

# YELLOWSTONE MONITOR



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OUR AIM: TO PUBLISH A NEWSPAPER.

## PRESIDENT SENDS SECOND MESSAGE

Dealing With Fiscal, Judicial, Military and Insular Affairs.

### HIGH OFFICE FOR GOETHALS.

Increasing Naval Construction Strongly Urged and Army Reorganization Commended—Wage Earners and Farmers, as Well as Bankers, Should Advise as to Currency System.

Sending a second message to congress on fiscal, judicial, military and insular affairs, President Taft explains that as the message of Dec. 3 was confined to foreign relations and as a full discussion of all the transactions of the government requires more space than one message of reasonable length affords, "I have therefore adopted the course of sending three or four messages during the first ten days of the session so as to include reference to more important matters that should be brought to the attention of congress."

The president finds the country in a period of successful business, with a year of bumper crops. For the last three years the government has saved much by sensible economy. He finds the crying need of the country is a proper banking and currency system and says that customs duties should be revised downward. He strongly urges congress to make the necessary appropriation for strengthening our foreign possessions at the earliest possible day. In recognition of his work on the Panama canal President Taft recommends the promotion of Colonel Goethals to the rank of major general.

The president says reduced expenditures in the navy mean reduced military strength and deems that the increase should be at least two battleships a year and battle cruisers, gunboats and torpedo destroyers and submarines in proper proportion.

He commends the calm, orderly way in which the trusts are being proceeded against and says a steady, consistent course, without any radical legislation changing the present governmental policies, is going to offer a solution to the problem. The country's business first engages the president's attention.

**Business Conditions.**  
The condition of the country with reference to business could hardly be better. While the four years of the administration now drawing to a close have not developed great speculative expansion or a wide field of new investment, the recovery and progress made from the depressing conditions following the panic of 1907 have been steady, and the improvement has been clear and easily traced in the statistics. The business of the country is now on a solid basis. Credits are not unduly extended, and every phase of the situation seems in a state of preparedness for a period of unexampled prosperity.

Manufacturing concerns are running at their full capacity, and the demand for labor was never so constant and growing. The foreign trade of the country for this year will exceed \$4,000,000,000, while the balance in our favor—that of the excess of exports over imports—will exceed \$500,000,000.

It is a year of bumper crops. The total money value of farm products will exceed \$9,500,000,000. It is a year when the bushel or unit price of agricultural products has gradually fallen, and yet the total value of the entire crop is greater by over \$1,000,000,000 than we have known in our history.

**Condition of the Treasury.**  
The condition of the treasury is very satisfactory. The total interest bearing debt is \$963,777,770, of which \$134,631,980 constitutes the Panama canal loan. The noninterest bearing debt is \$378,301,284.90, including \$346,681,016 of greenbacks. We have in the treasury \$150,000,000 in gold coin as a reserve against the outstanding greenbacks, and in addition we have a cash balance in the treasury as a general fund of \$167,152,478.99, or an increase of \$28,975,552 over the general fund last year.

**Receipts and Expenditures.**  
For three years the expenditures of the government have decreased under the influence of an effort to economize. This year presents an apparent exception. The estimate by the secretary of the treasury of the ordinary receipts,

exclusive of postal revenues, for the year ending June 30, 1914, indicates that they will amount to \$710,000,000. The sum of the estimates of the expenditures for that same year, exclusive of Panama canal disbursements and postal disbursements payable from postal revenues, is \$732,000,000, indicating a deficit of \$22,000,000.

For the year ending June 30, 1913, similarly estimated receipts were \$667,000,000, while the total corresponding estimate of expenditures for that year, submitted through the secretary of the treasury to congress, amounted to \$656,000,000. This shows an increase of \$76,000,000 in the estimates for 1914 over the total estimates of 1913.

**Banking and Currency System.**  
A time when panics seem far removed is the best time for us to prepare our financial system to withstand a storm. The most crying need this country has is a proper banking and currency system. The existing one is

inadequate, and every one who has studied the question admits it.

The only part of our monetary medium that has elasticity is the banknote currency. The peculiar provision of the law requiring national banks to maintain reserves to meet the call of the depositors operates to increase the money stringency when it arises rather than to expand the supply of currency and relieve it. It operates upon each bank and furnishes a motive for the withdrawal of currency from the channels of trade by each bank to save itself and offers no inducement whatever for the use of the reserve to expand the supply of currency to meet the exceptional demand.

