

# ARBITRATION TAKES PLACE OF CONFLICT

## Powers Won Over to Ways of Peace.

### TAFT SEES GREAT PROGRESS

#### Special Message Discusses Year's Intercourse With Other Countries.

#### REVIEWS MEXICAN CIVIL WAR

#### Mobilization of American Troops on Southern Border Explained—For- eign Trade Relations—Need For American Merchant Marine.

Washington, Dec. 7.—President Taft today sent to congress a special message on foreign relations. The message follows:

The relations of the United States with other countries have continued during the past twelve months upon a basis of the usual good will and friendly intercourse.

#### Arbitration.

The year just passed marks an important general movement on the part of the powers for broader arbitration. In the recognition of the manifold benefits to mankind in the extension of the policy of the settlement of international disputes by arbitration rather than by war, and in response to a widespread demand for an advance in that direction on the part of the people of the United States and of Great Britain and of France, new arbitration treaties were negotiated last spring with Great Britain and France, the terms of which were designed, as expressed in the preamble of these treaties, to extend the scope and obligations of the policy of arbitration adopted in our present treaties with those governments. To pave the way for this treaty with the United States, Great Britain negotiated an important modification in its alliance with Japan, and the French government also expedited the negotiations with signal good will. The new treaties have been submitted to the senate and are awaiting its advice and consent to their ratification. All the essentials of these important treaties have long been known, and it is my earnest hope that they will receive prompt and favorable action.

#### Claim of Aisop & Co. Settled.

I am glad to report that on July 5 last the American claim of Aisop & Co. against the government of Chile was finally disposed of by the decision of his Britannic majesty George V., to whom, as amiable compositer, the matter had been referred for determination. His majesty made an award of nearly \$1,000,000 to the claimants, which was promptly paid by Chile. The settlement of this controversy has happily eliminated from the relations between the republic of Chile and the United States the only question which for two decades had given the two foreign offices any serious concern and makes possible the unobstructed development of the relations of friendship which it has been the aim of this government in every possible way to further and cultivate.

#### Arbitration.

In further illustration of the practical and beneficent application of the principle of arbitration and the underlying broad spirit of conciliation, I am happy to advert to the part of the United States in facilitating amicable settlement of disputes which menaced the peace between Panama and Costa Rica and between Haiti and the Dominican Republic.

Since the date of their independence, Colombia and Costa Rica had been seeking a solution of a boundary dispute, which came as a heritage from Colombia to the new republic of Panama, upon its beginning life as an independent nation. Although the disputants had submitted this question for decision to the president of France under the terms of an arbitration treaty, the exact interpretation of the provisions of the award rendered had been a matter of serious disagreement between the two countries, both contending for widely different lines even under the terms of the decision. Subsequently and since 1903 this boundary question had been the subject of fruitless diplomatic negotiations between the parties. In January, 1910, at the request of both governments the agents representing them met in conference at the department of state and subsequently concluded a protocol submitting this long-pending controversy to the arbitral judgment of the chief justice of the United States, who consented to act in this capacity. A boundary commission, according to the international agreement, has now been appointed, and it is expected that the arguments will shortly proceed and that this long-standing dispute will be honorably and satisfactorily terminated.

Again, a few months ago it appeared

that the Dominican Republic and Haiti were about to enter upon hostilities because of complications growing out of an acrimonious boundary dispute which the efforts of many years had failed to solve. The government of the United States, by a friendly interposition of good offices, succeeded in prevailing upon the parties to place their reliance upon some form of pacific settlement. Accordingly, on the friendly suggestion of this government, the two governments empowered commissioners to meet at Washington in conference at the state department in order to arrange the terms of submission to arbitration of the boundary controversy.

#### Chamizal Arbitration Not Satisfactory.

Our arbitration of the Chamizal boundary question with Mexico was unfortunately abortive, but with the earnest efforts on the part of both governments which its importance commands, it is felt that an early practical adjustment should prove possible.

#### Mexico.

The recent political events in Mexico received attention from this government because of the exceedingly delicate and difficult situation created along our southern border and the necessity for taking measures properly to safeguard American interests. The government of the United States, in its desire to secure a proper observance and enforcement of the so-called neutrality statutes of the federal government, issued directions to the appropriate officers to exercise a diligent and vigilant regard for the requirements of such rules and laws. Although a condition of actual armed conflict existed, there was no official recognition of belligerency involving the technical neutrality obligations of international law.

