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Presbyterian Sabbath School at 9:45 a. m. M. E. Sabbath School at 10:00 a. m. Preaching in M. E. Church every Sabbath evening by Rev. W. S. Burton.

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CHEICHER'S PILLS. Ladies! Ask your Druggist for Cheicher's Pills in Red and Gold wrapper. They are made with Blue Ribbon. Take them with a glass of water. Druggists, Ask for CHEICHER'S PILLS. They are the best. Always Reliable. Sold by Druggists Everywhere.

TAFT SENDS IN FINAL MESSAGE

President Starts With Discussion of Foreign Relations.

WORK DONE BY DIPLOMATS.

Recognition of Merit System Has Been Beneficial—Suggestions Regarding Changes in the Tariff Laws Designed to Aid Commerce—Turkish War and Troubles in China.

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 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.

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 nationality in commercial and other relations have only served to strengthen our friendship with foreign countries by placing those friendships upon a firm foundation of realities as well as aspirations.

Reorganization of 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 Aug. 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. The law offices of the department were greatly strengthened. There were added foreign trade advisers to cooperate 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 cooperate 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 reorganization. Without a trained foreign service there would not be men available for the work in the reorganized 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 Nov. 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.

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 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 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 consuls, 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.

Larger Provision For Embassies and Legations 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 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 residence and offices of our diplomatic officers, so as to place them more neatly 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.

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 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 negotiated, 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, Brazil, 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 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 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.

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 hypothecation to foreign bankers in connection with certain industrial enterprises, such as the Hukuang railway, of the national revenues upon which these reforms depended, led to 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 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 twofold. 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 financial matters 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 custom houses from being the prey of would be dictators would remove at one stroke the menace of foreign creditors and the menace of revolutionary disorder.

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 avoiding just such revolutions by assisting those republics to rehabilitate their finances, to establish their currency on a stable basis, to remove the custom houses from the danger of revolutions by arranging for their secure administration, and to establish reliable banks.

I wish to congratulate the officers and men of the United States navy and marine corps who took part in re-establishing order in Nicaragua upon their splendid conduct and to record with sorrow the death of seven American marines and bluejackets. Since the establishment of peace and order elections have been held amid conditions of quiet and tranquillity. Nearly all the American marines have now been withdrawn.

Our Mexican Policy. For two years revolution and counter revolution have disstraited the neighboring republic of Mexico. Brigandage has involved a great deal of depredation upon foreign interests. There have constantly recurred questions of extreme delicacy. On several occasions very difficult situations have arisen on our frontier. Throughout this trying period the policy of the United States has been one of patient nonintervention, steadfast recognition of constituted authority in the neighboring nation and the exertion of every effort to care for American interests. I profoundly hope that the Mexican nation may soon resume the path of order, prosperity and progress. To that nation in its sore troubles the sympathetic friendship of the United States has been demonstrated to a high degree.

There were in Mexico at the beginning of the revolution some 30,000 or 40,000 American citizens engaged in enterprises contributing greatly to the prosperity of that republic and also benefiting the important trade between the two countries. The investments of American capital in Mexico has been estimated at \$1,000,000,000. The responsibility of endeavoring to safeguard those interests and the dangers inseparable from propinquity to so turbulent a situation have been great, but I am happy to have been able to adhere to the policy above outlined—a policy which I hope may soon be justified by the complete success of the Mexican people in regaining the blessings of peace and good order.

Agricultural Credits. A most important work accomplished in the past year by the American diplomatic officers in Europe is the investigation of the agricultural credit system in the European countries. Both as a means to afford relief to the consumers of this country through a more thorough development of agricultural resources and as a means of more efficiently maintaining the agricultural population, the project to establish credit facilities for the farmers is a

concern of vital importance to this nation. No evidence of prosperity among well established farmers should blind us to the fact that lack of capital is preventing a development of the nation's agricultural resources and an adequate increase of the land under cultivation; that agricultural production is fast falling behind the increase in population and that, in fact, although these well established farmers are maintained in increasing prosperity because of the natural increase in population, we are not developing the industry of agriculture.

Advantage of Maximum and Minimum Tariff Provision. The importance which our manufacturers have assumed in the commerce of the world in competition with the manufactures of other countries again draws attention to the duty of this government to use its utmost endeavors to secure impartial treatment for American products in all markets. Healthy commercial rivalry in international intercourse is best secured by the possession of proper means for protecting and promoting our foreign trade. It is natural that competitive countries should view with some concern this steady expansion of our commerce. If in some instances the measures taken by them to meet it are not entirely equitable, a remedy should be found.

In former messages I have described the negotiations of the department of state with foreign governments for the adjustment of the maximum and minimum tariff as provided in section 2 of the tariff law of 1909. The advantages secured by the adjustment of our trade relations under this law have continued during the last year, and some additional cases of discriminatory treatment of which we had reason to complain have been removed. The department of state has for the first time in the history of this country obtained substantial most-favored-nation treatment from all the countries of the world.