After the panic of 1907 congress realized that the present system was not adapted to the country's needs and that under it panics were possible that might properly be avoided by legislative provision. Accordingly a monetary commission was appointed which made a report in February, 1912. The system which they recommend involved a National Reserve association, which was, in certain of its faculties and functions, a bank, and which was given through its governing authorities the power, by issuing circulating notes for approved commercial paper, by fixing discounts, and by other methods of transfer of currency, to expand the supply of the monetary medium where it was most needed to prevent the export or hoarding of gold and generally to exercise such supervision over the supply of money in every part of the country as to prevent a stringency and a panic.

Certain it is, however, that the objections which were made in the past history of this country to a central bank as furnishing a monopoly of financial power to private individuals, would not apply to an association whose ownership and control is so widely distributed and is divided between all the banks of the country, state and national, on the one hand, and the chief executive through three department heads and his comptroller of the currency on the other.

There is no class in the community more interested in a safe and sane banking and currency system, one which will prevent panics and automatically furnish in each trade center the currency needed in the carrying on of the business at that center, than the wage earner. There is no class in the community whose experience better qualifies them to make suggestions as to the sufficiency of a currency and banking system than the bankers and business men.

Ought we therefore to ignore their recommendations and reject their financial judgment as to the proper method of reforming our financial system merely because of the suspicion which exists against them in the minds of many of our fellow citizens? Is it not the duty of congress to take up the plan suggested, examine it from all standpoints, give impartial consideration to the testimony of those whose experience ought to fit them to give the best advice on the subject, and then to adopt some plan which will secure the benefits desired?

A banking and currency system seems far away from the wage earner and the farmer, but the fact is that they are vitally interested in a safe system of currency which shall graduate its volume to the amount needed and which shall prevent times of artificial stringency that frighten capital, stop employment, prevent the meeting of the payroll, destroy local markets and produce penury and want.

**The Tariff.**  
I have regarded it as my duty in former messages to the congress to urge the revision of the tariff upon principles of protection. It was my judgment that the customs duties ought to be revised downward, but that the reduction ought not to be below a rate which would represent the difference in the cost of production between the

article in question at home and abroad, and for this and other reasons I vetoed several bills which were presented to me in the last session of this congress. Now that a new congress has been elected on a platform of a tariff for revenue only rather than a protective tariff, and is to revise the tariff on that basis, it is needless for me to occupy the time of this congress with arguments or recommendations in favor of a protective tariff.

**Army Reorganization.**  
Our small army now consists of 83,800 men, excluding the 5,000 Philippine scouts. Leaving out of consideration the coast artillery force, whose position is fixed in our various sea coast defenses, and the present garrisons of our various insular possessions, we have today within the continental United States a mobile army of only about 35,000 men. This little force must be still further drawn upon to supply the new garrisons for the great naval base which is being established at Pearl harbor, in the Hawaiian Islands, and to protect the locks now rapidly approaching completion at Panama.

The forces remaining in the United States are now scattered in nearly fifty posts, situated for a variety of historical reasons in twenty-four states. These posts contain only fractions of regiments, averaging less than 700 men each. In time of peace it has been our historical policy to administer these units separately by a geographical organization. In other words, our army in time of peace has never been a united organization, but merely scattered groups of companies, battalions and regiments, and the first task in time of war has been to create out of these scattered units an army fit for effective team work and co-operation.

A comprehensive plan of army reorganization was prepared by the war college division of the general staff.

Under the influence of this study definite and effective steps have been taken toward army reorganization so far as such reorganization lies within the executive power. Hitherto there has been no difference of policy in the treatment of the organization of our foreign garrisons from those of troops within the United States. The difference of situation is vital, and the foreign garrison should be prepared to defend itself at an instant's notice against a foe who may command the sea. Unlike the troops in the United States, it cannot count upon reinforcements or recruitment. It is an outpost upon which will fall the brunt of the first attack in case of war.

The historical policy of the United States of carrying its regiments during time of peace at half strength has no application to our foreign garrisons. During the past year this defect has been remedied as to the Philippines garrison. The former garrison of twelve reduced regiments has been replaced by a garrison of six regiments at full strength, giving fully the same number of riflemen at an estimated economy in cost of maintenance of over \$1,000,000 per year. This garrison is to be permanent. Its regimental units, instead of being transferred periodically back and forth from the United States, will remain in the islands. The officers and men composing these units will, however, serve a regular tropical detail, as usual, thus involving no greater hardship upon the personnel and greatly increasing the effectiveness of the garrison.