On the 6th of March last, in the absence of the secretary of state, I had a personal interview with Mr. Wilson, the ambassador of the United States to Mexico, in which he reported to me that the conditions in Mexico were much more critical than the press dispatches disclosed; that President Diaz was on a volcano of popular uprising; that the small outbreaks which had occurred were only symptomatic of the whole condition; that a very large per cent. of the people were in sympathy with the insurrection; that a general explosion was probable at any time, in which case he feared that the 440,000 or more American residents in Mexico might be assailed, and that the very large American investments might be injured or destroyed.

After a conference with the secretary of war and the secretary of the navy, I thought it wise to assemble an army division of full strength at San Antonio, Tex., a brigade of three regiments at Galveston, a brigade of infantry in the Los Angeles district of Southern California, together with a squadron of battleships and cruisers and transports at Galveston, and a small squadron of ships at San Diego. At the same time, through our representative at the City of Mexico, I expressed to President Diaz the hope that no apprehensions might result from unfounded conjectures as to these military maneuvers, and assured him that they had no significance which should cause concern to his government.

The mobilization was effected with great promptness, and on the 15th of March, through the secretary of war and the secretary of the navy, in a letter addressed to the chief of staff, I issued the following instructions:

"It seems my duty as commander in chief to place troops in sufficient number where, if Congress shall direct that they enter Mexico to save American lives and property, an effective movement may be promptly made. Meantime, the movement of the troops to Texas and elsewhere near the boundary, accompanied with sincere assurances of the utmost goodwill toward the present Mexican government and with larger and more frequent patrols along the border to prevent insurrectionary expeditions from American soil, will hold up the hands of the existing government and will have a healthy moral effect to prevent attacks upon Americans and their property in any subsequent general internecine strife. Again, the sudden mobilization of a division of troops has been a great test of our army and full of useful instruction, while the maneuvers that are thus made possible can occupy the troops and their officers to great advantage.

"The assumption by the press that I contemplate intervention on Mexican soil to protect American lives or property is of course gratuitous, because I seriously doubt whether I have such authority under any circumstances, and if I had I would not exercise it without express congressional approval. My determined purpose, however, is to be in a position so that when danger to American lives and property in Mexico threatens and the existing government is rendered helpless by the insurrection, I can promptly execute congressional orders to protect them, with effect.

"Meantime, I send you this letter, through the secretary, to call your attention to some things in connection with the presence of the division in the southwest which have doubtless occurred to you, but which I wish to emphasize.

"In the first place, I want to make the mobilization a first-class training for the army, and I wish you would give your time and that of the war college to advising and carrying out maneuvers of a useful character, and plan to continue to do this during the next three months. By that time we may expect that either Ambassador Wilson's fears will have been realized and chaos and its consequences have ensued, or that the present government of Mexico will have so read-

justed matters as to secure tranquility—a result devoutly to be wished. The troops can then be returned to their posts.

"Second, Texas is a state ordinarily peaceful, but you can not put 20,000 troops into it without running some risk of a collision between the people of the state, and especially the Mexicans who live in Texas near the border and who sympathize with the insurgents, and the federal soldiers. For that reason I beg you to be as careful as you can to prevent friction of any kind.

"Third, One of the great troubles in the concentration of troops is the danger of disease, and I suppose that you have adopted the most modern methods for the preventing and, if necessary, for stamping out epidemics. That is so much a part of a campaign that it hardly seems necessary for me to call attention to it.

"Finally, I wish you to examine the question of the patrol of the border and put as many troops on that work as is practicable, and more than are now engaged in it, in order to prevent the use of our borderland for the carrying on of the insurrection. I have given assurances to the Mexican ambassador on this point.

"I sincerely hope that this experience will always be remembered by the army and navy as a useful means of education, and I should be greatly disappointed if it resulted in any injury or disaster to our forces from any cause. I have taken a good deal of responsibility in ordering this mobilization, but I am ready to answer for it if only you and those under you use the utmost care to avoid the difficulties which I have pointed out."

I am more than happy to here record the fact that all apprehensions as to the effect of the presence of so large a military force in Texas proved groundless; no disturbances occurred.

From time to time communications were received from Ambassador Wilson, who had returned to Mexico, confirming the view that the massing of American troops in the neighborhood had had good effect.

The insurrection continued and resulted in engagements between the regular Mexican troops and the insurgents, and this along the border, so that in several instances bullets from the contending forces struck American citizens engaged in their lawful occupations on American soil.

Proper protests were made against these invasions of American rights to the Mexican authorities.

