ADDRESS AT THE CALIFORNIA-PACIFIC INTERNATIONAL EXPOSITION

BY THE

HONORABLE WILLIAM PHILLIPS
UNDER SECRETARY OF STATE

SAN DIEGO, CALIFORNIA
MAY 30, 1935

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1935

For sale by the Superintendent of Documents, Washington, D. C. - Price 5 cents

PUBLICATION No. 749

This address was originally issued by the Department of State as a mimeographed press release, for publication May 30, 1935.

ADDRESS AT THE CALIFORNIA-PACIFIC INTERNATIONAL EXPOSITION [1]

In these days, when many nations and peoples are living in fear and uncertainty of what the future has in store, this magnificent exposition, with its serenity and beauty, is indeed an inspiration. It stands for man's ideal; it represents the goal for which the peoples of the earth are struggling; here we find peace and beauty; here the arts and sciences are flourishing; the commerce of nations is open for inspection, and our own wares are enticingly displayed. Friendliness and good will to all mankind are so much a part of the atmosphere that every visitor to your exposition feels the warmth and sincerity of your welcome. You are the magnet that draws to the Pacific coast Americans from cities and towns and villages the country over, who, after they have basked in your sunshine and in the wonders of your exposition, will return to their homes better and wiser men and women; and the same magnet will draw many visitors from foreign lands.

Speaking as the representative of the State Department, I am particularly gratified to see the contributions which the peoples of other countries have made to the exposition. The "House of Pacific Relations" with its 15 charming tiled-roof bungalows, following the central theme of Spanish architecture, expresses in truly vivid terms the international aspect of this great exposition. Within the

[1] Delivered by the Honorable William Phillips, Under Secretary of State, in connection with the formal opening of the California-Pacific International Exposition, San Diego, Calif., Thursday, May 30, 1935.

141170—35

beautifully landscaped court there is thus clearly demonstrated to the world the realization that instant communication and rapid transportation have wrought a profound change in international life and that the wealth, prosperity, and happiness of all nations are closely related and interwoven.

We have special reasons for welcoming the official participation of our nearest southern neighbor. There is much of the artistic influence of Mexico in our surroundings here, as there is along the length of our common border of 2,000 miles. Not only are there these perpetual reminders of Mexico in California, but Mexico has sent us, for these commemorative weeks of the California-Pacific International Exposition, a superb exhibit for the pleasure of the thousands of our visitors. It is significant that our Federal Building at this exposition is in the Mayan tradition.

And we further welcome the presence of Mexico here, in order that both countries may strengthen and renew their faith and confidence in each other, which have made possible such important international undertakings as the rectification of the Rio Grande, now progressing rapidly under a treaty only 2 years old. We have found that, with mutual good will, we can solve all our joint problems. That good will must ever persist on both sides of the border.

It is indeed gratifying to note the active participation of the Latin American countries. Unfortunately, in the past our relations with some of them have been clouded by misunderstanding. They have considered the United States unappreciative of their culture, unwilling to take their goods, and unmindful of their sovereignty. On its part the United States, with its historical roots in Europe and its foreign trade, until comparatively recently, of a complementary nature to that of Europe, has devoted all too little attention to its relations with the Latin-American countries.

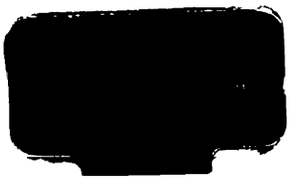
The barriers to strong and enduring relationships are, however, rapidly disappearing.

In the cultural field our colleges and universities are encouraging the study of Spanish and of Latin-American history, literature, music, archeology, sociology; in fact, of every aspect of Latin-American life. Libraries are adding new volumes to their shelves, and museums are adding to their collections.

Not only are measures being taken to augment cultural appreciation of Latin-American civilization, but efforts are now under way to free trade from the restrictions with which it has been hampered. At the Montevideo Conference in 1933, a notable resolution was unanimously adopted, pointing toward a liberalization of trade. Such a resolution would scarcely be mentioned in the pages of history were it not followed by concrete measures to achieve the desired end. I am happy to report that in this hemisphere restrictions to trade are waning. Many countries have relaxed systems of exchange control, others have reduced tariff rates, especially on articles of prime necessity, and it is beginning to be realized that the welfare of all is promoted through a freer interchange of goods.