**The Home Army.**  
Simultaneously with the foregoing steps the war department has been proceeding with the reorganization of the army at home. The formerly distributed units are being united into a tactical organization of three divisions, each consisting of two or three brigades of infantry and, so far as practicable, a proper proportion of divisional cavalry and artillery. Of course the extent to which this reform can be carried by the executive is practically limited to a paper organization. The scattered units can be brought under a proper organization, but they will remain physically scattered until congress supplies the necessary funds for grouping them in more concentrated posts.

**Regular Army Reserve.**  
The new law provides that the soldier, after serving four years with colors, shall pass into a reserve for three years. At his option he may go into the reserve at the end of three years, remaining there for four years. While in the reserve he can be called and only in such case will receive a stated amount of pay for all of the period in which he has been a member of the reserve. The legislation is imperfect, in my opinion, in certain particulars, but it is a most important step in the right direction, and I earnestly hope that it will be carefully studied and perfected by congress.

**The National Guard.**

Under existing law the national guard constitutes, after the regular army, the first line of national defense. Its organization, discipline, training and equipment under recent legislation have been assimilated, as far as possible, to those of the regular army, and its practical efficiency under the effect of this training has very greatly increased. Our citizen soldiers under present conditions have reached a stage of development beyond which they cannot reasonably be asked to go without further direct assistance in the form of pay from the federal government. On the other hand, such pay from the national treasury would not be justified unless it produced a proper equivalent in additional efficiency on the part of the national guard.

The organized militia today cannot be ordered outside of the limits of the United States and thus cannot lawfully be used for general military purposes. The officers and men are ambitious and eager to make themselves thus available and to become an efficient national reserve of citizen soldiery. They are the only force of trained men other than the regular army upon which we can rely. The so called militia pay bill in the form agreed on between the authorities of the war department and the representatives of the national guard, in my opinion, adequately meets these conditions and offers a proper return for the pay which it is proposed to give to the national guard.

I believe that its enactment into law would be a very long step toward providing this nation with a first line of citizen soldiery, upon which its main reliance must depend in case of any national emergency. Plans for the organization of the national guard into tactical divisions on the same lines as those adopted for the regular army are being formulated by the war college division of the general staff.

**Porto Rico.**

Porto Rico continues to show notable progress, both commercially and in the spread of education. Its external commerce has increased 17 per cent over the preceding year, bringing the total value up to \$92,431,886, or more than five times the value of the commerce of the island in 1901. During the year 160,657 pupils were enrolled in the public schools, as against 145,525 for the preceding year and as compared with 25,000 for the first year of American administration.

The failure thus far to grant American citizenship continues to be the only ground of dissatisfaction. The bill conferring such citizenship has passed the house of representatives and is now awaiting the action of the senate. I am heartily in favor of the passage of this bill. I believe that the demand for citizenship is just and that it is amply earned by sustained loyalty on the part of the inhabitants of the island. But it should be remembered that the demand must be, and in the minds of most Porto Ricans is, entirely dissociated from any thought of statehood.

**The Philippines.**

A bill is pending in congress which revolutionizes the carefully worked out scheme of government under which the Philippine Islands are now governed and which proposes to render them virtually autonomous at once and absolutely independent in eight years. Such a proposal can only be founded on the assumption that we have now discharged our trusteeship to the Filipino people and our responsibility for them to the world and that they are now prepared for self government as well as national sovereignty. A thorough and unbiased knowledge of the facts clearly shows that these assumptions are absolutely without justification.

As to this I believe that there is no substantial difference of opinion among any of those who have had the responsibility of facing Philippine problems in the administration of the islands, and I believe that no one to whom the future of this people is a responsible concern can countenance a policy fraught with the direst consequences to those on whose behalf it is ostensibly urged.

Our duty to the Filipinos is far from discharged. Over half a million Filipino students are now in the Philippine schools helping to mold the men of the future into a homogeneous people, but there still remain more than a million Filipino children of school age yet to be reached. Freed from American control the integrating forces of a common education and a common language will cease and the educational system now well started will slip back into inefficiency and disorder.

An enormous increase in the commercial development of the islands has been made since they were virtually granted "full access" to our markets three years ago, with every prospect

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## ACTS OF AUSTRIA STARTLE EUROPE

### Entire Fleet Mobilized and Attitude Is Precarious.

London, Dec. 10.—It was reported today in Paris that the entire Austrian fleet had concentrated at Pola, the chief naval station of Austro-Hungary.

Vienna, Dec. 9.—Important changes have taken place in the Austro-Hungarian war department. General Auffenburg, the minister of war, resigned today and General Krobatin, under secretary in the war office, was appointed his successor.