The presence of a large military and naval force available for prompt action, near the Mexican border, proved to be most fortunate under the somewhat trying conditions presented by this invasion of American rights. Had no movement theretofore taken place, and because of these events it had been necessary then to bring about the mobilization, it must have had sinister significance. On the other hand, the presence of the troops before and at the time of the unfortunate killing and wounding of American citizens at Douglas, made clear that the restraint exercised by our government in regard to this occurrence was not due to a lack of force or power to deal with it promptly and aggressively, but was due to a real desire to use every means possible to avoid direct intervention in the affairs of our neighbor, whose friendship we valued and were most anxious to retain.

The policy and action of this government were based upon an earnest friendliness for the Mexican people as a whole, and it is a matter of gratification to note that this attitude of strict impartiality as to all factions in Mexico and of sincere friendship for the neighboring nation, without regard for party allegiance, has been generally recognized and has resulted in an even closer and more sympathetic understanding between the two republics and a warmer regard one for the other. Action to suppress violence and restore tranquility throughout the Mexican republic was of peculiar interest to this government, in that it concerned the safeguarding of American life and property in that country. On May 25, 1911, President Diaz resigned, Senor de la Barra was chosen provisional president. Elections for president and vice-president were thereafter held throughout the republic, and Senor Francisco I. Madero was formally declared elected on October 15 to the chief magistracy. On November 6 President Madero entered upon the duties of his office.

#### Honduras and Nicaragua Treaties Proposed.

As to the situation in Central America, I have taken occasion in the past to emphasize most strongly the importance that should be attributed to the consummation of the conventions between the Republics of Nicaragua and of Honduras and this country, and I again earnestly recommend that the necessary advice and consent of the senate be accorded to these treaties, which will make it possible for these Central American republics to enter upon an era of genuine economic national development.

Our relations with the Republic of Panama, peculiarly important, due to mutual obligations and the vast interests created by the canal, have continued in the usual friendly manner, and we have been glad to make appropriate expression of our attitude of sympathetic interest in the endeavors of our neighbor in undertaking the development of the rich resources of the country.

#### The Chinese Loans.

The past year has been marked in our relations with China by the conclusion of two important international loans, one for the construction of the Hukuang railways, the other for the carrying out of the currency re-

form to which China was pledged by treaties with the United States, Great Britain, and Japan, of which mention was made in my last annual message.

Knowing the interest of the United States in the reform of Chinese currency, the Chinese government, in the autumn of 1910, sought the assistance of the American government to procure funds with which to accomplish that all-important reform. In the course of the subsequent negotiations there was combined with the proposed currency loan one for certain industrial developments in Manchuria, the two loans aggregating the sum of \$80,000,000. While this was originally to be solely an American enterprise, the American government, consistently with its desire to secure a sympathetic and practical co-operation of the great powers toward maintaining the principle of equality of opportunity and the administrative integrity of China, urged the Chinese government to admit to participation in the currency loan the associates of the American group in the Hukuang loan. While of immense importance in itself, the reform contemplated in making this loan is but preliminary to other and more comprehensive fiscal reforms which will be of incalculable benefit to China and foreign interests alike, since they will strengthen the Chinese empire and promote the rapid development of international trade.

When these negotiations were begun, it was understood that a financial adviser was to be employed by China in connection with the reform, and in order that absolute equality in all respects among the lending nations might be scrupulously observed, the American government proposed the nomination of a neutral adviser, which was agreed to by China and the other governments concerned. On September 28, 1911, Doctor Vissering, president of the Dutch Java bank and a financier of wide experience in the Orient, was recommended to the Chinese government for the post of monetary adviser.

Especially important at the present, when the ancient Chinese empire is shaken by civil war incidental to its awakening to the many influences and activity of modernization, are the co-operative policy of good understanding which has been fostered by the international projects referred to above and the general sympathy of view among all the powers interested in the far east.

#### New Japanese Treaty.

The treaty of commerce and navigation between the United States and Japan, signed in 1894, would by a strict interpretation of its provisions have terminated on July 17, 1912. Japan's general treaties with the other powers, however, terminated in 1911, and the Japanese government expressed an earnest desire to conduct the negotiations for a new treaty with the United States simultaneously with its negotiations with the other powers. There were a number of important questions involved in the treaty, including the immigration of laborers, revision of the customs tariff and the right of Americans to hold real estate in Japan. The United States consented to waive all technicalities and to enter at once upon negotiations for a new treaty on the understanding that there should be a continuance throughout the life of the treaty of the same effective measures for the restriction of immigration of laborers to American territory which had been in operation with entire satisfaction to both governments since 1908. The Japanese government accepted this basis of negotiation, and a new treaty was quickly concluded, resulting in a highly satisfactory settlement of the other questions referred to.

