

# THE PRESIDENT'S MESSAGE

## The Document Deals With Foreign Trade and Peace Problems

SHOWS THE GREAT WORK THIS COUNTRY HAS DONE IN PROMOTING PEACE AND HARMONY AMONG THE LATIN REPUBLICS OF THE CONTINENT—EXPORTS FOR YEAR GREATEST IN HISTORY, REACHING THE ENORMOUS TOTAL OF \$2,200,000,000.

To the Senate and House of Representatives:

The foreign relations of the United States actually and potentially affect the state of the Union to a degree not widely realized and hardly surpassed by any other factor in the welfare of the whole Nation. The position of the United States in the moral, intellectual, and material relations of the family of nations should be a matter of vital interest to every patriotic citizen. The national prosperity and power impose upon us duties which we can not shrink if we are to be true to our ideals. The tremendous growth of the export trade of the United States has already made that trade a very real factor in the industrial and commercial prosperity of the country. With the development of our industries the foreign commerce of the United States must rapidly become a still more essential factor in its economic welfare. Whether we have a far-seeing and wise diplomacy and are not recklessly plunged into unnecessary wars, and whether our foreign policies are based upon an intelligent grasp of present-day world conditions and a clear view of the potentialities of the future, or are governed by a temporary and timid expediency or by narrow views befitting an infant nation, are questions in the alternative consideration of which must convince any thoughtful citizen that no department of national polity offers greater opportunity for promoting the interests of the whole people on the one hand, or greater chance on the other of permanent injury, than that which deals with the foreign relations of the United States.

The fundamental foreign policies of the United States should be raised high above the conflict of partisanship and wholly dissociated from differences as to domestic policy. In its foreign affairs the United States should present to the world a united front. The intellectual, financial, and industrial interests of the country and the publicist, the wage earner, the farmer, and citizen of whatever occupation must co-operate in a spirit of high patriotism to promote that national solidarity which is indispensable to national efficiency and to the attainment of national ideals.

The relations of the United States with all foreign powers remain upon a sound basis of peace, harmony, and friendship. A greater insistence upon justice to American citizens or interests wherever it may have been denied and a stronger emphasis of the need of mutuality in commercial and other relations have only served to strengthen our friendships with foreign countries by placing those friendships upon a firm foundation of realities as well as aspirations.

Before briefly reviewing the more important events of the last year in our foreign relations, which it is my duty to do as charged with their conduct and because diplomatic affairs are not of a nature to make it appropriate that the Secretary of State make a formal annual report, I desire to touch upon some of the essentials to the safe management of the foreign relations of the United States and to endeavor, also, to define clearly certain concrete policies which are the logical modern corollaries of the undisputed and traditional fundamentals of the foreign policy of the United States.

### Re-organization of the State Department.

At the beginning of the present administration the United States, having fully entered upon its position as a world power, with the responsibilities thrust upon it by the results of the Spanish-American War, and already engaged in laying the groundwork of a vast foreign trade upon which it should one day become more and more dependent, found itself without the machinery for giving thorough attention to, and taking effective action upon, a mass of intricate business vital to American interests in every country in the world.

The Department of State was an archaic and inadequate machine lacking most of the attributes of the foreign office of any great modern power. With an appropriation made upon my recommendation by the Congress on August 5, 1909, the Department of State was completely reorganized. There were created Divisions of Latin-American Affairs and of Far Eastern, Near Eastern, and Western European Affairs. To these divisions were called

from the foreign service diplomatic and consular officers possessing experience and knowledge gained by actual service in different parts of the world and thus familiar with political and commercial conditions in the regions concerned. The work was highly specialized. The result is that where previously this Government from time to time would emphasize in its foreign relations one or another policy, now American interests in every quarter of the globe are being cultivated with equal assiduity. This principal of politico-geographical division possesses also the feature of making possible rotation between the officers of the departmental, the diplomatic, and the consular branches of the foreign service, and thus keeps the whole diplomatic and consular establishments under the Department of State in close touch and equally inspired with the aims and policy of the Government. Through the newly created Division of Information the foreign service is kept fully informed of what transpires from day to day in the international relations of the country, and contemporary foreign comment affecting American interests is promptly brought to the attention of the department. The law offices of the department were greatly strengthened. There were added foreign trade advisers to co-operate with the diplomatic and consular bureaus and the politico-geographical divisions in the innumerable matters where commercial diplomacy or consular work calls for such special knowledge. The same officers, together with the rest of the new organization, are able at all times to give to American citizens accurate information as to conditions in foreign countries with which they have business and likewise to co-operate more effectively with the Congress and also with the other executive departments.