Gen. Schemua, chief of the general staff, who paid a significant visit recently to Berlin and conferred with Count von Moltke, chief of the general staff of the German army, has resigned and has been succeeded by General von Hoetzendorf, who held the same position several years ago.

The Austrian government has negotiated with a syndicate, headed by the Austrian Postal Savings bank and including Kuhn, Loeb & Co. and the National City bank of New York, for an issue of 44 per cent treasury bonds to the amount of \$25,000,000, which will be taken at 97, redeemable at par at 18 months and 2 years.

The Hungarian finance minister has issued through the Hungarian Credit bank treasury bonds to the same amount and under the same conditions. Both are gold loans.

It is announced that the dreibund renewal is for six years and that it would have been renewed automatically for the same period if no notice of expiration had been given. This fact gives significance to the renewal of the compact at the moment of serious international crisis.

The Zeit learns that the serious demands at the coming peace conference will include the whole of Northern Albania, and as this will lead Austria to define her counter demands, a decisive phase in the Austro-Servian differences soon will be reached.

A dispatch from Zemlin to the Reichspost says all Servians subject to war draft, have been summoned to join the colors within 24 hours. Many workshops and factories in Servia are busy making winter clothing for the army. Soldiers returning to Servia from the Balkan campaign are allowed only a short furlough; the officers none.

London, Dec. 9.—No explanation is yet forthcoming of the sudden resignation of the Austro-Hungarian minister of war, General Auffenburg, and the chief of staff, General Schemua. They have said their action was due to personal reasons, but, coming at this time it cannot be doubted that it will have wide significance.

It had been expected that in event of war General von Hoetzendorf would be appointed chief of staff. His appointment now to succeed General Schemua, coupled with the news of the renewal of the dreibund and the fact that Austria and Hungary have negotiated temporary loans of \$50,000,000 can have only a disquieting effect on the international situation.

It is supposed that Austria wishes to exert a strong influence over the coming peace conference proceedings at London and especially to prevent the entry of Turkey into the Balkan federation.

The Austrian war party is inflamed against Russia in the belief that

the Russian attitude is due to a Franco-Russian alliance, and some Austrian newspapers are urging that, unless Russia ceases mobilizing, the powers comprising the triple alliance should fall upon France and crush her before Russia is able to intervene.

However the crisis may end, the war fever is having a disastrous effect on Austro-Hungarian trade. A complete financial stagnation prevails throughout Galicia, where the various banks recently have paid out more than \$40,000,000 to nervous depositors without stemming the run.

### Elliott Congratulates.

St. Paul, Minn. Dec. 10, 1912.

Chas. Bridgeman and G. P. Nash, Clyde Park, Mont.: I want to extend to you heartiest congratulations from the Railway Co., and myself personally on your success in securing the five thousand dollar prize at the recent Northwestern Produce Exposition at Minneapolis, Minn., for the best five bushels of wheat grown in the American Northwest, during 1912. We are glad indeed that this signal honor should go to such worthy hands and to such a worthy locality as the Shields River Valley of Montana. The Northern Pacific is naturally much interested in the success of this valley and the State of Montana and we are gratified to see that section of our territory placed so strongly and attractively before the public through your careful farming methods. It is a further evidence of the richness of the districts in the Northwest which this railroad has assisted in developing, and this evidence of its ability to compete with the world in the growing of one of the most important of farm crops is gratifying to me and our officers and justifies our faith in this region, and we hope your efforts will stimulate others to do as well.

Signed,

HOWARD ELLIOTT.

### Governor Norris Is Logical Man For Position.

Missoula, Dec. 10.—Resolutions endorsing Gov. Edwin L. Norris of Montana for the position of secretary of the interior in the cabinet of President-elect Woodrow Wilson were adopted unanimously at a meeting of the executive board of commerce this afternoon.

The action was taken not as a partisan matter at all, but as a step in behalf of the general welfare of the state of Montana. The members of the Missoula chamber of commerce feel that Governor Norris is the logical man for the position of secretary of the interior, and that if he is given charge of that department Montana as a whole will benefit greatly through his advancement.

With a Montana man at the head of affairs in the interior department, the Missoula men believe that Montana's development can be greatly furthered. Governor Norris, they feel, is a man thoroughly competent to administer the great questions of conservation, with which the west is most concerned.

### Custer Contributions.

Miles City, Dec. 10.—The republican party in Custer county received a total of \$960 as campaign contributions during the recent election, and spent it all. The democrats amassed \$1,267.25 in this way as original contributions, and spent it all.