Even now the nations of this hemisphere are assembled in Argentina in a commercial conference. The agenda of this conference will treat such matters as port facilities, improvement of communications, customs procedure, tourist facilities, classification of merchandise, and simplification of regulations of all kinds. Although these are technical subjects, an agreement regarding them can be of great assistance in improving the mechanics by which international trade is stimulated.

The final barrier to understanding arises out of certain policies which were pursued by the United States, particularly during the early years of this century, the cumulative effect of which was to excite wide-spread fears of the United States, and to feed the sus-



picion that this country might not be unwilling to disregard the rights of other countries in this continent.

I think that there has been no more remarkable change in public opinion than that of Latin America, which, from an attitude of suspicion of this country's motives, has changed to one of confidence that the American Government no longer harbors any intention of intervention nor any desire to control the destiny or internal policy of any other nation. Such an important shift in sentiment may be attributed partly to the statement of the President, before a meeting of the Woodrow Wilson Foundation, to the effect that the policy of the United States is opposed to armed intervention. Whatever doubts may have lingered were removed by the reiteration and redefinition of the President's statement by Secretary Hull at the Montevideo Conference, as well as by the withdrawal of our marines from Nicaragua in January 1933 and from Haiti last September. I need not mention also that the recent treaty with Cuba, discarding the Platt Amendment, was framed on the basis of absolute equality and fellowship and in genuine friendship for the Cuban people.

I should, however, like to say a word regarding the tragic situation in the Chaco between Bolivia and Paraguay. This Government has always hoped that a peaceful solution of that sanguinary controversy might be found; more than that, it has earnestly followed and wherever consistent participated in all possible and practicable suggestions to settle this conflict, which has cost so much in human life and in property. Within the last few days the Governments of Bolivia and Paraguay have agreed, at the suggestion of a group of American nations, including the United States, to enter into direct discussions in an effort to bring an end to their warfare. These discussions will be held in Argentina

in the presence of representatives of the countries which issued the invitation, and I need not assure this audience that our Government will spare no effort to assist these discussions to a successful conclusion.

I am naturally conscious that the outlook from this side of the continent is directed more toward the Orient than is the outlook of some other sections of our country, and it is therefore particularly gratifying and appropriate that we have the privilege of viewing in the "House of Pacific Relations" the representation of our neighbors in the Far East.

You will recall that almost exactly a century and a half ago the *Empress of China*, a small sailing ship of 360 tons, returned to New York from Canton, China, thus inaugurating between the United States and the Far East a reciprocal trade in which, a few decades later, American clipper ships wrote one of the most romantic pages in our history. From the modest beginning of 40 tons of ginseng, which comprised the total outbound cargo of the *Empress of China*, and from the small lots of tea, chinaware, and other oriental products which formed the homeward freight, has sprung that vast exchange of goods which constitutes our present-day trade with the Far East. This trade has meant much to the United States. It has meant perhaps even more to China, for it has assisted materially in the rapid strides which that country has made, and is now making, toward modernization. It has, above all, brought the two countries closer together. It has increased mutual understanding, and it has operated toward cementing the firm friendship which has existed between the United States and China since the first contacts were formed 150 years ago.

