## TAFT SENDS IN **MESSAGE ABOUT** FOREIGN AFFAIRS

President Informs Congress of Our Relations With Other Nations.

## AMERICAN DIPLOMACY WINS

Its Success in Settling Central American Troubles.

## DIPLOMATIC SERVICE BETTER

Reorganization Has Done Much to Increase Its Efficiency-Adjustment of the Sealing and Fisheries Disputes-Interests of United States In the Near and Far East.

Washington, Dec. 3.-President Taft submitted to congress today the first of several messages. It was devoted to our foreign relations and in part was as follows:

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 shirk 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 unnecesary wars, and whether our foreign policies are based upon an intelgent grasp of present-day world confitions and a clear view of the potenfialities 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 go 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 national 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 at-

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.

tainment of national ideals.

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 corrollaries of the undisputed and traditional fundamentals of the foreign policy of the United States.

Reorganization 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 yast foreign trade upon which it should one day become more and ee dependent, found itself without the machinery for giving thorough attention to, and taking effective action tpon, a mass of intricate business rital to American interests in every country in the world.

The department of state was an rchaic and inadequate machine lackng most of the attributes of the forden 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. to the dictates of sound policy and

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.

Merit System in Consular and Diplomatic Corps.

Expert knowledge and professional training must evidently be the essence of this reorganization. Without a trained foreign service there would not be men available for the work in the reorganized department of state. President Cleveland has 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 non-partisan basis of the merit system, rigid examination for appointment and promotion only for efficlency, as had been maintained without exception in the consular service.

Statistics as to Merit and Nonpartican

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 the 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 the 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 missions 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 by promotion or transfer, based solely upon efficiency

shown in the service. In order to assure to the business and other interests of the United States a continuance of the resulting benefits of this reform, I earnestly renew my previous recommendations of legislation making it permanent along some such lines as those of the measure now pending in congress.

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

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 basais. 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 residence 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.

Diplomancy a Handmald of Commercial Intercourse and Peace.

The diplomancy of the present administration has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for tullets. It is one that appeals alike to'idealistic humanitarian sentiments,

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 and beneficial 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 negotlated, but to my regret was unable to consummate, two arbitration treaties which set the highest mark of the aspiration of nations toward the substitution of arbitration and reason for war in the settlement of international disputes. Through the efforts of American diplomacy several wars have been prevented or ended. I refer to the successful tripartite mediation of the Argentine republic, Bra-:11, and the United States between Peru and Ecuador; the bringing of the boundary dispute between Panama and Costa Rica to peaceful arbitration; the staying of warlike preparations when Hayti 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 assuage 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 embittered international relations on the west coast of South America, has at last been adjusted. Simultaneously came the news that the boundary dispute between Peru 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 influence 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.

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 | not yet acted. 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 treatles with the United States and other powers. The hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Hukuang railways, of the national revenues upon which these reforms depended, led the department of state early in the administration to demand for American citizens participation in such enterprises, in order that the United States might have equal rights and an equal voice in all questions pertaining to the disposition of the public revenues concerned. The same policy of promoting international accord among the powers having similar treaty rights as ourselves in the matters of reform, which could not be put into practical effect without the common consent of all, was likewise adopted in the case of the loan desired by China for the reform of its currency. The principle of international co-operation in matters of common interest upon which our policy had already been based in all of the above instances has admittedly been a great factor in that 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

China.

Debt Adjustment. In Central America the aim has been to help such countries as Nicaragua and Honduras to help themselves. They are the immediate beneficiaries. The national benefit to the United States is 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. There, too, the maintenance of that doctrine falls most heavily upon the United States. It is therefore essential that the countries within that sphere shall be removed from the jeopardy involved by heavy foreign debt and chaotic national finances and from the everpresent 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 coutries because this financial rehabilitation and the protection of their custom houses from

would remove at one stroke the men ace of foreign creditors and the men ance 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 events recorded there during the revolution of the past summer-the useless loss of life, the devastation of property. the bombardment of defenseless cities, the killing and wounding of women and children, the torturing of noncombatants to exact contributions. and the suffering of thousands of human beings-might have been averted had the department of state, through approval of the loan convention by the senate, been permitted to carry out its now well-developed policy of encouraging the extending of financial aid to weak Central American states with the primary objects of avolding 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 estab-

lish reliable banks. During this last revolution in Nicaragua, the government of that republie having admitted its inability to protect American life and property against acts of sheer lawlessness on the part of the malcontents, and having requested this government to assume that office, it became neessary to land over 2,000 marines and bluefack ets in Nicaragua. Owing to their presence the constituted government of Nicaragua was free to devote its attention wholly to its internal troubles, and was thus enabled to stamp out the rebellion in a short space of time. When the Red Cross supplies sent to Granada had been exhausted 8,000 persons having been given food in one day upon the arrival of the American forces, our men supplied other unfortunate, needy Nicaraguans from their own haversacks. I wish to congratulate the officers and men of the United States 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 tranquility. Nearly all the American marines have now been withdrawn. The country should soon be on the road to recovery. The only apparent danger now threatening Nicaragua arises from the shortage of funds. Although American bankers have already rendered assistance, they may naturally be loath to advance a loan adequate to set the country upon its feet without the support of some such convention as that of June, 1911, upon which the senate has