### Merit System in Consular and Diplomatic Corps.

Expert knowledge and professional training must evidently be the essence of this re-organization. Without a trained foreign service there would not be men available for the work in the re-organized Department of State. President Cleveland had taken the first step toward introducing the merit system in the foreign service. That had been followed by the application of the merit principle, with excellent results, to the entire consular branch. Almost nothing, however, had been done in this direction with regard to the Diplomatic Service. In this age of commercial diplomacy it was evidently of the first importance to train an adequate personnel in that branch of the service. Therefore, on November 26, 1909, by an Executive order I placed the Diplomatic Service up to the grade of secretary of embassy, inclusive, upon exactly the same strict nonpartisan basis of the merit system, rigid examination for appointment and promotion only for efficiency, as had been maintained without exception in the Consular Service. Statistics as to Merit and Nonpartisan Character of Appointments.

How faithful to the merit system and how nonpartisan has been the conduct of the Diplomatic and Consular Services in the last four years may be judged from the following: Three ambassadors now serving held their present rank at the beginning of my administration. Of the ten ambassadors whom I have appointed, five were by promotion from the rank of minister. Nine ministers now serving held their present rank at the beginning of my administration. Of the thirty ministers whom I have appointed, eleven were promoted from the lower grades of the foreign service or from the Department of State. Of the nineteen ministers in Latin America, where our relations are close and our interest is great, fifteen chiefs of mission are service men, three having entered the service during this administration. The thirty-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 affiliations. A dearth of candidates from Southern and Western States has alone made it impossible thus far completely to equalize all the States' representations 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 promotion or transfer, based solely upon efficiency as shown in the service.

### Larger Provision for Embassies and Legations and for Other Expenses of Our Foreign Representatives.

In connection with legislation for the amelioration of the foreign service, I wish to invite attention to the advisability of placing the salary appropriations upon a better basis. I believe that the best results would be obtained by a moderate scale of salaries, with adequate funds for the expenses of proper representation, based in each case upon the scale and cost of living at each post, controlled by a system of accounting, and under the general direction of the Department of State.

In line with the object which I have sought of placing our foreign service on a basis of permanency, I have at various times advocated provision by Congress for the acquisition of Government-owned buildings for the residences and offices of our diplomatic officers, so as to place them more nearly on an equality with similar officers of other nations and to do away with the discrimination which otherwise must necessarily be made, in some cases, in favor of men having large private fortunes. The act of Congress which I approved on February 17, 1911, was a right step in this direction. The Secretary of State has already made the limited recommendations permitted by the act for any one year, and it is my hope that the bill introduced in the House of Representatives to carry out these recommendations will be favorably acted on by the Congress during its present session.

In some Latin-American countries the expense of government-owned legations will be less than elsewhere, and it is certainly very urgent that in such countries as some of the Republics of Central America and the Caribbean, where it is peculiarly difficult to rent suitable quarters, the representatives of the United States should be justly and adequately provided with dignified and suitable official residences. Indeed, it is high time that the dignity and power of this great Nation should be fittingly signified by proper buildings for the occupancy of the Nation's representatives everywhere abroad.

### Diplomacy a Handmaid of Commercial Intercourse and Peace.

The diplomacy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates of sound policy and strategy, and to legitimate commercial aims. It is an effort frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate American enterprise abroad. How great have been the results of this diplomacy, coupled with the maximum and minimum provision of the tariff law, will be seen by some consideration of the wonderful increase in the export trade of the United States. Because modern diplomacy is commercial, there has been a disposition in some quarters to attribute to it none but materialistic aims. How strikingly erroneous is such an impression may be seen from a study of the results by which the diplomacy of the United States can be judged. Successful Efforts in Promotion of Peace.

In the field of work toward the ideals of peace, this Government negotiated but, to my regret was unable to consummate, two arbitration treaties which set the highest mark of the sanction of nations toward the substitution of arbitration and reason for the settlement of international disputes. Through the efforts of American diplomacy several wars have been prevented or ended. I refer to the successful reparata mediation of the Argentine Republic, Brazil and the United States between Peru and the United States; the bringing of the boundary dispute between Panama and Costa Rica to peaceful arbitration; the staying of warlike preparations when Haiti and the Dominican Republic were on the verge of hostilities; the stopping of a war in Nicaragua; the halting of internecine strife in Honduras. The Government of the United States was thanked for its influence toward the restoration of amicable relations between the Argentine Republic and Bolivia. The diplomacy of the United States is

active in seeking to avenge the remaining ill-feeling between this country and the Republic of Colombia, in the recent civil war in China the United States successfully joined with the other interested powers in urging an early cessation of hostilities. An agreement has been reached between the Governments of Chile and Peru, whereby the celebrated Tacna-Arica dispute, which has so long embarrassed relations on the west coast of South America, has at last been adjusted. Simultaneously came the news that the boundary dispute between Vera and Ecuador had entered upon a stage of amicable settlement. The position of the United States in reference to the Tacna-Arica dispute between Chile and Peru has been one of nonintervention, but one of friendly influences and pacific counsel throughout the period during which the dispute in question has been the subject of interchange of views between this Government and the two Governments immediately concerned. In the general easing of international tension on the west coast of South America the tripartite mediation, to which I have referred, has been a most potent and beneficent factor.