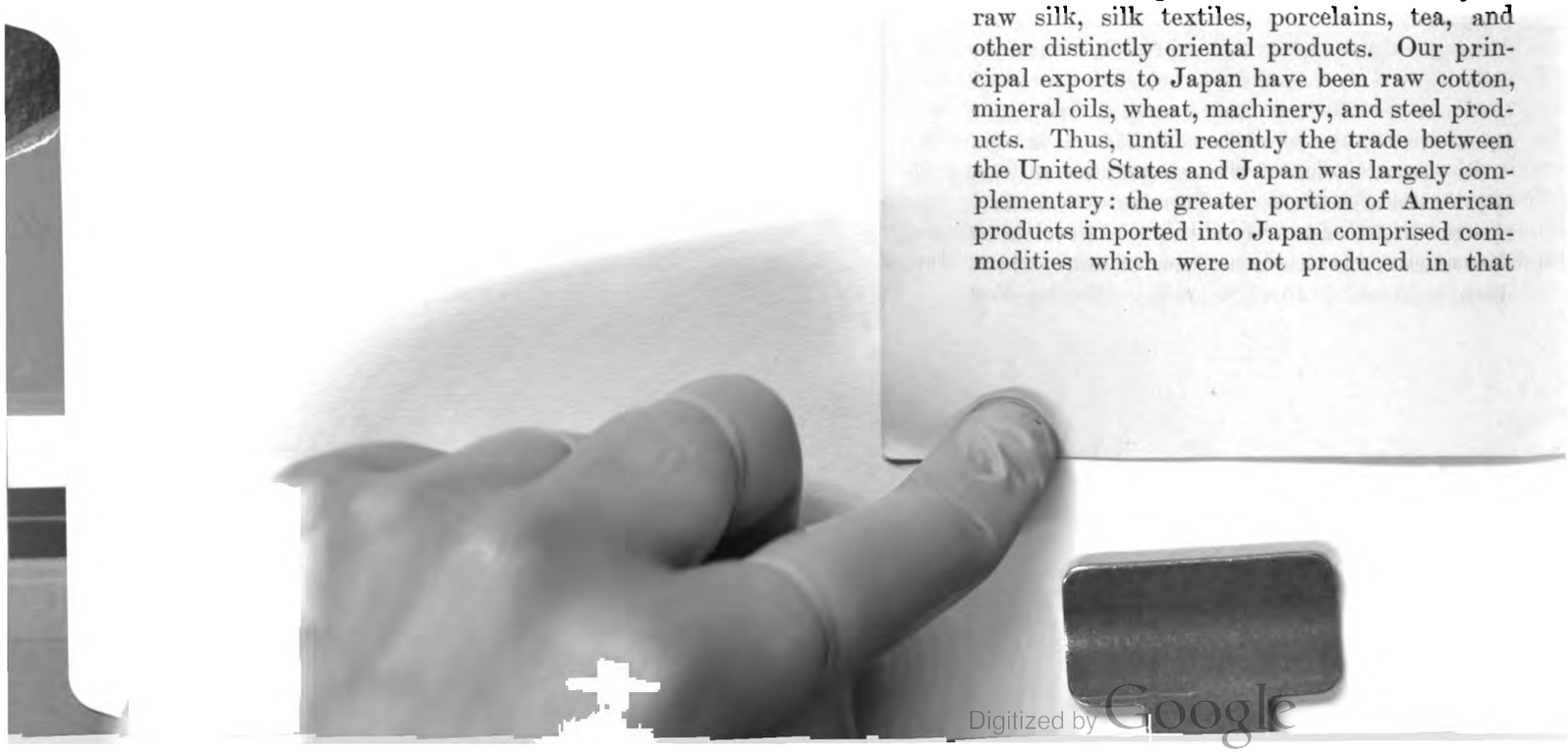
Toward the end of the nineteenth century, the United States began increasingly to feel the need of foreign markets; and it is from that period that there developed our present deep interest in foreign trade with the Far

East, particularly with Japan, China, and the Philippines. The peoples of that vast area have desired our goods and we have desired theirs. We have sent them our cotton, our tobacco, our machinery and electrical equipment, automotive products, iron and steel, lumber, and other products. We have received from them in return chiefly raw products such as silk, sugar cane, jute, rubber, tin, vegetable oils, tea, and furs. We have been of service to the Far East, and the Far East has been of service to us. We have been, and I firmly believe we will continue to be, "good neighbors".

Our formal relations with Japan had their inception 81 years ago, when Commodore Perry signed for the United States a treaty with Japan which opened the road to friendly contact between the two nations. Since that impetus was given, the Japanese have industrialized themselves with remarkable speed and energy.

During the early stages of the development of Japanese trade, the United States was engaged in a civil war, and therefore had little opportunity to share in this trade. But in 1879 this country became Japan's largest customer, a position which she has since retained, while today Japan is our third largest customer—in fact, Japan is buying from us today goods valued at almost double the value of our purchases from Japan.

