperative until the condition that
the demarcation of the limits of the canal
zone and the limits of the Republic of Pan-
ama, signed on the 15th day of June, 1904,
by the proper representatives of the gov-
ernment of the Republic of Panama and
of the canal zone, shall be provisionally
enforced, and while the same shall remain
in force with the consent of both parties
therein the provisional demarcation shall
include not only the terms set forth in
the writing thereof, but also the follow-
ing:

That the harbor of Panama shall in-
clude the maritime waters in front of said
city to the south and east thereof, extend-
ing three maritime miles from mean low-
water mark, except the maritime waters
lying westward of the line drawn from a
point on Punta Mala through the middle
island of the three islands known as Las
Tres Hermanas and extending three mar-
itime miles from mean low-water mark to
the point on Punta Mala, which water
shall be considered in the harbor of
Ancon.

"Sec. 6. This order shall be inoperative
unless the proper governmental authori-
ties of the Republic of Panama shall grant
power to the authorities of the canal zone
to exercise immediate and complete juris-
diction in matters of sanitation and quar-
antine in the maritime waters of the ports
of Panama and Colon."

Gold Standard Must Be Established.

"Sec. 8. This order shall not be operative
unless the Republic of Panama shall estab-
lish the gold standard, as provided in the
act of Congress, approved June 20, 1904,
and the Secretary of War of the United
States, acting with the approval of the
President of the United States, shall estab-
lishment of a gold standard of value in
the Republic of Panama and proper coin-
age shall be approved and put into
effect by the President of the Republic of
Panama, pursuant to the authority con-
ferred upon him by law of the Repub-
lic of Panama, number 84, approved June
24, 1904, and unless the President of the
Republic of Panama shall order the opera-
tion of the said currency agreement in
securing and maintaining a gold stand-
ard of value in the Republic of Panama
may not be obstructed thereby, shall, by
virtue of this authority, conferred by law
number 65, enacted by the National As-
sembly of Panama on June 6, 1904, aboli-
sh the tax of 1 per cent on gold coin ex-
ported from the Republic of Panama."

Voting Privileges to Natives.

"Sec. 9. Citizens of the Republic of Pan-
ama shall have, as in and to the consti-
tution of the Republic of Panama, the right
of voting at elections held in the Republic
of Panama and its provinces or municipalities,
at such places outside of the canal zone
as may be fixed by the Republic and un-
der such conditions as the Republic may
determine; but nothing herein is to be
construed as intended to limit the power
of the Republic to exclude or restrict the
rights of such citizens as it may be
deemed just.

Building of Highways.

"Sec. 10. The highway extending from
the eastern limits of the City of Panama,
as fixed in the above-named provisional
delimitation of June, 1904, to the point
still further eastward, where the road to
Savannah crosses the zone line
(which is five miles eastward of the cen-
ter axis of the canal) shall be repaired
and maintained in a serviceable condition
at the cost and expense of the Republic
of Panama, and also in like manner
the said road from the said eastern limits
of the City of Panama to the railroad
bridge in the City of Panama shall be
repaired at the cost of the authorities of
the canal zone; but this order shall not
be operative unless the Republic of Pan-
ama shall waive its claim for compensa-
tion for the use in perpetuity of municipal
buildings located in the canal zone.

Construction of a Hospital.

"Sec. 11. The United States will con-
struct, maintain and conduct a hospital or
hospitals either in the canal zone or in
the territory of the Republic, at its option,
for the treatment of persons insane or
afflicted with the disease of leprosy, and
any indigent, sick, and the United States
will accept for treatment therein such
persons of said diseases as the Republic
may request; but this order shall not be
operative unless, first, the Republic of
Panama shall furnish without cost the
 requisite lands for said purposes if the

TO PREVENT WAR

Chief Object of United
States Navy.

COST WILL COME HIGH

Estimates Will Increase for
Years to Come.

SPLENDID VESSELS BUILDING

More Warships Launched the Past
Year Than Ever at Any Time by
Any Nation on Earth, Says
Secretary Morton.

RECOMMENDATIONS OF SECRETARY OF THE NAVY.

Greater appropriations for the Navy.
More officers and men for new ves-

ships to be kept in good repair and
target practice kept up.

Torpedo-boats cannot take the place
of battleships.

Thorough preparation at all times
for war.

Younger men in command of ships.

Building of vessels at private yards;
navy-yards to be used mainly for re-

pairs.

Gun, armament and ammunition
should not all be made at Govern-

ment factories.

Wireless telegraphy under public
control.

Form of government for Guam Is-

lands.