China. 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 hypotheticality to foreign bankers in connection with certain industrial enterprises, such as the Hukang 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 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 interests upon which our policy had already been based in all of the above instances had admittedly been a great factor in that concert 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 Needs Our Help in Debt Adjustment.

In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are immediate beneficiaries. The national benefit to the United States is two-fold. 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. Therefore, 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 helping hand to the financial rehabilitation of such countries because this financial rehabilitation and the protection of their commitments 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 to 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 misdeeds recorded there during the recent summer—the senseless loss of life, the devastation of property, the bombardment of defenseless cities, the killing and wounding of women and children, the turning of noncombatants to exact tribute of 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 cause of unrest from the danger of revolutions by arranging for their secure administration, and to establish reliable banks.

During this last revolution in Nicaragua, the Government of that Republic having assigned 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 grant arms that officer, it became necessary to land 2,000 marines and blue-jackets in Nicaragua. During the presence of the constituted Government of Nicaragua was free to focus 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 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 blue-jackets. Since the establishment of peace and order, elections have been held amid conditions of quiet and tranquillity. 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 to let 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.

### Enforcement of Neutrality Laws.

In the general effort to contribute to the enjoyment of peace by those Republics which are near neighbors of the United States, the administration has enforced the so-called neutrality statutes with a new vigor, and those statutes were greatly strengthened in restricting the exportation of arms and munitions by the joint resolution of last March. It is still a regrettable fact that certain American ports are made the rendezvous of professional revolutionists and others engaged in intrigue against the peace of those Republics. It must be admitted that occasionally a revolution in this region is justified as a real popular movement to throw off the shackles of a vicious and tyrannical government. Such was the Nicaraguan regime. A nation enjoying our liberal institutions can not escape sympathy with a true popular movement, and one so well justified. In very many cases, however, revolutions in the Republics in question have no basis in principle, but are due merely to the machinations of conscientious and ambitious men, and have no effect but to bring suffering and fresh burdens to an already oppressed people. The question whether the use of American ports as "footholds" of revolutionary intrigue can be best dealt with by a further amendment to the neutrality statutes or whether it would be safer to deal with special cases by special laws is one worthy of the careful consideration of the Congress.

### Visit of Secretary Knox to Central America and the Caribbean.

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 be made still more intimate by reason of the natural 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 increase his desire and to spur our warmest wishes. The appreciation of the Governments and people of the countries visited which has been amply shown in various ways, leaves no doubt that his visit will conduce to the closer relations and better understanding between the United States and these Republics which I have had it much at heart to promote.

### Our Mexican Policy.

For two years revolution and counter-revolution have distracted the neighboring Republic of Mexico. Disagreements have involved a great deal of depreciable upon foreign interests. There have constantly occurred situations of extreme difficulty. 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 nonintervention, based on recognition of constituted authority in the neighboring nation, and the ex-

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## Handkerchiefs

The woman who ever had too many handkerchiefs doesn't exist. They are always welcome as Xmas presents, especially if they are as fine and serviceable as the ones we are showing. Plain Cotton, Corner Embroidery on Cotton, Linen, Hand Embroidered, Armenian Lace, Initialed Duchess and Princess ranging in price from 3c to \$3.00.

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ertion of every effort to care for the 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 investments and the dangers inseparable from profligacy 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 matter 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 food supply. The fact that agricultural production is falling behind the increase in population, and that in certain areas well-established farmers are maintained by increasing subsidies 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 independent living individuals, for a lack of which no growth of effort can compensate. Our farmers have been our backbone in times of crisis, and in future they will largely be upon this ability and resource, which our democracy must try to maintain its principles of self-government.

The need of capital which American farmers feel today has long expected by the various Governments, with their central banks, large banks, etc. The position has been a somewhat novel one in the United States and it is well to remember that the Government must try to maintain its principles of self-government.

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 American products to foreign countries. 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 such articles amounted approximately to \$907,500,000. In the fiscal year 1912 the total was nearly \$1,922,000,000, a gain of \$114,000,000.

### 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 relations 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 extension 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 suggestions 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 even additional cases of discriminatory treatment to which we had recourse to complete have been re-

(Continued on page 4.)

## Morris' Cash Feed and Grocery Store

1 sack corn	10c
1 sack wheat	12c
1 sack oats	11c
1 sack rye	13c
1 sack barley	14c
1 sack clover	15c
1 sack alfalfa	16c
1 sack timothy	17c
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1 sack timothy	46c
1 sack timothy	47c
1 sack timothy	48c
1 sack timothy	49c
1 sack timothy	50c

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