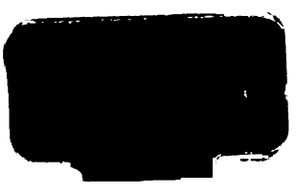
From the beginning of this trade our purchases from Japan have consisted mainly of raw silk, silk textiles, porcelains, tea, and other distinctly oriental products. Our principal exports to Japan have been raw cotton, mineral oils, wheat, machinery, and steel products. Thus, until recently the trade between the United States and Japan was largely complementary: the greater portion of American products imported into Japan comprised commodities which were not produced in that



country, while we purchased goods which were not directly competitive with American goods.

During the past few years the character of our trade with Japan has changed to some extent. This change has come about in consequence of the application of scientific management to Japanese industries. With the development of her industrial organization Japan has been purchasing very greatly increased quantities of our cotton. On the other hand, the value of our imports of her silk has been substantially reduced, due partly to the growing use of rayon and partly to the prevailing low price of silk. Beyond these two commodities, which together account for substantially over half of our total trade with Japan, the trade has retained approximately its former relationship. But there are, from time to time, certain special types of Japanese finished products which are sold to the United States in increasing quantities. There has developed on both sides competition in certain items between industries of the two countries, and this competition, in part because of the suddenness with which it has at times made itself felt, has caused disturbances in certain lines of American industry.

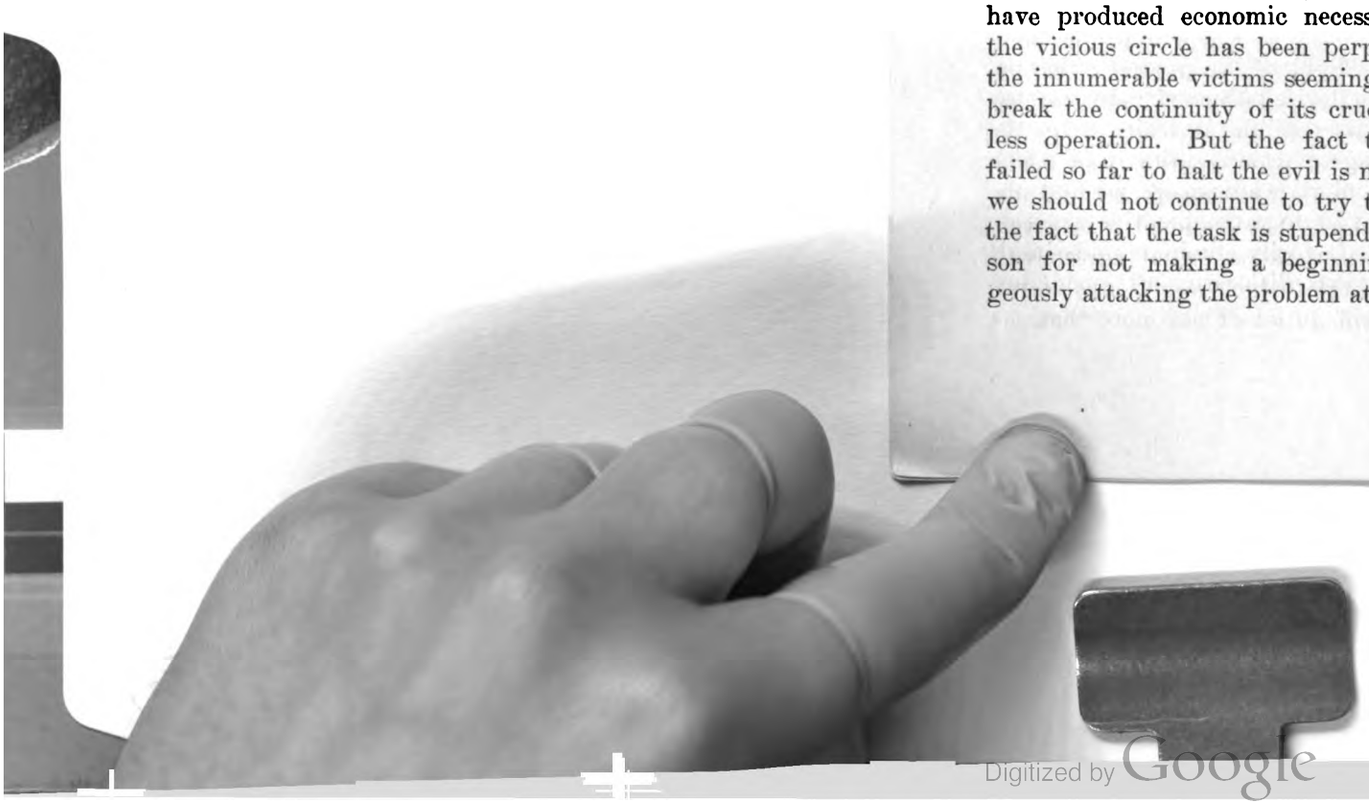
In Washington we are fully aware of these recent developments in our trade relations with Japan, and are mindful of the problems which these developments have presented. At the same time it is realized that foreign trade, like domestic industry, can never be reduced to an absolute formula or kept in a static condition. In the light of the present situation, it is our aim to devise means whereby we may avoid, so far as possible, restraint upon the natural exchange of commodities from which both countries derive advantage, and at the same time facilitate a cooperative solution which will satisfactorily eliminate undesirable changes or serious dislocation of our industries.