A satisfactory adjustment has also been effected of the question growing out of the annexation of Korea by Japan.

#### Europe and the Near East.

In Europe and the near east, during the past twelve months, there has been at times considerable political unrest. The Moroccan question, which for some months was the cause of great anxiety, happily appears to have reached a stage at which it need no longer be regarded with concern. The Ottoman empire was occupied for a period by strife in Albania and is now at war with Italy. In Greece and the Balkan countries the disquieting potentialities of this situation have been more or less felt. Persia has been the scene of a long internal struggle. These conditions have been the cause of uneasiness in European diplomacy, but thus far without direct political concern to the United States.

In the war which unhappily exists between Italy and Turkey this government has no direct political interest, and I took occasion at the suitable time to issue a proclamation of neutrality in that conflict. At the same time all necessary steps have been taken to safeguard the personal interests of American citizens and organizations in so far as affected by the war.

In spite of the attendant economic uncertainties and detriments to commerce, the United States has gained markedly in its commercial standing with certain of the nations of the near east. Turkey, especially, is beginning to come into closer relations with the United States through the new interest of American manufacturers and exporters in the possibilities of those regions, and it is hoped that foundations are being laid for a large and mutually beneficial exchange of commodities between the two countries.

#### International Conventions and Conferences.

The supplementary protocol to The

Hague convention for the establishment of an international prize court, mentioned in my last annual message, embodying stipulations providing for an alternative procedure which would remove the constitutional objection to that part of The Hague convention which provides that there may be an appeal to the proposed court from the decisions of national courts, has received the signature of the governments parties to the original convention and has been ratified by the government of the United States, together with the prize court convention.

The deposit of the ratifications of the government of the Netherlands awaits action by the powers on the declaration, signed at London on February 26, 1909, of the rules of international law to be recognized within the meaning of article seven of The Hague convention for the establishment of an international prize court.

#### Fur-Seal Treaty.

The fur-seal controversy, which for nearly twenty-five years has been the source of serious friction between the United States and the powers bordering upon the north Pacific ocean, whose subjects have been permitted to engage in pelagic sealing against the fur-seal herds having their breeding grounds within the jurisdiction of the United States, has at last been satisfactorily adjusted by the conclusion of the North Pacific sealing convention entered into between the United States, Great Britain, Japan and Russia on the seventh of July last. This convention is a conservation measure of very great importance, and if it is carried out in the spirit of reciprocal concession and advantage upon which it is based, there is every reason to believe that not only will it result in preserving the fur-seal herds of the north Pacific ocean and restoring them to their former value for the purposes of commerce, but also that it will afford a permanently satisfactory settlement of a question the only other solution of which seemed to be the total destruction of the fur seals. In another aspect, also, this convention is of importance in that it furnishes an illustration of the feasibility of securing a general international game law for the protection of other mammals of the sea, the preservation of which is of importance to all the nations of the world.

The attention of congress is especially called to the necessity for legislation on the part of the United States for the purpose of fulfilling the obligations assumed under this convention, to which the senate gave its advice and consent on the twenty-fourth day of July last.

#### International Opium Commission.

In a special message transmitted to the congress on the seventh of January, 1911, in which I concurred in the recommendations made by the secretary of state in regard to certain needed legislation for the control of our interstate and foreign traffic in opium and other menacing drugs, I quoted from my annual message of December 7, 1909, in which I announced that the results of the International Opium Commission held at Shanghai in February, 1909, at the invitation of the United States, had been laid before this government; that the report of that commission showed that China was making remarkable progress and admirable efforts toward the eradication of the opium evil; that the interested governments had not permitted their commercial interests to prevent their co-operation in this reform; and, as a result of collateral investigations of the opium question in this country, I recommended that the manufacture, sale and use of opium in the United States should be more rigorously controlled by legislation.

Prior to that time and in continuation of the policy of this government to secure the co-operation of the interested nations, the United States proposed an international opium conference with full powers for the purpose of clothing with the force of international law the resolutions adopted by the above-mentioned commission, together with their essential corollaries. The other powers concerned cordially responded to the proposal of this government, and, I am glad to be able to announce, representatives of all the powers assembled in conference at The Hague on the first of this month.