WASHINGTON, Dec. 4.—Secretary of
the Navy Morton, in his annual report,
made public today, says:

"The naval estimates for the fiscal year
are large, the largest ever submitted, not-
withstanding the fact that they have been
cut down from those sent in by the bureau
more than \$17,000,000. We have asked for
less than the money actually required to
continue the naval programme as laid
down by the General Board, of which Ad-
miral Dewey is the head, notwithstanding
all who have studied the question care-
fully agree that this programme should be
carried out.

"The past year was an important one
in the history of our naval construction.
Never before were so many warships
launched by this or any other nation in
one year. Vessel for vessel and type for
type, I believe our new ships will compare
favorably with those of any navy afloat,
and every American should be proud of
the progress and character of the work
now being accomplished, not only in con-
struction but in all branches of the serv-

ice.

Cost of Navy Will Increase.

"New ships necessarily require more
officers, more marines and more enlisted
men, and the appropriations are quite
likely to increase steadily for some years
to come. The more ships we have, the
greater our facilities necessarily must be
in the way of yards and docks, and the
ability to make repairs and take proper
care of the fleet.

"It is just as essential to keep our ships
in thorough repair as it is to build them
in the first place and to permit them to
run down for any length of time and go
without repairs would be the height of
folly. It costs a great deal of money to
keep the fleet moving in maneuvers and
target practice, but this is the only way
officers and men can gain experience at
sea, and it is our well-defined policy to
maintain a high standard of efficiency
throughout the service.

Insurance Against War.

"Last year the Navy cost a little over \$1
per capita. It cost little compared to
what war would cost, and it is the best
insurance we have against war. We want
such a Navy in style, size and sand that
no other navy will desire an engagement
with us. It is our greatest exhibit in
favor of peace. We are bound to occupy
a prominent position among the great
nations of the earth, and while doubtless
we shall always be in the lead in every
international movement to promote peace,
it is much better for us to be at all times
so well prepared for war that war will
never come.

"I am sure that the people of the United
States will approve of a Navy that is well
prepared at all times to take care of their
defense and to protect their position in
the world. This is all we are trying to
accomplish."

Secretary Morton speaks of the need for
more officers and men in the Navy, say-

ing: "It is useless to build ships unless
provision is made to man, care for and
use them." On the question of battleships
versus torpedo-boats he says:

Value of Torpedo-Boats.

"The lessons of the war in the East thus
far are the same as those of the Spanish
War, with respect to the relative value
and use of battleships, torpedo-boats and
destroyers. Weight of metal, heavy guns
and hard hitting, whether at long or
short range, still do the most effective
work. The day of the battleship is not
over, and the sphere of the lighter ves-
sel, while important, is auxiliary only.

"These conclusions, reached by the Gen-
eral Board and the Board of Construction
as the result of careful study of naval
progress and present conditions in the
light of the events of the past few months
in Eastern seas, confirm in a most strik-
ing manner our own views on the sub-
ject, expressed more than two and a half
years ago."

Secretary Morton then quotes from a
letter addressed by the President in Feb-

ruary, 1902, to the Secretary of the Navy.
In which the Chief Executive assigned
the place of first importance to the he-
avier vessels of modern fleets; concluded
that in the future, as in the past, battle-
ships must hold the battle line; and em-
phasized the point of taking the ground
that the place of the Admiral in war, and
probably also in peace, is on the best
fighting ship of his squadron.

President's Judgment Upheld.

After noting that the President's judg-
ment as set forth at that time regarding
the place of the battleship in the Navy is
that of the naval experts today, the Sec-
retary continues:

"With respect to the place of the tor-
pedo-boat it is remarkable that no terms
can be found in which to state present
conclusions with more clearness and pre-
cision than those employed in a report
by you more than six years ago (February
1898) while Assistant Secretary of the
Navy."

Secretary Morton then goes on to quote
from the President's letter of that date,
in the course of which the President said:

"Nothing could be more foolish than the
talk of substituting torpedo-boats for bat-
tleships and cruisers. Except when work-
ing at night or under conditions which
favor a surprise, the torpedo-boat is abso-
lutely helpless against any seagoing ship
armed with rapid-fire guns, whether the
ship be larger or smaller, and under no cir-
cumstances is it fit to do rough work at
sea, or to perform any of the duties taken
as a matter of course by regular sea-
going craft." The Secretary, continuing,

says:

"The General Board and the Board of
Construction, after weighing the results
of recent developments, have reached con-
clusions in full accord with those ex-
pressed by you in the paper above quoted,
and a schedule of naval construction in
harmony with these views will be submit-
ted later."

Lessons From Present War.