I may add that the Japanese Government has shown a spirit of understanding and appreciation of the situation. I am confident that if we approach these problems in a spirit of cooperation, the difficulties which are bound to rise between any two neighbors will not shake the structure of good will and benefit which has been erected between the United States and Japan.

It would be interesting to range over every phase of our international life, but time, unfortunately, will not permit. I shall mention one of the more important phases which is very close to the heart of Secretary Hull, namely, the negotiation of trade agreements with other countries. This is an attempt to remove the prevailing restrictions which constitute a serious impediment to the natural movements of trade among nations.

It is a cherished program because its sponsors believe that the principle on which it is based is the true foundation not only for universal material well-being and contentment, but also for the establishment of peaceful relations throughout the world. Almost all the disagreeable qualities developed in mankind grow out of the bitter struggle for existence; ethical tenets and moral laws are ineffective in the presence of hunger and the instinct of self-preservation; and in modern times virtually all international conflicts have had their origin in economic necessities. Economic necessities have caused wars, and wars in turn have produced economic necessities; and so the vicious circle has been perpetuated, with the innumerable victims seemingly helpless to break the continuity of its cruel and relentless operation. But the fact that we have failed so far to halt the evil is no reason why we should not continue to try to do so; and the fact that the task is stupendous is no reason for not making a beginning by courageously attacking the problem at its source.



The economic necessities which confronted the world at the end of the Great War were of the kind created by war. The countries engaged in it had depleted their resources of men and materials in destructive combat, their people had been exhausted by physical deprivations and nervous strain, and all the traditional channels of intercourse had been disrupted. In such conditions fear thrived and suspicions multiplied. The trenches, the barbed wire, and the gas of warfare were replaced by the economic defenses of prohibitive tariffs, quotas, import licenses, exchange controls, and other artifices. In one case men were killed, and in the other the means by which they lived were restricted or destroyed and the whole world began to suffer unemployment and distress.

It is this system of bristling economic armaments, supported by smoldering animosities, which the trade-agreements program is designed to reduce. In the present requirements of our civilization, there is not a country which is or can be wholly self-sufficient—which, in other words, means that all nations are interdependent if they are to realize their fullest possibilities of material and cultural development.

The reciprocal trade-agreements policy recognizes the economic interdependence of nations, and seeks to enlist the cooperation of other countries in organizing it. Many countries, by indicating their readiness to join in the movement, seem to reveal that they have lost faith in methods of exclusion; and their action gives reason to expect that, before long, a marked loosening of the bonds of international trade will be effected.

Our initiative in this program was made possible by the Trade Agreements Act of June 12, 1934, by which the President was given authority to negotiate reciprocal agreements with other countries which might involve reductions in tariff duties of not more than 50

percent on our part, in return for comparable concessions to us. This opens up the possibility of an entirely new method of dealing with tariffs, since action by Congress on individual items is no longer necessary. And for the first time opportunity is given to deal with the tariff scientifically, on the basis of studies by qualified, impartial experts.