Since the passage of the opium-exclusion act, more than twenty states have been animated to modify their pharmacy laws and bring them in accord with the spirit of that act, thus stamping out, to a measure, the interstate traffic in opium and other habit-forming drugs. But, although I have urged on the congress the passage of certain measures for federal control of the interstate and foreign traffic in these drugs, no action has yet been taken. In view of the fact that there is now sitting at The Hague so important a conference, which has under review the municipal laws of the different nations for the mitigation of their opium and other allied evils, a conference which will certainly deal with the international aspects of these evils, it seems to me most essential that the congress should take immediate action on the anti-narcotic legislation to which I have already called attention by a special message.

#### Foreign Trade Relations of the United States.

In my last annual message I referred to the tariff negotiations of the department of state with foreign countries in connection with the application, by a series of proclamations, of the minimum tariff of the United States to importations from the several countries, and I stated that, in its general operation, section 2 of the new tariff law had proved a guaranty of continued commercial peace, although there were, unfortunately, instances where foreign governments dealt arbitrarily with American inter-

ests within their jurisdiction in a manner injurious and inequitable. During the past year some instances of discriminatory treatment have been removed, but I regret to say that there remain a few cases of differential treatment adverse to the commerce of the United States. While none of these instances now appears to amount to undue discrimination in the sense of section 2 of the tariff law of August 5, 1909, they are all exceptions to that complete degree of equality of tariff treatment that the department of state has consistently sought to obtain for American commerce abroad.

While the double tariff feature of the tariff law of 1909 has been amply justified by the results achieved in removing former and preventing new, undue discriminations against American commerce, it is believed that the time has come for the amendment of this feature of the law in such way as to provide a graduated means of meeting varying degrees of discriminatory treatment of American commerce in foreign countries as well as to protect the financial interests abroad of American citizens against arbitrary and injurious treatment on the part of foreign governments through either legislative or administrative measures.

It would also seem desirable that the maximum tariff of the United States should embrace within its purview the free list, which is not the case at the present time, in order that it might have reasonable significance to the governments of those countries from which the importations into the United States are confined virtually to articles on the free list.

The fiscal year ended June 30, 1911, shows great progress in the development of American trade. It was noteworthy as marking the highest record of exports of American products to foreign countries, the valuation being in excess of \$2,000,000,000. These exports showed a gain over the preceding year of more than \$300,000,000.

There is widespread appreciation expressed by the business interests of the country as regards the practical value of the facilities now offered by the department of state and the department of commerce and labor for the furtherance of American commerce.

#### Crying Need for American Merchant Marine.

I need hardly reiterate the conviction that there should speedily be built up an American merchant marine. This is necessary to assure favorable transportation facilities to our great ocean-borne commerce as well as to supplement the navy with an adequate reserve of ships and men. It would have the economic advantage of keeping at home part of the vast sums now paid foreign shipping for carrying American goods. All the great commercial nations pay heavy subsidies to their merchant marine, so that it is obvious that without some aid from the Congress the United States must lag behind in the matter of merchant marine in its present anomalous position.

Legislation to facilitate the extension of American banks to foreign countries is another matter in which our foreign trade needs assistance.

#### Improvement of the Foreign Service.

The entire foreign-service organization is being improved and developed with especial regard to the requirements of the commercial interests of the country. The rapid growth of our foreign trade makes it of the utmost importance that governmental agencies through which that trade is to be aided and protected should possess a high degree of efficiency. Not only should the foreign representatives be maintained upon a generous scale in so far as salaries and establishments are concerned, but the selection and advancement of officers should be definitely and permanently regulated by law, so that the service shall not fail to attract men of high character and ability. The experience of the past few years with a partial application of civil service rules to the diplomatic and consular service leaves no doubt in my mind of the wisdom of a wider and more permanent extension of those principles to both branches of the foreign service. The men selected for appointment by means of the existing executive regulations have been of a far higher average of intelligence and ability than the men appointed before the regulations were promulgated.

I therefore again commend to the favorable action of the congress the enactment of a law applying to the diplomatic and consular service the principles embodied in section 1753 of the Revised Statutes of the United States, in the civil service act of January 16, 1883, and the executive orders of June 27, 1906, and of November 26, 1909. In its consideration of this important subject I desire to recall to the attention of the congress the very favorable report made on the Lowden bill for the improvement of the foreign service by the foreign affairs committee of the house of representatives. Available statistics show the strictness with which the merit system has been applied to the foreign service during recent years and the absolute non-partisan selection of consuls and diplomatic service secretaries who indeed far from being selected with any view to political consideration have actually been chosen to a disproportionate extent from states which would have been unrepresented in the foreign service under the system which it is to be hoped is now permanently obsolete. Some legislation for the perpetuation of the present system of examinations and promotions upon merit and efficiency would be of greatest value to our commercial and international interests.

WM. H. TAFT.