The president alluded briefly to the enforcement of neutrality laws, to Secretary Knox's visit to Central America and to the unfortunate disturbances in Mexico. Continuing, the message said:

Agricultural Credits.

most important work, accomplished in the past year by the American diplomatic officers in Europe, is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more sufficiently maintaining the agricultural 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. We are not breeding in proportionate numbers a race of independent and independenceloving land owners, for a lack of which no growth of cities can compensate. Our farmers have been our mainstay in times of crisis, and in future it must still largely be upon their stability and common sense that this democracy must rely to conserve its principles of self-government.

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

coming meeting. Increase of Foreign Trade.

In my last annual message I said that the fiscal year ended June 30, 1911, was noteworthy as marking the highest record of exports of American

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

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

Necessity for Supplementary Leigsla-

lation. 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 prevent 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 of administrative measures, the finanizens whose enterprises enlarge the market for American commoditiess.

I can not too strongly recommend to congress the passage of some such enabling measure as the bill which was recommended by the secretary of state in his letter of December 13, 1911. The object of the proposed legislation is, in brief, to enable the executive to apply, as the case may require, to any or all commodities, whether or not on the free list from a country which discriminates against the United States, a graduated scale of duties up to the maximum of 25 per cent. ad valorem provided in the present law. Flat tariffs are out of date. 4

Special Cialma Arbitration With Great Britain. The special agreement entered into between the United States and Great Britain on August 18, 1910, for the arbitration of outstanding pecuniary claims, a schedule of claims and the terms of submission have been agreed upon by the two governments, and together with the special agreement were approved by the senate on July 19, 1911, but in accordance with the terms of the agreement they did not go into effect until confirmed by the two governments by an exchange of notes, which was done on April 26 last. Negotiations are still in progress for a supplemental schedule of claims to be submitted to arbitration under this agreement, and meanwhile the necessary preparations for the arbitration of the claims included in the first schedule have been undertaken and are being carried on under the authority of an appropriation made for that purpose at the last session of congress. It is anticipated that the two governments will be prepared to call upon the arbitration tribunal, established under this agreement, to meet at Washington early next year to proceed with this arbitration.

Fur Seal Treaty and Need for Amendment of Our Statute.

The act adopted at the last session of Congress to give effect to the furseal convention of July 1, 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 estabbeing the prey of would-be dictators | products to foreign countries. The lishing this close season depends, un-

der the terms of the convention, upon how far, if at all, it is necessary for protecting and preserving the Ameriant fur-seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation. A careful examination of the subject is now being made, and this government will soon be in possession of a considerable amount of new information about the American seal herd, which has been secured during the past season and will be of great value in determining this question; and if it should appear that there is any uncertainty as to the real necessity for imposing a close season at this time, I shall take an early opportunity to address a special message to congress on this subject, in the belief that this government should yield on this point rather than give the slightest ground for the charge that we have been in any way remiss in observing our treaty obligations.

Final Settlement of North Atlantic Fisheries Dispute.

On the 20th of July last an agreement was concluded between the United States and Great Britain adopting, with certain modifications, the rules and method of procedure recommended in the award rendered by the North Atlantic Coast Fisheries Arbitration Tribunal on September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under Article I of the treaty of October 20, 1818, between the United States and Great Britain. This agreement received the approval of the senate on August 1 and was formally ratified by the two governments on November 15 last. The rules and a method of procedure embodied in the award provided for determining by an impartial tribunal the reasonableness of any new fishery regulations on the treaty coasts of Newfoundland and Canada before such regulations could be enforced against American fishermen exercising their treaty liberties on those coasts, and also for determining the delimitation of bays on such coasts more than 10 miles wide, in accordance with the definition adopted by the tribunal of the meaning of the word "bays" as used in the treaty.

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

ned in the The message told what the government has done in connection with the Balkan war and in placing the government of Liberia in position to pay its debts. The new condition of affairs in China was set forth, and then our relations with Central and South American governments were set forth in more detail. It concluded

as follows: Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self-centered in the struggle to develop our domestic resources and deal with our domestic questions. The nation is now too mature to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern. In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this government. The recent task of our diplomacy has been to adjust those principles to the conditions of today, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations. Thus are being evolved bases upon which can rest

the perspective appropriate at our emergence from colonial times and conditions. The opening of the Pansma 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

the superstructure of policies which

must grow with the destined progress

of this nation. The successful con-

duct of our foreign relations demands

a broad and a modern view. We can

not meet new questions nor build for

the future if we confine ourselves to

outworn dogmas of the past and to

great nation. WH. H. TAFT The White House,

December 3, 1912.