Under the present procedure no rate is changed until after committees of experts from all the interested departments of the Government have conducted a thorough study of every aspect of the situation and have given attention to the testimony of domestic industries which might be affected by a change. The aim of the Government in framing the trade agreements is, I repeat, to serve the collective interests of the entire population.

Likewise, it is fully realized that any change in our tariff rates must be made without violence, so that domestic industries will be able to accommodate themselves to new conditions without injury, and this procedure is being religiously followed.

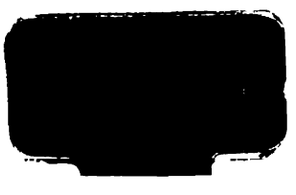
So far, five agreements have been completed and signed: with Cuba, Brazil, Belgium, Haiti, and Sweden. Those with Cuba and Belgium have been proclaimed and are in effect. Negotiations have also been initiated with 13 other countries: Canada, Colombia, Costa Rica, El Salvador, Finland, France, Guatemala, Honduras, Italy, the Netherlands, Nicaragua, Spain, and Switzerland.

There is no need to impress upon the population of the Pacific coast, with its magnificent ports, the importance of maintaining an export trade. You Californians, who have seen your share in it fall from the huge sum of $380,000,000 in 1929 to $149,000,000 in 1932, realize it only too well. Your Dried Fruit Association, which holds that half of its products must find an outlet abroad, knows how desirable it is to retain foreign markets. Nor is it necessary to point out that, if we wish

to sell to other countries, we must also buy from them, for the notion that we, as a creditor nation, can long maintain a huge excess of exports over imports without damage to ourselves is an economic solecism.

In the trade agreements consummated with Cuba, Brazil, and Belgium, substantial progress has already been made. Important concessions of vital interest to this section of the country have been obtained on dried, canned, and evaporated fruits, on preserved asparagus, and on salmon. Already, and within a brief period of 4 months, the exports into Cuba from this country of canned fruits, asparagus, raisins, prunes, and preserved fruits is four times its previous figure, and this, I believe, is proof positive of the efforts which we are making in Washington in your behalf. But we cannot hope to achieve an equitable adjustment of world trade in a day or a year. Results will necessarily be slow and gradual, but when finally, by persistence and patience, we have succeeded in allaying fierce international economic rivalries by making the wants of peoples realizable, we shall also have laid the only real foundation for peace. Well-fed, contented people do not fight. Every intelligent housewife waits until after dinner before breaking bad news to her husband. The wisdom of this approach holds good in world affairs.

I shall not attempt to discuss further our international relations, beyond assuring you that in our intercourse with European countries the avowed policy of your Government is not to be involved in any purely European political problems. Our efforts at Geneva to help negotiate a treaty of general disarmament have been solely in the interest of world peace. That they have not been fully successful is because the European powers have not as yet been able to settle their own political differences. In the circumstances, therefore, it is generally accepted that renewed disarma-



ment discussions must await further progress in a solution of Europe's own problems. Meanwhile, our Government has made it clear that it can be counted upon to do its full share in continuing disarmament discussions whenever the rest of the word is ready to resume them. In general, our policy is to cooperate whole-heartedly with all countries in social, economic, and humanitarian endeavors—a policy which we believe meets with the genuine approval of the American people.

I have been led to touch upon a few phases of our international life in the realization that this great exposition is a forum for international, as well as national, thought and expression. In the weeks and months to come you will hear in these surroundings varying views and opinions on subjects of international importance. And this is as it should be, for the Pacific coast of our country is as clearly related to world affairs as is the Atlantic coast. More and more is the entire country, from east to west, coming to realize that the peace and prosperity of all nations is reflected with crystal clearness upon our own domestic peace and prosperity.

You may rest assured that your State Department, which has in its province the whole field of international relations, and which is the channel of communication between our Government and foreign governments—which, in fact, is the voice of the Nation speaking with other nations—will work shoulder to shoulder with the sponsors of this great exposition in their declared purpose of assisting the Government to bring a more abundant life to the American people and to create a better understanding among the nations of the world.

○