"The chief object of our Navy," contin-
ues Secretary Morton, "is to prevent war,"
and on this subject he quotes the chief
of the Bureau of Navigation, as follows:

"Although it is still too early to draw
final conclusions from the affair in the
Far East, one cardinal military principle
has received new and striking confirma-
tion—that is preparedness and the swift-
ness of action which can be successful
only with thorough preparedness. Read-
iness for immediate action on the outbreak
of war requires that the whole field shall
have first been maturely considered, and
that all probable operations and contin-
gencies shall have been suitably pro-
vided for, down to the smallest detail
whose need can be foreseen." He con-
tinues:

"It is only fair to say the work now
being done by the General Board, with
Admiral Dewey at its head, is directly in
the line of preparation for war, and is of
the greatest value."

Secretary Morton says that our interests
in the Far East and elsewhere have be-
come so important that the Navy should
have one or more officers of high rank
available for service wherever their pres-
ence may be appropriate, and he concurs
in the recommendation of the chief of the
Bureau of Navigation that provision be
made for two Vice-Admirals of the Navy.

Secretary Morton also concurs with the
chief of the Bureau of Navigation in the
opinion that officers of the Navy attain
command rank too late in life, and on this
subject says:

Younger Men In Command.

"It is no disparagement of the senior
officers of the service to say that we

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CAVE TOO LATE

Russian Reserves Find
Fortresses Taken.

FIERCE CHARGES FUTILE

Six Times They Strive to Drive
the Victors Away.

AWFUL SLAUGHTER ON SLOPES

Prompt Action in Bringing Up Japanese
Reserves Wins the Terrible
Struggle at 203-Meter Hill
and Red Hill.

SPECIAL CABLE TO THE LONDON TIMES AND PORTLAND OREGONIAN.

TOKIO, Dec. 5.—Unofficial details re-
ceived here of the capture of 203-Meter
Hill show that the struggle began at 1
P. M. on the 5th, when the besiegers con-
centrated the fire of their heavy guns on
the parapets of Red Hill, 309 meters south
of 203-Meter Hill. After that the infantry,
advancing in widely extended order from
Kinkiatung and Ulsutum, reached charging
distance.

Four consecutive charges were deliv-
ered between 3 and 4 o'clock. The fourth
succeeded, but during the night the Rus-
sians made their counter-attacks. The
third, which was especially furious, drove
the Japanese back. On the morning of
the 29th, the Japanese, instead of advanc-
ing by way of Red Hill, made a direct
move on 203-Meter Hill.

Attack Begins at Dawn.

The attack began at daylight and was
continued with desperate resolution, the
Japanese advancing into the valley be-
tween the two hills. They received the
full fire of both forts and were decimated,
but, sweeping on, stormed the slopes of
203-Meter Hill and captured the southeast
corner of the northern face.

In the meanwhile another force effected
a lodgement near the parapet at the
southeast face. These operations were
very costly to both sides. Numerous land
grenades were thrown by the Russians as
well as by the Japanese. The 29th Rus-
sian regiment made a furious counter-
attack and bore the Japanese back from
the southeast corner, swept them down and
poured shells into them, which mowed
them down.

At 5 P. M. the Russians showed clear
signs of weakening. The Japanese made
a renewed rush from trenches of the
southwest corner, but the Russians did
not move. The casualties of the assail-
ants were very heavy.

Reserves Arrive in Time.

At this critical moment reserves were
sent into the Japanese fighting line and
with shouts which rang over whole Port
Arthur the assailants hurled themselves
against the Russians, who finally, at 7:20
P. M. broke into groups of 30 and 30 and
retired suddenly. Almost simultaneously
the assailants at the southeast angle
pushed home their attack and the whole
fortress was occupied at 8 P. M.

After this Red Hill was carried easily,
but during the same night the Russians,
whose large reinforcements had been
summoned by telegraph and had arrived
just too late, delivered six desperate
counter-attacks, the last of which con-
tinued from 4 o'clock in the morning till
noon.

At first the Russians repeatedly closed
up to bayonet distance and there was a
series of hand-to-hand struggles, the as-
sailants falling back and again advancing.
Finally, after terrible losses on both sides,
the Russians retreated to Anshisan and
Estehsan, leaving the Japanese in assured
possession of the stronghold.

GERMAN VESSEL REFUSED COAL

English Foreign Office Finds She
Has Supplied the Russians.

CARDIFF, Dec. 5.—It is stated that the
captain of the German freighter Captain
Mennell has been forbidden by the gov-
ernment to ship another cargo of coal
from here. The Foreign Office has de-
clined to issue a license for the cargo
on proof that a former cargo taken
by the Captain Mennell had been dis-
charged to the ships of the Russian Pa-
cific squadron off Dakar.