There are, however, other instances which, while apparently not constituting undue discrimination in the sense of section 2, are nevertheless exceptions to the complete equity of tariff treatment for American products that the department of state consistently has sought to obtain for American commerce abroad.

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

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

Flat tariffs are out of date. Nations no longer accord equal tariff treatment to all other nations irrespective of the treatment from them received. Such a flexible power at the command of the executive would serve to moderate any unfavorable tendencies on the part of those countries from which the importations into the United States are substantially confined to articles on the free list as well as of the countries which find a lucrative market in the United States for their products under existing custom rates. It is very necessary that the American government should be equipped with weapons of negotiation adopted to modern economic conditions in order that we may at all times be in a position to gain not only technically just but actually equitable treatment for our trade and also for American enterprises and vested interests abroad.

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

It is germane to these observations to remark that in the two years that have elapsed since the successful negotiation of our new treaty with Japan, which at the time seemed to present so many practical difficulties, our export trade to that country has increased at the rate of over \$1,000,000 a month. Our exports to Japan for the year ended June 30, 1910, were \$21,929,210, while for the year ended June 30, 1912, the exports were \$55,478,048, a net increase of nearly 150 per cent.

The act adopted at the last session of congress to give effect to the far east convention of July 7, 1911, between

Great Britain, Japan, Russia and the United States provided for the suspension of all land killing of seals on the Pribilof Islands for a period of five years, and an objection has now been presented to this provision by the other parties in interest, which raises the issue as to whether or not this prohibition of land killing is inconsistent with the spirit if not the letter of the treaty stipulations. The justification for establishing this close season depends, under the terms of the convention, upon how far if at all it is necessary for protecting and preserving the American fur seal herd and for increasing its number. This is a question requiring examination of the present condition of the herd and the treatment which it needs in the light of actual experience and scientific investigation.

Final Settlement of North Atlantic Fisheries 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 Sept. 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of questions arising with reference to the exercise of the American fishing liberties under Article I of the treaty of Oct. 20, 1818, between the United States and Great Britain. This agreement received the approval of the senate on Aug. 1 and was formally ratified by the two governments on Nov. 15 last.

Opium Conference—Unfortunate Failure of Our Government. In my message on foreign relations communicated to the two houses of congress Dec. 7, 1911, I called special attention to the assembling of the opium conference at The Hague, to the fact that that conference was to review all pertinent municipal laws relating to the opium and allied evils and certainly all international rules regarding these evils, and to the fact that it seemed to me most essential that the congress should take immediate action on the anti-narcotic legislation before the congress, to which I had previously called attention by a special message.

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

Europe and the Near East. The war between Italy and Turkey came to a close in October last by the signature of a treaty of peace, subsequently ratified by the Ottoman empire renouncing sovereignty over Crete and Tripoli in favor of Italy. During the past year the near east has unfortunately been the theater of constant hostilities. Almost simultaneously with the conclusion of peace between Italy and Turkey and their arrival at an adjustment of the complex questions at issue between them, war broke out between Turkey on the one hand and Bulgaria, Greece, Montenegro and Servia on the other.

On the exercise of my duty in the winter I have dispatched to Turkish waters a special service squadron, consisting of two armored cruisers, in order that this government may if need be bear its part in such measures as it may be necessary for the interested nations to adopt for the safeguarding of foreign lives and property in the Ottoman empire in the event that a dangerous situation should develop.

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

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

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

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

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

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

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

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

Necessity For Retention and Expansion of Our Foreign Trade. It is not possible to make to the congress a communication upon the present foreign relations of the United States so detailed as to convey an adequate impression of the enormous increase in the importance and activities of those relations. If this government is really to preserve to the American people that free opportunity in foreign markets which will soon be indispensable to our prosperity, even greater efforts must be made.

Conclusion. Congress should fully realize the conditions which obtain in the world as we find ourselves at the threshold of our middle age as a nation. We have emerged full grown as a peer in the great concourse of nations. We have passed through various formative periods. We have been self centered in the struggle to develop our domestic questions. The nation is now too mature to continue in its foreign relations those temporary expedients natural to a people to whom domestic affairs are the sole concern.

In the past our diplomacy has often consisted, in normal times, in a mere assertion of the right to international existence. We are now in a larger relation with broader rights of our own and obligations to others than ourselves. A number of great guiding principles were laid down early in the history of this government. The recent task of our diplomacy has been to adjust those principles to the conditions of today, to develop their corollaries, to find practical applications of the old principles expanded to meet new situations.

The opening of the Panama canal will mark a new era in our international life and create new and wide wide conditions which, with their vast correlations and consequences, will obtain for hundreds of years to come. We must not wait for events to overtake us unawares. With continuity of purpose we must deal with the problems of our external relations by a diplomacy modern, resourceful, magnanimous and fittingly expressive of the high ideals of a great nation.

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